



**MINUTES OF THE JOINT MEETING
OF THE FINANCE COMMITTEE
September 19, 2023**

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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:

John Koelmel -Acting Chair
Dennis Trainor
Michael Cusick
Cecily Morris
Lewis M. Warren, Jr.
Laurie Wheelock
Bethaida González

Also in attendance were:

Justin E. Driscoll	President and Chief Executive Officer
Philip Toia	President – NYPA Development
Adam Barsky	Executive Vice President and Chief Financial Officer
Joseph Kessler	Executive Vice President and Chief Operating Officer
Karina Saslow	Interim Vice President Human Resources
Lori Alesio	Interim Executive Vice President & General Counsel – Legal Affairs
Daniella Piper	EVP & Chief of Innovation
Yves Noel	Senior Vice President and Chief Strategy Officer
Robert Piascik	Senior Vice President and Chief Information & Technology
Joseph Leary	Senior Vice President & Senior Advisor
David Mellen	Senior Vice President and Regional Manager
Alexis Harley	Senior Vice President & Risk Resiliency Officer
Patricia Lombardi	Senior Vice President Project Delivery
Angela Gonzalez	Senior Vice President Internal Audit
Dave Mellen	Regional Manager and Senior Vice President
Keith Hayes	Senior Vice President and Advisor, Executive Office
Karen Delince	Vice Present and Corporate Secretary
John Canale	Vice President – Strategic Supply Management
Carley Hume	Vice President Policy Communication & Chief of Staff
John Cabral	Vice President Digital Architecture
Mario Roefaro	Vice President Community and Government Relations
Rebecca Hughes	Deputy Executive Director Canals
Jesse Scott	Interim Chief of Staff, Policy, Communications & Chief of
John Brennan	Senior Director IT Strategic Planning
Eric Fernstein	Director, Labor Relations
Nicholas Gonzalez,	Director Project Finance
Christopher Vitale	Director, Projects
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Senior Associate Corporate Secretary
Michele Stockwell	Senior Assistant Corporate Secretary

Acting Chair John Koelmel presided over the meeting. Corporate Secretary Delince kept the Minutes.

Introduction

Interim Chair of the committee, John Koelmel, welcomed committee members and the Authority's senior staff to the meeting. He said that the meeting has been duly noticed as required by New York State's Open Meetings Law and called the meeting to order pursuant to Section B(4) of the Finance Committee Charter.

1. Adoption of the September 19, 2023 Proposed Meeting Agenda

On motion made by member Cecily Morris and seconded by member Laurie Wheelock, the agenda for the meeting was adopted.

Conflicts of Interest

Interim Chairperson Koelmel and Members Trainor, Morris, Wheelock, and Cusick declared no conflicts of interest based on the list of entities previously provided for their review. Trustee Warren recused himself on the vote for items 4a ii and 5a i as it relates to JP Morgan Securities.

2. Motion to Conduct an Executive Session

On motion made by member Laurie Wheelock and seconded by member Lewis M. Warren, Jr. an Executive Session was held to discuss the financial and credit history of a particular corporation pursuant to §105(f) of the New York State Public Officers Law.

3. Motion to Resume Meeting in Open Session

On motion made by member Cecily Morris and seconded by member Michael Cusick, the meeting resumed in open session.

Chairperson Koelmel stated that no votes were taken during the Executive Session.

4. DISCUSSION AGENDA:

a. Financial Operations

i. Chief Financial Officer Report

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided an update on the report to the members and stated that the Authority is tracking according to the Budget Plan.

Year-to-Date Actuals through July 31, 2023

The Authority is tracking well to the Budget Plan. The months of July and August were beneficial for the Authority. The summer heat worked to the Authority's advantage, enabling it to close and narrow some of the gaps from earlier in the year, given the drop in energy prices and the weather being warmer than normal in January.

Mr. Barsky continued that in response to a question from the Chairman at the last meeting regarding some of the variances from "Budget" to "Actuals" which were caused by the "pass-through" costs because of the energy prices. The Authority is narrowing the gap in terms of Operating Income coming much closer to the Budget Plan and Non-Operating Income exceeding the Budget Plan. In addition, the rise in

interest rates has been favorable for the Authority's Investment Portfolio generating significantly more Interest Income than planned. The Authority will continue to position the portfolio to take advantage of this trend over the next few years.

2023 Year-End Projection

- The Authority expects to exceed its planned year-end target by approximately \$30 million. This is driven by the non-operating income, higher interest rates and the interest income which improved on the Authority's Securities Portfolio. The gap continues to narrow in terms of the Merchant Margin, and it is expected to perform on target or slightly above target.
- Customer margins are slightly lower because of the Long-Term Agreement with the Authority's SENY customers. There were some reductions in costs beyond what was indicated originally in the Budget Plan.
- Some of the Non-Utility revenues may be delayed based on projects that were expected to start this year, but postponed to next year, due to timing issues.
- Operations and Maintenance costs are in line with the budget and forecasts. There were some emerging issues at some of the Authority's power plants that required additional maintenance that was not anticipated.
- The Authority was expecting higher Pension Expense than was originally forecasted given the fact that the State's investment portfolio, at the end of March, performed significantly under their benchmark of 5.9 percent, a negative 2% for the year. In a normal year, the Authority's Pension Expense would be in the range of \$30-\$35-million. This year, it is expected to be approximately \$63 million, a significant increase in cost.

Mr. Barsky said that the Authority continues to forecast that it will close above the Budget Plan at the end of the year, which is good news for providing all the funds it needs to support its Capital Plan and all its Strategic Priorities. He said that further updates of the results through the month of August will be provided at the next Board meeting.

Mr. Barsky concluded that the Authority does not anticipate any significant activity on the horizon that would change the view of its operations towards the end of the year.

ii. Request for Approval to Issue Green Transmission Revenue Bonds as a "Separately Financed Project" to Support the Smart Path Connect Transmission Project and Related Matters

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided highlights of the staff's recommendation to the members. He said that staff is requesting that the Finance Committee recommend that the full Board of Trustees approve a Bond Issuance for the Smart Path Connect Project and to be issued as a Separately Financed Project, not backed by NYPA credit, but by the credit of the project, particularly the regulatory Order for the project. He continued that, in terms of NYPA's Strategic Priorities, after protecting the value of its hydropower, the next significant priority is being the leading developer and owner-operator of transmission assets throughout the state and re-building the grid to enable renewables to move throughout the state from where they are being generated to where they are needed, i.e., from Upstate to Downstate. This project is in line with the Authority's VISION2030 Strategic Initiative.

Smart Path Connect Project – Overview

- The Smart Path Connect Project is a \$1.4 Billion project. NYPA's share is more than \$800 million. The project will go through the rights-of-way of NYPA and National Grid, NYPA's partner on the

project. The project involves rebuilding the transmission lines to 345 kV, which will increase its capacity and be able to move approximately 1,000 megawatts of renewable power from upstate to downstate. It also requires the rebuilding of certain substations, and the building of new substations, all of which are included in the cost of the project.

- The benefits of the project exceed the cost by a ratio of 4.75 to 1. It will also reduce congestion costs and will be of significant value to ratepayers.
- As it relates to the Authority's Budget Plan, the project will have a payback period of two years in terms of its savings to its overall cost. Based on the Authority's entire transmission revenue requirement, the project has an impact of about \$3 per megawatt hour to ratepayer bills.
- Considering the benefits from not only this project, but the other two projects financed by NYPA last year, similarly through the Separately Financed Project ("SFP") structure, it will generate over \$6 per megawatt hour savings to the ratepayer with a net reduction of about \$3 per megawatt hour net savings when you include all of NYPA's costs to ratepayers and all the benefits of these projects.
- In addition to being very positive for the environment, it will also reduce NYPA's scope to emissions because of line loss and other benefits. Therefore, this project will be good for the environment, the state's goals, and the ratepayers.

Staff is requesting authorization for the issuance of up to \$800 million in revenue bonds, which would be 100 percent green bonds, with interest costs not to exceed 5.25 percent, and to authorize the release of \$115 million from NYPA into the SFP, which would represent NYPA's equity interest in the project and cover any other contingencies that might arise between now and the project's completion, 2025.

The project is already permitted in terms of having its Article 7 Permit. It received the Abandonment Incentive from FERC, and all other requirements are in place in order to move the project into this structure for financing.

To date, approximately \$300 million has been spent on the project which will be reimbursed to NYPA to fund its Capital Plan. The project will then be managed separately in the SFP. The ratings on the project are very strong given the strength of the regulatory order and the understanding of how it works. This project will also help NYPA expand its capital capacity to approximately \$2 Billion.

On motion made by member Laurie Wheelock and seconded by member Lewis Warren, 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 approve and adopt the resolution authorizing the Proposed Issuance of One or More Series of Transmission Project Revenue Bonds and Related Actions and Approvals (attached hereto as Exhibit 1), 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, to provide for the issuance of special obligations of the Authority for the purpose of financing transmission projects and related costs; and be it further

The Authority has issued the largest green bond of public power to date, RESOLVED, that the Finance Committee recommends that the Trustees approve, pursuant to the Authority's Capital Planning and Budgeting Procedures, additional capital expenditures in the amount of \$40,000,000 for continuation of

the Smart Path Connect Project in accordance with, and as recommended in, the report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Interim Executive Vice President and General Counsel.

POWER AUTHORITY OF THE STATE OF NEW YORK
PROPOSED ISSUANCE OF ONE OR MORE SERIES OF
TRANSMISSION PROJECT REVENUE BONDS AND RELATED
ACTIONS AND APPROVALS

WHEREAS, the Power Authority of the State of New York (the “Authority”) has previously provided for the issuance of special obligations of the Authority for the purpose of financing transmission projects and related costs by adopting a General Resolution Authorizing Transmission Project Revenue Obligations (the “Transmission Project 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, in accordance with and subject to the terms thereof for any of the lawful purposes specified therein;

WHEREAS, the Authority wishes to finance the portion of the Smart Path Connect Project to be owned by Authority (such portion of the Smart Path Connect Project being referred to herein as the “Series 2023 Transmission Project”), which portion includes, among other components, rebuilding approximately 46 linear miles of existing 230 kV transmission lines as mostly 345 kV lines, along with associated substation construction and upgrades to address existing congestion and curtailment issues, as further described in the Joint Development Agreement, dated as of May 19, 2021, between the Authority and the Niagara Mohawk Power Corporation d/b/a National Grid;

WHEREAS, the Transmission Project Bond Resolution requires that the issuance of each series of SFP Transmission Obligations (as defined therein) 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 SFP Transmission Obligations;

WHEREAS, the Authority has previously issued its Green Transmission Project Revenue Bonds, Series 2022A (the “Series 2022A Bonds”), in the aggregate principal amount of \$608,310,000, pursuant to the Transmission Project Bond Resolution and an amended and restated First Supplemental Resolution to the Transmission Project Bond Resolution;

WHEREAS, duly authorized officers of the Authority have caused to be prepared and submitted to the Trustees a form of a Second Supplemental Resolution to the Transmission Project Bond Resolution (the “Second Supplemental Resolution”), attached to this resolution as **Exhibit A**, which authorizes the issuance of one or more series of Transmission Project Revenue Bonds for the purposes described below;

WHEREAS, the Authority proposes to issue Transmission Project Revenue Bonds (the “Series 2023A Transmission Project Bonds”) pursuant to the Second Supplemental Resolution, in an aggregate principal amount of not more than \$800,000,000, in one or more series or subseries and simultaneously or at different times, for the following purposes: (i) to finance and reimburse all capital costs (including any preparatory legal, administrative, engineering, consulting and technical services) and other costs incurred but not yet recovered by the Authority in connection with the Series 2023 Transmission Project; (ii) to fund the Operating Reserve Account, if determined to be necessary or desirable; (iii) to fund a debt service reserve fund, if determined to be necessary or desirable, and (iv) to pay financing costs related to the issuance of such 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;

WHEREAS, implementation of the proposed plan of finance will depend upon market conditions and other factors, and as a result thereof, the Authority may issue the Series 2023A Transmission Project

Bonds as fixed rate or variable rate bonds, as tax-exempt or taxable bonds, or as combinations thereof, or may issue bond anticipation notes to be repaid with the Series 2023A Transmission Project Bonds;

WHEREAS, to the extent that Series 2023A Transmission Project Bonds are issued bearing fixed rates, such Series 2023A Transmission Project Bonds, at the date of their issuance, shall have a true interest cost not to exceed 5.25 percent, and to the extent that any Series 2023A Transmission Project Bonds are issued bearing variable rates, the initial rate or rates applicable to such Series 2023A Transmission Project Bonds at the date of their issuance shall not exceed 5.25 percent;

WHEREAS, it is anticipated that the Series 2023A Transmission Project Bonds may be marketed, sold or placed in accordance with one or more contracts of purchase or placement, financing or forward purchase or delivery agreements (each, a "Contract of Purchase") entered into by the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, or Treasurer (each a "Designated Officer") with one or more underwriters (the "Underwriters") selected by 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 presented to this meeting and attached hereto as **Exhibit B**, with such changes, insertions, deletions, amendments and supplements as any Designated Officer may approve, subject to the requirements of the Transmission Project Bond Resolution and the Second Supplemental Resolution;

WHEREAS, it is anticipated that one or more series of the Series 2023A Transmission Project Bonds may be issued as green bonds;

WHEREAS, a Preliminary Official Statement relating to the Series 2023A Transmission Project Bonds is expected to be made available to potential purchasers of the Series 2023A Transmission Project Bonds, a draft form of which is attached to this resolution as **Exhibit C**;

WHEREAS, the Finance Committee of the Trustees has reviewed and considered the proposed issuance of the Series 2023A Transmission Project Bonds and the associated plan of finance and has recommended the approval thereof;

WHEREAS, the Authority wishes to make an equity contribution in the amount of up to \$115,000,000 to support the Series 2023A Transmission Project;

WHEREAS, the General Resolution Authorizing Revenue Obligations, adopted February 24, 1998, as amended and supplemented, (the "General Resolution"), creates a pledge and lien on certain Revenues (as defined therein) of the Authority in favor of the holders of obligations issued under the General Resolution; WHEREAS, Section 503(1)(e) of the General Resolution permits the Authority to withdraw monies from the Operating Fund established under the General Resolution free and clear of the lien and pledge created by the General 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; and

WHEREAS, the Authority has determined that the conditions to a withdrawal of moneys from the Operating Fund described above have been met.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

The Second Supplemental Resolution in the form presented to this meeting (attached hereto as **Exhibit A**) 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 Second Supplemental Resolution to the Trustee (as defined in the Transmission Project Bond 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.

One or more series of the Series 2023A Transmission Project Bonds shall be sold, in an aggregate principal amount of not more than \$800,000,000, subject to the limitations described below, to one or more 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 Series 2023A Transmission Project 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 Second 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.

The following determinations are hereby made:

The operation of the Series 2023A Transmission Project as a Project under the General Resolution is not essential to the maintenance and continued operation of the Authority's Projects (as defined in the General Resolution).

The Series 2023A Transmission Project constitutes, and is hereby designated as, and shall be, a Separately Financed Project, as defined in the General Resolution and an SFP Transmission Project, as defined in the Transmission Project Bond Resolution. In furtherance of and consistent with the foregoing:

(i) Any General Resolution funds spent by the Authority on the Series 2023A Transmission Project (including, but not limited to, any preparatory legal, administrative, engineering, consulting and technical services, Capital Costs or Operating Expenses, each as defined in the General Resolution) not yet recovered by the Authority or funded with moneys withdrawn from the lien of the General Resolution by the Authority pursuant to paragraph (e) of subsection 1 of Section 503 of the General Resolution shall be fully reimbursed by the proceeds of the Series 2023A Transmission Project Bonds; and

(ii) Following such reimbursement, any costs related to construction, maintenance or operation of the Series 2023A Transmission Project or otherwise allocable to the Series 2023A Transmission Project shall be paid from proceeds of SFP Transmission Obligations issued under the Transmission Project Bond Resolution, from Revenues (as defined in the Transmission Project Resolution), or from other funds of the Authority withdrawn from the lien of the General Resolution by the Authority pursuant to paragraph (e) of subsection 1 of Section 503 of the General Resolution.

The designation of the Series 2023A Transmission Project as a Separately Financed Project will not adversely affect the ability of the Authority to comply with the requirements of the General Resolution, including, without limitation the rate covenant contained therein.

Revenues derived from the operation of the Series 2023A Transmission Project are revenues derived from the operation of a Separately Financed Project as defined in the General Resolution and are not part of Revenues as defined in the General Resolution.

Expenses associated with the operation of the Series 2023A Transmission Project and debt service on SFP Transmission Obligations issued under the Transmission Project Bond Resolution shall not be payable from Revenues as defined under the General Resolution, unless such funds are released from the lien of the General Resolution pursuant to the terms thereof.

Revenues derived from the Series 2023A Transmission Project constitute SFP Transmission Revenues as defined in the Transmission Project Bond Resolution and amounts collected from the New York State Independent System Operator relating to the Series 2023A Transmission Project constitute Commingled Payments (as defined in the Transmission Project Bond Resolution) and shall be deposited and applied in accordance with the Depository Agreement.

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, including direct purchase or placement agreements, substantially in the form attached hereto as **Exhibit B**, providing for the sale or placement of one or more series of the Series 2023A Transmission Project Bonds to one or more Underwriters, with such changes, insertions, deletions, amendments and supplements as any Designated Officer may approve (including provisions necessary to accomplish a forward purchase or delivery or private placement), subject to the requirements of the Transmission Project Bond Resolution and the Second Supplemental Resolution, and to deliver it to the Underwriters; and that the Designated

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 upon execution thereof and that the execution of the Contracts of Purchase relating to the Series 2023A Transmission Project 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 2023A Transmission Project Bonds has been authorized by the Authority's Board of Trustees.

As and to the extent that a Designated Officer shall determine that it would be advantageous in current market conditions to issue bond anticipation notes, such officer is hereby authorized to execute a Note Certificate and deliver the same to the Trustee. Such Note Certificate may include such amendments and modifications to the provisions of this resolution as such officer shall determine necessary and appropriate to effectuate such determinations and details. A copy of such Note Certificate also shall be filed with this resolution into the records of the Authority and, upon such filing, shall be deemed to be a part of this resolution as if set forth in full herein.

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 2023A Transmission Project Bonds (attached hereto as **Exhibit C**) as may be approved by any such officer, 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 2023A Transmission Project Bonds to all interested persons in connection with the sale of such Series 2023A Transmission Project Bonds is hereby approved.

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 2023A Transmission Project 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 2023A Transmission Project Bonds.

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 or to establish debt service reserve funds for each series of the Series 2023A Transmission Project 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 Series 2023A Transmission Project Bonds, including mandatory sinking fund redemption payments.

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 2023A Transmission Project Bonds in a notional amount not greater than the principal amount of the related Series 2023A Transmission Project Bonds, with such terms and conditions and with such counterparties as such officer deems necessary or advisable.

The Designated Officers shall be, and each of them hereby is, authorized to execute one or more Continuing Disclosure Agreements relating to the Series 2023A Transmission Project Bonds between the Authority and The Bank of New York Mellon, as Trustee under the Transmission Project Bond Resolution, in substantially the form of the continuing disclosure agreement attached as an exhibit to the form of the Preliminary Official Statement relating to the Series 2023A Transmission Project Bonds (attached hereto as **Exhibit C**), 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.

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 Transmission Project Bond Resolution, the Second Supplemental Resolution, the Contracts of Purchase, any placement, financing, loan or forward purchase or delivery agreements, an agreement or agreements, or supplements thereto, relating to the collection, allocation and segregation of Revenues (as defined in the General Resolution) and Revenues (as defined in the Transmission Project Bond Resolution) 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 2023A Transmission Project Bonds; (ii) implement any action permitted to be taken by the Authority under the Transmission Project Bond Resolution, the Second 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 2023A Transmission Project Bonds; and (iii) effectuate the purposes of the transactions and documents approved today.

The Bank of New York Mellon is hereby appointed as Registrar and Paying Agent for the Series 2023A Transmission Project Bonds under the Transmission Project Bond Resolution.

The Authority hereby finds that the amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503(2) of the General Resolution, that the amount of up to \$115,000,000 in funding is not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's General Resolution, and that the release of such amount is feasible and advisable, and hereby authorizes such release; provided, however, that as a condition to making the payments authorized hereby, 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.

Without limiting the generality of the foregoing, any amount released from the General Resolution pursuant to the foregoing resolution may, at the direction of any Designated Officer, be transferred to any account or fund established pursuant to the Transmission Project Bond Resolution.

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.

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

SECOND SUPPLEMENTAL RESOLUTION

authorizing

TRANSMISSION PROJECT REVENUE OBLIGATIONS

Adopted on September __, 2023

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SECOND SUPPLEMENTAL RESOLUTION

authorizing

TRANSMISSION PROJECT REVENUE OBLIGATIONS

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 September __, 2023 (“**Second Supplemental Resolution**”), is supplemental to, and is adopted in accordance with Article VIII of a resolution adopted by the Authority on December 7, 2021, entitled “General Resolution Authorizing Transmission Project Revenue Obligations” (“**Transmission Project Resolution**” and, as heretofore amended and supplemented and collectively with the Second Supplemental Resolution, the “**Resolution**”), and is adopted pursuant to the provisions of the Act.

102. Definitions. All terms which are defined in Section 101 of the Transmission Project Resolution shall have the same meanings for purposes of this Second Supplemental Resolution.

(b) In this Second 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 Second 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 Transmission Project 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.

“Fiduciary” or **“Fiduciaries”** means any Fiduciary (as defined in the Transmission Project 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.

“Joint Development Agreement” means the Joint Development Agreement, dated as of May 19, 2021, between the Authority and the Niagara Mohawk Power Corporation d/b/a National Grid.

“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 fifty 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 Bonds 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 2023 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.

“Smart Path Connect Project” shall mean the rebuilding of approximately 100 linear miles of existing 230 kV transmission lines in northern and central New York to 345 kV, along with associated substation construction and upgrades, including includes rebuilding all or parts of the following transmission lines: the remaining 8-mile section of the Authority’s Moses-Adirondack 1&2, the Authority’s Moses-Willis 1&2, the Authority’s Willis-Patnode and the Authority’s Willis-Ryan; and National Grid’s Adirondack to Porter (Chases Lake-Porter Line 11, Adirondack-Porter Line 12, and Adirondack-Chases Lake Line 13), as well as connecting to the Authority’s Moses-Adirondack 1&2 transmission facilities, each as further described in the Joint Development Agreement.

“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.

“2023 Transmission Project” shall mean the Authority’s rights and interest in the portion of the Smart Path Connect Project to be owned by the Authority, which portion includes, among other components, rebuilding approximately 46 linear miles of existing 230 kV transmission lines as mostly 345 kV lines, along with associated substation construction and upgrades, as further described in the Joint Development Agreement.

“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 Transmission Project Resolution, one or more Series of SFP Transmission Obligations entitled to the benefit, protection and security of such provisions are hereby authorized with the following designation, or such other designations as shall be set forth in the Certificate of Determination: the “Green Transmission Project Revenue Bonds, Series 2023”. 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 outstanding at any time shall not exceed \$800,000,000. 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 SFP Transmission Obligations may alternatively be designated as “Notes” and any reference herein to a Series of Bonds shall also refer to SFP Transmission Obligations designated as Notes. In the event that any Series of Bonds is not issued in calendar year 2023, 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) financing and reimbursing of all Capital Costs (including any preparatory legal, administrative, engineering, consulting and technical services) and other costs incurred but not yet recovered by the Authority in connection with the 2023 Transmission Project,

(ii) funding one or more Operating Reserve Accounts, if necessary or desirable,

(iii) funding a deposit to the Operating Fund, if necessary or desirable,

(iv) funding a deposit to the Debt Service Fund, if necessary or desirable,

(v) funding a debt service reserve fund, if necessary or desirable, and

(vi) 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, 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.

iii) **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 SFP Transmission Obligations or Taxable SFP Transmission 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 {"2023 A", "2023 B", "2023 C" and "2023 D"} depending on their respective series, and numbered consecutively from one upward as more particularly set forth in the applicable Certificate of Determination. Alternatively, any Bonds issued after calendar year 2023 pursuant to this Supplemental Resolution may be labeled to reflect the calendar year in which they are issued.

(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 Transmission Project 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, and Paying Agent. The Bank of New York Mellon is the Trustee for the SFP Transmission Obligations pursuant to Section 712 of the Transmission Project Resolution. The Trustee is also hereby appointed as the Registrar and Paying Agent for the Bonds.

(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 Second 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 Second 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 Second 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 Transmission Project 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 \$800,000,000;

(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 five and one quarter percent (5.25%), 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 five and one quarter percent (5.25%);

(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 SFP Transmission Obligations or Taxable SFP Transmission 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;

(xii) 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;

(xiii) whether to deposit funds into an Operating Reserve Account, and the amount of such funds, if any;

(xiv) whether to deposit funds into the Debt Service Fund and the Operating Fund, and the amount of such funds, if any;

(xv) whether to establish a Debt Service Reserve Fund for the purpose of paying or securing all or any portion of the Series 2023 Bonds, and the amount of such fund, if any, and the application of any Credit Facility deposited therein and the application and investment of moneys therein, in accordance with paragraph 1 of Section 508 of the Transmission Project Resolution;

(xvi) obtaining a Credit Facility in satisfaction of the funding requirement for a Debt Service Reserve Fund, if any, and complying with any commitment therefor including executing and delivering any related agreement with any Credit 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;

(xvii) how any funds released from the lien of the General Resolution pursuant to a resolution of the Board of Trustees of the Authority in connection with the 2023 Transmission Project shall be applied; and 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 Transmission Project Resolution. (b) As and to the extent that the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer or the Treasurer determines that it would be advantageous or desirable to issue bond anticipation notes ("Notes") relating to any of the Series 2023 Bonds instead of issuing Series 2023 Bonds as longer term Bonds, such Designated Officer is hereby authorized to arrange for the sale and delivery of Notes in the same manner and on the same terms as Series 2023 Bonds may be sold and delivered hereunder and under this Second Supplemental Resolution. In the event that Notes are issued, the details thereof shall be set forth in a Certificate of Determination relating thereto, executed by such officer and delivered to the Trustee. Any Note issued pursuant hereto shall mature no later than five years from the date of issue thereof and may be renewed or refunded from time to time with the proceeds of additional Notes and may be refunded with the issuance of Series 2023 Bonds and the principal amount of any Notes so renewed or refunded shall be ignored in determining the principal amount of Series 2023 Bonds for purposes of this Second Supplemental Resolution.

(c) 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 Second Supplemental Resolution, change or modify any of the rights or obligations of the Credit Facility Issuer without its written assent thereto.

(i) **Form of Bonds and Trustee's Authentication Certificate.** Subject to the provisions of the Transmission Project 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 Second 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.

205. Execution and Authentication of Bonds. Notwithstanding the first sentence of paragraph 1 of Section 303 of the Transmission Project 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. The Trustee's Certificate of Authentication shall be executed by the Trustee by manual or facsimile signature.

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 SFP Transmission Trust Estate created by Section 501 of the Transmission Project solution.

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 Series 2023 Bonds which are designated Tax-Exempt SFP Transmission 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 SFP Transmission 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 Transmission Project 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 of the Authority hereby find and determine:

(a) The Transmission Project Resolution has not been amended, supplemented, or repealed since the adoption thereof. This Second Supplemental Resolution supplements the Transmission Project 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 Transmission Project Resolution, and is adopted under and pursuant to the Transmission Project Resolution.

(b) The Bonds constitute and are "SFP Transmission 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 SFP Transmission 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 SFP Transmission 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 Transmission Project 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."

(f) The operation of the 2023 Transmission Project is not essential to the maintenance and continued operation of the rest of the Authority's Projects (as defined in the General Resolution).

(g) The 2023 Transmission Project constitutes, and is hereby designated as, and shall be, a Separately Financed Project, as defined in the General Resolution and an SFP Transmission Project as defined in the Transmission Project Resolution. In furtherance of and consistent with the foregoing:

i. Any General Resolution funds, other than funds withdrawn from the lien of the General Resolution by the Authority pursuant to paragraph (e) of subsection 1 of Section 503 of the General Resolution, spent by the Authority on the 2023 Transmission Project (including, but not limited to, any preparatory legal, administrative, engineering, consulting and technical services, Capital Costs or Operating Expenses) shall be fully reimbursed by the proceeds of the Series 2023 Bonds;

(ii) Following such reimbursement, any costs related to construction, maintenance or operation of the 2023 Transmission Project shall be paid from proceeds of SFP Transmission Obligations issued under the Resolution, from SFP Transmission Revenues, or from other funds of the Authority withdrawn from the lien of the General Resolution by the Authority pursuant to paragraph (e) of subsection 1 of Section 503 of the General Resolution.

(h) The designation of the 2023 Transmission Project as a Separately Financed Project will not adversely affect the ability of the Authority to comply with the requirements of the General Resolution, including, without limitation the rate covenant contained therein.

(i) SFP Transmission Revenues derived from the operation of the 2023 Transmission Project are revenues derived from the operation of separately financed projects and are not part of Revenues as defined in the General Resolution.

(j) Expenses associated with the operation of the 2023 Transmission Project and debt service on SFP Transmission Obligations issued hereunder shall not be payable from Revenues as defined under the General Resolution, unless such funds are released from the lien of the General Resolution pursuant to paragraph (e) of subsection 1 of Section 503 thereof.

(k) Revenues derived from the Series 2023A Transmission Project constitute SFP Transmission Revenues and amounts collected from the New York State Independent System Operator relating to the Series 2023A Transmission Project constitute Commingled Payments and shall be deposited and applied in accordance with the Depository Agreement

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 Transmission Project 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 Transmission Project 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 Transmission Project 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 Transmission Project 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 Transmission Project Resolution, nor the validity of any action taken under the Transmission Project 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 are each hereby authorized to execute and deliver to the Trustee such documents and certifications, including, without limitation, any Credit Facility or Liquidity Facility, as may be necessary to give effect to this Second Supplemental Resolution and the transactions contemplated hereby.

408. Effective Date. This Second 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.

AP PENDIX A
[FORM OF BONDS]

No. 202_[A][B] - _____

\$ _____

POWER AUTHORITY OF THE STATE OF NEW YORK

Green Transmission Project Revenue Bonds, Series 202_ [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 SFP Transmission 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 May 15 or November 15 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a May 15 or November 15, 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 May 15 and November 15, 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 "SFP Transmission 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 December 7, 2021, entitled "General Resolution Authorizing Transmission Project Revenue Obligations", and a supplemental resolution of the Authority adopted on September __, 2023, and entitled "Second Supplemental Resolution Transmission Project Revenue Obligations" (herein called the "Second 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 SFP Transmission Obligations of various maturities designated as "Green Transmission Project Revenue Bonds, Series 202_ [A][B]" (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 SFP Transmission Obligations are special obligations of the Authority, payable as to principal, Redemption Price, and interest solely from and are equally and ratably secured solely by the SFP Transmission Trust Estate, subject to the provisions of the Resolution permitting the application of such SFP Transmission 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 SFP Transmission Obligations shall not be payable from the general funds of the Authority nor shall the SFP Transmission 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 SFP Transmission 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 SFP Transmission Obligations, including this Bond; the SFP Transmission Revenues and other moneys and securities constituting the SFP Transmission Trust Estate pledged to the payment of the principal of and interest on the SFP Transmission Obligations issued thereunder; the nature and extent and manner of enforcement of the pledge; the conditions upon which SFP Transmission Obligations may hereafter be issued thereunder, payable on a parity from the SFP Transmission 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 SFP Transmission 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, SFP Transmission 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 SFP Transmission Obligations which may be issued under the Resolution is not limited except as provided in the Resolution, and all SFP Transmission 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 SFP Transmission Obligations then Outstanding, and, in case less than all of the SFP Transmission Obligations will be affected thereby, with such consent of the Owners of at least a majority in principal amount of the SFP Transmission 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 SFP Transmission Obligations remain Outstanding, the consent of the Owners of such SFP Transmission Obligations shall not be required and such SFP Transmission Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding SFP Transmission 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 SFP Transmission Obligations pursuant to the Resolution, and when redemption of SFP Transmission Obligations is required by the Resolution, the Trustee shall give notice, in the name of the Authority, of the redemption of such SFP Transmission Obligations, which notice shall specify the Series, maturities and, if any maturity shall include SFP Transmission Obligations bearing different interest rates and all SFP Transmission Obligations of such maturity are not being redeemed, interest rate of the SFP Transmission 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 SFP Transmission Obligations of any like Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such SFP Transmission Obligations so to be redeemed, and, in the case of SFP Transmission 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 SFP Transmission Obligation to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of SFP Transmission 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 SFP Transmission Obligations or portions of SFP Transmission 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 SFP Transmission 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 SFP Transmission 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 SFP Transmission 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 SFP Transmission 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.

**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. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The Owner of this Bond acknowledges and consents to the subrogation rights of ____ as more fully set forth in the Policy.

\$[Par Amount]
POWER AUTHORITY OF THE STATE OF NEW YORK
Green Transmission Project Revenue Bonds, Series 2023A

CONTRACT OF PURCHASE

[Sale Date]

POWER AUTHORITY OF THE
STATE OF NEW YORK
123 Main Street
White Plains, New York 10601

Dear Ladies and Gentlemen:

The undersigned, Goldman Sachs & Co. LLC, on behalf of itself and the underwriters named in Schedule I hereto, as said schedule may from time to time be changed by the Representative as defined below prior to the Closing, as defined below (herein collectively called the “*Underwriters*”), offer to enter into the following agreement with the Power Authority of the State of New York (the “*Authority*”) relating to the \$[Par Amount] aggregate principal amount of the Authority’s Green Transmission Project Revenue Bonds, Series 2023A (the “*Bonds*”). Under the circumstances described herein, Goldman Sachs & Co. LLC will serve as the representative (the “*Representative*”) for the other Underwriters. The offer made hereby is subject to acceptance by the Authority by execution of this Contract of Purchase and delivery thereof to the undersigned at or prior to 10:00 P.M., New York time, on the date first above written. Upon acceptance of such offer by the Authority, this Contract of Purchase will be binding upon the Authority and the Underwriters.

1. Purchase, Sale and Closing

2. Bonds. In reliance on the representations and warranties of the Authority contained herein and subject to the satisfaction of the terms and conditions which can be performed at or prior to the Closing (as defined herein) set forth herein to which the obligations of the Underwriters are subject, the Underwriters will, jointly and severally, purchase from the Authority, and the Authority will sell to the Underwriters, all (but not less than all) of the Bonds. The Bonds shall be as described in the Official Statement and the Resolution (as hereinafter described) and shall be issued pursuant to the Resolution and the Act, all as hereinafter defined. The aggregate price to be paid by the Underwriters for the Bonds is \$_____ (which price reflects the principal amount of the Bonds of \$[Par Amount], less an aggregate underwriting discount of \$_____, plus an aggregate premium (net of discount) of \$_____).

The Bonds shall be as described in, and shall be issued pursuant to, the General Resolution Authorizing Transmission Project Revenue Obligations, adopted on December 7, 2021 (the “*General Resolution*”), as supplemented and amended to date including by that certain Second Supplemental Resolution Authorizing Transmission Project Revenue Obligations, adopted _____, 2023, (the “*Supplemental Resolution*” and, the General Resolution as so supplemented and amended, the “*Resolution*”), authorizing the issuance and sale of the Bonds, in the forms heretofore delivered to the Representative, all as described in the Official Statement (as defined herein) and on Exhibit A attached hereto. Pursuant to the Resolution, The Bank of New York Mellon, New York, New York, has been appointed trustee with respect to the Bonds (the “*Trustee*”). Capitalized terms used herein and not otherwise defined herein shall have the meaning set forth in the Resolution.

The proceeds of the Bonds are expected to be used to provide a portion of the funds to finance capital expenditures related to the 2023A SFP Transmission Project (as defined in the hereinafter defined Official Statement), including [to reimburse prior capital spending, pay capitalized interest on the Bonds, fund an Operating Reserve Account and pay the costs of issuance of the Bonds, including the costs of a Municipal Bond Debt Service Reserve Insurance Policy issued by Assured Guaranty Municipal Corp. to be deposited into the Debt Service Reserve Fund for the Bonds].

3. **Closing and Delivery.** The Closing will be held at such time and place on [Closing Date], or such other date as shall have been mutually agreed upon by the Representative and the Authority (the “Closing”). No extension of the Closing date beyond [Closing Date] will be permitted without the written approval of both the Representative and the Authority. At the Closing, the Authority will deliver, or cause to be delivered, to the Representative for the account of the Underwriters, the Bonds, in fully registered form, bearing proper CUSIP numbers, duly executed by the Authority and authenticated by the Trustee, together with the other documents hereinafter mentioned, and the Representative, on behalf of the Underwriters, will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1(a) hereof by delivering to the Authority a check or wire payable in federal funds or other immediately available funds to the order of the Authority, in the amount of such purchase price.

The Bonds will be delivered in registered form in denominations of \$5,000 or any integral multiple thereof and registered in the name of Cede & Co., as nominee of The Depository Trust Company, and will be made available to the Representative for inspection not less than 24 hours prior to the Closing.

It shall be a condition to the Underwriters’ obligation to purchase and accept delivery of the Bonds that all the Bonds be sold and delivered by the Authority at the Closing. It shall be a condition to the Authority’s obligation to sell and deliver the Bonds to the Underwriters that all of the Bonds be accepted and paid for by the Underwriters at the Closing.

4. **Commitment**

5. Upon execution of this Contract of Purchase by the Authority and the Representative, on behalf of itself and the other Underwriters, this Contract of Purchase shall be in full force and effect in accordance with its terms and shall be binding upon the Authority and the Underwriters.

6. If the Underwriters shall fail to pay for and accept delivery of the Bonds other than for a reason permitted hereunder, they jointly and severally shall owe the Authority liquidated damages in the aggregate amount of 1% of the aggregate principal amount of the Bonds (the “*Liquidated Damages*”). The parties acknowledge and agree that the payment to the Authority of the Liquidated Damages is agreed upon compensation for the Authority’s lost bargain upon such failure, and that the Liquidated Damages (i) are not unconstitutional or otherwise prohibited by law, (ii) do not and will not constitute a conversion or unjust enrichment of the Authority, (iii) are unequivocal, fair and reasonable under the circumstances, (iv) shall constitute the Authority’s sole and exclusive compensation for such failure, and (v) were bargained for and derived through mutual negotiations among the parties and constitute a material and integral part of this Contract of Purchase.

7. **Documents**

As soon as practicable after its preparation, the Authority shall deliver to the Representative two counterparts of the Official Statement of the Authority relating to the Bonds, together with such changes as shall have been approved by the Representative (which, together with all exhibits, appendices, diagrams, reports and statements included or incorporated by specific cross reference therein or attached thereto, is herein called the “*Official Statement*”), dated [Sale Date], and executed by conformed signature on behalf of the Authority by its Chairman or President and Chief Executive Officer. The Official Statement shall be substantially in the form of the Preliminary Official Statement, dated [POS Date] (the “*Preliminary Official Statement*”), with such changes therein to reflect the final pricing of the Bonds and such other changes therein as shall be approved by the Underwriters, which approval shall not be unreasonably withheld.

Within seven (7) business days hereof (but not later than three (3) business days prior to the delivery of the Bonds), the Authority shall deliver to the Representative copies of the Official Statement in sufficient quantity as may reasonably be requested by the Representative in order to comply with the rules of the Securities and Exchange Commission (the “SEC”), including, without limitation, Rule 15c2-12 (“*Rule 15c2-12*”) under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and the Municipal Securities Rulemaking Board (“MSRB”), and conformed copies of a final Official Statement in “designated electronic format” (as defined in MSRB Rule G-32), with only such changes as shall have been approved by the Representative, which approval shall not be unreasonably withheld. The Authority authorizes the use of any and all such material (including specifically copies of the Preliminary Official Statement, the

Official Statement, the Resolution and the information therein contained) in connection with the public offering and sale of the Bonds.

The Authority hereby authorizes the Underwriters to file the Official Statement with the MSRB's Electronic Municipal Market Access (EMMA) system.

The Authority agrees that it will cooperate in qualifying the Bonds for offering and sale under the "Blue Sky" or other securities laws of those jurisdictions designated by the Underwriters; provided, however, that the Authority shall not be required to qualify to do business in any jurisdiction nor shall the Authority be required to take any action which would subject it to general service of process in any jurisdiction where it is not now so subject.

8. Representations of the Authority

The Authority acknowledges that the Bonds will be sold to the Underwriters and that the Underwriters will purchase the Bonds in reliance upon the representations and warranties set forth herein and upon the information contained in the Official Statement. Accordingly, the Authority represents and warrants to each of the Underwriters that:

9. Organization; Power. The Authority is and will be at the Closing a duly organized and existing body corporate and politic constituting a corporate municipal instrumentality and political subdivision of the State of New York (the "State") under the laws of the State with the powers and authority set forth in the Power Authority Act of the State of New York, Title I of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended (the "Act"), and as such has and will have at the Closing the legal right to adopt and engage in the transactions contemplated by the Resolution, the Depository Trust Agreement dated as of April 1, 2022 by and between the Authority and The Bank of New York Mellon, as depository agent (the "*Depository Trust Agreement*"), the Continuing Disclosure Agreement (as defined herein), the Official Statement and this Contract of Purchase.

10. Action by the Authority. The Authority has authorized by appropriate action (i) the issuance and sale of the Bonds upon the terms herein and as set forth in the Official Statement and the Resolution, (ii) the use of the proceeds from the sale of the Bonds as described in the Official Statement, (iii) the execution, delivery, performance, acceptance, approval and receipt, as the case may be, of this Contract of Purchase, the Bonds, the Resolution, the Depository Trust Agreement, the Continuing Disclosure Agreement and the Official Statement, and (iv) the taking of any and all such action as may be required to carry out, give effect to and consummate the transactions contemplated therein and herein.

11. Valid Obligations. When delivered to and paid for by the Representative on behalf of the Underwriters at the Closing in accordance with the provisions of this Contract of Purchase, the Bonds will have been duly authorized, executed, issued and delivered and will constitute valid, binding and enforceable obligations of the Authority in conformity with the Act and the Resolution and will be entitled to the benefit and security thereof.

12. No Defaults. The Authority is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any bond, debenture, note or other evidence of indebtedness of the Authority or any mortgage, deed of trust, indenture or other agreement or instrument pursuant to which indebtedness of the Authority was incurred. Neither the adoption of the Resolution, the execution and delivery of this Contract of Purchase, the Bonds, the Depository Trust Agreement, the Continuing Disclosure Agreement and the Official Statement, the consummation by the Authority of the transactions contemplated thereby and hereby, nor the compliance by the Authority with the provisions thereof and hereof, will result in any breach of the terms, conditions or provisions of, conflict with, or constitute a breach of or a default (or any event which with the passage of time or the giving of notice, or both, would become a default) under (i) the Act, any currently effective resolution of the Authority, or any contract, agreement or instrument to which the Authority is a party, (ii) the constitution of the United States or of the State, or (iii) any existing law, administrative regulation, court order or consent decree to which the Authority is subject.

13. Security. Upon their due issuance and sale as contemplated herein, the Bonds will be payable solely from and secured by a pledge of the Trust Estate. In addition, there are no liens or encumbrances on the Trust Estate, and the Authority has not entered into any contract or arrangement of any kind, and,

to the knowledge of the Authority, there is no existing, pending, threatened or anticipated event or circumstance, which might give rise to any such lien or encumbrance.

14. *Offering Documents.* The Authority has authorized and hereby ratifies the use of the Preliminary Official Statement and authorizes the use of the Official Statement and the information contained therein furnished by or on behalf of the Authority and the use of copies of the Resolution, in connection with the public offering and sale of the Bonds by the Underwriters. Prior to the date hereof, the Authority delivered to the Representative the Preliminary Official Statement together with a certificate of the Authority stating that the Preliminary Official Statement is deemed final as of its date for purposes of Rule 15c2-12, except for the information not required to be included therein under Rule 15c2-12, and in form and substance as attached hereto as Schedule II.

15. *Preliminary Official Statement.* As of its date and at the time of the Authority's acceptance hereof, the statements and information contained in the Preliminary Official Statement, excluding any information about book-entry or DTC, the Bond Insurer (as defined below), the Policy (as defined below) or Appendices B or D, were and are true, correct and, except for the information not required to be included in the Preliminary Official Statement under Rule 15c2-12, complete, and such Preliminary Official Statement did not and does not contain any untrue statement of a material fact or, except for the information not required to be included in the Preliminary Official Statement under Rule 15c2-12, omit to state any material fact necessary in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading.

16. *Official Statement.* Both at the time of the Authority's acceptance hereof and at the Closing, the statements and information contained in the Official Statement (as the same may be supplemented or amended with the approval of the Representative, which approval shall not be unreasonably withheld), excluding any information about book-entry or DTC, the Bond Insurer, the Policy or Appendices B or D, are and will be true, correct and complete and such Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading. If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently supplemented or amended pursuant to Section 10 hereof), at all times during the period from the date of such supplement or amendment to the end of the period described in Section 10 hereof, the Official Statement (except for any information about book-entry or DTC, the Bond Insurer, the Policy or Appendices B or D, as to which no representation or warranty is made) as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary, in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading in any material respect.

17. *Litigation.* Except for the matters disclosed in the Preliminary Official Statement and the Official Statement, and except for matters that do not or will not materially affect the transactions contemplated in the Preliminary Official Statement, the Official Statement or this Contract of Purchase, there is no pending, or to the knowledge of the Authority threatened, legal, administrative or judicial proceeding to which the Authority is or would be a party: (i) contesting the official existence or powers of the Authority; (ii) contesting or affecting the authority for the issuance of the Bonds, or seeking to restrain or enjoin the issuance or the delivery of the Bonds; (iii) contesting or affecting the validity of the Bonds, the Resolution, the Depository Trust Agreement, the Continuing Disclosure Agreement or this Contract of Purchase; (iv) contesting the use of the proceeds of the Bonds as contemplated in the Official Statement; (v) seeking to restrain or enjoin the collection of the Revenues available for or pledged to the Bonds under the Resolution; or (vi) involving the possibility of any judgment or uninsured liability which may result in any material adverse change in the business, properties, assets or financial condition of the Authority.

18. *Filings or Approvals.* All approvals, consents or orders of any governmental authority or agency having jurisdiction in the matter which would constitute a condition precedent to, or the absence of which would materially adversely affect, the lawful performance by the Authority of its obligations hereunder and under the Resolution and the Bonds have been obtained and are in full force and effect, except for the approval of the Comptroller of the State provided for in Section 1010-a of the Act.

19. *Additional Certificates.* Any certificates signed by any authorized officer of the Authority and delivered to the Underwriters pursuant to this Contract of Purchase shall be deemed a representation and

warranty by the Authority to the Underwriters as to the statements made therein with the same effect as if such representation and warranty were set forth by the Authority herein.

20. Continuing Disclosure Agreement. At or prior to the Closing, the Authority shall have duly authorized, executed and delivered a continuing disclosure agreement (the “*Continuing Disclosure Agreement*”) substantially in the form of Appendix C to the Official Statement. Except as described in the Preliminary Official Statement and the Official Statement, the Authority has been in compliance with all of its continuing disclosure obligations under Rule 15c2-12.

21. Establishment of Issue Price¹

22. The Representative, on behalf of the Underwriters, agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an “issue price” or similar certificate, substantially in the form attached hereto as Exhibit B (the “*Issue Price Certificate*”), together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Representative and the Authority, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public (as defined in clause (f) below) of the Bonds.

23. The Authority will treat the first price at which 10% of each maturity of the Bonds is sold to the public (the “*10% Test*”) as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test).

24. The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date hereof at the offering price or prices (the “*initial offering price*”), or at the corresponding yield or yields, set forth in Exhibit A hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Contract of Purchase, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Authority and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the date hereof as the issue price of that maturity (the “*hold-the-offering-price rule*”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the date hereof and ending on the earlier of the following:

25. the close of the fifth business day after the date hereof; or

26. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative will advise the Authority promptly after the close of the fifth business day after the date hereof whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

27. The Representative confirms that:

28. any agreement among underwriters, any selling group agreement and each retail or other third party distribution agreement (to which the Representative is a party), if any, relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail or other third party distribution agreement, as applicable, to comply with the

¹Subject to refinement based upon sale results.

hold-the-offering-price rule if and for so long as directed by the Representative and as set forth in the related pricing wires, and

29. any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail or other third party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail or other third party distribution agreement to comply with the hold-the-offering-price rule if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

30. The Authority acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Authority further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

31. The Representative, on behalf of Underwriters, acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

32. “*maturity*” means Bonds with the same credit and payment terms; Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities,

33. “*public*” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an underwriter or a related party to an underwriter,

34. “*underwriter*” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail or other **third party distribution agreement participating in the initial sale of the Bonds to the public**), and

35. a purchaser of any of the Bonds is a “*related party*” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of

the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

36. Conditions to the Underwriters' Obligations

The obligations of the Underwriters to purchase the Bonds are subject to the fulfillment by the Authority of the following conditions at or before the Closing. Should any of the following conditions not be fulfilled, the obligations of all the Underwriters under this Contract of Purchase shall terminate and neither the Authority nor the Underwriters shall have any further obligations hereunder except as provided in Sections 2(b) and 9 hereof.

37. The Authority's representations contained in Section 4 hereof shall be true, correct and complete as of the Closing and shall be confirmed at the Closing by certificates, signed by authorized officers of the Authority, in form and substance satisfactory to the Underwriters and their counsel.

38. Prior to or simultaneously with the execution of this Contract of Purchase, the Representative shall have received a copy of the written commitment of Assured Guaranty Municipal Corp. (the "*Bond Insurer*"), executed by an authorized officer of the Authority, committing to issue its financial guaranty insurance policy with respect to the Bonds (the "*Policy*").

39. On or prior to the Closing: (i) this Contract of Purchase, the Depository Trust Agreement, the General Resolution and the Supplemental Resolution shall each be valid, binding and in full force and effect; (ii) the Bonds shall have been duly authorized, issued, executed, attested and authenticated in accordance with the provisions of the Resolution and the Act, and delivered; and (iii) the Authority shall have duly adopted and there shall be in force and effect such resolutions as, in the respective opinions of Co-Bond Counsel, shall be necessary in connection with the transactions contemplated hereby.

40. At or prior to the Closing, unless otherwise agreed to by the Representative in writing, the Representative shall receive the following:

41. The opinions of Hawkins Delafield & Wood LLP and Pearlman & Miranda, LLC, as Co-Bond Counsel, each dated the date of the Closing and addressed to the Authority, substantially in the

form of Appendix B to the Official Statement, together with reliance letters addressed to the Underwriters and the Trustee.

42. The supplemental opinions of Hawkins Delafield & Wood LLP and Pearlman & Miranda, LLC, as Co-Bond Counsel, each dated the date of the Closing and addressed to the Authority and the Underwriters, and in form and substance as attached hereto as Schedule III.

43. The opinions of Nixon Peabody LLP and The Hardwick Law Firm, LLC, Co-Special Counsel to the Authority, each dated the date of the Closing and addressed to the Authority and the Underwriters, and in form and substance as attached hereto as Schedule IV.

44. The opinion of the General Counsel of the Authority, dated the date of Closing and addressed to the Underwriters, in form and substance as attached hereto as Schedule V.

45. The opinion of Katten Muchin Rosenman LLP, as counsel to the Underwriters, dated the date of Closing and addressed to the Underwriters, and in form and substance as attached hereto as Schedule VI.

46. An opinion of Paparone Law PLLC, as counsel to the Trustee, dated the date of Closing and addressed to the Authority and the Underwriters, in form and substance acceptable to the Authority and the Representative.

47. An opinion of counsel to The Bank of New York Mellon, dated the date of Closing and addressed to the Authority and the Underwriters, regarding the due authorization and execution and the enforceability of the Depository Trust Agreement subject to customary qualifications and otherwise in form and substance acceptable to the Authority and the Representative.

48. An opinion of Van Ness Feldman LLP, dated the date of Closing and addressed to the Underwriters in form and substance acceptable to the Representative.

49. A certificate executed by a duly authorized officer of the Authority, dated the date of the Closing, to the effect that (a) the conditions set forth in Section 202 of the General Resolution have been satisfied and (b) there has been no material adverse change in the affairs or financial condition of the Authority from that described in the Official Statement that does or would materially affect the transactions contemplated in the Preliminary Official Statement, the Official Statement or this Contract of Purchase.

50. A certificate, dated the date of the Closing, executed by a duly authorized officer of the Authority, to the effect that it is not expected that the proceeds of the Bonds will be used in a

manner that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

51. One copy of the General Resolution and the Supplemental Resolution, each duly certified by the General Counsel or Secretary of the Authority.

52. Evidence of the approval of the Comptroller of the State provided for in Section 1010-a of the Public Authorities Law of the State of New York.

53. A copy of the Authority’s Blanket Letter of Representations.

54. Evidence satisfactory to the Representative that (A) Moody’s Investors Service, Inc. (“*Moody’s*”), S&P Global Ratings (“*S&P*”) and Fitch Ratings, Inc. (“*Fitch*”) have assigned the Bonds ratings of “[]”, “[]” and “[]”, respectively and (B) Moody’s has assigned an underlying rating of “[]” to the Bonds.

55. A copy of the Policy duly executed, issued and delivered by the Bond Insurer.

56. An opinion of counsel to the Bond Insurer, dated the Closing Date.

57. A certificate of the Bond Insurer with respect to the accuracy of statements contained in the Official Statement regarding the Policy and the Bond Insurer and the due authorization, execution, issuance and delivery of the Policy.

58. At or prior to the Closing, the Authority shall have duly authorized, executed and delivered the Depository Trust Agreement and the Continuing Disclosure Agreement.

59. At the Closing, the Representative shall receive such additional certificates, instruments or opinions as Co-Bond Counsel or counsel to the Underwriters may reasonably request to evidence the due authorization, execution, authentication and delivery of the Bonds and the Resolution, the exclusion from gross income for federal income tax purposes of interest on the Bonds, the truth, accuracy and completeness as of the closing of the Authority’s representations and warranties contained herein, in the Official Statement and in any of certificates or documents of the Authority or officers of the Authority delivered pursuant thereto.

60. The Official Statement, including the Appendices thereto, shall not have been amended or supplemented without the approval of the Representative, which shall not be unreasonably withheld.

61. Events Permitting the Underwriters to Terminate

The Underwriters may terminate their obligation to purchase the Bonds at any time before the Closing if any of the following should occur:

62. (i) Legislation shall have been enacted by the House of Representatives or the Senate of the Congress of the United States, or recommended to the Congress for passage by the President of the United States or favorably reported for passage to either House of Congress by any committee of such House or by any conference committee of the two Houses of Congress or legislation shall have been proposed, or an authorized release or other written public announcement describing proposed legislation or proposing legislation shall have been issued, by the President of the United States, the Secretary of the Treasury or the Chairman or ranking minority member of the House Ways and Means Committee or the Senate Finance Committee, all subsequent to the date hereof, or **(ii)** a decision shall have been rendered by the United States Tax Court or by a court established under Article III of the Constitution of the United States or **(iii)** an order, ruling or regulation shall have been issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or any other agency of

the United States, or (iv) an authorized release or official statement shall have been issued by the Treasury Department of the United States or by the Internal Revenue Service, the effect of which in any such case described in clause (i), (ii), (iii) or (iv) would be to impose, directly or indirectly, Federal income taxation upon interest received on obligations of the general character of the Bonds or upon income received by entities of the general character of the Authority in such a manner as in the reasonable judgment of the Representative would materially impair the marketability or materially reduce the market price of the Bonds.

63. Any action shall have been taken by the SEC or by a court including, without limitation, the issuance or making of a stop order, release, regulation, or no-action letter by or on behalf of the SEC, or by any other governmental agency having jurisdiction of the subject matter, or legislation shall have been enacted by the House of Representatives or the Senate of the Congress of the United States, or recommended to the Congress for passage by the President of the United States or favorably reported, subsequent to the date hereof, for passage to either House of the Congress by any Committee of such House, which would require registration of any security under the Securities Act of 1933, as amended, or the Exchange Act, or qualification of any indenture under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Bonds, or would cause the issuance, offering, or sale of the Bonds, including all the underlying obligations as contemplated hereby or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, to be in violation of any provision of the federal securities laws at the Closing date, including any of the above-mentioned Acts, or any action shall have been taken by any court or by any governmental authority suspending the use of the Official Statement, or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority.

64. (i) There shall exist any event described in Section 10 hereof which in the opinion of the Representative requires a supplement or amendment to the Official Statement; provided, however, that the Underwriters shall, if requested by the Authority, circulate to purchasers a supplement or amendment to the Official Statement reflecting such event, and if such supplement or amendment is so circulated the Underwriters shall only be entitled to terminate this Contract of Purchase pursuant to this clause, if, as a result of such circulation, the marketability of the Bonds or the market price thereof, in the opinion of the Representative, has been materially adversely affected; or (ii) the ratings for the Bonds shall have been lowered below the ratings specified in Section 6(d)(xiv) hereof, or withdrawn, by Moody's, S&P or Fitch, and in the reasonable opinion of the Representative, the marketability of the Bonds or the market price thereof has been materially adversely affected thereby.

65. The marketability of the Bonds, the market price thereof, or the ability of the Underwriters to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the judgment of the Representative, by (i) an amendment to the Constitution of the United States or of the State or by Federal or State legislation, (ii) a declaration of a general banking moratorium by authorities of the United States or the State, or (iii) the establishment of any new restriction on transactions in securities materially affecting the free market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a change to the net capital requirements of, underwriters established by the New York Stock Exchange, the SEC, any other federal or state agency or the Congress of the United States, or by Executive Order.

66. (i) A general suspension of trading in securities shall have occurred on the New York Stock Exchange, or (ii) there shall have occurred any outbreak or escalation of hostilities or any calamity or crisis (or material escalation in any calamity or crisis), or (iii) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred that, in the judgment of the Representative, is material and adverse and, in the case of any of the events specified in clauses (i)-(iii), due to such event singly or together with any other such events, the marketability of the Bonds, the market price of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the reasonable judgment of the Representative.

67. The marketability of the Bonds or the market price thereof shall have been materially and adversely affected, in the reasonable judgment of the Representative, by an action, suit, or proceeding described in Section 4(i) hereof.

68. There shall have occurred, after the execution and delivery hereof, either a financial crisis or a default with respect to the debt obligations of the Authority or proceedings under the bankruptcy laws of the United States or of the State shall have been instituted by the Authority, in either case the effect of

which, in the reasonable judgment of the Underwriters, is such as to materially and adversely affect the market price or the marketability of the Bonds or the ability of the Underwriters to enforce contracts of the sale of the Bonds.

69. Notices and Other Actions

All notices, demands and formal actions hereunder will be in writing, mailed or emailed, telegraphed or delivered to:

The Authority:

Power Authority of the State of New York
123 Main Street
White Plains, New York 10601
Attention: Adam Barsky, Executive Vice President,
Chief Financial Officer
Email: Adam.Barsky@nypa.gov

The Representative:

Goldman Sachs & Co. LLC
200 West Street
New York, New York 10282
Attention: Joseph Natoli, Managing Director
Email: joseph.natoli@gs.com

70. Expenses

All costs and expenses of the Authority in connection with the authorization, issuance, sale and delivery of the Bonds and other items herein specified to be delivered to the Underwriters shall be paid for, or provision for payment made by, the Authority. Such provision for payment may include payment from the proceeds of the Bonds. Said costs and expenses shall include: the costs of printing the Bonds, the Resolution, the Preliminary Official Statement, the Official Statement and this Contract of Purchase, and all other underwriting documents required in connection with the distribution of the Preliminary Official Statement, in all cases in reasonable quantities; the fees and charges of any consultants, financial advisors, fiscal advisors, verification agents, accountants, auditors and the rating agencies employed by the Authority in connection with the issuance and sale of the Bonds; any expenses incurred in connection with qualification of the Bonds for sale and determination of their eligibility for investment under the laws of such jurisdictions as the Underwriters may designate (including reasonable fees and disbursements of counsel to the Underwriters relating thereto) and the preparation and printing of surveys in connection therewith; any expenses incurred in connection with the marketing of the Bonds (including radio, digital and/or print media); and the fees and expenses of Co-Bond Counsel and Co-Special Counsel in connection with the transactions herein contemplated. The Underwriters shall have no responsibility to pay for expenses and marketing costs incurred on behalf of the Authority's employees which are incidental to implementing this Contract of Purchase, including, but not limited to, meals, transportation and lodging of those employees. Except as indicated above, all expenses of the Underwriters, including specifically the fees and expenses of counsel to the Underwriters not described in the second preceding sentence, shall be paid by the Underwriters.

71. Official Statement Amendments

If, during the period from the date hereof to and including the date which is twenty-five (25) days from the end of the underwriting period, there shall exist any event which, in the opinion of the Representative and counsel to the Underwriters, requires a supplement or amendment to the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, when it is delivered to a potential investor, the Authority will supplement or amend the Official Statement in a form and in a manner approved by the Representative and the Authority. The Authority hereby agrees to notify the Representative if, during the period from the date hereof to and

including the date which is twenty-five (25) days from the end of the underwriting period, there shall exist any event which may require a supplement or amendment to the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Unless otherwise notified in writing by the Representative, on or prior to the date of Closing, the Authority may assume that the "end of the underwriting period" for the Bonds for all purposes of Rule 15c2-12 is the date of the Closing. In the event such notice is given in writing by the Representative, the Representative shall notify the Authority in writing following the occurrence of the "end of the underwriting period" for the Bonds as defined in Rule 15c2-12. Except as otherwise specifically provided herein, the "end of the underwriting period" for the Bonds as used in this Contract of Purchase shall mean the date of the Closing or such later date as to which notice is given by the Representative in accordance with the preceding sentence.

72. No Advisory or Fiduciary Role

The Authority acknowledges and agrees that (i) the purchase of the Bonds pursuant to this Contract of Purchase is an arm's-length commercial transaction between the Authority and the Underwriters; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, each Underwriter is and has been acting solely as a principal and is not acting as the agent, advisor, fiduciary, financial advisor or Municipal Advisor (as defined in Section 15B of the Exchange Act) of the Authority; (iii) none of the Underwriters has assumed an advisory or fiduciary responsibility in favor of the Authority with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Authority on other matters) and none of the Underwriters has any obligation to the Authority with respect to the offering contemplated hereby except the obligations expressly set forth in this Contract of Purchase; (iv) the Underwriters have financial and other interests that differ from those of the Authority; and (v) the Authority has consulted its own legal, financial and other advisors to the extent it has deemed appropriate in connection with the offering of the Bonds.

73. Miscellaneous

No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon, on the Resolution, or on this Contract of Purchase against any member, officer or employee of the Authority or any person executing the Bonds or this Contract of Purchase.

This Contract of Purchase when accepted by the Authority in writing as heretofore specified shall constitute the entire agreement between the Authority and the Underwriters.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

This Contract of Purchase may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all of such counterparts shall together constitute one and the same instrument. This Contract of Purchase will inure to the benefit of and be binding upon the parties and their successors, and will not confer any rights upon any other person. This Contract of Purchase shall not be binding until executed by the parties hereto. All representations, warranties and agreements by the Authority and the Underwriters in this Contract of Purchase shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any of the Underwriters and shall survive the delivery of and payment for the Bonds. This Contract of Purchase shall be governed by, and construed in accordance with, the laws of the State. Section headings have been inserted in this Contract of Purchase as a matter of convenience of reference only, and it is agreed that such section headings are not part of this Contract of Purchase and will not be used in the interpretation of any provisions of this Contract of Purchase.

GOLDMAN SACHS & CO. LLC, as Representative

By:

Joseph Natoli
Managing Director

Accepted as of the date first set forth above

POWER AUTHORITY OF THE STATE OF NEW
YORK

By:

Adam Barsky
Executive Vice President, Chief Financial
Officer

BOND PRICING

**POWER AUTHORITY OF THE STATE OF NEW YORK
Green Transmission Project Revenue Bonds,**

[\$[Par Amount] Series 2023A

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Goldman Sachs & Co. LLC (the “*Representative*”), acting on behalf of itself and _____, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “*Bonds*”) pursuant to the Contract of Purchase, dated [Sale Date] (the “*Purchase Contract*”) between the Underwriters and the Power Authority of the State of New York (the “*Authority*”).

1. ***Sale of the Bonds.*** As of the Sale Date, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed on Schedule 1 attached to this Certificate.

2. ***Defined Terms.*** Capitalized terms used but not defined herein shall have the meaning ascribed thereto in that certain General Resolution Authorizing Transmission Project Revenue Obligations, adopted on December 7, 2021 (as amended and supplemented to date, the “*Resolution*”). The following additional terms shall have the meanings specified:

(a) ***Authority*** means the Power Authority of the State of New York.

(b) ***Maturity*** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) ***Underwriter*** means (i) any person that agrees pursuant to a written contract with the Authority (or with the Representative to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) ***Sale Date*** means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [Sale Date].

In order to establish a market for the sale of the Bonds to the public, a Debt Service Reserve Fund for the Bonds was created and funded with a surety policy (the “*Surety Policy*”) issued by Assured Guaranty Municipal Corp. (the “*Bond Insurer*”) in an amount equal to the Debt Service Reserve Fund Requirement. In our opinion, based on our experience with bonds similar to the Bonds, it was reasonable to require, as a condition to the marketing of the Bonds, the funding of the Debt Service Reserve Fund in the amount equal to the Debt Service Reserve Fund Requirement and doing so allowed us to market such Bonds at an interest cost lower than the interest cost that would otherwise have been obtained without such Debt Service Reserve Fund.

We also represent, based on our experience with respect to issues of tax-exempt bonds similar to the Bonds and our knowledge of such financings in general, that the present value of the premiums to be paid to the Bond Insurer in connection with the Surety Policy and the bond insurance policy issued in respect of the Bonds (the "Policy") are reasonably expected to be less than the present value of the interest to be saved as a result of such credit enhancement, in each case using as a discount rate the yield to maturity on the Bonds giving effect to credit enhancement fee payments in computing yield (as determined for applicable federal income tax purposes and set forth in the Tax Certificate to which this certificate is annexed).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriters' interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations thereunder. The Underwriters understand that the foregoing information will be relied upon by the Authority with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Hawkins Delafield & Wood LLP and Pearlman & Miranda, LLC, Co-Bond Counsel, in connection with rendering their opinions that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice they may give to the Authority from time to time relating to the Bonds. The representations set forth herein are not necessarily based on personal knowledge.

[signature page follows]

Dated: [Closing Date]

BY: **GOLDMAN SACHS & CO. LLC**
as Representative on behalf of the
Underwriters, including itself

By: _____
Name:
Title:

SCHEDULE 1

SALE PRICES OF THE BONDS

(Attached)

**\$(Par Amount)
Power Authority of the State of New York
Green Transmission Project Revenue Bonds,
Series 2023A**

LIST OF UNDERWRITERS

GOLDMAN SACHS & CO. LLC

[\$[Par Amount]]
Power Authority of the State of New York
Green Transmission Project Revenue Bonds,
Series 2023A

FORM OF RULE 15c2-12 CERTIFICATE OF THE AUTHORITY

I, Adam Barsky, Executive Vice President, Chief Financial Officer of the Power Authority of the State of New York (the “*Authority*”), hereby certify that the Authority’s Preliminary Official Statement, dated [POS Date] (the “*Preliminary Official Statement*”), with respect to the Authority’s Green Transmission Project Revenue Bonds, Series 2023A (the “*Bonds*”), is deemed final as of its date for purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the “*Rule*”), except for the information not required under such paragraph of the Rule to be included therein.

As you are aware, the Preliminary Official Statement is “deemed final” (to the extent described above) for purposes of the Rule, but is subject to revisions, amendment and completion in a final Official Statement of the Authority to be issued in conjunction with the sale of the Bonds.

Dated: [POS Date]

POWER AUTHORITY OF THE STATE OF NEW
YORK

By: _____
Adam Barsky
Executive Vice President,
Chief Financial Officer

FORM OF SUPPLEMENTAL OPINION OF CO-BOND COUNSEL

[**To be provided by Co-Bond Counsel**]

FORM OF OPINION OF CO-SPECIAL COUNSEL

[To be provided by Co-Special Counsel**]**

FORM OF OPINION OF GENERAL COUNSEL OF THE AUTHORITY

[**To be provided by General Counsel**]

FORM OF OPINION OF UNDERWRITERS' COUNSEL

[**To be provided by Underwriters' Counsel**]

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2023

**NEW ISSUE—BOOK-ENTRY-ONLY
herein.)**

(See “Ratings”

In the opinions of Co-Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the 2023A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the 2023A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; however, for tax years beginning after December 31, 2022, interest on the 2023A Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under section 55 of the Code. In addition, in the opinions of Co-Bond Counsel, under existing statutes, interest on the 2023A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York. See “TAX MATTERS” herein.

[NYPA Logo]

**\$(Par Amount)†
POWER AUTHORITY OF THE STATE OF NEW YORK
Green Transmission Project Revenue Bonds, Series 2023A**

Dated: Date of Delivery

Due: As shown on the inside cover

The Power Authority of the State of New York (the “Authority”), a corporate municipal instrumentality and political subdivision of the State of New York (the “State”), is issuing its Green Transmission Project Revenue Bonds, Series 2023A (the “2023A Bonds”) under the Authority’s General Resolution Authorizing Transmission Project Revenue Obligations, adopted December 7, 2021 (the “Transmission Bond Resolution”), as supplemented and amended, including as supplemented by the Authority’s Second Supplemental Resolution Authorizing Transmission Project Revenue Obligations, adopted September [], 2023 (the “Second Supplemental Resolution”; the Transmission Bond Resolution as supplemented to date is referred to herein as the “Transmission Resolution”).

Proceeds of the 2023A Bonds, together with other funds being provided by the Authority, will be used to (i) pay for capital expenditures related to the 2023A SFP Transmission Project (as defined herein), including reimbursement for prior capital spending, (ii) fund a debt service reserve fund (the “2023A Debt Service Reserve Fund”) for the 2023A Bonds with a debt service reserve insurance policy issued by AGM (defined below), (iii) pay capitalized interest on the 2023A Bonds, (iv) fund an Operating Reserve Account and (v) pay the costs of issuance of the 2023A Bonds.

The 2023A Bonds will be payable solely from and secured by a pledge of and a lien on the herein defined SFP Transmission Trust Estate (subject to no prior pledge or lien), after the payment of SFP Transmission Operating Expenses (as defined herein), including (a) all revenues derived directly or indirectly from the ownership or operation of the SFP Transmission Projects (as defined herein), (b) the funds and accounts established under the Transmission Resolution and not pledged to secure a particular series of SFP Transmission Obligations other than the 2023A Bonds, and (c) the 2023A Debt Service Reserve Fund established in the Second Supplemental Resolution which secures only the 2023A Bonds.

The 2023A Bonds will be payable from the SFP Transmission Trust Estate on a parity with other SFP Transmission Obligations and Parity Debt of the Authority issued under the Transmission Bond Resolution, including the 2023A Bonds, the 2022A Bonds (as defined herein) and any SFP Transmission Obligations that may be issued in the future. SFP Transmission Revenues (as defined herein) are available and pledged on an aggregate basis to first pay SFP Transmission Operating Expenses on all SFP Transmission Projects, including the 2023A SFP Transmission Project and the 2022A SFP Transmission Projects (as defined herein) and then to the payment of debt service on a *pari passu* basis on all SFP Transmission Obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS” herein.

The financing of the 2023A SFP Transmission Project is being undertaken by the Authority as a Separately Financed Project (an “SFP”) as permitted under the Authority’s General Resolution Authorizing Revenue Obligations, dated February 24, 1998 (as amended and supplemented, the “General Resolution”). **The 2023A Bonds are neither payable from nor secured by revenues pledged under and subject to the lien of the General Resolution.** See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS” herein.

The 2023A Bonds will be issued as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchases of the 2023A Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the 2023A Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository

† Preliminary, subject to change.
4890-5984-4717.13

with respect to the 2023A Bonds. Semiannual interest on the 2023A Bonds is payable each May 15 and November 15, commencing May 15, 2024. So long as DTC or its nominee is the registered owner of the 2023A Bonds, reference herein to Owners or registered owners (other than under the captions “TAX MATTERS” and “CONTINUING DISCLOSURE” herein) shall mean Cede & Co., as aforesaid, and payments of principal of and interest on the 2023A Bonds will be made directly to DTC by The Bank of New York Mellon, as Transmission Bond Trustee and Paying Agent. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC participants. See “THE 2023A BONDS — Book-Entry-Only System” herein.

The scheduled payment of principal of and interest on the 2023A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2023A Bonds by Assured Guaranty Municipal Corp. (“AGM” or the “Insurer”). See “BOND INSURANCE” herein.



The 2023A Bonds will not be a debt of the State nor will the State be liable thereon. The Authority has no taxing power.

The 2023A Bonds are subject to redemption and purchase in lieu of redemption prior to maturity as more fully described herein.

The 2023A Bonds are offered when, as and if issued and received by the Underwriters. The offer of the 2023A Bonds may be subject to prior sale or may be withdrawn or modified at any time without notice. The offer is subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, and Pearlman & Miranda, LLC, each Co-Bond Counsel to the Authority. Certain legal matters are subject to the approval of Nixon Peabody LLP and Hardwick Law Firm LLC, each Co-Special Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP. It is expected that the 2023A Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about November [], 2023.

Goldman Sachs & Co. LLC

_____, 2023

[\$[Par Amount]*
Power Authority of the State of New York
Green Transmission Project Revenue Bonds, Series 2023A
\$ _____*
Serial Bonds

Maturity <u>[November 15]*</u>	Principal <u>Amount*</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP <u>(65000X)†</u>
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\$ _____* _____% Term Bonds due [November 15], 20[]*, Yield _____% CUSIP† 65000X _____

\$ _____* _____% Term Bonds due [November 15], 20[]*, Yield _____% CUSIP† 65000X _____

* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This information is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Authority or the Underwriters and are included solely for the convenience of the registered owners of the applicable 2023A Bonds. Neither the Authority nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable 2023A Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2023A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2023A Bonds.

No dealer, broker, salesperson or other person has been authorized by the Authority to give any information or to make any representations, other than as contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2023A Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been furnished by the Authority and includes information obtained from other sources, all of which are believed to be reliable but with respect to information provided by such other sources, is not to be construed as a representation by the Authority. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

The statements contained in this Official Statement that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “illustrate,” “example,” and “continue,” or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual business and financial results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material.

The Authority maintains a website and certain social media accounts. The Authority’s websites and social media accounts are not part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2023A Bonds, and are not part of this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended and in effect on the date hereof (“Rule 15c2-12”). References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

In connection with the offering of the 2023A Bonds, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of such bonds at levels above those which might otherwise prevail in the open market. Such stabilization or maintenance, if commenced, may be discontinued at any time.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

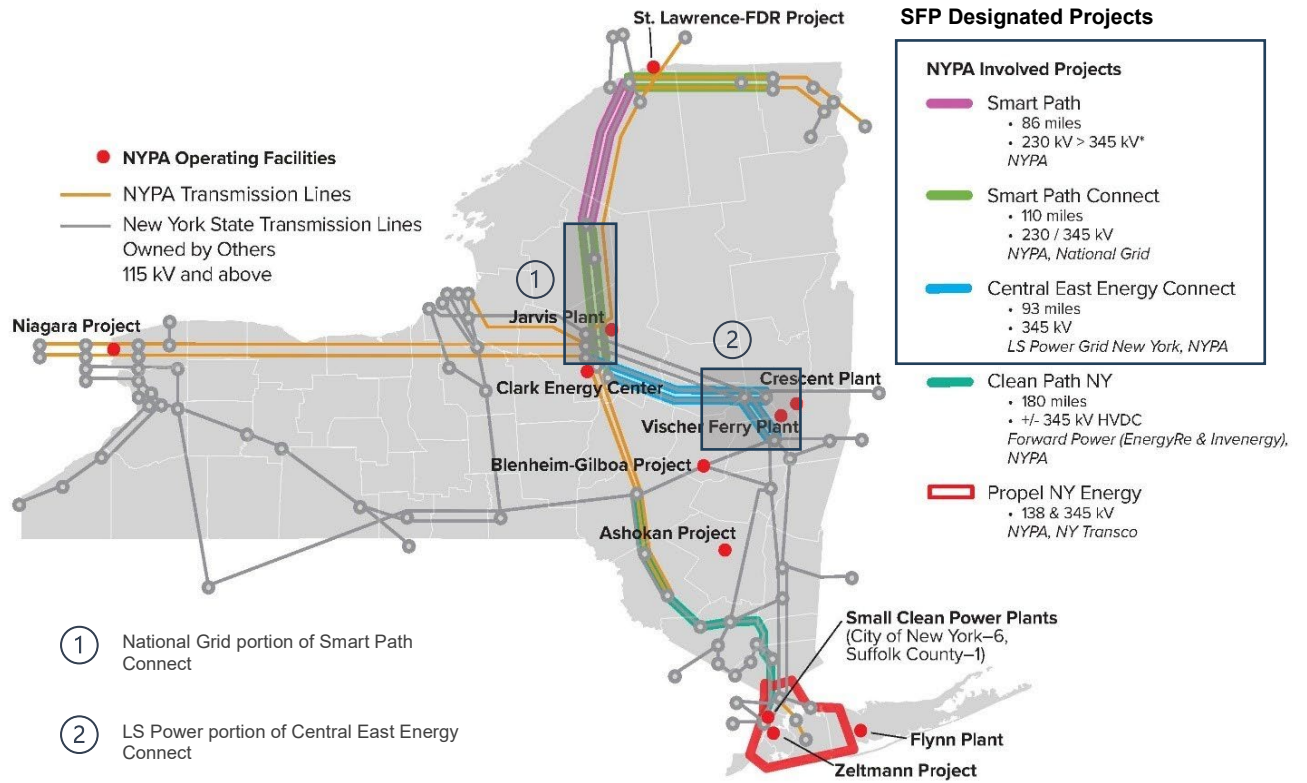
THIS OFFICIAL STATEMENT CONSISTS OF THE COVER PAGE, THE INSIDE COVER PAGE, THE TABLE OF CONTENTS, THE SUMMARY, THE APPENDICES AND ALL OF THE INFORMATION SPECIFICALLY INCORPORATED BY REFERENCE IN THE FOREGOING. THIS OFFICIAL STATEMENT IS DATED _____, 2023, AND RELATES TO THE 2023A BONDS (AND ONLY SUCH BONDS). THE OFFICIAL STATEMENT MUST BE READ IN ITS ENTIRETY.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the 2023A Bonds or the advisability of investing in the 2023A Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” (other than with respect to the caption “— Risks of Bond Insurance”) and “APPENDIX D — Specimen Municipal Bond Insurance Policy.”

[The Authority's Transmission Facilities]

[Placeholder image; map under development]



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SUMMARY

The following summary does not purport to be complete and is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Official Statement and any supplement or amendment hereto. Capitalized terms used in this Summary and not defined herein have the meanings given to such terms elsewhere in this Official Statement.

Issuer	The Power Authority of the State of New York (the “Authority” or “NYPA”) is a corporate municipal instrumentality and political subdivision of the State of New York (the “State”). The Authority generates, transmits, purchases and sells electric power and energy as authorized by law. The Authority owns and operates five major generating facilities, eleven small electric generating units located at seven facilities, and four small hydroelectric facilities, with a total installed capacity of approximately 6,051 MW, and more than 1,400 circuit miles transmission lines, including major 765 kV and 345 kV transmission facilities. In total, the Authority owns approximately 37% of the circuit miles of high voltage transmission in the State, and approximately 14% of all circuit miles of transmission in the State. See the map entitled “[The Authority’s Transmission Facilities]” on page () herein. The Authority’s customers include municipal and rural electric cooperatives located throughout the State, local governments, investor-owned utilities, high load factor industrial customers, commercial/industrial and not-for-profit businesses, and various public corporations located within the metropolitan area of The City of New York (the “City”), including the City, and certain neighboring states. The Authority is a transmission-owning member of the New York Independent System Operator, Inc., a not-for-profit corporation that operates the State’s bulk electricity grid, administers the State’s wholesale electricity markets, and provides comprehensive reliability planning for the State’s bulk electricity system (“NYISO”). In addition to its role as a transmission owner in the NYISO, the Authority also engages in the sale and purchase of capacity, energy and ancillary services in the NYISO wholesale energy markets.
The 2023A Bonds	<p>The Authority’s Green Transmission Project Revenue Bonds, Series 2023A (the “2023A Bonds”) are being offered in the principal amount per maturity and bearing the interest rates set forth on the inside cover page of this Official Statement.</p> <p>The 2023A Bonds will be issued pursuant to the Authority’s General Resolution Authorizing Transmission Project Revenue Obligations, adopted December 7, 2021 (the “Transmission Bond Resolution”), as supplemented and amended, including as supplemented by the Authority’s Second Supplemental Resolution Authorizing Transmission Project Revenue Obligations, adopted September [], 2023 (the “Second Supplemental Resolution”; the Transmission Bond Resolution as supplemented to date is referred to herein as the “Transmission Resolution”). The 2023A Bonds will be the second series of SFP Transmission Obligations issued under the Transmission Bond Resolution. See “THE SFP TRANSMISSION PROJECTS—The 2022A SFP Transmission Projects.”</p>
Denominations	The 2023A Bonds are issuable in the denominations of \$5,000 or any integral multiple thereof.
Interest Payment Dates	Interest on the 2023A Bonds is due each May 15 and November 15, commencing May 15, 2024.
Redemption	The 2023A Bonds are subject to optional and mandatory redemption or purchase in lieu of redemption on the dates and at the redemption prices

described herein under the caption “THE 2023A BONDS — Redemption Provisions.”

**2023A SFP Transmission
Project is a Separately
Financed Project under the
General Resolution;
Transmission
Bond Resolution**

The financing of the 2023A SFP Transmission Project (defined below) is being undertaken by the Authority as a Separately Financed Project as permitted under the Authority’s General Resolution Authorizing Revenue Obligations, dated February 24, 1998, as amended and supplemented (the “General Resolution”). The General Resolution provides that nothing prevents the Authority from authorizing and issuing bonds for any purpose of the Authority authorized by the Power Authority Act of the State of New York, 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 (the “Act”), or authorized by other applicable State statutory provisions (such purpose being referred to herein as a “Separately Financed Project” or “SFP”), which bonds, and the Authority’s share of any operating expenses related to such Separately Financed Project, are payable solely from revenues or other income derived from the ownership or operation of such Separately Financed Project or from other funds withdrawn by the Authority pursuant to the General Resolution. Revenues relating to other Authority transmission facilities (other than the 2023A SFP Transmission Project and any additional SFP Transmission Projects, including the 2022A SFP Transmission Projects (as defined below)) are not included in the SFP Transmission Trust Estate.

The Transmission Bond Resolution authorizes the issuance of SFP Transmission Obligations, including the 2023A Bonds, to finance the costs of certain projects, facilities, systems, equipment, and/or materials related to or necessary or desirable in connection with the transmission or distribution of electric energy, whether owned or leased jointly or singly by the Authority, including any transmission capacity in which the Authority has an interest or which it has a contractual right to use, as authorized by the Act or by other applicable State statutory provisions that have been designated by the Authority pursuant to a supplemental resolution as a Separately Financed Project under the General Resolution and a transmission project for purposes of the Transmission Bond Resolution (an “SFP Transmission Project”). See “THE SFP TRANSMISSION PROJECTS.”

**2023A SFP Transmission
Project**

The Smart Path Connect Project (as defined herein) is being developed jointly by the Authority and National Grid (as defined herein) pursuant to the terms of a development agreement described herein under “THE SFP TRANSMISSION PROJECTS — The Smart Path Connect Project.”

The SFP Transmission Project to be financed with the proceeds of the 2023A Bonds is the Authority’s portion of the Smart Path Connect Project, which portion includes, among other components, rebuilding approximately 46 linear miles of existing 230 kV transmission lines as mostly 345 kV lines, along with associated substation construction and upgrades to address existing congestion and curtailment issues (as more specifically described herein, the “2023A SFP Transmission Project”).

The National Grid portion of the Smart Path Connect Project is not included in the 2023A SFP Transmission Project and is not being financed with the

proceeds of the 2023A Bonds. See the map set forth under “THE SFP TRANSMISSION PROJECTS — The Smart Path Connect Project” which depicts the Smart Path Connect Project and the portions of the facilities being undertaken by each of the Authority and National Grid.

The Smart Path Connect Project will allow renewable generation from the northern New York region to be transmitted to higher load areas of the State, improving both the State’s renewable energy consumption and the efficiency of energy pricing throughout the State. See “THE SFP TRANSMISSION PROJECTS — The 2023A SFP Transmission Project.”

**2023A SFP Transmission
Project Revenues**

The Transmission Bond Resolution requires that the costs of any SFP Transmission Project to be financed with the proceeds of SFP Transmission Obligations issued under the Transmission Bond Resolution be eligible or be expected to be eligible to be recovered from either the NYPA Transmission Adjustment Charge (“NTAC”), a component of the Authority’s approved formula rate that is included in the FERC-jurisdictional NYISO Open Access Transmission Tariff (“OATT”), or project-specific charges recovered under that formula rate. The NTAC is a NYISO OATT mechanism for cost recovery of the Authority’s legacy and backbone transmission system costs, and which allocates such costs across all ratepayers in the State. See “THE SFP TRANSMISSION PROJECTS – SFP Transmission Revenues.”

In July 2022, as confirmed in a compliance order issued in January 2023, FERC accepted the inclusion of cost containment provisions related to the recovery of the Authority’s costs related to the Smart Path Connect Project through the FERC-approved cost-recovery mechanisms in its formula rate that calculates an Annual Transmission Revenue Requirement (the “ATRR”). The ATRR is the result of a FERC-regulated formula that calculates the total annual revenue that the Authority must receive to recover the costs of providing transmission service plus a rate of return, as included in the NYISO tariff. This cost containment commitment was made in connection with FERC granting the Authority certain rate treatment incentives, which included a 50-basis point return on equity (“ROE”) risk adder. See “THE SFP TRANSMISSION PROJECTS—SFP Transmission Revenues—Incentive Rate for the 2023A SFP Transmission Project.”

The aforesaid FERC orders complement the previously received authorization to include the Authority’s costs for the Smart Path Connect Project in the NTAC consistent with the provisions in its formula rate under the NYISO OATT. **Only the portion of the NTAC attributable to the 2023A SFP Transmission Project component of the Smart Path Connect Project will constitute SFP Transmission Revenues.**

While amounts received by the Authority constituting SFP Transmission Revenues are derived from amounts included in rates of the Authority that represent cost recovery for investments in specific SFP Transmission Projects, such SFP Transmission Revenues are available on a combined basis to pay SFP Transmission Operating Expenses of all SFP Transmission Projects and are pledged on a combined basis after payment of SFP Transmission Operating Expenses to support the payment of debt service on all SFP Transmission Obligations on a *pari passu* basis. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS.”

**Annual SFP Transmission
Revenue Requirement**

The Authority’s total cost of owning, operating and maintaining all of the Authority’s transmission assets used to provide electric transmission service throughout the State is expressed in, and covered by, the ATRR. To

determine the revenue requirement allocable to the SFP Transmission Projects, the Authority will separate and report the transmission revenue requirement for each of the SFP Transmission Projects for each year (collectively, the "Annual SFP Transmission Revenue Requirement"). Annual operating expenses for the SFP Transmission Projects will be calculated using a formula that allocates total transmission operating expenses among the SFP Transmission Projects and other non-SFP Transmission Projects based upon the proportion (using the two-year gross plant average) that the SFP transmission gross plant bears to the Authority's total transmission gross plant.

Amounts collected representing the Annual SFP Transmission Revenue Requirement (which is based upon the prior year's actual expenditures) shall be transferred to the revenue fund established under the Transmission Bond Resolution (the "Revenue Fund") from the Allocation Account (defined below). A true-up of actual year revenues received in the current calendar year compared to the calculated ATRR is also a component of the revenue requirement formula and will be calculated on an annual basis as a "True-Up Adjustment" as set forth in the Authority's formula rate (the "True-up Adjustment") for the subsequent year. The True-up Adjustment will be applied to the SFP Transmission Project portion of ATRR following the same formula rate methodology being applied to the non-SFP Transmission Project portion of the ATRR. The True-up Adjustment is expected to result in the collection of the ATRR (including the Annual SFP Transmission Revenue Requirement) in the rate year in which the cost is incurred or in the subsequent rate year.

NYISO Commingled Payments;

Allocation Account..... "NYISO Commingled Payments" means any payments received by the Authority from the NYISO that include both SFP Transmission Revenues and non-SFP revenues. Non-SFP revenues are pledged under the General Resolution and are defined herein as "General Resolution Revenues." All net payments received by the Authority from NYISO pursuant to the NYISO OATT, including all NYISO Commingled Payments, shall be deposited into a depository trust allocation account (the "Allocation Account") established pursuant to a depository trust agreement (the "Depository Trust Agreement"), by and between the Authority and The Bank of New York Mellon (in such capacity, the "Depository Agent"). Upon receipt of any NYISO Commingled Payments, the Authority will advise the Depository Agent of (i) the portion of such NYISO Commingled Payments that constitutes SFP Transmission Revenues, which, at the direction of the Authority, the Depository Agent shall transfer to the SFP Transmission Revenue Fund, and (ii) the portion of such NYISO Commingled Payments that constitutes General Resolution Revenues, which, at the direction of the Authority, the Depository Agent shall transfer to the operating fund established under the General Resolution. Amounts held in the Allocation Account constituting SFP Transmission Revenues are subject to the lien created by the Transmission Bond Resolution. Amounts in the Allocation Account constituting General Resolution Revenues are subject to the lien of the General Resolution and are not pledged to the payment of the SFP Transmission Obligations.

Plan of Finance The proceeds of the 2023A Bonds, together with other funds being provided by the Authority, will be used (i) pay for capital expenditures related to the 2023A SFP Transmission Project, including reimbursement for prior capital spending, (ii) fund a debt service reserve fund for the 2023A Bonds through the deposit of a surety policy issued by AGM, (iii) pay capitalized interest on the 2023A Bonds, (iv) fund an Operating Reserve Account and (v) pay the costs of issuance of the 2023A Bonds. See "PLAN OF FINANCE."

2023A Bonds Designated

Green Bonds

The Authority has designated the 2023A Bonds as “Green Bonds” due to the environmental benefits of the 2023A SFP Transmission Project financed with the proceeds of the 2023A Bonds. Sustainalytics has reviewed and verified that the use of proceeds, processes for project selection, management of proceeds, and reporting for the 2023A Bonds are aligned with the Authority’s Green Bond Framework (as defined herein). See “PLAN OF FINANCE — Designation of 2023A Bonds as Green Bonds.”

Security for the 2023A

Bonds

The 2023A Bonds will be payable solely from and secured by a pledge of and a lien on the SFP Transmission Trust Estate (subject to no prior pledge or lien), after the payment of SFP Transmission Operating Expenses, from revenues payable to the Authority consisting of revenues, rates, fees, charges, rents, proceeds from the sale of SFP Transmission Project assets, proceeds of insurance from such SFP Transmission Projects, and other income and receipts, as derived in cash by or for the account of the Authority directly or indirectly from the ownership or operation of any SFP Transmission Project (“SFP Transmission Revenues”) and all funds and accounts established under the Transmission Bond Resolution. Such SFP Transmission Revenues are expected to primarily consist of funds paid to the Authority by the NYISO in accordance with the applicable tariffs to the extent such revenues are derived directly or indirectly from the Authority’s SFP Transmission Projects.

The 2023A Bonds will be payable and secured on a parity with other Outstanding SFP Transmission Obligations and Parity Debt of the Authority and any SFP Transmission Obligations issued in the future under the Transmission Bond Resolution. See “Additional Indebtedness; Parity Debt” below.

A separate Debt Service Reserve Fund securing only the 2023A Bonds (the “2023A Debt Service Reserve Fund”) will be established and funded by the deposit of a Municipal Bond Debt Service Reserve Insurance Policy issued by AGM in an amount equal to the lesser of (i) 10% of the proceeds of the 2023A Bonds, (ii) the maximum Debt Service due on the 2023A Bonds in any Fiscal Year, or (iii) 125% of the average of the annual installments of Debt Service with respect to all 2023A Bonds (the “2023A Debt Service Reserve Requirement”).

The Transmission Bond Resolution provides for the establishment of an Operating Reserve Account to be funded in an amount equal to 50% of annual budgeted SFP Transmission Operating Expenses (the “Operating Reserve Account Minimum Requirement”), which may be used by the Authority at such time or times and in such amounts as determined by the Authority for the purpose of providing for the costs of emergency repairs or replacements essential to restore or prevent physical damage to, and prevent loss of SFP Transmission Revenues from, any SFP Transmission Project and to meet the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to any SFP Transmission Project necessary to keep the same in operating condition or required by any governmental agency having jurisdiction over such SFP Transmission Project. See “SECURITY AND SOURCE OF PAYMENT FOR THE 2023A BONDS.”

The 2023A SFP Transmission Project constitutes a Separately Financed Project under the General Resolution and the 2023A Bonds are neither payable from nor secured by revenues pledged under and subject to the lien of the General Resolution. The 2023A Bonds are

limited obligations of the Authority payable solely from and secured by the SFP Transmission Trust Estate pledged under and subject to the lien of the Transmission Bond Resolution on a parity basis with other SFP Transmission Obligations, including the 2022A Bonds (as defined herein).

See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS.”

Additional Indebtedness;

Parity Debt.....

As of September 1, 2023, the Authority had outstanding \$608,310,000 in principal amount of the 2022A Bonds, which are SFP Transmission Obligations both payable and secured on a parity with the 2023A Bonds.

In addition to certain refunding bonds, the Authority may issue additional SFP Transmission Obligations pursuant to the Transmission Bond Resolution, payable and secured on a parity basis with other SFP Transmission Obligations, provided that the costs of an SFP Transmission Project to be financed with such SFP Transmission Obligations are eligible or expected to be eligible to be recovered as part of the Authority’s ATRR or under another approved tariff and subject to an additional bonds test. The additional bond test requires that SFP Transmission Revenues are at least equal to the sum of (i) 120% of Debt Service (as defined in the Transmission Bond Resolution), (ii) 100% of SFP Transmission Operating Expenses (as defined in the Transmission Bond Resolution) and (iii) any Required Payments (as defined in the Transmission Bond Resolution) on a historical basis for any 12 consecutive month period out of the 18 months immediately preceding the date of issue of such SFP Transmission Obligations or on an estimated basis for the five-year period beginning with the Fiscal Year in which such SFP Transmission Obligations are issued and ending with the fifth full Fiscal Year after such date, in either case calculated in accordance with the requirements of the Transmission Bond Resolution. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS – Additional Obligations and Parity Debt.”

Registration of the

2023A Bonds.....

The 2023A Bonds will be issuable as fully registered bonds in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). No person acquiring an interest in the 2023A Bonds (a “Beneficial Owner”) will be entitled to receive a 2023A Bond in certificated form, except under the limited circumstances described in this Official Statement in “THE 2023A BONDS — Book-Entry-Only System.” All references to actions by Owners will refer to actions taken by DTC, upon instructions from DTC Participants, and all references herein to distributions, notices, reports and statements to Owners shall refer to distributions, notices, reports and statements, respectively, to DTC or Cede & Co., as the registered owner of the 2023A Bonds, or to DTC Participants for distribution to Beneficial Owners in accordance with DTC procedures. See “THE 2023A BONDS — Book-Entry-Only System.”

Tax Considerations

In the opinions of Co-Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the 2023A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the 2023A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; however, for tax years beginning after December 31, 2022, interest on the 2023A Bonds is included in the “adjusted financial statement income” of certain corporations that are

subject to the alternative minimum tax under section 55 of the Code. See “TAX MATTERS.”

In addition, in the opinions of Co-Bond Counsel, under existing statutes, interest on the 2023A Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including New York City). See “TAX MATTERS.”

Transmission Bond Trustee The Bank of New York Mellon, New York, New York.

Authority’s Financial Advisor Hilltop Securities, New York, New York. See “FINANCIAL ADVISOR.”

Bond Insurance The scheduled payment of principal of and interest on the 2023A Bonds when due will be guaranteed under a municipal bond insurance policy (the “Policy”) to be issued concurrently with the delivery of the 2023A Bonds by AGM. See “BOND INSURANCE” herein.

Ratings Moody’s Investors Services, Inc. (“Moody’s”) and S&P Global Ratings, a division of Standard & Poor’s Financial Services, LLC (“S&P”), have assigned ratings of [“A1”] and [“AA”], respectively, to the 2023A Bonds with the understanding that, upon delivery of the 2023A Bonds, a municipal bond insurance policy will be issued by AGM. Moody’s, Fitch Ratings (“Fitch”) and Kroll Bond Rating Agency (“KBRA”) have assigned underlying ratings of [“A1”], [“AA-”] and [“AA-”], respectively, to the 2023A Bonds. See “RATINGS.”

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OFFICIAL STATEMENT
of the
POWER AUTHORITY OF THE STATE OF NEW YORK
[\$[PAR AMOUNT]*
GREEN TRANSMISSION PROJECT REVENUE BONDS, SERIES 2023A

INTRODUCTION

This Official Statement provides certain information concerning the Power Authority of the State of New York (the “Authority” or “NYPA”) in connection with the issuance of the Authority’s Green Transmission Project Revenue Bonds, Series 2023A (the “2023A Bonds”). The 2023A Bonds are authorized to be issued pursuant to the Power Authority Act of the State of New York, 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 (the “Act”), and the Authority’s General Resolution Authorizing SFP Transmission Project Revenue Obligations, adopted on December 7, 2021 (the “Transmission Bond Resolution”), as supplemented and amended, including as supplemented by the Authority’s Second Supplemental Resolution Authorizing Transmission Project Revenue Obligations, adopted on September [], 2023 (the “Second Supplemental Resolution”; the Transmission Bond Resolution, as so supplemented, is referred to herein as the “Transmission Resolution”). Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to such terms in the Transmission Resolution.

The Authority

The Authority is a corporate municipal instrumentality and political subdivision of the State of New York (the “State”) created in 1931 by the Act, and has its principal office located at 30 South Pearl Street, Albany, New York 12207-3425. The mission of the Authority is to lead the transition to a carbon-free, economically vibrant New York through customer partnerships, innovative energy solutions, and the responsible supply of affordable, clean, and reliable electricity. The Authority generates, transmits, purchases and sells electric power and energy as authorized by law. The Authority owns and operates five major generating facilities, eleven small electric generating units located at seven facilities, and four small hydroelectric facilities, with a total installed capacity of approximately 6,051 MW, and more than 1,400 circuit miles of transmission lines, including major 765 kV and 345 kV transmission facilities. See the map entitled “[The Authority’s Transmission Facilities]” set forth on page (____) herein. The Authority’s customers include municipal and rural electric cooperatives located throughout the State, local governments, investor-owned utilities (“IOUs”), high load factor industrial customers, commercial/industrial and not-for-profit businesses, and various public corporations located within the metropolitan area of The City of New York (the “City”), including the City, and certain neighboring states. The Authority is a transmission-owning member of the New York Independent System Operator, Inc. which is a not-for-profit corporation that operates the State’s bulk electricity grid, administers the State’s wholesale electricity markets, and provides comprehensive reliability planning for the State’s bulk electricity system (“NYISO”). In addition, the Authority sells and purchases capacity, energy and ancillary services in the NYISO wholesale energy markets.

The 2023-2024 Enacted State Budget amended the Act to, among other things, expand NYPA’s authority to plan, design, develop, finance, construct, own, operate, maintain and improve renewable energy generation projects. See “THE AUTHORITY – Certain New Legislation Affecting the Authority – Amendments to the Act.”

Separately Financed Projects; SFP Transmission Projects

Pursuant to the Act and the Authority’s General Resolution Authorizing Revenue Obligations, dated February 24, 1998, (as amended and supplemented, the “General Resolution”), the Authority may issue bonds, notes, or other obligations or evidences of indebtedness, payable and secured by revenues, rates,

* Preliminary, subject to change.

fees, charges, rents, proceeds from the sale of Authority assets, insurance proceeds, and other income and receipts, as derived in cash by or for the account of the Authority directly or indirectly from any of the Authority's operations, including but not limited to the ownership or operation of any project, facility, system, equipment, or material related to or necessary or desirable in connection with the generation, production, transportation, distribution, transmission, delivery, storage, conservation, purchase or use of energy or fuel, whether owned jointly or singly by the Authority, including any output in which the Authority has an interest, heretofore or hereafter authorized by the Act or by other applicable State statutory provisions (collectively, "General Resolution Revenues"). The General Resolution excludes from General Resolution Revenues any such income or receipts attributable directly or indirectly to the ownership or operation of a Separately Financed Project (defined below).

The Authority has adopted its Transmission Bond Resolution (a bond resolution separate from the General Resolution) to finance the costs of any project, facility, system, equipment, or material related to or necessary or desirable in connection with the transmission or distribution of electric energy, whether owned or leased jointly or singly by the Authority, including any transmission capacity in which the Authority has an interest or which it has a contractual right to use, which has been designated by the Authority as both a "Separately Financed Project" under the General Resolution and an "SFP Transmission Project" under the Transmission Bond Resolution (the "SFP Transmission Project").

The Transmission Bond Resolution requires that (I) the costs of any SFP Transmission Project which is to be financed from the proceeds of SFP Transmission Obligations issued under the Transmission Bond Resolution must be (a) eligible to be recovered either (i) under a tariff approved by the Federal Energy Regulatory Commission ("FERC") as part of the Authority's annual transmission revenue requirement (the "ATRR") or (ii) to the extent that no approval by FERC is required for such tariff, under a tariff approved by the applicable regulatory body, if any, or (b) are expected to be eligible to be so recoverable and (II) upon delivery of the SFP Transmission Obligations, the Authority will not be in default in the performance of the terms and provisions of the Transmission Bond Resolution or of any of the SFP Transmission Obligations. See "THE SFP TRANSMISSION PROJECTS" herein.

Parity Debt

The 2023A Bonds are the second Series of Bonds issued pursuant to the Transmission Bond Resolution and the Act. The Authority issued \$608,310,000 aggregate principal amount of its Green Transmission Project Revenue Bonds, Series 2022A on April 21, 2022 (the "2022A Bonds") for the purpose of financing the 2022A SFP Transmission Projects (as defined herein) under the Transmission Bond Resolution. As of September 1, 2023, the Authority had outstanding \$608,310,000 in principal amount of 2022A Bonds, which are SFP Transmission Obligations payable and secured on a parity with the 2023A Bonds.

THE SFP TRANSMISSION PROJECTS

The Authority's Transmission Projects

The Authority undertakes transmission projects as authorized by the Act and in coordination with other transmission owners to meet State environmental, electric reliability and economic needs. When a potential Authority transmission project is identified, the facilities are planned according to standards and criteria set forth by the NYISO, the New York State Reliability Council (the "Reliability Council"), the Northeast Power Coordinating Council and the North American Electric Reliability Corporation ("NERC"). The Authority owns and maintains more than 1,400 circuit miles of high voltage (115 kV - 765 kV) transmission lines in the State, with NYISO operating the transmission system, including assets owned by the Authority. These lines include a 765 kV line south from the Canadian border to Marcy, New York; two 345 kV lines east from the Canadian border to the Niagara Mohawk Power Corporation d/b/a National Grid ("National Grid") Edic Substation in central New York; two 345 kV lines from Marcy, New York, connecting to other utility substations in southeastern New York; three 345 kV lines from the Blenheim-Gilboa Project extending to substations near Athens, New Scotland, and Delhi, respectively; two 230 kV lines extending east from the St. Lawrence Project to Plattsburgh, New York, and to the Vermont border; a 345 kV line from the Fitzpatrick Nuclear Power Plant near Oswego, New York to the National Grid substation in Edic, New York; two 230 kV lines extending south from the St. Lawrence Project to Belfort,

New York; a single circuit underground and underwater line extending across Long Island Sound between the substation of the Consolidated Edison Company of New York, Inc. (“ConEd”) in Westchester County and Long Island Power Authority’s (“LIPA”) substation in Nassau County, New York; several 115 kV lines connected directly to large industrial customers and other shorter lines connecting the Authority’s generating facilities to the transmission grid. In total, the Authority owns approximately 37% of the circuit miles of high voltage transmission in the State, and 14% of all circuit miles of transmission in the State. The State enacted (1) the clean energy legislation known as the Climate Leadership and Community Protection Act (“CLCPA”) in 2019 that established certain renewable energy programs designed to achieve a minimum of 70 percent of statewide electric generation be secured by renewable energy systems by 2030 and zero emissions from the statewide electrical demand system in 2040 to address climate change (“CLCPA Requirements”); and (2) the Accelerated Renewable Energy Growth and Community Benefit Act (the “Renewable Energy Act”) in 2020 which called for the New York Public Service Commission (“PSC”) to make a comprehensive study of the State’s power grid to identify distribution and transmission infrastructure needs under CLCPA and to establish a bulk transmission investment program to be submitted to NYISO for incorporation into NYISO’s transmission studies and planning processes.

The Renewable Energy Act established two paths for project selection: (1) the Public Policy Transmission Planning Process found at section 31.4 of the NYISO OATT, or (2) a separate path for “priority transmission projects” (“Priority Projects”) needed on an “expeditious” basis to meet the CLCPA Requirements. The Renewable Energy Act directs the Authority to develop Priority Projects through a public solicitation process that assesses whether joint development would provide significant additional benefits in achieving the CLCPA Requirements. The PSC established two criteria to determine whether a project qualifies as a Priority Project: (1) whether the project addresses the deliverability of existing generation, and (2) whether an early in-service date for the project would increase the likelihood of meeting the CLCPA Requirements, and/or enhance the value of recent, ongoing or anticipated distribution, local transmission, and/or bulk transmission investments, and/or help the State realize benefits from such investments.

The Renewable Energy Act recognized that the Authority, through its ownership and operation of backbone electric transmission assets in the State, has rights-of-way that can support in whole or in part bulk transmission investment projects, access to capital and the technical expertise and experience to effectuate expeditious development of bulk transmission investments needed to help the State meet the CLCPA targets and is one of several State agencies that has been designated to implement the Renewable Energy Act.

Given the strategic importance of certain transmission projects to the Authority, the essential nature of these projects to the State and the stand-alone credit quality of these projects, the Authority has determined that the most efficient use of its capital and its General Resolution credit is to pursue these transmission projects as “Separately Financed Projects” as permitted by and provided for in the Authority’s General Resolution. In connection therewith, the Authority has adopted its Transmission Bond Resolution under which the Authority may finance the costs of any project, facility, system, equipment, or material related to or necessary or desirable in connection with the transmission or distribution of electric energy, whether owned or leased jointly or singly by the Authority, including any transmission capacity in which the Authority has an interest or which it has a contractual right to use, which has been designated by the Authority pursuant to the Transmission Bond Resolution as a “Separately Financed Project” under the General Resolution as described above and an “SFP Transmission Project” for purposes of the Transmission Bond Resolution.

The Authority will designate a project as an SFP Transmission Project under the Transmission Resolution (including the 2023A SFP Transmission Project) in order to provide for the financing of new transmission projects and improvements to existing transmission projects of the Authority that have or are expected to have regulated rates of return. Prior to any transmission project being financed or refinanced from the proceeds of bonds issued under the Transmission Resolution, the Authority expects to have authorization, or an expectation of receiving such authorization, under its FERC-approved tariff formula rate or other FERC-approved tariff to collect the costs of such transmission project through rates. See “SFP Transmission Revenues” below. Transmission projects that are not expected to have a regulated rate of return will not be designated as an “SFP Transmission Project” and will be funded through other financing structures. However, nothing prevents the Authority from financing future new transmission projects under the General Resolution even if such projects are eligible to be financed as SFP Transmission Projects under the Transmission Bond Resolution.

The Smart Path Connect Project

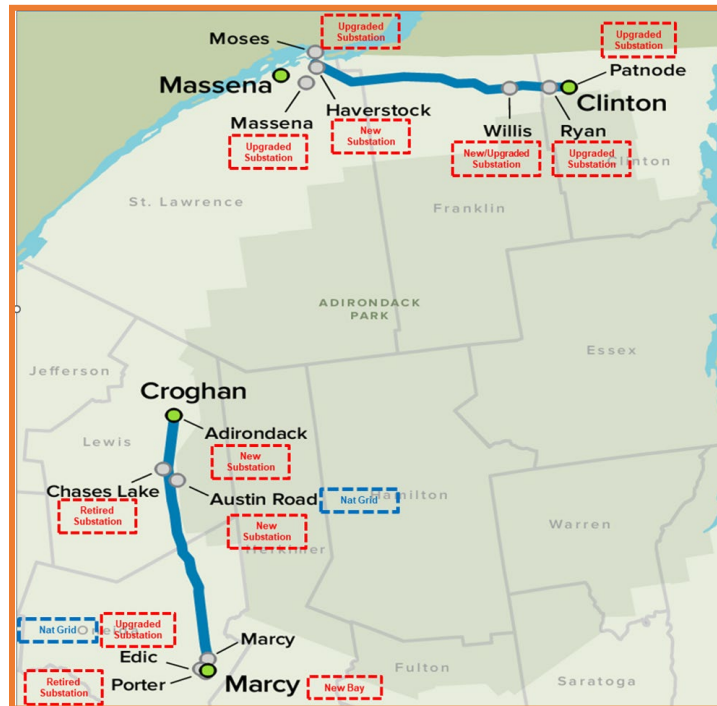
On October 15, 2020, the PSC designated the Smart Path Connect Project as a Priority Project needed expeditiously to meet the CLCPA Requirements. The PSC found that the Smart Path Connect Project met both of the PSC's Priority Project criteria. The first criterion was met because investments in renewable generation in northern New York were not being fully realized due to transmission limitations and the Smart Path Connect Project will allow for 7,500 GWh of renewable generation curtailments to be avoided annually. The second criterion was met because the NYISO Public Policy Transmission Planning Process could not meet the same goals in the same time frame that the Smart Path Connect Project may achieve as a Priority Project, and the Smart Path Connect Project was needed expeditiously to fully access and deliver the significant amount of existing renewable generation in the northern New York region. The Smart Path Connect Project was approved by the Trustees of the Authority on March 30, 2021. On May 19, 2021, the Authority and National Grid entered into a joint development agreement relating to the Smart Path Connect Project (the "Development Agreement").

The "Smart Path Connect Project" as referred to herein consists of rebuilding approximately 100 linear miles of existing 230 kV transmission lines in northern and central New York to 345 kV, along with associated substation construction and upgrades, to address existing congestion and curtailment issues by establishing, together with other projects currently under development by the Authority, a continuous 345 kV transmission path from areas of planned renewable generation to New York's load centers. The Smart Path Connect Project includes rebuilding all or parts of the following transmission lines: the remaining 8-mile section of the Authority's Moses-Adirondack 1&2, the Authority's Moses-Willis 1&2, the Authority's Willis-Patnode and the Authority's Willis-Ryan; and National Grid's Adirondack to Porter (Chases Lake-Porter Line 11, Adirondack-Porter Line 12, and Adirondack-Chases Lake Line 13), as well as connecting to the Authority's Moses-Adirondack 1&2 transmission facilities. The Smart Path Connect Project will be built primarily within existing rights-of-way.

The Smart Path Connect Project consists of discrete asset ownership between NYPA and National Grid creating two transmission projects. In general, the two discrete transmission projects (transmission lines and associated facilities) are: (1) an approximately 46-mile transmission line in northern New York running eastward known as "MW-Patnode" and (2) an approximately 55-mile transmission line in central New York running southward known as "Adirondack-Porter." The Authority will own all of the MW-Patnode facilities, including existing and new substations, and will own part of the Adirondack-Porter substation facilities, with the transmission lines and remainder of the facilities owned by National Grid.

The map below illustrates the Smart Path Connect Project, identifying the MW-Patnode and Adirondack-Porter transmission lines and associated facilities to be respectively developed by the Authority and National Grid, as indicated.

[Remainder of page intentionally left blank]



[Placeholder image; map under development]

The 2023A SFP Transmission Project

Pursuant to the Development Agreement, the Authority is responsible for financing only the Authority's portion of the Smart Path Connect Project, consisting of upgrades to the Authority's existing facilities and any replacements or new facilities, including rebuilding and upgrading certain transmission line segments, construction of new substations, the expansion of existing substation components and land acquisition for a new substation (all as more fully described in the Development Agreement). The foregoing work to be undertaken by the Authority constitutes the "2023A SFP Transmission Project" referred to herein and is being designated as a "Separately Financed Project" under the General Resolution and as an "SFP Transmission Project" for purposes of the Transmission Bond Resolution and will be financed with proceeds of 2023A Bonds. The costs of Adirondack-Porter facilities that are required to be paid by National Grid under the Development Agreement will not be financed with proceeds of 2023A Bonds. Pursuant to the Development Agreement, each party will continue to own its existing facilities. The Development Agreement further provides that the Authority shall own all the new facilities of the Smart Path Connect Project that are situated north of and including the new Adirondack substation. National Grid will own the new facilities of the Smart Path Connect Project located south of the Adirondack substation, with the exception of the Marcy substation, currently owned and operated by the Authority. The Authority will maintain ownership of the Marcy substation, including upgrades completed as part of the Smart Path Connect Project.

The Development Agreement further provides that each party is responsible for all costs related to improvements or additions to their respective existing facilities. The costs of the new facilities are subject to a cost cap (the "Project Cost Cap") developed by the parties and that will serve as a cost containment mechanism in accordance with applicable FERC tariffs.

With respect to the new facilities, the Development Agreement requires that each party pay for, and subject to FERC approval, be entitled to recover in its respective rates all of the total investment made by each party in its new facilities if, and to the extent, permitted by law and any order or approval of its rate recovery filings.

On December 13, 2022, the Trustees approved an updated cost of \$789.9 million to complete the 2023A SFP Transmission Project, which amount is not inclusive of the Allowance for Funds Used During Construction ("AFUDC"). See "SFP Transmission Revenues" below. The original cost estimate for the 2023A SFP Transmission Project in 2021 was \$605 million utilizing a Class III estimate at 30%

engineering design. As permitting, engineering, design and construction and procurement contracting progressed, cost increases were recognized. As of the time of increased cost authorization in 2022, the cost increases for the 2023A SFP Transmission Project were attributable to (i) \$24 million increases for regulatory changes affecting the project, (ii) \$116 million for global market conditions realized through procurement efforts to date, and (iii) \$34 million related to further engineering development of the project. Based on current estimates and the cost containment filing, the Authority anticipates that approximately \$63 million [of the increased costs] is subject to the Project Cost Cap, with the remaining cost increases being recoverable at the full project approved return. However, even with the increased costs and the impact of the Project Cost Cap, the Authority expects to be able to satisfy the rate covenants contained in the Transmission Bond Resolution. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS—Rate Covenant” and “HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE RATIOS.”

The Authority has received all major permits for the 2023A SFP Transmission Project including: (i) an Article VII Certificate, (ii) a Nationwide Permit of the U.S. Army Corps of Engineers and (iii) an Environmental Management & Construction Plan (“EM&CP”). A draft interconnection agreement was distributed by the NYISO in June 2023, with a final agreement targeted for late 2023. Significant portions of the 2023A SFP Transmission Project are under construction with approximately \$364 million spent as of July 31, 2023. Engineering is complete on the transmission lines and ongoing for substation work but is expected to be complete [by the end of the third quarter of 2023]. Ten miles of the transmission line upgrades have been completed, with 17 miles ongoing and expected to be completed by the fourth quarter of 2023. The remaining 65 miles are scheduled for completion by the second quarter of 2025. Work is ongoing at the Haverstock, Adirondack, Marcy, and the new Willis substations. Construction on the Massena, Moses, Ryan, and Patnode substations will begin in the third quarter of 2023, with work at the existing Willis substation expected to start during the first quarter of 2024.

There is currently \$144 million of Electric Plant in Service (“EPIS”), with \$33.7 million reflected in the rate base as of December 31, 2022. The project is on schedule and expected to be at or below the authorized value in total cost. Total book value and rate base will be higher than project spend due to AFUDC. [AFUDC is a long-standing regulation that permits a regulated utility to earn a return on construction costs during the period of construction. This return is added to the project costs when transferred into EPIS and is not subject to the Project Cost Cap. AFUDC is expected to be \$85 million for the 2023A SFP Transmission Project.]

The 2022A SFP Transmission Projects

On April 21, 2022, the Authority issued the 2022A Bonds as the first series of SFP Transmission Obligations to finance (i) a transmission project in central New York (the “Central East Energy Connect Transmission Project”) and (ii) a transmission project in northern New York (the “Smart Path Reliability Transmission Project”) and collectively with the Central East Energy Connect Transmission Project, the “2022A SFP Transmission Projects”). Construction of the Central East Energy Connect Transmission Project is currently on schedule to be placed-in-service in December 2023. Total expenditures through July 31, 2023 are \$191 million and the Authority expects total costs for this project will be at or under the authorized value. The Authority expects that there will be de minimis capital expenditures for this project in 2024, meaning almost all costs will be in the rate base and reflected in the revenue requirement upon energization.

Construction of the Smart Path Reliability Transmission Project has been completed and the final segment was placed in service in May 2023. Total expenditures through July 31, 2023 were \$463 million. The Authority expects to incur additional capital expenditures for this project for the remainder of the year and into 2024 related to restoration, close-out and punch list items, but the majority of these expenditures will be recognized as expenses in 2023, meaning almost all costs will be in the rate base and fully reflected in the revenue requirement.

In July of 2023, the Public Service Commission granted the Authority's request to modify the Smart Path Reliability Transmission Project to change the \$484 million rebuild of the 86-mile, 230 kV Moses-Adirondack 1 and 2 line, to become the Haverstock-Adirondack 1 and 2 line. Under this approval, the Authority is authorized to operate what will become the Haverstock-Adirondack line at 345 kV. The revised project would also eliminate upgrades to a switchyard, substation and a 1.8-mile portion of right-of-way south of the Moses switchyard because they are no longer needed because of the separate, but related,

2023A SFP Transmission Project being financed with the proceeds of the 2023A Bonds. The 2022A Bonds did not include any financing for the eliminated components.

SFP Transmission Revenues

General

The Authority adopted the Transmission Bond Resolution in order to provide for the financing of transmission projects of the Authority that have, or are expected to have, regulated rates of return. The regulated rate of return for a SFP Transmission Project financed with bonds issued under the Transmission Bond Resolution is expected to be derived from either the NTAC or project-specific charges recovered under the Authority's FERC-approved formula rate.

The Authority, as a corporate municipal instrumentality and political subdivision of the State, is exempt from the definition of "public utility" under Part II of the Federal Power Act ("FPA"). Notwithstanding this exemption, as described herein, the Authority has placed its transmission facilities under the NYISO OATT and the operational control of the NYISO, which as a public utility, is subject to FERC regulation. The NYISO is responsible for scheduling the use of the bulk transmission system in the State, which includes all of the Authority's transmission facilities, and for collecting related transmission fees from customers for use of the transmission system. All wholesale customers served under the NYISO pay the local utility's transmission service charge, which is included in the NYISO OATT, plus the NYISO's fees for ancillary services, losses and congestion. Each such transmission customer also pays, as part of its NYISO charges, a separate fee to compensate the Authority for the use of its transmission system which is designed to ensure the Authority's recovery of its ATRR. If the NYISO does not maintain a FERC-accepted tariff that provides for full recovery by the Authority of its ATRR, the Authority is permitted to withdraw from the NYISO on 90-days' notice.

NTAC. In approving the NYISO's OATT in 1999, FERC approved the use of the Authority's then-existing ATRR in developing the rates for service included under the NYISO OATT and the Authority's NTAC. Because the Authority does not own distribution facilities and has no defined geographical service territory of its own, the Authority recovers its cost of owning and maintaining its transmission facilities primarily through the NTAC. The NTAC is a charge assessed on nearly all loads in the NYISO on a load-ratio share basis. The NTAC is contained in a separate provision of the NYISO OATT. NTAC is different from the zonal recovery mechanism that generally applies to other NYISO transmission owners. The NTAC is an essential component of the Authority's ATRR as direct customer payments to the Authority under bilateral transmission agreements ("Grandfathered Agreements") have diminished as many of these Grandfathered Agreements have either expired or will eventually expire or be terminated.

Formula Rate. In March 2016, the Authority applied to FERC to establish a formula rate in the NYISO OATT to recover its ATRR. This proceeding resulted a settlement agreement approved by FERC in January 2017, and established an Authority formula rate template and formula rate implementation protocols within the NYISO OATT for the recovery of the ATRR. The ATRR includes the NTAC mechanism applicable to the Authority's legacy and backbone transmission infrastructure (much of which is over forty-five years old), plus any other project-specific revenue requirements which may vary through the NYISO OATT cost allocation as compared to NTAC ([e.g., Marcy South Series Compensation project and the Central East Energy Connect Transmission Project]). Under the formula rate, the Authority updates the ATRR annually, effective July 1st of each year. The formula to calculate the ATRR is based on a debt-to-equity ratio of one-to-one and a return on equity of 8.95%, plus incentives.

The Authority's ATRR in 2021, 2022 and 2023 was \$278.9 million, \$384.8 million and \$371 million, respectively. Annual formula rate updates will continue pursuant to the terms of the NYISO OATT. The ATRR is updated and posted annually, subject to stakeholder review and challenge based upon FERC's "just and reasonable" standard.

The SFP Transmission Revenues attributable to the 2023A SFP Transmission Project and the Central East Energy Connect Transmission Project (collectively, the "Incentive SFP Transmission Projects") shall be amounts collected in accordance with the project specific tariff component of the formula rate described in "*Source of SFP Transmission Revenues for the Incentive SFP Transmission Projects*" immediately below. The SFP Transmission Revenues attributable to the Smart Path Reliability Transmission Project will be collected as part of the NTAC formula rate. All net payments received by the Authority from the NYISO (including NYISO Commingled Payments) will be deposited in the Allocation Account and distributed as required by the Transmission Bond Resolution and the General Resolution in

accordance with the Depository Trust Agreement as described in more detail below under “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS.”

Source of SFP Transmission Revenues for the Incentive SFP Transmission Projects.

As discussed above, the Authority recovers costs for owning and maintaining its transmission facilities through a FERC-approved formula rate. The formula rate determines the Authority's ATRR. The Authority's ATRR is composed of both its system-wide NTAC charge, which is assessed to nearly all loads in the NYISO on a load-ratio share basis, and project specific charges that are recovered under its formula rate based upon a project-specific allocation, including the Incentive SFP Transmission Projects. The revenues attributable to Incentive SFP Transmission Projects will be earned pursuant to the Authority's formula rate, as modified for the incentives and cost containment mechanism approvals it has received from FERC for each of the Incentive SFP Transmission Projects.

These incentives for SFP Transmission Projects financed under the Transmission Bond Resolution are expected to include the following:

- (a) *Project Abandonment.* If a project is cancelled due to circumstances beyond Authority's control and the costs are prudently incurred, the Authority would be entitled to recover costs already spent on the project from the time the incentive is granted (the “Abandoned Plant Incentive”).
- (b) *RTO Incentive Adder.* A 50-basis point adder granted for participation in a regional transmission organization. The Authority receives this adder for all of its regulated transmission assets by virtue of its participation in the NYISO (the “RTO Incentive Adder”).
- (c) *ROE Risk Adder.* An additional incentive granted for projects with inherent risks, usually a 50-basis point return on equity (the “ROE Risk Adder”). The application of the ROE Risk Adder is typically conditioned upon FERC's acceptance of a cost containment and risk sharing mechanism proposed by the Authority demonstrating that the ROE Risk Adder would be subject to a cost containment mechanism (the “Cost Containment Filing”).

The above incentives are in addition to the Authority's base rate of return (the “Base ROE”) of 6.85%.

Incentive Rate for the 2023A SFP Transmission Project.

In March of 2022, the Authority petitioned FERC for the Abandoned Plant Incentive under which it would be allowed to recover 100% of its prudently-incurred plant costs in the event the 2023A SFP Transmission Project must be abandoned for reasons outside of the Authority's reasonable control. FERC granted the Authority's request for an Abandoned Plant Incentive, subject to the Authority making a filing with FERC demonstrating that in the event the 2023A SFP Transmission Project is abandoned, such abandonment was beyond the Authority's control and its costs were prudently incurred.

In July of 2022, FERC conditionally granted the Authority's request for a 50-basis point ROE Risk Adder and a Cost Containment Filing. In January 2023, FERC issued an order of compliance and confirmed that the conditions for the Authority's request had been met. The ROE Risk Adder will be limited to the Authority's cost estimate of \$568,041,000 (as set forth in FERC July 2022 order), and under a Cost Containment Filing, excess costs will be treated as described in the next paragraph. In addition to an ROE Risk Adder, the rate established for the 2023A SFP Transmission Project includes the RTO Incentive Adder, effective July 6, 2022.

The Transmission Owners have agreed to the utilization of the existing NTAC mechanism for the Authority's cost recovery. A Cost Containment Filing was established in the incentive order allowing for full recovery of the Authority's capital with full incentive return for all costs up to the Project Cost Cap. Costs incurred above the Project Cost Cap are all recoverable, but NYPA will earn no ROE for 20% of the equity portion of the costs that are greater than the Project Cost Cap and only the Base ROE [(i.e., the Base ROE without the ROE Risk Adder and the RTO Incentive Adder)] for 80% of the equity portion of the costs that are greater than the Project Cost Cap. Cost overruns identified as “unforeseeable” costs in excess of 2.5% of the Project Cost Cap are fully recoverable with an incentive return through the Authority's formula rate via NTAC, and are therefore excluded from the Cost Containment Filing. The 2023A SFP Transmission Project total ROE for the base proposal submitted for the approved rate filing is 7.1%. The revised 2023A SFP Transmission Project total ROE based on the updated project cost as of [August 2023] is anticipated to be 6.98%. See “HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE RATIOS.”

Incentive Rate for Central East Energy Connect Transmission Project. In August of 2019, the Authority petitioned FERC for three Central East Energy Connect Transmission Project-specific incentive rate treatments. FERC granted the Authority's request for an Abandoned Plant Incentive, subject to the Authority making a filing with FERC demonstrating that in the event the Central East Energy Connect Transmission Project is abandoned such abandonment was beyond the Authority's control and its costs were prudently incurred. Second, the Authority requested authorization to include 100% of its prudently-incurred construction work in progress ("CWIP"), which include pre-commercial operation expenses, in its rates during the development and construction of the Central East Energy Connect Transmission Project. FERC granted the Authority's CWIP request finding that it would enhance the Authority's cash flow, reduce interest expenses, assist with obtaining favorable financing, and improve the coverage ratios used by rating agencies to determine the Authority's credit quality. The third incentive the Authority requested was a 50-basis point ROE Risk Adder. FERC found that the Authority had taken steps to mitigate risks to the Central East Energy Connect Transmission Project, including committing to use best practices in project management and procurement, and thus conditionally granted the Authority's request for an ROE Risk Adder subject to the Authority making a future Cost Containment Filing that demonstrated the ROE Risk Adder would be subject to a cost containment mechanism.

In its Cost Containment Filing, the Authority proposed to incorporate cost containment provisions within its formula rate based upon the Authority's estimated cost of the Central East Energy Connect Transmission Project at approximately \$210 million. Pursuant to the Cost Containment Filing, which was accepted by FERC, for 20% of any prudently-incurred Central East Energy Connect Transmission Project costs above the established cost cap that are subject to the cost containment mechanisms, the Authority will not earn any ROE but will be allowed to recover its associated depreciation and debt cost. For 80% of any prudently-incurred Central East Energy Connect Transmission Project costs above the cost cap that are subject to cost containment mechanism, it will not earn any ROE incentive adders. The ROE incentive adders include both the 50-basis point ROE Risk Adder and the RTO Incentive Adder. If the costs incurred for the Central East Energy Connect Transmission Project exceed the cost cap for that Project, the Authority will still be allowed to earn the base ROE (*i.e.*, the ROE without the ROE Incentive Adder and the RTO Incentive Adder), associated depreciation, and debt cost for all such costs. However, cost overruns identified as "unforeseeable" costs in excess of 5% of the cost cap ([\$189.9 million]) are fully recoverable with [the ROE Incentive Adder and the RTO Incentive Adder] through the Authority's formula rate.

See "TRANSMISSION REGULATORY STRUCTURE WITHIN NYISO."

ATRR; Determination of SFP Transmission Revenues and Expenses

The Authority's total cost of providing transmission of electricity services throughout New York State is defined and collected in accord with the ATRR. The ATRR is the result of a FERC regulated formula that calculates the total annual revenue that the Authority must receive to recover the costs of providing transmission service plus a rate of return, as established in the NYISO OATT accepted by FERC. The Authority's regulated transmission formula rate year spans from July 1st – June 30th and utilizes prior calendar year actual costs to estimate its upcoming rate year ATRR. To determine the revenue requirement allocable to each SFP Transmission Project, the Authority will annually separate and report the transmission revenue requirement for each SFP Transmission Project (including the 2023A SFP Transmission Project and the 2022A SFP Transmission Projects) (in aggregate, the "Annual SFP Transmission Revenue Requirement"). Amounts received from the NYISO representing recovery of the Annual SFP Transmission Revenue Requirement shall be transferred from the Allocation Account established under the Depository Trust Agreement to the Revenue Fund established under the Transmission Bond Resolution. See "SECURITY AND SOURCES OF PAYMENTS FOR THE 2023A BONDS – NYISO Commingled Payments; Allocation of NYISO Commingled Payments" below.

Annual SFP Transmission Operating Expenses will be calculated using a formula which follows the same methodology applied to the non-SFP Transmission Project portion of the ATRR and which allocates the Authority's total transmission expenses for operation and maintenance, administrative and general, and depreciation among the SFP Transmission Projects and other non-SFP transmission projects based upon the proportion that the SFP transmission gross plant bears to the Authority's total transmission gross plant.

A true-up of actual revenues received in the current rate year compared to the calculated ATRR for that rate year is also a component of the revenue requirement formula and will be calculated on an annual

basis as a “True-Up Adjustment” as forth set in the Authority’s formula rate (the “True-up Adjustment”) for the subsequent year. The True-up Adjustment will be applied to the SFP Transmission Project portion of the ATRR following the formula rate methodology with the same methodology being applied to the non-SFP Transmission Project portion of the ATRR. The True-up Adjustment is expected to result in the collection of the ATRR (including the Annual SFP Transmission Revenue Requirement) being received in the rate year after the cost is incurred or in the subsequent rate year (*i.e.*, under collections of the ATRR are collected with interest through a True-up Adjustment addition to the next rate year’s ATRR and over-collections are returned with interest through a True-up Adjustment deduction from the next rate year’s ATRR).

See “HISTORICAL AND PROJECTED DEBT SERVICE COVERAGE RATIOS.”

Historical Net Income of SFP Transmission Projects

The net income of the Authority’s SFP Transmission Projects, which is derived from the Statements of Revenues, Expenses and Changes in Net Assets in the financial statements of the Authority for the year ended December 31, 2022 and from the Authority’s interim (unaudited) financial statements for the six months ended June 30, 2023 and June 30, 2022, is as follows:

Summary Statements of Net Income (in millions)		Six Months Ended June 30,	
		2022	2023 ⁽²⁾
Operating Revenues	<u>2022⁽¹⁾</u> \$38		
Operating Expenses			
Operations and Maintenance	\$7		
Depreciation and amortization	<u>2</u>		
Total Operating Expenses	\$9		
Operating Income	\$29		
Non-operating Revenues	1		
Non-operating Expenses	<u>17</u>		
Net Income	<u>\$13</u>		

(1) Source: 2022 Financial Statements, Note (2)(B.) in Notes to Consolidated Financial Statements.

(2) [six month interim financial results for SFP to come].

Management’s Discussion and Analysis

For additional information, see the 2022 Financial Statements, “Management’s Discussion and Analysis – Summary of Consolidated Statements of Revenues, Expenses and Changes in Net Position Separately Finance Projects (“SFP”).”

Outstanding Indebtedness

As of September 1, 2023, the total outstanding indebtedness of the Authority under the Transmission Bond Resolution was \$608,310,000. After the issuance of the 2023A Bonds, the Authority will have \$_____ of SFP Transmission Obligations outstanding.

Future Transmission Projects

Transmission-related projects represent approximately [50]% of the expenditures expected to be made pursuant to the Authority's capital plan over the next 4 years. The Authority expects to invest (including for the 2023A SFP Transmission Project and the 2022A SFP Transmission Projects) approximately \$[1.4] billion in transmission projects in the next four years, consisting of approximately, \$[537.3] million in 2023, \$[335.9] million in 2024, \$[267.9] million in 2025 and \$[283.5] million in 2026. New investments are expected to be focused on construction of new transmission, life extension and modernization programs, maintenance of capital expenses, and digitalization. Among the future projects being considered are the development of: (i) a 180-circuit mile, 345 kV HVDC line from central to southern New York (referred to as Clean Path NY) and (ii) [a 90-mile electric transmission project to be undertaken by the Authority in collaboration with NY Transco (referred to as the Propel NY Energy Project) to strengthen the backbone of the electric grid with increased transmission capacity to help inject more clean, renewable energy from offshore wind facilities into the statewide energy grid by building new underground and submarine transmission lines in existing public rights-of-way and substation facilities on Long Island, in New York City, and across Westchester County.

The Authority cannot, at this time, state which, if any, of the proposed transmission related projects will be financed under the Transmission Bond Resolution. As discussed under "THE SFP TRANSMISSION PROJECTS – The Authority's Transmission Projects" above, both the CLCPA and the Renewable Energy Act seek to encourage and incentivize the development and expeditious completion of bulk transmission project needed to meet the CLCPA Requirements and to address congestion, resilience and transmission constraints.

Transmission projects that do not have a regulated rate of return or contracted revenue are not expected to be designated by the Authority as an "SFP Transmission Project" for purposes of the Transmission Bond Resolution and such projects will be financed through other financing structures. The Authority currently intends to issue bonds under the Transmission Bond Resolution primarily for new transmission projects and specific additional projects as the Authority may determine.

PLAN OF FINANCE

Purpose of the 2023A Bonds

The proceeds of the 2023A Bonds, together with other funds being provided by the Authority, will be used to (i) pay for capital expenditures related to the 2023A SFP Transmission Project, including reimbursement for prior capital spending, (ii) fund the 2023A Debt Service Reserve Fund, (iii) pay capitalized interest on the 2023A Bonds through [], (iv) fund an Operating Reserve Account and (v) pay the costs of issuance of the 2023A Bonds.

The 2023A Bonds will also be supported by the 2023A Debt Service Reserve Fund which, at the time of issuance of the 2023A Bonds, will be funded with a Municipal Bond Debt Service Reserve Insurance Policy issued by Assured Guaranty Municipal Corp. ("AGM") in the amount of \$[], which is equal to the 2023A Debt Service Reserve Requirement (as defined herein) as of the issuance date of the 2023A Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS — Debt Service Reserve Fund" and "BOND INSURANCE" below.

General Resolution Release. The Authority intends to release approximately \$[74] million in funding from amounts available to be released from the Authority's General Resolution to support Separately Financed Projects, including the 2023A SFP Transmission Project. See "ESTIMATED SOURCES AND USES OF FUNDS" below. **The Authority is under no obligation to make any additional releases from its General Resolution for SFP Transmission Projects in the future.**

Costs of the 2023A SFP Transmission Project

The Authority's current estimated project costs for the 2023A SFP Transmission Project is \$[789.9] million (not including the additional allowance for funds used during construction) through the expected final project in-service date of [December 2025] [include phased in-service dates]. As of December 2022, \$33.7 million of the 2023A SFP Transmission Project has been placed in service and the Authority

* Preliminary, subject to change.

expects an additional \$180 million to be placed in service in 2023. To date, the Board of Trustees of the Authority have approved a capital expenditure of approximately \$[789.9] million for the 2023A SFP Transmission Project. As of [July 31], 2023, the Authority's total expenditures for the 2023A SFP Transmission Project were approximately \$[364] million.

Designation of the 2023A Bonds as Green Bonds

The 2023A Bonds are being designated as "Green Bonds" by the Authority due to the environmental benefits of the projects financed with the proceeds of the 2023A Bonds. The purpose of the designation of the 2023A Bonds as "Green Bonds" is to provide investors the opportunity to invest directly in bonds that are specifically targeted to support environmentally beneficial projects.

In May 2020, the Authority developed its New York Power Authority Green Bond Framework (the "Green Bond Framework") under which the Authority may issue green bonds to finance or refinance projects to refurbish, upgrade, and modernize power transmission systems in the State. Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, provided a Second Party Opinion that the Authority's Green Bond Framework aligns with the four core components of the Green Bond Principles 2018, published June, 2018 by the International Capital Market Association (the "GBP"). The cornerstone of green bonds is the utilization of bond proceeds for projects that are within one of the broad categories of potentially eligible green projects. In accordance with the GBP, the Authority has committed to complying with the four core components to qualify the 2023A Bonds as green bonds. The GBP specifies that green bond issuers should provide information regarding (i) the use of proceeds, (ii) the process for project evaluation and selection, (iii) the management of proceeds, and (iv) the reporting of allocation and impact in order to ensure that these commitments are aligned with the ones described in the Green Bond Framework.

Sustainalytics has evaluated and verified that the 2023A SFP Transmission Project that will be funded with the proceeds of the 2023A Bonds are aligned with the Authority's Green Bond Framework as the Authority anticipates the proceeds of the 2023A Bonds will be applied exclusively for a project and activity that promote climate or other environmentally sustainable purposes in alignment with the GBP.

The proceeds of the 2023A Bonds will be used to finance capital projects that will directly assist in meeting the requirements of the CLCPA. The CLCPA calls for the reduction of statewide greenhouse gas emissions ("GHG") to 60% of 1990 levels by 2030 and 15% of 1990 levels by 2050. The Authority expects these projects will accelerate progress towards the State's clean energy and climate goals, including the mandate to obtain 70% of the State's electricity from renewable sources, as identified under Chapter 106. For more information on this legislation, see "THE AUTHORITY — State Legislation Affecting the Authority."

The Green Bond Framework is available at <https://www.nypa.gov/-/media/nypa/documents/document-library/financials/nypa-green-bond-framework.pdf?la=en0> and the Second Party Opinion is available at is available at the following address: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/new-york-power-authority/new-york-power-authority-green-bond-framework-second-party-opinion/nypa-green-bond-framework-second-party-opinion-pdf>. Neither the information on the Authority's website nor the information on the Sustainalytics website is incorporated into this Official Statement.

The term "Green Bonds" is not defined in nor related to the Transmission Resolution. The use of the term in this Official Statement is solely for identification purposes and is not intended to provide or imply that any owner of any 2023A Bond is entitled to any security other than as provided in the Transmission Resolution or qualify for other environmental attributes associated therewith. The Authority does not make any representation as to the sustainability of the 2023A Bonds to fulfill such environmental and ability criteria. The 2023A Bonds may not be a suitable investment for investors seeking exposure to green or sustainable assets. There is currently no market consensus on what precise attributes are required for a particular project to be defined as "green" or "sustainable" and therefore no assurance can be provided to investors that the projects financed with proceeds of the 2023A Bonds will continue to meet investor expectations regarding sustainability performance.

ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

Sources of Funds

Principal Amount of 2023A Bonds.....	
Release from General Resolution	
Original Issue Premium	
Total Sources.....	

Uses of Funds

Net Deposit to the Capital Fund.....	
Deposit to the Capitalized Interest Fund	
Deposit to the Operating Reserve Account ...	
[Net] Deposit to the Operating Fund	
[Reimbursement to General Resolution]	
Financing Costs*	
Total Uses.....	

* Includes costs of issuance, the cost of premiums for the Policy and the debt service reserve policy and underwriters' discount.

SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS

Set forth below is a narrative description of certain contractual and statutory provisions relating to the sources of payment and security for SFP Transmission Obligations, including the 2023A Bonds, issued under the Transmission Bond Resolution. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Transmission Bond Resolution, the Second Supplemental Resolution and the Depository Trust Agreement, for a more complete description of such provisions. Copies of the Act, the Transmission Bond Resolution, the Second Supplemental Resolution and the Depository Trust Agreement are on file with the Authority and the Transmission Bond Trustee. See also “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE TRANSMISSION BOND RESOLUTION” for a more complete statement of the rights, duties and obligations of the parties thereto.

The Transmission Bond Resolution authorizes the issuance of SFP Transmission Obligations to finance, operate and maintain transmission projects for which the costs thereof are (a) eligible to be recovered either (i) under a FERC-approved tariff as part of the Authority’s ATRR or (ii) to the extent that no approval by FERC is required for such tariff, under a tariff approved by the applicable regulatory body, if any, or (b) are expected to be eligible to be so recoverable. All SFP Transmission Obligations, including the 2023A Bonds, issued under the Transmission Bond Resolution are parity obligations payable from SFP Transmission Revenues, after the payment of SFP Transmission Operating Expenses, and secured by a pledge of and a lien on the SFP Trust Estate, subject to no prior pledge or lien.

General

The Authority has no taxing power, and its obligations are not debts of the State or of any political subdivision of the State, other than the Authority. The 2023A Bonds will not constitute a pledge of the faith and credit of the State or of any political subdivision thereof. The issuance of the 2023A Bonds will not obligate the State or any of its political subdivisions to levy or pledge the receipts from any form of taxation for the payment of the 2023A Bonds. SFP Transmission Obligations issued under the Transmission Bond Resolution, including the 2023A Bonds, are special limited obligations of the Authority payable from and secured solely by the SFP Trust Estate pledged under and subject to the lien of the Transmission Bond Resolution, after the payment of SFP Transmission Operating Expenses. For a description of other provisions of the Transmission Bond Resolution related to the security for SFP Transmission Obligations, including the 2023A Bonds, see APPENDIX A — “SUMMARY OF CERTAIN PROVISIONS OF THE TRANSMISSION BOND RESOLUTION.”

SFP Transmission Revenues

SFP Transmission Revenues consist of all revenues, rates, fees, charges, rents, proceeds from the sale of SFP Transmission Project assets, proceeds of insurance, and other income and receipts, as derived in cash by or for the account of the Authority directly or indirectly from the ownership or operation of any SFP Transmission Project and not including any federal or state grant moneys the receipt of which is conditioned upon their expenditure for a particular purpose and not including General Resolution Revenues (as defined in the General Resolution) (See “THE SFP TRANSMISSION PROJECTS – SFP Transmission Revenues” above).

The Authority, being engaged in the wholesale transmission, sale and purchase of electricity, is a transmission owning member and “Market Participant” in the NYISO. The NYISO collects certain of the charges associated with the use of the Authority’s transmission facilities, including the 2023A SFP Transmission Project and the 2022A SFP Transmission Projects, and remits the proceeds of such charges to the Authority in accordance with the NYISO OATT. See “TRANSMISSION REGULATORY STRUCTURE WITHIN THE NYISO” for additional information about the collection and remittance to the Authority of such charges.

NYISO Commingled Payments; Allocation of NYISO Commingled Payments

“NYISO Commingled Payments” means any payments received by the Authority from the NYISO that include both SFP Transmission Revenues and General Resolution Revenues. All net payments received by the Authority from NYISO pursuant to the NYISO OATT, including all NYISO Commingled

Payments, shall be deposited into a depository trust allocation account (the "Allocation Account") established pursuant to a depository trust agreement (the "Depository Trust Agreement"), by and between the Authority and The Bank of New York Mellon (in such capacity, the "Depository Agent"). Upon receipt of any NYISO Commingled Payments, the Authority will advise the Depository Agent of (i) the portion of such NYISO Commingled Payments that constitutes SFP Transmission Revenues, which, at the direction of the Authority, the Depository Agent shall transfer to the Revenue Fund, and (ii) the portion of such NYISO Commingled Payments that constitutes General Resolution Revenues, which the Depository Agent, at the direction of the Authority, shall transfer to the operating fund established under the General Resolution. Amounts held in the Allocation Account constituting SFP Transmission Revenues are subject to the lien created by the Transmission Bond Resolution. Amounts in the Allocation Account constituting General Resolution Revenues are subject to the lien of the General Resolution and are not pledged to the payment of the SFP Transmission Obligations, including the 2023A Bonds.

The Authority expects that SFP Transmission Revenues will be payable to the Transmission Bond Trustee predominantly from the Allocation Account as directed by the Authority. All other amounts received by the Authority from sources other than the NYISO constituting SFP Transmission Revenues under the Transmission Bond Resolution shall be deposited by the Authority directly into the Revenue Fund.

SFP Transmission Trust Estate

The SFP Transmission Trust Estate consists of, collectively, (i) all SFP Transmission Revenues; (ii) the proceeds of sale of SFP Transmission Obligations until expended for the purposes authorized by the Supplemental Resolution authorizing such SFP Transmission Obligations; (iii) all funds, accounts and subaccounts established by the Transmission Bond Resolution, including investment earnings thereon; and (iv) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time conveyed, mortgaged, pledged, assigned or transferred as and for additional security for SFP Transmission Obligations by the Authority, or by anyone on its behalf, or with its written consent, to the Transmission Bond Trustee.

The SFP Transmission Trust Estate does not include any real property, structures, facilities, or equipment owned by the Authority nor does the SFP Transmission Trust Estate include the General Resolution Revenues or any other rights and interests constituting part of the trust estate pledged under the General Resolution. See "THE SFP TRANSMISSION PROJECTS – SFP Transmission Revenues."

Application of SFP Transmission Revenues

The Transmission Bond Resolution requires that the Authority, as promptly as practicable and in all events within five (5) Business Days of receipt by the Depository Agent, cause all SFP Transmission Revenues to be deposited in the Revenue Fund, unless required by the Transmission Bond Resolution to be deposited to any other Fund or Account. Amounts in the Revenue Fund are to be withdrawn on or prior to the last Business Day of each calendar month and deposited in the following order of priority and in the following amounts to the extent that amounts are available therefor:

(a) to the Operating Fund, the amount determined by the Authority from time to time to be deposited thereto which amount shall be not less than the aggregate amount of SFP Transmission Operating Expenses expected to be payable in the next succeeding calendar month less the amount then held in the Operating Fund to pay SFP Transmission Operating Expenses;

(b) to the Debt Service Fund in an amount equal to not less than the amount payable as Debt Service payable in the next succeeding calendar month on SFP Transmission Obligations or other Parity Debt less the amount then held in the Debt Service Fund to pay such Debt Service payable in such next calendar month;

(c) to the Operating Reserve Account to fund any shortfall in the Operating Reserve Account;

(d) to the Debt Service Reserve Fund to fund any shortfall in the Debt Service Reserve Fund in the event there is a deficiency therein;

(e) to the payment of principal of and interest on any Subordinated Indebtedness or payment of amounts due in the next succeeding calendar month under any Subordinated Contract SFP Transmission Obligations;

(f) to the Capital Fund in the amount, if any, determined by the Authority; and

(g) on any Business Day during the last calendar month of any Fiscal Year, withdrawal in an amount and for any lawful corporate purpose, each as determined by the Authority, including, but not limited to, transfer to the General Resolution Operating Fund and the purchase or redemption of SFP Transmission Obligations or Subordinated Indebtedness, provided, that prior to any such withdrawal, the Authority shall have transferred the amounts required to be transferred by the last Business Day of such month pursuant to paragraphs (a), (b), (c), (d) or (e) above and shall have determined, taking into account, among other considerations, anticipated future receipts of SFP Transmission Revenues or other moneys constituting part of the SFP Trust Estate, that (i) the funds to be so withdrawn are not expected to be needed for any of the purposes set forth in paragraphs (a), (b), (c), (d) or (e) above in any future Fiscal Year, and (ii) the Authority is not in default under the Transmission Resolution and (iii) the Authority was in compliance with the Authority's rate covenant (as described under the subheading " – Rate Covenant" herein, but without giving effect to failures not causing an Event of Default under the Transmission Resolution as further discussed in the fourth paragraph under such subheading) in the most recently completed Fiscal Year and in the most recently completed twelve calendar month period ending on the last day of the ninth month of such Fiscal Year (initially, the period ending September 30).

Amounts paid out or withdrawn pursuant to paragraph (g) above shall be free and clear of the lien and pledge created by the Transmission Bond Resolution.

Debt Service Reserve Fund

The 2023A Bonds will be additionally secured by a separate Debt Service Reserve Fund securing only the 2023A Bonds (the "2023A Debt Service Reserve Fund") which, at the time of issuance of the 2023A Bonds will be funded with the deposit of a Municipal Bond Debt Service Reserve Insurance Policy issued by AGM in the amount of \$[_____], which is equal to the 2023A Debt Service Reserve Requirement on the date of issuance of the 2023A Bonds. The "2023A Debt Service Reserve Requirement" from time to time shall be an amount equal to the lesser of (i) 10% of the proceeds of the 2023A Bonds, (ii) the maximum Debt Service due on the 2023A Bonds in any Fiscal Year, or (iii) 125% of the average of the annual installments of Debt Service with respect to all 2023A Bonds. The 2022A Bonds are separately secured by a Debt Service Reserve Fund established solely to secure the 2022A Bonds.

Rate Covenant

The Authority has covenanted in the Transmission Bond Resolution to establish and maintain or cause to be established and maintained SFP Transmission Project fees, rates, rents, charges and surcharges sufficient in each Fiscal Year so that SFP Transmission Revenues reasonably expected to be produced in such Fiscal Year will be at least equal to the sum of (i) 120% of Debt Service, and amounts payable under all Parity Debt, payable by the Authority in such Fiscal Year, (ii) 100% of the SFP Transmission Operating Expenses payable in such Fiscal Year and (iii) all other payments required pursuant to the Transmission Bond Resolution and all other payments required for the SFP Transmission Projects for such Fiscal Year; *provided, however*, that if at any time such fees, rates, rents, charges and surcharges are or will be insufficient to meet the requirements described in this paragraph, it shall not constitute a violation if and to the extent the Authority promptly takes action reasonably expected by the Authority to cure or avoid any such deficiency or to cause the same to be cured or avoided, or with respect to failures not causing an Event of Default as described in the fourth paragraph under this subheading. For purposes of this paragraph, at any time, (i) SFP Transmission Revenues include any amounts withdrawn or expected to be withdrawn thereafter in any Fiscal Year from the Operating Reserve Account which were on deposit therein prior to such Fiscal Year, (ii) SFP Transmission Revenues will not include any proceeds from the sale of SFP Transmission Project assets or proceeds of insurance relating to any SFP Transmission Project, and (iii) Debt Service, Parity Contract Obligations and other Required Payments shall not include any amounts thereof expected by the Authority to be paid from any funds, other than

SFP Transmission Revenues, reasonably expected by the Authority to be available therefor (including without limitation the anticipated receipt of proceeds of sale of SFP Transmission Obligations or Subordinated Indebtedness), or moneys not a part of the SFP Transmission Trust Estate, expected by the Authority to be used to pay the principal of SFP Transmission Obligations, Parity Contract Obligations or Subordinated Indebtedness, which expectations, if included in a resolution of the Authority or Certificate of an Authorized Representative, shall be conclusive.

The Authority has covenanted to review the adequacy of SFP Transmission Project fees, rates, rents, charges and surcharges at least annually. If such annual or more frequent review indicates that the rates, fees, rents, charges and surcharges are, or will be, insufficient to meet the requirements described under this subheading, the Authority shall promptly take or cause to be taken the necessary action to cure or avoid any such deficiency except as otherwise may be provided by the certificate of a Consultant as described below.

The Authority has covenanted not to furnish or supply or cause to be furnished or supplied any product, use or service of the SFP Transmission Projects free of charge (or at a nominal charge) to any person, firm or corporation, public or private, unless and to the extent the Authority shall have determined that other adequate consideration has been, or is expected to be, received by the Authority in connection therewith, and the Authority will enforce or cause to be enforced the payment of any and all amounts owing to the Authority for use of the SFP Transmission Projects, except to the extent required by law. The failure in any Fiscal Year to comply with the rate covenant shall not constitute an Event of Default if the Authority retains a Consultant for the purpose of reviewing SFP Transmission Project fees, rates, rents, charges and surcharges and reviewing the SFP Transmission Projects Budget. If the Consultant shall be of the opinion, as shown by a certificate filed with the Transmission Bond Trustee, that a schedule of fees, rates, rents, charges and surcharges for the SFP Transmission Project and such changes to the SFP Transmission Project Budget which would provide funds to meet the requirements specified in such covenant is impracticable at that time and the Authority therefore cannot comply with such covenant, then the Authority shall seek to have such schedule of SFP Transmission Project fees, rates, rents, charges and surcharges as is recommended in such certificate by the Consultant to comply as nearly as practicable with such covenant be established by the appropriate regulatory authority or authorities and implement such changes to the SFP Transmission Projects Budget as may be recommended in such Certificate by the Consultant, and in such event the failure of the Authority to comply with the rate covenant shall not constitute an Event of Default.

Covenant Regarding SFP Transmission Projects

The Transmission Bond Resolution requires that the Authority operate or cause to be operated each SFP Transmission Project in a sound and economical manner and to maintain, preserve and keep the same or cause the same to be maintained, preserved and kept, in good repair, working order and condition, and from time to time to make all necessary and proper repairs, replacements and renewals so that at all times the operations thereof may be properly and advantageously conducted. The Transmission Bond Resolution permits the Authority to cease operating or maintaining, and to lease or dispose of, any SFP Transmission Projects if, in the judgment of the Authority it is advisable to lease, dispose of, or not to operate and maintain the same and the operation thereof shall not be essential to the maintenance and continued operation of the rest of the Authority's SFP Transmission Projects and, in the judgment of the Authority, does not materially impair the ability of the Authority to comply with its covenant pertaining the establishment and maintenance of rates and fees. See APPENDIX A — "SUMMARY OF CERTAIN PROVISIONS OF THE TRANSMISSION BOND RESOLUTION."

Maintenance of SFP Transmission Projects as Separately Financed Projects Under the General Resolution

The Authority has covenanted in the Transmission Bond Resolution to pay all the debt service on all SFP Transmission Obligations and all such other bonds, notes, or other obligations or evidences of indebtedness, if any, issued to finance SFP Transmission Projects and the Authority's share of any operating expenses related to such SFP Transmission Projects (including, without limitation, SFP Transmission Operating Expenses), solely from SFP Transmission Revenues or withdrawn General Resolution Revenues. **Nothing in the Transmission Resolution requires that any funds be withdrawn from the General Resolution to pay any costs related to the SFP Transmission Projects or obligates the Authority to transfer withdrawn General Resolution Revenues even if such funds are available to be withdrawn under the terms of the General Resolution and which available**

funds may be necessary to avoid the occurrence of an Event of Default under the Transmission Bond Resolution.

The Authority has also covenanted to keep the Funds and Accounts established under the Transmission Bond Resolution separate and distinct from those established under the General Resolution and any other bond resolution of the Authority.

The Transmission Bond Resolution requires that all contracts expected to require payments by the Authority of an amount greater than \$5,000,000 in any Fiscal Year entered into on and after the initial issuance of SFP Transmission Obligations under the Transmission Resolution solely for the purpose of constructing and operating SFP Transmission Projects, for paying SFP Transmission Operating Expenses or Capital Costs of SFP Transmission Projects, or in connection with any SFP Transmission Obligations, Subordinated Indebtedness or Subordinated Contract SFP Transmission Obligations shall expressly provide that amounts payable by the Authority thereunder shall be payable solely from SFP Transmission Revenues and from other moneys available under the terms of this Resolution and that such amounts are not payable from General Resolution Revenues except in accordance with the provisions of the General Resolution and then solely to the extent that the Authority's Board of Trustees determine that such moneys are available in accordance with such provisions.

Covenants relating to Commingled Payments

The Authority has covenanted and agreed in the Transmission Bond Resolution that, until the SFP Transmission Obligations, together with the interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the Owners, are fully paid and discharged in accordance with the Transmission Bond Resolution, the Authority will cause the Depository Trust Agreement to remain in full force and effect or the Authority will enter into a similar agreement establishing an Allocation Account and providing for the allocation and transfer of Commingled Payments as provided in the existing Depository Trust Agreement to be entered into with a bank meeting the qualifications of the Transmission Bond Trustee under the Transmission Bond Resolution. The Authority has further covenanted and agreed in the Transmission Bond Resolution that the Authority will, until the SFP Transmission Obligations, together with the interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the Owners, are fully paid and discharged in accordance with the Transmission Bond Resolution, to determine the portion of the Commingled Payments that constitutes General Resolution Revenues and the portion that constitutes SFP Transmission Revenues in accordance with the applicable tariffs and to take such actions as are required to be taken by the Authority under the Depository Trust Agreement (i) to assure that the portion and only such portion of Commingled Payments that constitutes SFP Transmission Revenues is promptly and properly allocated as SFP Transmission Revenues and transferred to and deposited in the Revenue Fund in accordance with the Depository Trust Agreement and the Transmission Bond Resolution and (ii) to assure that the portion and only such portion of Commingled Payments that constitutes General Resolution Revenues is promptly and properly allocated as General Resolution Revenues and transferred to and deposited in the General Resolution Operating Fund, in each case by no later than five (5) Business Days after receipt of such Commingled Payments by the Depository Agent.

Additional SFP Transmission Obligations and Parity Debt

The Transmission Bond Resolution permits the issuance or incurrence of additional SFP Transmission Obligations from time to time to pay or provide for payment of Capital Costs for any SFP Transmission Project that may be financed with obligations the payment of which may be secured by and paid from the SFP Transmission Revenues and to refund Outstanding Bonds.

Additional SFP Transmission Obligations may be issued provided that, in addition to satisfying certain other requirements, the Authority delivers a certificate that evidences the Authority's compliance with the additional bonds test set forth in the Transmission Bond Resolution. The additional bonds test requires that, except in the case of Refunding SFP Transmission Obligations, the Authority certify that (A) the costs of the SFP Transmission Projects to be financed with such SFP Transmission Obligations are eligible or expect to be eligible to be recovered under either a FERC-approved tariff as part of the Authority's ATRR or, to the extent that no approval by FERC is required for such tariff, under a tariff approved by the applicable regulatory body, if any (or are expected to be eligible to be so recoverable), and (B) either (i) on a historical basis SFP Transmission Revenues for any 12 consecutive months of out the 18 calendar months immediately preceding the issuance of such SFP Transmission Obligations is at least equal to the sum of 120% of Debt Service, and amounts under all Parity Debt, 100% of the SFP

Transmission Operating Expenses payable in such 12-month period, and any required payments in such 12-month period, or (ii) on a projected basis net SFP Transmission Revenues for the five (5) fiscal years following the date of issuance of the SFP Transmission Obligations will be at least equal to the sum of 120% of the amount of estimated Debt Service, 100% of the SFP Transmission Operating Expenses payable in each such Fiscal Year, and any required payments, in either case calculated in accordance with the requirements of the Transmission Bond Resolution.

For the requirements relating to the issuance of Refunding Bonds under the Transmission Bond Resolution, see APPENDIX A — “SUMMARY OF CERTAIN PROVISIONS OF THE TRANSMISSION BOND RESOLUTION.”

The Transmission Bond Resolution also permits the Authority to issue bonds, notes, or any other obligations under another and separate resolution to finance a Separately Financed Project that is not an “SFP Transmission Project” under the Transmission Bond Resolution.

Events of Default and Remedies

Pursuant to the Transmission Bond Resolution, any of the following events set forth in clauses (i) through (v) constitutes an “Event of Default” if the Authority defaults (i) in the payment of principal or Redemption Price of any Obligation, or (ii) in the payment of interest thereon and such default continues for 30 days, or (iii) in the performance or observance of any other covenant, agreement or condition in the Transmission Bond Resolution or the SFP Transmission Obligations, and such default continues for 60 days after written notice thereof, provided, however, that if such default shall be such that it cannot be corrected within such 60 day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected, or (iv) if the Authority (1) files a petition seeking a composition of indebtedness under the federal bankruptcy laws, or any other applicable law or statute of the United States of America or of the State; (2) consents to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Authority or any substantial portion of its property; (3) makes any assignment for the benefit of creditors; (4) admits in writing its inability generally to pay its debts generally as they become due; or (5) takes action in furtherance of any of the foregoing or (v) if (1) a decree or order for relief is entered by a court having jurisdiction of the Authority adjudging the Authority a bankrupt or insolvent or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition in respect of the Authority in an involuntary case under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State; (2) a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Authority or of any substantial portion of its property is appointed; or (3) the winding up or liquidation of its affairs is ordered and the continuance of any such decree or order remains unstayed and in effect for a period of sixty (60) consecutive days. If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Transmission Bond Trustee, if the Bond Transmission Trustee shall deem it advisable, may proceed to protect and enforce its rights and the rights of the Owners of SFP Transmission Bonds under the Transmission Bond Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant contained in the Transmission Bond Resolution, or in aid of the execution of any power granted in the Transmission Bond Resolution, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Transmission Bond Trustee shall deem most effectual to enforce any of its rights or to perform any of its duties under the Transmission Bond Resolution. **In no event, however, shall an “Event of Default” cause an acceleration of any Series of Bonds under the Transmission Bond Resolution.**

Provisions Applicable to the Insurer of the 2023A Bonds

The scheduled payment of principal of and interest on, including principal and interest due by operation of a mandatory redemption, when due, will be guaranteed under the Policy to be issued concurrently with the issuance of the 2023A Bonds by AGM. AGM shall constitute a “Credit Facility Issuer” under and for all purposes of the Transmission Bond Resolution. Reference is made to APPENDIX D — “SPECIMEN MUNICIPAL BOND INSURANCE POLICY” for a specimen of the Policy.

The Insurer shall be deemed to be the sole Owner of the 2023A Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 2023A Bonds are entitled to take pursuant to the Transmission Bond Resolution pertaining to defaults

and remedies and the duties and obligations of the Transmission Bond Trustee so long as the Insurer is not in default in its obligation to make payments under the Policy when due and the Policy at any time for any reason has not ceased to be valid and binding on the Insurer or declared to be null and void, in each case by a final, non-appealable order of a court of competent jurisdiction, or the validity or enforceability of any provision thereof is not being contested by the Insurer or any governmental agency or authority acting as a receiver or similar capacity for the Insurer.

THE 2023A BONDS

Description of the 2023A Bonds

The 2023A Bonds will be dated their date of delivery and will bear interest at the rates and mature at the times set forth on the inside cover page of this Official Statement. Interest on the 2023A Bonds is due each May 15 and November 15, commencing May 15, 2024. Interest on any 2023A Bond will be paid to the person in whose name such 2023A Bond is registered on the applicable record date, which is the close of business on the first day (whether or not a business day) of the month in which such interest payment date occurs.

The 2023A Bonds will be issued as fully registered bonds. The 2023A Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. When issued, the 2023A Bonds will be registered in the name of Cede & Co., as registered owner and nominee of DTC, which will act as securities depository for the 2023A Bonds pursuant to DTC's Book-Entry-Only System. Purchases of beneficial interests in the 2023A Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry-Only System is discontinued for the 2023A Bonds, the 2023A Bonds will be exchangeable for other fully registered 2023A Bonds in any other authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Transmission Resolution. See "— Book-Entry-Only System" and APPENDIX A — "SUMMARY OF CERTAIN PROVISIONS OF THE TRANSMISSION BOND RESOLUTION."

The principal or Redemption Price of and interest on each 2023A Bond will be payable by The Bank of New York Mellon, as Transmission Bond Trustee and Paying Agent, to Cede & Co., which will, in turn, remit such amounts to DTC, which will be responsible for making such payments to DTC Participants for subsequent remittance to the owners of beneficial interests in the 2023A Bonds. See "— Book-Entry-Only System" below.

For a more complete description of the 2023A Bonds, see APPENDIX A — "SUMMARY OF CERTAIN PROVISIONS OF THE TRANSMISSION BOND RESOLUTION."

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Redemption Provisions*

The 2023A Bonds are subject to optional, mandatory redemption, and purchase in lieu of optional redemption as described below.

Optional Redemption

The 2023A Bonds maturing on or before [November 15, 2033] are not subject to optional redemption prior to maturity. The 2023A Bonds maturing on or after [November 15, 2033] are subject to redemption prior to maturity on or after [November 15, 20__] in any order of maturity, at the option of the Authority, as a whole or in part at any time, at a Redemption Price of 100% of the principal amount of such 2023A Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date.

Mandatory Redemption

The 2023A Bonds maturing on [November 15, 20__] are subject to mandatory sinking fund redemption, in part, on each of the dates and in the respective principal amounts set forth below, at a Redemption Price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem the principal amounts of 2023A Bonds specified for each of the dates shown below:

2023A Term Bonds	
<u>Maturing [November 15, 20__]</u>	
<u>November 15</u>	<u>Sinking Fund</u>
	<u>Installment</u>

† Stated maturity.

Purchase in Lieu of Optional Redemption

The 2023A Bonds, are also subject to purchase in lieu of optional redemption prior to maturity at the election of the Authority on any Business Day on which such 2023A Bonds are subject to optional redemption, in any order, in whole or in part, at a Purchase Price equal to the Redemption Price, as described above, plus, in each case, accrued interest to the date set for purchase (the “Purchase Date”).

Selection of Bond to be Redeemed or Purchased

If less than all of the 2023A Bonds of a maturity are to be redeemed or purchased, the 2023A Bonds of such maturity to be redeemed or purchased will be selected by the Transmission Bond Trustee in such manner as the Transmission Bond Trustee shall deem appropriate and fair. For so long as a book-entry only system of registration is in effect with respect to the 2023A Bonds, in the event that less than all of a 2023A Bond of a particular maturity (and, if applicable, each interest rate within a maturity) is to be redeemed, the particular Beneficial Owner(s) to receive payment of the redemption price with respect to beneficial ownership interests in such 2023A Bond shall be selected by DTC and the DTC Participants and/or Indirect Participants. See “— Book-Entry-Only System” below.

Notice of Redemption

For so long as a book-entry-only system is in effect with respect to the 2023A Bonds, notice of redemption of 2023A Bonds to be redeemed is to be mailed, not less than 20 days nor more than 45 days

* Preliminary, subject to change.

prior to the redemption date, to DTC or its nominee or its successor. Any failure of DTC or its successor, or of a direct or indirect DTC participant, to notify a beneficial owner of a 2023A Bond of any redemption will not affect the sufficiency or the validity of the redemption of the 2023A Bonds to be redeemed. See “— Book-Entry-Only System” below.

Any notice of optional redemption may state that it is conditional upon receipt by the Transmission Bond Trustee of moneys sufficient to pay the Redemption Price of such 2023A Bonds 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 Transmission Bond Trustee to affected Owners of 2023A Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Neither the Authority nor the Transmission Bond Trustee can give any assurance that DTC or its successor, or direct or indirect DTC participants, will distribute such redemption notices to the beneficial owners of the 2023A Bonds, or that they will do so on a timely basis.

Notice of Purchase in Lieu of Redemption and its Effect

Notice of purchase of the 2023A Bonds will be given in the name of Authority to the registered owners of the 2023A Bonds to be purchased by first-class mail, postage prepaid, not less than 20 days nor more than 45 days prior to the Purchase Date specified in such notice. The 2023A Bonds to be purchased are required to be tendered on the Purchase Date to the Transmission Bond Trustee. 2023A Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase on the Purchase Date. If the 2023A Bonds are called for purchase in lieu of an optional redemption, such purchase will not extinguish the indebtedness the Authority evidenced thereby or modify the terms of the 2023A Bonds. Such 2023A Bonds need not be cancelled, and will remain Outstanding under the Transmission Resolution and continue to bear interest.

The Authority's obligation to purchase a 2023A Bond to be purchased or cause it to be purchased is conditioned upon the availability of sufficient money to pay the Purchase Price for all of the 2023A Bonds to be purchased on the Purchase Date. If sufficient money is available on the Purchase Date to pay the Purchase Price of the 2023A Bonds to be purchased, the former registered owners of such 2023A Bonds will have no claim thereunder or under the Transmission Resolution or otherwise for payment of any amount other than the Purchase Price. If sufficient money is not available on the Purchase Date for payment of the Purchase Price, the 2023A Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the Purchase Date, who will be entitled to the payment of the principal of and interest on such 2023A Bonds in accordance with their respective terms.

If not all of the Outstanding 2023A Bonds of a maturity are to be purchased, the 2023A Bonds of such maturity to be purchased will be selected in the same manner as 2023A Bonds of a maturity to be optionally redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the 2023A Bonds, see APPENDIX A — “SUMMARY OF CERTAIN PROVISIONS OF THE TRANSMISSION BOND RESOLUTION” attached hereto. Also see “— Book-Entry-Only System” below for a description of the notices of redemption to be given to Beneficial Owners of the 2023A Bonds when the Book-Entry-Only System is in effect.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2023A Bonds. The 2023A Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered 2023A Bond certificate will be issued for each maturity of the 2023A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a

“clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2023A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023A Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2023A Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2023A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2023A Bonds, except in the event that use of the book-entry system for the 2023A Bonds is discontinued.

To facilitate subsequent transfers, all 2023A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2023A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2023A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2023A Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2023A Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the 2023A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the 2023A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority or the Transmission Bond Trustee on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Transmission Bond Trustee or the Authority, subject to any statutory or

regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Transmission Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants. The Authority and the Transmission Bond Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the 2023A Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the 2023A Bonds, giving any notice permitted or required to be given to a registered owner under the Transmission Resolution, registering the transfer of the 2023A Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Transmission Bond Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the 2023A Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Authority (kept by the Transmission Bond Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the 2023A Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Transmission Bond Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2023A Bonds at any time by giving reasonable notice to the Authority and the Transmission Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, the 2023A Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the 2023A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the 2023A Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE AUTHORITY NOR THE TRANSMISSION BOND TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE 2023A BONDS.

So long as Cede & Co. is the registered owner of the 2023A Bonds, as nominee for DTC, references herein to the Bondowners or registered owners of the 2023A Bonds (other than under the captions "TAX MATTERS" and "CONTINUING DISCLOSURE" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2023A Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Transmission Bond Trustee to DTC only.

For every transfer and exchange of 2023A Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

NONE OF THE AUTHORITY, THE TRANSMISSION BOND TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2023A BONDS UNDER THE TRANSMISSION RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY

DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2023A BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2023A BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2023A BONDS; OR (VI) ANY OTHER MATTER.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the principal of, the interest on and the aggregate debt service to be paid on the Authority's 2023A Bonds and all Outstanding Bonds issued under the Transmission Bond Resolution during each twelve-month period ending November 15 of each of the years shown.

Year Ending November 15,	Debt Service on Outstanding 2022A Bonds ⁽¹⁾	Debt Service on 2023A Bonds		Aggregate Debt Service on All Bonds ⁽¹⁾
		Principal	Interest	
2023	\$ 26,483,100	\$	\$	\$
2024	42,383,100			
2025	46,073,100			
2026	47,218,850			
2027	43,846,350			
2028	39,651,100			
2029	39,179,850			
2030	38,209,350			
2031	37,268,600			
2032	36,426,350			
2033	35,587,850			
2034	34,747,850			
2035	33,906,350			
2036	33,063,350			
2037	32,223,750			
2038	31,379,750			
2039	30,541,750			
2040	29,699,750			
2041	28,859,150			
2042	28,015,150			
2043	27,178,150			
2044	26,338,150			
2045	25,495,550			
2046	24,655,750			
2047	23,813,950			
2048	22,975,550			
2049	22,135,750			
2050	21,294,950			
2051	20,453,550			
2052	19,616,950			
2053	18,775,350			
2054	17,938,069			
2055	17,096,719			
2056	16,256,888			
2057	15,418,975			
2058	14,583,388			
2059	13,740,513			
2060	12,906,150			
2061	12,065,49			
	4			
Total:	\$1,087,504,29	\$	\$	\$
	6			

(1) Totals may not add due to rounding.

HISTORICAL AND PROJECTED TRANSMISSION BOND RESOLUTION

DEBT SERVICE COVERAGE RATIOS

The Authority's historical and projected debt service coverage ratios for the five years ended December 31, 2022 through December 31, 2029 are set forth below:

Calculation of Debt Service Coverage Ratio (\$000) [to be updated]

	Year Ending December 31,							
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Annual SFP Transmission Revenue Requirement ¹ :								
- <i>Central East Energy Connect</i>	\$6,778	\$18,512	\$22,975	\$36,140	\$46,705	\$36,380	\$31,021	\$30,001
- <i>Smart Path Reliability</i>	\$31,220	\$77,223	\$96,528	\$87,138	\$74,003	\$67,934	\$65,715	\$63,439
- <i>Smart Path Connect</i> ²	-	\$2,210	\$16,336	\$46,820	\$93,072	\$129,953	\$123,030	\$100,138
SFP Transmission Operating Expenses ³	\$6,986	\$16,409	\$25,487	\$32,116	\$39,107	\$44,139	\$44,187	\$44,394
Non-Operating Income	\$1,108							
Capitalized Interest ⁴	\$15,007	\$13,242	\$27,500	\$12,000	-	-	-	-
Debt Service ⁴	\$15,007	\$26,483	\$75,939	\$78,989	\$91,645	\$111,042	\$107,559	\$90,777
Debt Service Coverage Ratio ⁵	N/A	6.16x	2.28x	2.06x	1.91x	1.71x	1.63x	1.64x
Cash After Debt Service	\$32,120	\$68,295	\$61,913	\$70,993	\$83,030	\$79,086	\$68,020	\$58,408

¹ Based on the ROE and cost estimates discussed herein, and assuming the Central East Energy Connect Transmission Project is placed in service in December 2023 and the Smart Path Reliability Transmission Project's segments are placed in service as described above under "THE SFP TRANSMISSION PROJECTS — The 2022A SFP Transmission Project."

² Authority-owned components only.

³ SFP Transmission Operating Expenses includes operating, maintenance, administration and general expenses. The expenses are estimated using 1% of gross plant escalated at 2% per annum. SFP Transmission Operating Expenses are fully recoverable through the ATRR.

⁴ Capitalized interest through [____, 2025.]

⁵ The Debt Service Coverage Ratio is calculated as Annual SFP Transmission Revenue Requirement /less Operation and Maintenance Expenses divided by Debt Service less capitalized interest.

As set forth in the table above and based on projections prepared by the Authority as of the date of this Official Statement, the Authority expects to have debt service coverage ratios [ranging from 6.16x in 2023 to 1.63x 2028.] Interest on the 2023A Bonds through [_____] is expected to be paid from capitalized interest. Such projections are based upon certain operational and financial assumptions described above in the footnotes to the table. [To the extent cash flow permits, in the first year of the financing, the Authority anticipates depositing at least \$5,000,000 of excess cash flow in the Operating Reserve Account so that Account will be funded in an amount in excess of the requirement contained in the Transmission Bond Resolution. Such deposits will only be made to the extent there are sufficient funds available.] Although the financial forecast projections prepared by the Authority were based on operational and financial assumptions that the Authority believes to be reasonable, the achievement of certain results or other expectations contained in such projections is subject to known and unknown risks,

uncertainties and other factors that may cause actual results to be materially different from any future results or expectations expressed or implied by such projections.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2023A Bonds, AGM will issue a municipal bond insurance policy (the “Policy”) for the 2023A Bonds. The Policy guarantees the scheduled payment of principal of and interest on the 2023A Bonds when due as set forth in the form of the Policy included as APPENDIX D — “SPECIMEN MUNICIPAL BOND INSURANCE POLICY” to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 13, 2023, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On October 21, 2022, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On March 18, 2022, Moody’s announced it had upgraded AGM’s insurance financial strength rating to “A1” (stable outlook) from “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Capitalization of AGM

At June 30, 2023:

- The policyholders’ surplus of AGM was approximately \$2,702 million.
- The contingency reserve of AGM was approximately \$894 million.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,089 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and net deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (filed by AGL with the SEC on March 1, 2023);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 (filed by AGL with the SEC on May 10, 2023); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 (filed by AGL with the SEC on August 9, 2023).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the 2023A Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the 2023A Bonds or the advisability of investing in the 2023A Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" (other than with respect to the caption "**— Risks of Bond Insurance**").

Risks of Bond Insurance

In the event of default of the payment of principal or interest with respect to the 2023A Bonds when all or some becomes due, any Owner of the 2023A Bonds shall have a claim under the Policy issued by AGM for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure

against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the 2023A Bonds by the Authority which is recovered by the Authority from the Owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by AGM at such time and in such amounts as would have been due absence such prepayment by the Authority unless AGM chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of AGM without appropriate consent. AGM may direct and must consent to any remedies and AGM's consent may be required in connection with amendments to any applicable bond documents. In the event AGM is unable to make payment of principal and interest as such payments become due under the Policy, the 2023A Bonds are payable solely from the moneys received pursuant to the Transmission Resolution. In the event AGM becomes obligated to make payments with respect to the 2023A Bonds, no assurance is given that such event will not adversely affect the market price of the 2023A Bonds or the marketability (liquidity) for the 2023A Bonds.

The long-term ratings on the 2023A Bonds are dependent in part on the financial strength of AGM and its claim paying ability. AGM's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of AGM and of the ratings on the 2023A Bonds will not be subject to downgrade and such event could adversely affect the market price of the 2023A Bonds or the marketability (liquidity) for the 2023A Bonds. For a description of the ratings on the 2023A Bonds, see "RATINGS" herein.

The obligations of AGM are general obligations of AGM and in an event of default by AGM, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

THE AUTHORITY

Introduction

The Authority is a corporate municipal instrumentality and political subdivision of the State created in 1931 by the Act, and has its principal office located at 30 South Pearl Street, Albany, New York 12207-3425. The mission of the Authority is to lead the transition to a carbon-free, economically vibrant New York through customer partnerships, innovative energy solutions, and the responsible supply of affordable, clean, and reliable electricity. The Authority generates, transmits, purchases and sells electric power and energy as authorized by law. The Authority's customers include municipal and rural electric cooperatives located throughout the State, local governments, IOU, high load factor industrial customers, commercial/industrial and not-for-profit businesses, and various public corporations located within the metropolitan area of the City, including the City, and certain neighboring states.

The financing of the SFP Transmission Projects under the Transmission Resolution will be undertaken by the Authority as Separately Financed Projects, as permitted under the General Resolution. The 2023A Bonds are not payable from nor secured by revenues pledged directly or indirectly under the General Resolution.

Management

Board of Trustees

The governing board of the Authority consists of seven Trustees (the "Board of Trustees") appointed by the Governor of the State, with the advice and consent of the State Senate. A member whose term has expired continues to serve on a holdover basis until confirmed for an additional term or a new Trustee is appointed by the Governor. The current Trustees are:

<u>Trustees</u>	<u>Term Expires</u>
John R. Koelmel, Chairman	May 6, 2021*
Bethaida González	May 6, 2024
Michael J. Cusick	May 6, 2025
Dennis G. Trainor	May 6, 2022*
Cicely LaVigne Morris	June 22, 2027
Lewis M. Warren	May 6, 2028

- * Continuing to serve on a holdover basis until confirmed for an additional term or a new Trustee is appointed and confirmed.

Senior Management

The senior management staff of the Authority are as follows:

Justin E. Driscoll, President and Chief Executive Officer;
Joseph Kessler, Executive Vice President and Chief Operating Officer;
Lori Alesio, Executive Vice President and General Counsel;
Adam Barsky, Executive Vice President and Chief Financial Officer;
Robert Piascik, Senior Vice President and Chief Information and Technology Officer;
Yves E. Noel, Senior Vice President and Chief Strategy Officer;
Daniella Piper, Regional Manager, Western New York and Chief Transformation Officer;
Philip Toia, President of NYPA Development;
Karina Saslow, Vice President Human Resources;
Carley Hume, Chief of Staff and Vice President of Policy Communications;
Sundeep Thakur, Vice President and Controller;
Christina Reynolds, Treasurer; and
Karen Delince, Vice President and Corporate Secretary.

Executive Management Committee

The Authority's Executive Management Committee periodically reviews corporate strategies, policies and programs, and reports, with the Chairman's concurrence, to the Board of Trustees. Currently, the Executive Management Committee includes the President and Chief Executive Officer, the Executive Vice President and Chief Operating Officer, the Executive Vice President and Chief Financial Officer, the Executive Vice President and General Counsel, and certain other members of the senior management staff of the Authority designated by the President and Chief Executive Officer.

State Legislation Affecting the Authority

Section 1011 of the Act constitutes a pledge of the State to Owners of Authority obligations not to limit or alter the rights vested in the Authority by the Act until such obligations together with the interest thereon are fully met and discharged or unless adequate provision is made by law for the protection of the Owners thereof. Bills are periodically introduced into the State Legislature which propose to limit or restrict the powers, rights and exemption from regulation which the Authority currently possesses under the Act and other applicable law or otherwise would affect the Authority's financial condition or its ability to conduct its business, activities, or operations, in the manner presently conducted or contemplated hereby. It is not possible to predict whether any such bills or other bills of a similar type which may be introduced in the future will be enacted.

On July 18, 2019, the State enacted the "New York State Climate Leadership and Community Protection Act" as Chapter 106 of the Laws of 2019 ("Chapter 106"). Chapter 106 directs the New York State Department of Environmental Conservation (the "NYSDEC") to develop regulations to reduce statewide greenhouse gas emissions ("GHG") to 60% of 1990 levels by 2030 and 15% of 1990 levels by 2050. Chapter 106 includes the goal of having the State obtain 70% of the State's electricity from renewable sources by 2030 and requires that the State offset the remaining 15% of 1990 GHG emissions in 2050. NYSDEC is currently drafting regulations that would implement these goals.

Several provisions of Chapter 106 could potentially impact the Authority's business and operations, such as the following: (1) a requirement that specified State entities, including the Authority, adopt regulations to contribute to achieving statewide GHG emissions; (2) a requirement that State entities, including the Authority, assess and implement strategies to reduce GHG emissions; (3) consideration of whether actions that the Authority would undertake in the course of its operations are consistent with State GHG emission limits that will be established pursuant to the enactment; and (4) potential allocation or realignment of resources to support State clean energy and energy efficiency goals for disadvantaged communities.

The Accelerated Renewable Energy Growth and Community Benefit Act (the “Renewable Energy Act”) was enacted as part of the 2020-21 Enacted State Budget and amends State law with respect to the siting of major utility transmission facilities to (1) establish a 12-month target timeframe for the siting of major utility transmission facilities (“MUTFs”); and (2) authorizes the PSC to establish in regulation an expedited 9-month target timeframe for MUTFs that: (a) are constructed within existing rights-of-way, or (b) would not result in any significant adverse environmental impacts considering current uses and conditions existing at the site, as determined by the PSC, in consultation with the NYSDEC, or (c) would necessitate expanding the existing rights-of-way where the expansion is for the purpose of complying with law, regulations or industry practices relating to electromagnetic fields. This new, expedited siting process will be administered through a new siting office to be established within the Department of State. The Renewable Energy Act also establishes a new “Clean Resources Development and Incentives Program” pursuant to which NYSERDA will establish “build-ready” sites that would be made available to renewables developers through a competitive process, and a host community benefits program to be established by PSC pursuant to which renewable developers would fund programs to provide benefits to communities that host new renewable generation projects.

The Renewable Energy Act also contains provisions to facilitate new and upgraded distribution and transmission projects that are necessary to for the state to avoid congestion and reach the Chapter 106 targets (the “Transmission Component”). The Legislature found that the Authority owns and operates backbone electric transmission assets in the State, has rights-of-way that can support in whole or in part bulk transmission investment projects, and has the financial stability, access to capital, technical expertise and experience to effectuate expeditious development of bulk transmission investments needed to help the State meet its targets under Chapter 106. As such, the Transmission Component grants the Authority the ability to develop projects which the PSC determines should be pursued expeditiously to promote the State’s public policy goals (“Priority Transmission Projects”).

After the completion of a comprehensive study for the purpose of identifying distribution upgrades, local transmission upgrades and bulk transmission investments that are necessary or appropriate to facilitate the timely achievement of Chapter 106 targets (collectively, the “Grid Study”) undertaken by the DPS in consultation with the Authority, NYSERDA, LIPA, the NYISO and jurisdictional utilities and transmission operators, the PSC will establish a distribution and local transmission capital plan for each utility in whose service territory the Grid Study identified distribution upgrades and local transmission upgrades that DPS determines are necessary or appropriate to achieve targets set forth in Chapter 106. The upgrade programs shall establish a prioritized schedule upon which each such upgrades shall be accomplished. The PSC will also establish a bulk transmission system investment program that identifies bulk transmission investments it determines to be necessary or appropriate to achieve the Chapter 106 targets. PSC will identify Priority Transmission Projects to meet the Chapter 106 targets utilizing the NYISO’s policy transmission planning process.

Pursuant to the Renewable Energy Act, the Authority is authorized to solicit interest from potential co-participants in each Priority Transmission Project it agrees to develop, and assess whether any joint development would provide for significant additional benefits in achieving the Chapter 106 targets. The Authority may then undertake the development of the Priority Transmission Project on its own, or undertake the Priority Transmission Project jointly with one or more other parties. A joint development of a Priority Transmission Project may be accomplished through agreements on such terms and conditions as the Authority finds to be appropriate and necessary in order to undertake and complete timely development of the Priority Transmission Project. Excluded from these Priority Transmission Projects are generation lead lines, and repairs to, replacement of or upgrades to the Authority’s own transmission assets. Any such Priority Transmission Projects could be designated as an SFP Transmission Project and financed with additional SFP Transmission Obligations issued pursuant to the Transmission Bond Resolution on a parity with the 2023A Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2023A BONDS — Additional SFP Transmission Obligations and Parity Debt” herein. Information on legislation affecting the Authority is also available from many sources in the public domain, and potential purchasers of the 2023A Bonds should obtain and review such information.]

Certain New Legislation Affecting the Authority – Amendments to the Act

As more specifically described in the enactment, and subject to the limitations described therein, the 2023-2024 Enacted State Budget amended the Act to, among other things: (a) expand the Authority’s authority to plan, design, develop, finance, construct, own, operate, maintain and improve, either alone or jointly with other entities, renewable energy generation projects; (b) authorize the Authority to develop

and implement, with the PSC, the Renewable Energy Access and Community Help or “REACH” Program, that will enable low-income or moderate-income end-use electricity consumers in disadvantaged communities to receive bill credits derived from a portion of the revenues generated from new renewable energy generation projects developed or contracted for by the Authority to support the REACH Program; (c) direct the Authority to prepare a plan for ceasing electricity production at its small natural gas-fired power plants by December 31, 2030, and to cease electricity production by such date if certain conditions are satisfied; and (d) authorize the Authority to make available up to \$25 million annually to the New York State Department of Labor (“DOL”) to fund programs established or implemented by or within the DOL, including, but not limited to, the office of just transition and programs for workforce training and retraining to prepare workers for employment for work in the renewable energy field. Changes made by these amendments do not affect the Authority’s previously existing statutory authority.

Regulation

The operations of the Authority are subject to regulation or review by various State and federal agencies, discussions of which appear in various segments throughout this Official Statement. The principal State agencies having a regulatory impact on, or a monitoring function over, the Authority and the conduct of its activities, are as follows:

New York State Comptroller

The Office of the State Comptroller (“OSC”) is required to undertake a “program, financial and operations” audit of the Authority at least once every five years, and the OSC periodically conducts other audits as well. Recent audit reports are available on the OSC’s website. No statement on the OSC’s website is included herein. OSC has issued regulations that are applicable in whole or in part to many public authorities in the State, including the Authority. Among other things, the regulations require public authorities, including the Authority, to adhere to prescribed budgeting and financial plan procedures, certain financial reporting and certification requirements, and detailed investment guidelines and procedures, including obtaining the approval of the OSC before adoption of certain changes in accounting principles. In addition, OSC has the discretionary authority to review and approve certain contracts to be entered into by public authorities, including the Authority.

State Inspector General

The Office of the Inspector General (the “OIG”) has jurisdiction over the Authority pursuant to New York State Executive Law Article 4-A. From time to time, the Authority may be involved in investigations initiated by and engaged in by the OIG and related proceedings. The Authority fully cooperates with the OIG and other federal and state agencies in any applicable proceedings.

Authorities Budget Office

Chapter 506 of the Laws of 2009 created the Authorities Budget Office (the “ABO”). The ABO’s responsibilities include conducting reviews of public authorities, assisting public authorities in improving management practices and procedures, developing oaths of office for public authority board members, and making recommendations to the Governor and Legislature concerning public authorities. In addition, the ABO is authorized to, among other things, receive and act upon complaints regarding public authorities, initiate investigations of public authorities, warn and censure public authorities for non-compliance with the New York State Public Authorities Law, recommend discipline against public authority officials, and compel public authorities to produce records necessary to enable the ABO to perform its duties.

TRANSMISSION REGULATORY STRUCTURE WITHIN NYISO

The Authority is a transmission-owning member of the NYISO. The NYISO schedules the use of the bulk transmission system in the State, which includes all the Authority’s transmission facilities that are not subject to Grandfathered Agreements, and collects ancillary services, losses and congestion fees from customers. The NYISO currently manages approximately 11,000 miles of transmission lines, 760 generation units, and serves 20.2 million New Yorkers.

New York Independent System Operator

In 1999, two not-for-profit organizations were established: the NYISO and the New York State Reliability Council (the “Reliability Council”). The NYISO assumed control of the State’s bulk electric power system pursuant to tariffs and market rules filed with and accepted by FERC. The Reliability Council promotes and preserves the reliability of electric service on the NYS Power System (as defined below) by developing, maintaining, and, from time to time, updating rules relating to maintaining the reliability of the NYS transmission system (the “Reliability Rules”). The NYISO and all entities engaging in electric transmission, ancillary services, energy and capacity transactions within the New York State power system (“NYS Power System”) must comply with the Reliability Rules.

The NYISO coordinates the reliable dispatch of power and operates real-time and day-ahead auction-based markets for the sale of electricity and ancillary services within the State. The NYISO evaluates the bids submitted into the energy markets and dispatches units based on economic and reliability considerations to meet load needs at any point in time. A significant feature of the NYISO energy markets is that prices are determined on a location-specific basis by considering generation supply bids, the effect of transmission congestion, and electrical losses between regions of the State. Separately, as addressed further below, the NYISO is responsible for managing transmission service over the bulk transmission system within the State, including over the Authority’s transmission facilities.

The NYISO collects charges associated with the use of transmission facilities and the sale of energy, capacity, and services through the markets that it operates and remits the proceeds of such charges to the owners of the facilities in accordance with the NYISO OATT and the NYISO Market Administration and Control Area Services Tariff (the “Services Tariff”). Under the NYISO OATT, certain charges for ancillary services (which include NYISO operating costs), congestion, losses, and a portion of the Authority’s transmission costs are assessed against the Authority and other load serving entities (“LSEs”) responsible for serving ultimate customers. Because such costs are currently passed through to most Authority customers, the Authority remains an active participant in the governance of the NYISO markets. Under authority granted by the FERC and the terms of the NYISO OATT, the Services Tariff, the NYISO Transmission Owner Agreement, and the New York State Reliability Council Agreement, the NYISO has authority to direct the operation of the NYS Power System to maintain system reliability in accordance with good utility practice and the Reliability Rules. All referenced agreements are available from the NYISO web site at: <https://www.nyiso.com/regulatory-resources>. The information on the NYISO’s website is not incorporated into this Official Statement.

Entities that engage in the wholesale sale, transmission or purchase of electric energy within the NYISO markets are “Market Participants.” The Authority, plus the IOUs (Central Hudson Gas & Electric Corporation, ConEd, National Grid d/b/a Niagara Mohawk Power Corporation and New York State Electric & Gas Corporation, Rochester Gas and Electric Corporation and Orange and Rockland Utilities Corporation), plus another state authority, the Long Island Power Authority, are the incumbent transmission-owning NYISO members and each of the current IOUs operating within the State, and a subsidiary of the Long Island Power Authority (“LIPA”) are members of the Reliability Council and among the many Market Participants in the NYISO markets. The Authority has representation on each of the NYISO’s committees, which are subject to the oversight of the NYISO Board of Directors. In addition, the Authority has representation on the Executive Committee of the Reliability Council, which consists of thirteen members who govern the Reliability Council.

Consistent with FERC’s Order No. 1000, the NYISO conducts a Comprehensive System Planning Process (“CSPP”). The CSPP includes a local transmission planning process, a reliability planning process, a congestion assessment and resource integration study, and the public policy transmission planning process (“PPTPP”). The local transmission planning process requires that each Transmission Owner post its transmission plans for interested parties to review. These plans are then used to assess the needs of the broader NYISO system, including reliability, economic, and public policy needs. The PPTPP is the newest component of NYISO’s CSPP and it allows the NYISO to evaluate and select transmission solutions that are driven by public policy considerations.”

Regulation of Rates

In July 1999, FERC approved the NYISO OATT, the Services Tariff, and each of the related agreements submitted to it for approval in connection with the formation of the NYISO. In November 1999, the Authority transferred all scheduling responsibilities for its transmission facilities to the NYISO except for arrangements governed by Grandfathered Agreements. Accordingly, all transmission service over the Authority’s transmission facilities is subject to the NYISO OATT, the Services Tariff, or pre-existing Authority contracts which have been filed with and accepted by FERC.

The NYISO is responsible for scheduling use of the bulk transmission system in the State, including the Authority's transmission facilities not subject to Grandfathered Agreements, and for collecting related fees from transmission customers. Each of the IOUs, LIPA and the Authority retains ownership of and maintenance responsibilities for its respective transmission lines. All NYISO transmission customers pay the local utility's transmission service charge, which is set forth in the NYISO OATT, plus the NYISO's fees for ancillary services, losses and congestion for use of the transmission system. Each transmission customer also pays, as part of its NYISO charges, a separate fee – the NTAC – to compensate the Authority for the use of its backbone transmission system. As discussed further below, the NTAC is designed to ensure the Authority's recovery of its ATRR for its legacy and backbone transmission facilities from customers throughout the State. If the NYISO does not maintain a FERC-accepted tariff that provides for full recovery by the Authority of its ATRR, the Authority is permitted to withdraw from the NYISO on 90-days' notice to the other parties. In addition, any of the IOUs, LIPA and the Authority may withdraw from the NYISO on 90-days' notice to the Board of Directors of the NYISO, but, in the case of an IOU, such withdrawal is conditioned upon the effectiveness of an OATT on file with FERC that relates to service over the transmission owner's transmission facilities.

The NYISO prepares an annual budget pursuant to which it establishes and collects a volumetric charge from the NYISO market participants. The NYISO forecasts the volume of electricity it expects to flow through its markets for a given year, and divides the annual budget amount by that volume, to produce a rate of dollars per MWh of electricity. If the actual amount of electricity that flows through the NYISO is significantly less than the forecasted amount the NYISO would fall short of the amount it needs to fund its budget. Historically, when the NYISO observes a trend towards significant under collection, the NYISO uses tools which include increasing the dollar per MWh rate mid-year to increase collections. Those tools have to date allowed the NYISO to prevent any major budget shortfall. See "FACTORS TO BE CONSIDERED IN INVESTING IN THE 2023A BONDS — Risks Associated with NYISO."

ATRR. Since the formation of the NYISO in 1999, cost recovery for the use of the Authority's transmission facilities has been governed by the NYISO OATT, which initially included an ATRR for the Authority of \$165.4 million. In 2012, subject to FERC review and acceptance, the Authority increased its ATRR to \$175.5 million, effective Aug. 1, 2012. The increased ATRR was necessary to cover increased operating and maintenance expenses of the Authority's transmission facilities, and to make necessary capital improvements. In 2016, subject to FERC review and acceptance, the Authority established an ATRR formula rate, effective April 1, 2016, to more efficiently recover its increased capital and operating expenditures needed to maintain the reliability of its transmission system. Under the formula rate, the Authority updates its ATRR on an annual basis to more accurately reflect its costs. As of April 1, 2016, the Authority's ATRR under the formula rate was \$190 million, which increased to \$198.2 million on July 1, 2016, pursuant to the formula rate annual update process. Effective July 1, 2021, the Authority's ATRR was \$278.9 million. Annual formula rate updates will continue pursuant to the terms of the NYISO OATT. The formula to calculate the ATRR is based on an assumed debt/equity ratio of 1:1 and a return on equity of 8.95%, plus incentives. [Based on its formula rate and the cost of transmission projects, the Authority expects the ATRR to be \$286.2 million in 2022 and \$327.6 million in 2023.][Update] The ATRR is updated and posted annually, subject to stakeholder review and challenge based upon FERC's "just and reasonable" standard.

NTAC. Unlike IOUs, the Authority does not own distribution facilities, it has no geographic retail service territory, and, as a result, it does not recover its costs through retail electric rate tariffs. In addition, direct customer payments to the Authority under Grandfathered Agreements have diminished as many of those agreements have largely been terminated or expired. Accordingly, the Authority recovers its cost of owning and maintaining its transmission facilities primarily through NTAC payments against its ATRR. As stated above, the NTAC is a charge under the NYISO OATT that transmission customers must pay for services within or through the bulk transmission system within the State. NTAC is different from the zonal recovery mechanism that generally applies to other NYISO transmission owners in that it is assessed to virtually all loads in the NYISO on a load-ratio share basis. Accordingly, the NTAC is essential for the Authority's recovery of its ATRR. The Authority's NTAC is subject to FERC review under the provisions of its formula rate and protocols because it is collected through the NYISO OATT. The Authority must provide to its stakeholders and file with FERC annual updates to the NTAC, together with any annual updates to project-specific revenue requirements, each year for informational purposes. Separately, the NYISO OATT includes a "Transmission Service Charge" to recover the costs of the Authority's transmission facilities that are used to serve "directly connected" loads.

For a repair or replacement of a transmission project to qualify for cost recovery through the NTAC, absent FERC approval, the transmission project must be part of the Authority backbone transmission system and have an estimated repair or replacement cost of less than \$90 million in 2016 dollars, as adjusted using the Consumer Price Index, or receive the approval from at least three of the five of the IOUs and LIPA (the "Voting Members"). For non-repair or replacement transmission capital expenditures that are not the result of directive(s) issued by NERC, FERC, or the Reliability Council or that are required under the NYISO OATT, that are in excess of \$40 million in a single calendar year in 2016 dollars, as adjusted using the Consumer Price Index, or the transmission project is not considered related to the Authority backbone transmission system, to qualify for cost recovery through the NTAC, it must receive the approval from at least three of the five Voting Members. The Voting Members must notify the Authority 60 days within receiving the Authority's capital expenditure plan if they intend to vote and a decision not to hold a vote on a capital expenditure plan is effectively an affirmative vote. If the Voting Members vote against allowing a project to receive cost recovery through the NTAC they must provide a written statement explaining their rationale for denying the project NTAC recovery. The Authority may submit a revised proposal to the Voting Members and/or make a filing at FERC demonstrating that the proposed costs are just and reasonable and should be subject to NTAC recovery or recovered through a project specific component of its formula rate, which may include a different allocation method than load-ratio share.

Payments by NYISO to the Authority

The NYISO processes transmission service settlements daily for the preceding day's activity. Settlements are invoiced on a weekly basis and subject to subsequent resettlement based on adjustments to metering data and estimates used in previous invoices. Payments due to the NYISO must be deposited in the NYISO's clearing account by the close of business on the first banking day common to all customers that falls on or after the second business day after the date on which the weekly invoice is issued by the NYISO. Resettlements or true-ups are performed four months after the issuance of the initial invoice for each service month. Customers generally have a five-month period after the posting of a service month's initial invoice to review and challenge their settlements.

FERC REGULATION

The Authority, as a corporate municipal instrumentality and political subdivision of the State, is exempt from the definition of "public utility" under Part II of the FPA. Notwithstanding this exemption, as described herein, the Authority has placed its transmission facilities under the NYISO OATT and the operational control of the NYISO, which is a public utility under the FPA and, therefore, is subject to FERC regulation. The NYISO, pursuant to FERC Order No. 888 (described below) and its progeny, provides "open access" transmission service to transmission customers, generators, and load serving entities on transmission facilities placed under its operational control throughout New York pursuant to the NYISO OATT.

General

The Energy Policy Act of 1992 (the "Energy Policy Act") established the legal framework that brought about fundamental changes in the electric industry aimed at promoting greater competition in bulk power markets and expanding access to electric transmission service. The Energy Policy Act granted FERC the authority, upon application by an electric utility, federal power marketing agency, or other power generator, to order a transmitting utility to interconnect its facilities and provide transmission services to the applicant essentially on a cost-of-service basis. State and municipal-owned electric utilities are "transmitting utilities" for purposes of these provisions of the Energy Policy Act.

Following the enactment of the Energy Policy Act, FERC issued Order No. 888 which required that all public utilities provide open access transmission services on a non-discriminatory basis by requiring all such public utilities to file tariffs – *i.e.*, OATTs – that offer entities seeking use of the interstate transmission system the same transmission services that transmission-owning public utilities provide themselves under comparable terms and conditions. Order No. 888 also contained a reciprocity provision that requires non-jurisdictional utilities (including state and municipal-owned utilities) that purchase transmission services from public utilities under FERC filed open access tariffs and that own or control transmission facilities to provide open access transmission service to the selling public utility on rates,

terms and conditions that are comparable to the service that the non-jurisdictional utility provides itself. Non-jurisdictional utilities can satisfy this provision in a number of ways, including through a bilateral agreement or filing an acceptable safe-harbor open access tariff with FERC.

A little over a decade after Order No. 888, FERC expanded its open access transmission service requirements in Order No. 890 by, among other things, modifying the OATT adopted in Order No. 888. Issues addressed in Order No. 890, include rollover rights, the scope of point-to-point transmission service, the scope of network transmission service, creditworthiness standards, pricing for both generator and energy imbalances, available transmission capacity calculations, transmission planning, and open access same-time information system ("OASIS") postings.

In response to the directives in the Energy Policy Act of 2005 and in furtherance of Order Nos. 888 and 890's goals of fostering competitive bulk power markets and ensuring that transmission customers have transmission access to such markets, FERC has encouraged, although never required, transmitting utilities to join either independent system organizations ("ISOs") or regional transmission organizations ("RTOs"). RTOs/ISOs are independent entities that coordinate and provide open access transmission service, along with other wholesale power or transmission related service, over transmission facilities turned over to their operational control by transmission owning public utilities, cooperatives, and state and municipal-owned utilities. RTOs/ISOs must be approved by FERC, have certain characteristics, including independence and operational authority, and provide certain minimum functions like tariff administration and planning.

Following Order Nos. 888 and 890, FERC issued Order No. 1000 which was aimed at reforming FERC's transmission planning and cost allocation requirements for public utility transmission providers. Order No. 1000 requires each public utility transmission provider to participate in a regional transmission planning process that satisfies the principles of Order No. 890 and produces a regional transmission plan. It also requires local and regional transmission planning processes to consider transmission needs driven by public policy requirements established by state or federal laws or regulations. Finally, it requires public utility transmission providers in neighboring transmission planning regions to coordinate to determine if there are more efficient or cost-effective solutions to meet their mutual transmission needs.

FERC Final and Proposed Rules and Rulemakings on the Federal Regulation of Electric Utilities

Transmission Service and Wholesale Markets. As discussed above, to establish foundations necessary to develop a competitive wholesale electricity market and effectuate the transmission access provisions of the Energy Policy Act, on April 24, 1996, FERC issued two final rules – Order No. 888 and Order No. 889 – on non-discriminatory open access transmission services by public utilities and stranded cost recovery rules. Order No. 888, requires all public utilities that own, control or operate facilities used for transmitting electric energy in interstate commerce to (i) file open-access, non-discriminatory transmission tariffs containing, at a minimum, the non-price terms and conditions set forth in the order and (ii) functionally unbundle wholesale power services by (1) applying standardized transmission services to all customers, (2) providing separate rates for wholesale generation, transmission and ancillary services and (3) relying on the same electronic information dissemination network by transmission customers when selling and purchasing power. The second final rule, Order No. 889, requires all public utilities to establish or participate in an OASIS that meets certain specifications, and comply with standards of conduct designed to prevent employees of a public utility (or any employees of its affiliates) engaged in wholesale power marketing functions from obtaining preferential access to pertinent transmission system information. FERC stated that its overall objective is to ensure that all participants in wholesale electricity markets have non-discriminatory open access to transmission service, including network transmission service and ancillary services. FERC also indicated that it intends to apply the principles set forth in the Order No. 888 and Order No. 889 to the maximum extent to municipal and other non-FERC regulated utilities, both in deciding cases brought under the Federal Power Act and by requiring such utilities to agree to provide open access transmission service as a condition to securing transmission service from jurisdictional IOUs under open access tariffs.

Although open access requirements set forth in Order Nos. 888, 889, and 890 do not directly regulate municipal, state-owned, and other non-FERC-regulated utilities such as the Authority, they have a significant impact on such utilities' operations. FERC's open access requirements have significantly changed the competitive climate in which the non-FERC regulated utilities operate, giving their customers much greater access to alternative sources of electric transmission services. Transmission owning entities that are exempt from FERC regulation under the FPA still must provide open access transmission

service consistent with the requirements for IOUs whenever they are properly requested to do so under the Energy Policy Act or as a condition of taking transmission service from an investor-owned utility. In certain circumstances, the non-FERC-regulated utilities are required to pay compensation to their suppliers of wholesale power and energy for stranded costs that may arise when the non-FERC-regulated utilities exercise their option to switch to an alternative supplier of electricity. The Authority, by placing its facilities under the operational control of the NYISO, is generally subject to FERC's open access requirements. The Authority submits various reports to the FERC and substantially conforms to the FERC Uniform System of Accounts in maintaining its books of account.

On April 21, 2022, FERC issued a Notice of Proposed Rulemaking in Docket No. RM21-17, proposing to reform the pro forma open access transmission tariff and large generator interconnection agreements to enhance long-term transmission planning, more fully consider dynamic line ratings and advanced power flow control devices in transmission planning. FERC proposed to no longer permit public utility transmission providers to take advantage of the construction-work-in-progress incentive for regional transmission facilities selected for purposes of cost allocation through long-term regional transmission planning and would permit the exercise of federal rights of first refusal for transmission facilities selected in a regional transmission plan for purposes of cost allocation. FERC has collected comments on the NOPR but has not yet issued a final rule. [Any changes to the rule would likely be prospective and should not affect any SFP Transmission Projects previously financed under the Transmission Resolution.]

Reliability. The North American Electric Reliability Council ("NERC") has been designated by FERC as the Electric Reliability Organization under the Energy Policy Act and in that role develops and enforces mandatory reliability standards for the bulk-electric power system. All users, owners, and operators of the bulk-electric power system must comply with the reliability standards. Entities that fail to comply may be subject to monetary and other penalties for violations. Because the NERC standards apply so broadly, FERC and NERC have adopted a compliance registry process to identify users, owners, and operators that are subject to the standards.

In the last several years, FERC has issued a series of orders requiring that NERC implement new standards relating to cybersecurity and risks associated with the supply chain for the bulk-electric system. In Order No. 848, FERC directed NERC to promulgate a new rule requiring users to report incidents that both compromise or attempt to compromise the bulk-electric system. Subsequently, in Order No. 850, FERC approved supply chain risk management reliability standards submitted by NERC. The supply chain risk management reliability standards include require transmission owners and other entities, including the Authority, to develop plans to address cybersecurity risks from vendor supplied products and services, vendor remote access sessions, and the integrity of software and patches. In addition, in Order No. 851, FERC approved enhanced requirements related to geomagnetic disturbances. On the incentives side of cybersecurity, in Order No. 893, FERC has proposed to provide incentive-based rate treatments (*i.e.*, 200-basis point ROE adder and regulatory asset treatment) for public utility cybersecurity investments made in the bulk-electric system. To date, to the Authority's knowledge, FERC has neither received nor approved any applications for such cybersecurity incentives.

The foregoing discussion of certain provisions of the Energy Policy Act or the Energy Policy Act of 2005 does not purport to be a comprehensive discussion of the Energy Policy Act or the Energy Policy Act of 2005. Additional information concerning the Energy Policy Act and the Energy Policy Act of 2005 is available in the public domain. Potential purchasers of the 2023A Bonds should consider the advisability of obtaining and reviewing such information.

FACTORS TO BE CONSIDERED IN INVESTING IN THE 2023A BONDS

No Acceleration Upon Default

Upon the occurrence and continuance of an Event of Default under the Transmission Bond Resolution, payment of the principal of and interest on the 2023A Bonds is not subject to acceleration. The Authority thus would be liable only for principal and interest payments as they became due, and the Transmission Bond Trustee would be required to seek a separate judgment for each payment, if any, not made.

Amounts recovered would be applied to unpaid installments of interest prior to being applied to unpaid principal and premium, if any, which had become due.

Regulatory and Rate Timing Risk

The Authority's rates for its transmission facilities are specified in the ATRR. The Authority annually determines that changes to the ATRR are necessary to respond to the Authority's needs and such changes are subject to a regulatory process that may result in an outcome that is not favorable to the Authority and the Authority's cash flows, including its ability to meet any coverage requirements, will be affected by the Authority's ability to include the Capital Costs of any SFP Transmission Project in its regulated rates. Factors which could adversely affect the Authority's ability to include Capital Costs in rates include (a) failure to timely file for a capital additions update, (b) a protracted dispute over an annual update, (c) disallowance of costs, (c) a change in the method of calculating or a reduction in the rate of return in a rate case and (d) failure to complete a SFP Transmission Project on a timely basis.

The Authority's cash flows, including its ability to meet any coverage requirements, may also be affected with respect to any Capital Costs included in rates to the extent that the Authority's operation and maintenance expenses in the annual period between any annual rate updates exceed the amount of such expenses included in the Authority's last approved transmission rate.

While the Authority is currently collecting CWIP for the Central East Energy Connect Transmission Project, the Authority will, once the project commences commercial operation, begin to recover its full return on its capital investment in addition to operational expenses. Due the FERC's regulatory framework, the regulatory and rate timing risks to each of the SFP Transmission Projects are as follows (1) there is a substantial default among the NYISO transmission service customers, such as load serving entities, that results in NYISO being unable to pay the transmission revenue requirement to transmission owners (see "— Risks Associated with NYISO" below) and (2) FERC reduces the Authority's permitted ROE.

The Authority will be required to rely on reserves held under the Transmission Resolution or the issuance of additional SFP Transmission Obligations to the extent that rates calculated in the forgoing manner are insufficient to cover all of the Authority's costs; provided however, that the option of issuing additional SFP Transmission Obligations will be available only if the Authority is able to satisfy the additional bonds test set forth in the Transmission Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023A Bonds- Additional SFP Transmission Obligations and Parity Debt." In order to meet such minimum coverages, the Authority may be required to reduce expenses, including by means of the deferral of maintenance and other cost reduction measures, that may affect the Authority's operational performance of its business activities. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2023A BONDS – Rate Covenant."

Regulation Generally

The operations of the Authority are subject to regulation or review by various State and federal agencies. The agencies having a regulatory impact on, or a monitoring function over, the Authority and the conduct of its activities, include, without limitation, FERC, the Environmental Protection Agency (the "EPA"), New York Department of Environmental Conservation, the New York State Comptroller, the New York State Inspector General, and the New York State Authorities Budget Office.

While the PSC has no jurisdiction over rates for power generated or transmitted by the Authority, the PSC's jurisdiction could be affected by the adoption of State legislation. The PSC does regulate the rates of the State's IOUs and certain municipal systems to which the Authority sells power and is empowered by the Public Service Law to issue Certificates of Environmental Compatibility and Public Need prior to the construction of power transmission lines of certain capacities and lengths. No assurance can be given that a future adverse regulatory action applicable to the State's investor-owned utilities will not have an adverse effect on the Authority's operations or revenues.

Many bills have been introduced in the United States House of Representatives, the United States Senate and the New York Legislature to alter the way the electric utility industry is regulated on the

federal or state level. No prediction can be made as to whether these bills or any future proposed federal or state bills will become law or, if they become law, what their final form or effect would be.

FERC has issued two notices of proposed rulemakings within the last two years that would either (i) double the current incentive for a transmission owner's participation in an ISO/RTO or (ii) remove the incentive entirely after a Transmission Owner had participated in an ISO/RTO for more than three years. As a transmission owning member of the NYISO that receives a 50-basis point adder for its participation in the NYISO, the outcome of these orders and proposals could affect (in a negative or positive way) the ATRR and ROE that the Authority receives on its investment in the 2023A SFP Transmission Project. One possible outcome could be the loss of the incentive thereby reducing the rate of return from 9.45% down to 8.95%.

As noted above, on April 21, 2022, FERC issued the Transmission NDPR in which FERC requested that interested parties submit comments on how FERC might reform regional transmission planning and cost allocation processes, the identification and allocation of cost responsibility for regional transmission facilities and interconnection-related network upgrades, and transmission oversight over how new transmission facilities are identified and paid for. While no final rule has been issued, a resulting final rule could fundamentally alter how transmission facilities are planned and how the costs for them are allocated.

Environmental Regulation

Electric utilities are subject to continuing environmental regulation affecting construction and operation of new facilities, upgrades to existing facilities and retirement or restrictions on operations. Federal, state and local laws, regulations, standards, and procedures which regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the Authority's facilities will remain subject to the regulations currently in effect, will always be in compliance with regulations, or will always be able to obtain all required operating permits. Changes in these requirements or the inability to comply with existing environmental standards could result in substantial additional capital expenditures to achieve or maintain compliance, or could result in reduced operating levels or the complete shutdown of individual electric generating units, which could have an adverse impact on Authority SFP Transmission Revenues.

Certain environmental laws can impose the entire cost or a portion of the cost of investigating and cleaning up a contaminated site, regardless of fault, upon any one or more of a number parties, including the current or previous owners or operators of the site. These environmental laws also impose liability on any person who arranges for the disposal or treatment of hazardous substances at a contaminated site. Some of the sites that the Authority currently or historically has owned or operated potentially could require investigation or remediation under environmental laws which could result in material costs for the Authority.

The PSC is the principal agency in the State regulating the generation, transmission and sale of electric power and energy. It has no jurisdiction over rates for power generated or transmitted by the Authority but does regulate the rates of the State's IOUs and certain municipal systems to which the Authority sells power. The PSC is empowered by the Public Service Law to issue Certificates of Environmental Compatibility and Public Need prior to the construction of power transmission lines of certain capacities and lengths.

Construction Risks

Completion of the 2023A SFP Transmission Project involves many risks common to large construction projects such as shortages of materials and labor, work stoppages, labor disputes, weather interferences, construction accidents, unforeseen engineering or environmental problems, and unanticipated cost increases, any of which could give rise to significant delays or cost overruns. Construction of the 2023A

SFP Transmission Project requires numerous federal, state and local governmental permits or approvals, many of which have already been obtained. In addition, the U.S. federal, state and local statutory and regulatory requirements (including requirements to obtain additional permits or approvals) applicable to the 2023A SFP Transmission Project are subject to change. No assurances can be given that the Authority will be able to comply with such changes or that such changes will not materially increase the costs of a particular project or cause delays.

Risks Associated with the NYISO

NYISO's ability to meet its payment obligations to the Authority is dependent upon the collection of charges imposed by the NYISO under its tariff for various services provided by the NYISO to Market Participants. NYISO is not financially liable for any amounts that it is unable to collect from the Market Participants. Consequently, nonpayment by one or more Market Participants could result in a shortfall in the amount of the proceeds of such charges that NYISO remits to the Authority. Such a shortfall could result in the amount of SFP Transmission Revenues that are transferred to the SFP Transmission Revenue Fund being less than the amount needed to pay the Authority's costs of the SFP Transmission Projects, including debt service on the 2023A Bonds and the elimination of all reserves held under the Transmission Bond Resolution with no other sources of funds being available to cover such deficiencies. NYISO has over 400 Market Participants that include transmission customers, transmission owners, load serving entities, suppliers and their designated agents, transmission congestion contract holders, transmission congestion contract purchasers and sellers, customers purchasing power or services, and any other entity, excluding NYISO that produces, transmits, sells, or purchases for resale capacity, energy or ancillary services. In the event a Market Participant does not timely pay their bill, the NYISO is required to issue to all Market Participants a notice of default and will pursue all efforts to collect from such Market Participant the money it owes to NYISO. Those efforts include, without limitation – liquidating the collateral of the Market Participant held by NYISO, entering into alternative security arrangements, drawing down on the Market Participants' letters of credit posted with the NYISO and initiating legal action. If these efforts are unsuccessful and unpaid amounts remain due, an officer of NYISO may issue an official "Bad Debt Loss" notification. Any bad debt losses are paid by all Market Participants on a dollar volume methodology allocation. To the extent such bad debt losses are attributable to SFP Transmission Revenues, they may have to be paid from reserves held under the Transmission Bond Resolution but are expected to be recoverable in the subsequent rate year as part of the Annual SFP Transmission Revenue Requirement. There can be no assurance that any such amounts ultimately recovered in such circumstance would be received in time to pay debt service on the 2023A Bonds as and when due.

Information Technology and Cybersecurity

The federal government recognizes the electric utility industry as critical infrastructure for the United States and works closely with the industry to ensure awareness of ongoing threats and that appropriate protections are in place against both physical and cyber-attacks. The Authority constantly assesses the nature of these risks and adjusts its resources to best anticipate and respond to any threats. With more than 1,400 circuit miles of high voltage transmission lines and 16 power generation facilities across the State, the Authority recognizes the critical nature of its assets and investments to harden physical and cyber assets, and their related infrastructure, are continually needed to minimize potential adverse impacts to the bulk electric system, detect and deter sabotage attempts, and protect the Authority and customer information. In the event of a cyber-attack that the Authority is unable to defend against or mitigate, the Authority may experience information system outages, data theft, discontinuity of services, damage to facilities or equipment, substantial loss of revenues or other financial impacts and may face increased regulation, litigation and damage to the Authority's reputation. The Authority further mitigates its cyber risk through the purchase of insurance.

In addition, the NYISO uses information technology systems to interact with the Authority and other market participants, administer its markets and operate the transmission system, as well as for other business purposes. While the NYISO has a comprehensive program and based on current industry standards and mandatory NERC guidelines to address physical and cybersecurity risks, the systems of the NYISO may be vulnerable to cyber-attacks, computer viruses, natural disasters, unauthorized access and other incidents which could disrupt the NYISO's ability to operate and collect charges.

Other Factors

The electric utility industry in general has been, and in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities, including the Authority, and the level of utilization of their generating and transmission facilities.

Electric and Magnetic Fields

Electric and magnetic fields ("EMF") exist wherever electricity flows, around high voltage transmission and distribution equipment ("power frequency EMF"), as well as near electrical appliances, computers, and other electrical devices. Epidemiological studies, clinical studies and laboratory experiments have shown that EMF can cause changes in living cells, but there is little evidence that these changes suggest any risk to human health. Claims for damages against electric utilities for injuries alleged to have been caused by power frequency EMF have increased electric utilities' attention to this issue. At this time, it is not possible to predict the extent of the costs and other impacts, if any, which power frequency EMF may have on the Authority and other electric utilities.

Catastrophic Natural Events and Infrastructure Failure

A catastrophic natural event such as severe weather, flooding or earthquake can negatively affect the operability of Authority assets and the bulk electric system. While the Authority regularly evaluates the resiliency of its assets and has implemented disaster planning programs, weather and natural events directly influence the demand for electricity and can substantially and negatively affect the Authority's operations. An outbreak of disease or similar public health threat, such as the COVID-19 pandemic, or fear of such an event, could have an adverse impact on the Authority's transmission operations. In addition, as a transmission business, the Authority is exposed to potential critical infrastructure failure that may lead to service disruption, injury and degradation of system reliability.

Other Factors

In addition to the factors affecting the electric utility industry and the Authority discussed above, such factors include, among others: (a) effects of compliance with rapidly changing environmental (including climate change), safety, licensing, regulatory and legislative requirements other than those described above, (b) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and "strategic alliances" of competing electric utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low-cost electricity, (c) the role of independent power producers and marketers, brokers and federal power marketing agencies in power markets, (d) effects of inflation on the operating and maintenance costs of an electric utility and its facilities, (e) changes from projected future load requirements, (f) increases in costs and uncertain availability of capital, (g) workforce challenges, and (h) legislative changes, voter initiatives, referenda and statewide propositions. Any one or more of these factors (as well as other factors) could have an adverse effect on the transmission assets and operations of the Authority to an extent that cannot be determined at this time.

Effects on the Authority

The foregoing is a brief discussion of certain factors affecting the electric utility industry and the Authority. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is, and will be available from legislative and regulatory bodies and other sources in the public domain, and potential purchasers of the 2023A Bonds should obtain and review such information.

TAX MATTERS

Opinions of Co-Bond Counsel

In the opinions of Hawkins Delafield & Wood LLP and Pearlman & Miranda, LLC, each Co-Bond Counsel to the Authority, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the 2023A Bonds is excluded from gross income

for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the 2023A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; however, for tax years beginning after December 31, 2022, interest on the 2023A Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under section 55 of the Code. In rendering its opinion, Co-Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and others in connection with the 2023A Bonds, and Co-Bond Counsel has assumed compliance by the Authority and others with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2023A Bonds from gross income under Section 103 of the Code.

In addition, in the opinions of Co-Bond Counsel, under existing statutes, interest on the 2023A Bonds is exempt from person income taxes imposed by the State or any political subdivision thereof, including the City.

Co-Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences arising with respect to the 2023A Bonds, or the ownership or disposition thereof, except as stated above. Co-Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, any facts or circumstances that may thereafter come to its attention, any change in law or in interpretation thereof that may thereafter occur, or for any other reason. Co-Bond Counsel expresses no opinion as to the consequences to any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Co-Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including without limitation, exclusion from gross income for federal income tax purposes of interest on the 2023A Bonds.

For the proposed forms of opinion of Co-Bond Counsel relating to federal and State tax matters, see APPENDIX B – “FORMS OF APPROVING OPINION OF CO-BOND COUNSEL.”

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2023A Bonds in order that interest on the 2023A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2023A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the 2023A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2023A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the 2023A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a 2023A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2023A Bonds.

Prospective owners of the 2023A Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross

income for federal income tax purposes. Interest on the 2023A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a 2023A Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the 2023A Bonds. In general, the issue price for each maturity of 2023A Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any 2023A Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2023A Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant-yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a 2023A Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2023A Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that 2023A Bond (a “Premium 2023A Bond”). In general, under Section 171 of the Code, an owner of a Premium 2023A Bond must amortize the bond premium over the remaining term of the Premium 2023A Bond, based on the owner’s yield over the remaining term of the Premium 2023A Bond determined based on constant yield principles (in certain cases involving a Premium 2023A Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium 2023A Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium 2023A, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium 2023A Bond may realize a taxable gain upon disposition of the Premium 2023A Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium 2023A Bond should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium 2023A Bond.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2023A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides

the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2023A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2023A Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the 2023A Bonds under federal or state law or otherwise prevent beneficial owners of the 2023A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2023A Bonds.

Prospective purchasers of the 2023A Bonds should consult their own tax advisors regarding the foregoing matters.

LEGALITY FOR INVESTMENT AND DEPOSIT

The Act provides that the 2023A Bonds will be legal investments under present provisions of State law for public officers and bodies of the State and municipalities and municipal subdivisions, insurance companies and associations and other persons carrying on an insurance business, banks, bankers and trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies, and other persons carrying on a banking business, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds of the State; but the 2023A Bonds will not be eligible for the investment of funds, including capital, of trusts, estates or guardianships under the control of individual administrators, guardians, executors, trustees and other individual fiduciaries, except when such individual fiduciary is acting with a corporate co-fiduciary. Under the Act, the 2023A Bonds will be eligible for deposit with all public officers and bodies of the State for any purpose for which the deposit of the State's obligations is or may be authorized.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization and issuance of the 2023A Bonds are subject to the approval of Hawkins Delafield & Wood LLP and Pearlman & Miranda, LLC, each Co-Bond Counsel to the Authority. The approving opinions of Co-Bond Counsel to be delivered with such 2023A Bonds will be in substantially the form attached to this Official Statement as APPENDIX B — "FORMS OF APPROVING OPINION OF CO-BOND COUNSEL." Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP. Certain legal matters are subject to the approval of Nixon Peabody LLP and Hardwick Law Firm LLC, each Co-Special Counsel to the Authority. Each of Co-Bond Counsel, Co-Special Counsel, and Underwriters' Counsel will receive compensation contingent upon the sale and delivery of the 2023A Bonds. From time to time, Co-Bond Counsel and Co-

Special Counsel each may represent one or more of the Underwriters in matters unrelated to the Authority or the 2023A Bonds.

UNDERWRITING

The underwriters listed on the cover page of this Official Statement (collectively, the “Underwriters”) have jointly and severally agreed, subject to certain conditions, to purchase the 2023A Bonds from the Authority at an aggregate purchase price of \$[] (which represents the par amount of the 2023A Bonds, less the underwriters’ discount of \$[], plus original issue premium of \$[]) and to make a public offering of the 2023A Bonds at prices that are not in excess of the public offering prices corresponding to the yields stated on the inside cover page of this Official Statement.

Goldman Sachs & Co. LLC is acting as the representative of the Underwriters with respect to the 2023A Bonds.

The 2023A Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The following paragraphs have been provided by the Underwriters:

Certain of the Underwriters may have entered into distribution agreements with other broker-dealers (that have not been designated by the Authority as Underwriters) for the distribution of the 2023A Bonds at the original issue prices.

Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Agreement, dated the date of the delivery of the 2023A Bonds, to be entered into by and between the Authority and the Transmission Bond Trustee (the “Continuing Disclosure Agreement”), the Authority will covenant, for the benefit of the Owners of the 2023A Bonds, to provide certain financial information and operating data relating to the Authority and the SFP Transmission Projects by no later than nine months after the end of each of the Authority’s fiscal years (presently, by each September 30) (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events with respect to the 2023A Bonds. Any filing under the Continuing Disclosure Agreement will be made solely by transmitting such filing to EMMA, currently located at <https://emma.msrb.org/>.

The specific nature of the information to be contained in the Annual Report and the notices of material events is set forth in the form of the Continuing Disclosure Agreement, which is included in its entirety in APPENDIX C – “FORM OF CONTINUING DISCLOSURE AGREEMENT” to this Official Statement. The Authority’s agreement will be made in order to assist the Underwriters in complying with Rule 15c2-12 adopted by the SEC under the Exchange Act as amended and in effect on the date hereof (“Rule 15c2-12”).

The annual financial and operating information for the year ended December 31, 2018 filed with EMMA by the Authority on September 30, 2019, did not include information for the “capacity and availability factors information by unit” required to be filed in accordance with the Authority’s continuing disclosure undertakings. Such capacity and availability information was filed with EMMA by the Authority on October 1, 2019.

RATINGS

Moody’s and S&P have assigned ratings of “[A1]” and “[AA]”, respectively, to the 2023A Bonds, with the understanding that, upon delivery of the 2023A Bonds, a municipal bond insurance policy will be issued by AGM. Moody’s, Fitch Ratings (“Fitch”) and Kroll Bond Rating Agency (“KBRA”) have assigned underlying ratings of “[A2]”, “[AA-]” and “[AA]” respectively, to the 2023A Bonds.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Moody’s Investors Service, 1 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, 55 Water Street, New York, New York 10041, Fitch Ratings, Fitch Ratings, One State Street Plaza, New York, New York 10004. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating agencies if, in the judgment of any or all of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the 2023A Bonds.

LITIGATION

There is no litigation pending or, to the knowledge of the Authority, threatened in any court (either State or federal) to restrain or enjoin the sale, issuance or delivery of the 2023A Bonds or questioning the creation, organization or existence of the Authority, the title to office of the Trustees or officers of the Authority, the validity of the Transmission Resolution, the Depository Trust Agreement, the proceedings for the authorization, execution, authentication and delivery of the 2023A Bonds or the validity of the 2023A Bonds.

FINANCIAL STATEMENTS

The Authority’s Consolidated Financial Statements for the years ended December 31, 2022 and December 31, 2021 (With Independent Auditors’ Report Thereon) and Management’s Discussion and Analysis (Unaudited) (the “2022 Financial Statements”) have been filed with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (“MSRB”), currently located at <https://emma.msrb.org/>. The 2022 Financial Statements contain information about projects financed with General Resolution Revenues, which revenues are not pledged as security for the obligations of the SFP Transmission Projects. KPMG LLP, the Authority’s independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. KPMG LLP has not performed any procedures on any financial statements or other financial information of the Authority, including without limitation any of the information contained in this Official Statement.

FINANCIAL ADVISOR

Hilltop Securities is acting as financial advisor to the Authority (the "Financial Advisor") in connection with the issuance of the 2023A Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the 2023A Bonds is contingent upon the issuance and delivery of the 2023A Bonds. The Financial Advisor has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the 2023A Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies.

MISCELLANEOUS

The references in this Official Statement to the Transmission Resolution, the Depository Trust Agreement, the General Resolution, the State Constitution, the Act, the Code, certain other legislation and certain contracts of the Authority are brief summaries and outlines of certain portions or provisions thereof. Such summaries and outlines do not purport to be complete, and reference is made to such documents, legislation, decisions, orders, actions, licenses, certifications, permits, and contracts for full and complete statements of such portions or provisions. Copies of such documents are on file at the offices of the Authority. All estimates and opinions presented herein are intended only as such and not as representations of fact.

The agreements with the Owners of the 2023A Bonds are fully set forth in the Transmission Resolution. This Official Statement does not constitute and is not intended to constitute a contract between the Authority and any Owner of any 2023A Bond.

All inquiries to the Authority relating to this Official Statement should be addressed to Treasurer, Power Authority of the State of New York, 123 Main Street, White Plains, New York 10601 (telephone number: (914) 681-6200)).

The delivery of this Official Statement has been duly authorized by the Authority.

POWER AUTHORITY OF THE STATE OF NEW YORK

By: _____
President and Chief Executive Officer

_____, 2023

SUMMARY OF CERTAIN PROVISIONS OF THE TRANSMISSION BOND RESOLUTION

The following is a summary of certain provisions of the Transmission Bond Resolution. The following summary is not to be considered a full statement of the terms of the Transmission Bond Resolution and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise previously defined in this Official Statement or defined below have the meaning set forth in the Transmission Bond Resolution.

Definitions

The following are definitions in summary form of certain terms contained in the Transmission Bond Resolution and used hereinafter:

“Authorized Investments” means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Authority’s funds pursuant to any law, to the extent permitted under any applicable regulation, guideline and policy of the Authority as each is in effect from time to time: (i) any security which is (a) a direct obligation of, or is unconditionally guaranteed by, the United States of America or the State for the payment of which the full faith and credit of the United States of America or the State is pledged or (b) an obligation of an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America; (ii) any obligation of any state or political subdivision of a state or of any agency or instrumentality of any state or political subdivision (“Municipal Bond”) which Municipal Bond is fully secured as to principal and interest by an irrevocable pledge of moneys or direct and general obligations of, or obligations guaranteed by, the United States of America, which moneys or obligations are segregated in trust and pledged for the benefit of the holder of the Municipal Bond, and which Municipal Bond is rated in the highest Rating Category by at least two Rating Agencies and provided, however, that such Municipal Bond is accompanied by (1) a Counsel’s Opinion to the effect that such Municipal Bond is not subject to redemption prior to the date the proceeds of such Municipal Bond will be required for the purposes of the investment being made therein and (2) a report of a nationally recognized independent certified accountant verifying that the moneys and obligations so segregated are sufficient to pay the principal of, premium, if any, and interest on the Municipal Bond; (iii) bonds, debentures, notes or other obligations issued or guaranteed by any of the following: Federal National Mortgage Association (including Participation Certificates), Government National Mortgage Association, Federal Financing Bank, Federal Home Loan Mortgage Corporation and Federal Home Loan Banks, Federal Housing Administration, Federal Farm Credit Banks Funding Corporation, Federal Farm Credit Banks, Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, or any other agency controlled by or supervised by and acting as an instrumentality of the United States government; (iv) obligations of any state of the United States of America or any political subdivision thereof or any agency, instrumentality or local government unit of any such state or political subdivision which shall be rated at the time of the investment in any of the three highest long-term Rating Categories or the highest short-term Rating Category by a Rating Agency; (v) certificates or other instruments that evidence ownership of the right to payments of principal of or interest on Municipal Bonds provided that such obligations shall be held in trust by a Bank meeting the requirements for a successor Transmission Bond Trustee pursuant to the Transmission Bond Resolution, and provided further that the payments of all principal of and interest on such certificates or such obligations shall be fully insured or unconditionally guaranteed by, or otherwise unconditionally payable pursuant to a credit support arrangement provided by, one or more financial institutions or insurance companies or associations which at the date of investment shall have an outstanding, unsecured, uninsured and unguaranteed debt issue rated in the highest Rating Category by a Rating Agency or, in the case of an insurer providing municipal bond insurance policies insuring the payment, when due, of the principal of and interest on Municipal Bonds, such insurance policy shall result in such Municipal Bonds being rated in the highest Rating Category by a Rating Agency; (vi) certificates that evidence ownership of the right to payments of principal of or interest on obligations described in clause (i) or (ii), provided that such obligations shall be held in trust by a Bank meeting the requirements for a successor Transmission Bond Trustee pursuant to the Transmission Bond Resolution; (vii) certificates of deposit, whether negotiable or non-negotiable, and banker’s acceptances of the 25 largest Banks (measured by

aggregate capital and surplus) in the United States or commercial paper issued by the parent holding company of any such Bank which at the time of investment has an outstanding unsecured, uninsured and unguaranteed debt issue rated in the highest short-term Rating Category by a Rating Agency (including the Transmission Bond Trustee and its parent holding company, if any, if it otherwise qualifies); (viii) any repurchase agreement or other investment agreement with any Bank as defined in clause (i) or (ii) of the definition thereof or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, which agreement is secured by any one or more of the securities described in clause (i) or (iii) above, which securities shall at all times have a market value of not less than the full amount of the repurchase agreement and be delivered to another such Bank, as custodian; (ix) any agreement or investment agreement with any insurance company or reinsurance company or investment affiliates thereof the obligations of which are rated by a Rating Agency in one of the two highest Rating Categories, which agreement is continuously secured by any one or more of the securities described in clause (i) or (iii) above, which securities shall at all times have a market value of not less than the full amount held or invested pursuant to the agreement and be delivered to a Bank as defined in clause (i) or (ii) of the definition thereof, as custodian; (x) obligations of any domestic corporation which shall be rated at the time of the investment in either of the two highest long-term Rating Categories or the highest short-term Rating Category by a Rating Agency; and (xi) any other investment in which the Authority is permitted to invest under applicable law, notwithstanding any limitations set forth in clauses (i) through (x) above.

“Authorized Representative” means any trustee of the Authority or officer of the Authority and any other person authorized by by-laws or resolution of the Authority to perform the act or sign the document in question.

“Bank” means any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank or savings and loan association chartered or organized under the laws of any state of the United States of America, or (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America.

“Business Day” means any day of the year other than (i) a Saturday or Sunday, (ii) any day on which banks located in New York, New York or the city in which the Principal Office of the Transmission Bond Trustee is located are required or authorized by law to remain closed, or (iii) any day on which the New York Stock Exchange is closed.

“Capital Costs” means the Authority’s costs of (i) physical construction of or acquisition of real or personal property or interests therein for any SFP Transmission Project, together with incidental costs of the Project (including legal, administrative, engineering, consulting and technical services, insurance and financing costs), working capital and reserves relating to a SFP Transmission Project deemed necessary or desirable by the Authority (including but not limited to costs of supplies, fuel, fuel assemblies and components or interests therein), and other costs properly attributable thereto; (ii) all capital improvements or additions, including but not limited to, renewals or replacements of or repairs, additions, improvements, modifications or betterments to or for any SFP Transmission Project; (iii) the acquisition of any other real property, capital improvements or additions, or interests therein, deemed necessary or desirable by the Authority for the conduct of its SFP Transmission Project business; (iv) any other purpose relating to any SFP Transmission Project for which bonds, notes or other obligations of the Authority may be issued under the Act or under other applicable State statutory provisions (whether or not also classifiable as an SFP Transmission Operating Expense); and (v) the payment of principal, interest, and redemption, tender or purchase price of any (a) SFP Transmission Obligations issued by the Authority for the payment of any of the costs specified above, (b) any Obligations issued to refund such SFP Transmission Obligations, or (c) SFP Transmission Obligations issued to pay Capitalized Interest; provided, however, that the term Capital Costs shall not include any costs of the Authority relating to a General Resolution Project.

“Capital Fund” means the SFP Transmission Capital Fund established pursuant to the Transmission Bond Resolution.

“Capitalized Interest” means that portion of the proceeds of any Obligations deposited in an account established in the Debt Service Fund, and interest earnings thereon to the extent retained in such account in accordance with the Supplemental Resolution authorizing such Obligations for the purpose of funding the payment of a portion of the interest on any Obligations.

“Consultant” means the independent accountant or firm of independent accountants, or a management consultant or firm of management consultants, or independent engineer or firm of independent engineers which, in any case, shall be of recognized standing in the field of electric transmission system consulting (and which may be the firm then serving as a consulting engineer or auditor of the Authority), selected by the Authority.

“Counsel’s Opinion” means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Authority.

“Credit Facility” means any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement thereof, which is obtained by the Authority and is issued by a financial, insurance or other institution and which provides security or liquidity in respect of any Outstanding Obligations, Parity Debt or Subordinated Indebtedness.

“Debt Service” for any Fiscal Year or part thereof means, as of any date of calculation, the sum of (i) with respect to any Outstanding SFP Transmission Obligations, an amount equal to the sum of (a) interest payable during such Fiscal Year or part thereof on such SFP Transmission Obligations, except to the extent that such interest is to be paid from amounts representing Capitalized Interest and (b) the Principal Installments of such SFP Transmission Obligations payable during such Fiscal Year or part thereof, and (ii) with respect to a Parity Reimbursement Obligation, an amount equal to the sum of (a) interest payable during such Fiscal Year or part thereof on such Parity Reimbursement Obligation and (b) the Principal Installments of such Parity Reimbursement Obligation payable during such Fiscal Year or part thereof. Such interest and Principal Installments shall be calculated on the assumption that (x) no such SFP Transmission Obligations, or Parity Reimbursement SFP Transmission Obligations Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment thereof upon stated maturity or upon mandatory redemption by application of Sinking Fund Installments, and (y) Variable Rate SFP Transmission Obligations will bear interest at the greater of (A) the rate or rates which were assumed by the Authority in the SFP Transmission Projects Budget for such Fiscal Year to be borne by Variable Rate SFP Transmission Obligations during such Fiscal Year or (B) the average rate or rates borne on Variable Rate SFP Transmission Obligations Outstanding during the twelve calendar months preceding the date of calculation, but at a rate not less than the rate or rates borne thereon as of such date of calculation; provided, however, that if the Authority has in connection with any Variable Rate SFP Transmission Obligations entered into a Financial Contract which provides that the Authority is to pay to the Qualified Counterparty an amount determined based upon a fixed rate of interest on the Outstanding principal amount of such Variable Rate SFP Transmission Obligations or that the Qualified Counterparty is to pay to the Authority an amount determined based upon the amount by which the rate at which such Variable Rate SFP Transmission Obligations bear interest exceeds a stated rate of interest on all or any portion of such Variable Rate SFP Transmission Obligations, it will be assumed that such Variable Rate SFP Transmission Obligation bears interest at the fixed rate of interest to be paid by the Authority or the rate in excess of which the Qualified Counterparty is to make payment to the Authority in accordance with such agreement.

“Debt Service Fund” means the SFP Transmission Debt Service Fund established pursuant to the Transmission Bond Resolution.

“Debt Service Reserve Fund” means the fund by that name established pursuant to the Transmission Bond Resolution.

“Defeasance Security” or **“Defeasance Securities”** means (a) an Authorized Investment as specified in clause (i) of the definition thereof, which is not callable or redeemable at the option of the issuer thereof; (b) any depositary receipt issued by a Bank as custodian with respect to any Defeasance Security which is specified in clause (a) above and held by such Bank for the account of the holder of such depositary

receipt, or with respect to any specific payment of principal of or interest on any such Defeasance Security which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the Defeasance Security or the specific payment of principal or interest evidenced by such depositary receipt; (c) any certificate of deposit specified in clause (vii) of the definition of Authorized Investments, including certificates of deposit issued by the Transmission Bond Trustee or by a Paying Agent; (d) an Authorized Investment as specified in clause (ii) of the definition thereof and (e) any other security designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing the SFP Transmission Obligations authorized by such Supplemental Resolution.

“Depository Agent” means the bank or trust company designated by the Authority to act as depository agent under the Depository Trust Agreement, and its successors and assigns.

“Depository Trust Agreement” means the Depository Trust Agreement, dated April 1, 2022, between the Depository Agent and the Authority, as amended and supplemented, and any similar agreement entered into by the Authority and a depository bank for the purpose of holding and allocating NYISO Commingled Payments in accordance with the Transmission Bond Resolution.

“Events of Default” has the meaning provided in the discussion of **Events of Default** below.

“FERC” means the Federal Energy Regulatory Commission or any successor federal regulatory agency having jurisdiction over electric transmission facilities.

“Fiduciary” or **“Fiduciaries”** means the Transmission Bond Trustee, any Registrar, any Paying Agent, or any or all of them, as may be appropriate.

“Fiscal Year” means the twelve-month period commencing on January 1 of each year; provided, however, that the Authority may at any time adopt a different twelve-month period as the Fiscal Year, in which case January 1, when used herein with reference to Fiscal Year, shall be construed to mean the first day of the first calendar month of such different Fiscal Year.

“General Resolution” means the Power Authority of the State of New York General Resolution authorizing Revenue Obligations adopted February 24, 1998, as amended or supplemented.

“General Resolution Operating Fund” means the Operating Fund established in Section 502 of the General Resolution.

“General Resolution Project” means any Project as defined in the General Resolution.

“Operating Fund” means the SFP Transmission Operating Fund established pursuant to the Transmission Bond Resolution.

“Operating Reserve Account” means the account by that name established pursuant to the Transmission Bond Resolution.

“Operating Reserve Account Minimum Requirement” means the greater of the amount specified in any Supplemental Resolution and the amount equal to one-half of the projected SFP Transmission Operating Expenses as set forth in the most recently adopted SFP Transmission Projects Budget.

“Outstanding,” when used with reference to Obligations or Obligations of a Series, means, as of any date, Obligations or Obligations of such Series theretofore or thereupon being delivered under the Transmission Bond Resolution except: (i) Any Obligations cancelled at or prior to such date; (ii) Obligations the principal and Redemption Price, if any, of and interest on which have been paid in accordance with the terms thereof; (iii) Obligations in lieu of or in substitution for which other Obligations shall have been delivered pursuant to the Transmission Bond Resolution; (iv) Obligations deemed to have been paid as provided in the Transmission Bond Resolution; and (v) Put Obligations tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Obligations on the applicable tender date, if the purchase price thereof and interest thereon shall have been paid or amounts are available and set aside for

such payment as provided in such Supplemental Resolution, except to the extent such tendered Put Obligations thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution.

“Owner” or any similar terms, means the registered owner of any Obligation as shown on the books for the registration and transfer of Obligations maintained in accordance with the Transmission Bond Resolution.

“Parity Contract Obligation” has the meaning provided in the discussion of Credit Facilities and Other Similar Arrangements; Parity Debt.

“Parity Debt” means any Parity Contract Obligation, Parity Reimbursement Obligation or Parity Swap Obligation

“Parity Reimbursement Obligation” has the meaning provided in the discussion of Credit Facilities and Other Similar Arrangements; Parity Debt.

“Person” means any individual, corporation, firm, partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability company, or other legal entity or group of entities, including a governmental entity or any agency or subdivision thereof.

“Principal Installment” means, as of any date of calculation and with respect to any Outstanding Obligations, (i) the principal amount of such Obligations (including (x) any amount designated in, or determined pursuant to, the applicable Supplemental Resolution, as the “principal amount” with respect to any Obligations which do not pay full current interest for all or any part of their term and (y) the principal amount of any Parity Reimbursement Obligation) due on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for such Obligations, or (iii) if such future dates coincide as to different Obligations, the sum of such principal amount of Obligations and of such unsatisfied balance of Sinking Fund Installments due on such future date.

“Purchase Price” means, with respect to any Obligation, 100% of the principal amount thereof plus accrued interest, if any, plus in the case of an Obligation subject to mandatory tender for purchase on a date when such Obligation is also subject to optional redemption at a premium, an amount equal to the premium that would be payable on such Obligation if redeemed on such date.

“Put Obligations” means Obligations which by their terms may be tendered by and at the option of the owner thereof, or are subject to a mandatory tender, for payment or purchase prior to the stated maturity or redemption date thereof.

“Rating Agency” means each nationally recognized securities rating agency then maintaining a rating on the Obligations at the request of the Authority.

“Rating Category” means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“Redemption Price” means, with respect to any Obligation, 100% of the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof pursuant to the Transmission Bond Resolution.

“Refunding Obligation” means an Obligation issued pursuant to and in accordance with the Transmission Bond Resolution.

“Registrar” means any registrar for the SFP Obligations of any Series and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Transmission Bond Resolution.

“Required Payments” means the amounts, if any, payable as SFP Transmission Operating Expenses, Debt Service, and payments under Parity Contract Obligations and Subordinated Indebtedness,

but in each case only to the extent such payments are required to be made from SFP Transmission Revenues.

“Revenue Fund” means the SFP Transmission Revenue Fund established pursuant to the Transmission Bond Resolution.

“Separately Financed Project” has the meaning assigned to it in the General Resolution.

“Series” means all of the SFP Obligations delivered on original issuance pursuant to a single Supplemental Resolution and denominated therein a single series, and any SFP Obligations thereafter delivered in lieu of or in substitution therefor pursuant to the Transmission Bond Resolution, regardless of variations in maturity, interest rate, or other provisions.

“SFP Transmission Obligations” means any obligations, issued in any form of debt, authorized by a Supplemental Resolution, including, but not limited to, bonds, notes, bond anticipation notes, and commercial paper, which are delivered under the Transmission Bond Resolution, but such term shall not include any Subordinated Contract SFP Transmission Obligation or Subordinated Indebtedness.

“SFP Transmission Operating Expenses” means the Authority’s expenses for operation, maintenance, ordinary repairs and ordinary replacements of any SFP Transmission Project, including, without limiting the generality of the foregoing, the costs of supplies, assemblies and components required by the Authority for the operation of any SFP Transmission Project, administrative expenses, insurance premiums, legal and engineering expenses, consulting and technical services, payments for energy conservation and load management programs, payments relating to electricity hedging instruments, payments for employee benefits, including payments to savings, pension, retirement, health and hospitalization funds, charges payable by the Authority pursuant to any licenses, orders or mandates from any agency or regulatory body having lawful jurisdiction, any payments in lieu of taxes or other payments to municipal governments agreed to be paid by the Authority and any taxes, governmental charges, and any other expenses required to be paid by the Authority, all to the extent properly and directly attributable to any SFP Transmission Project; financing costs of any Series of Obligations; the expenses, liabilities and compensation of the Fiduciaries required to be paid under the Transmission Bond Resolution or pursuant to any agreement executed by the Authority; all costs and expenses associated with or arising out of the research, development (including feasibility and other studies) and/or implementation of any project, facility, system, task or measure relating to any SFP Transmission Project deemed desirable or necessary by the Authority; and all other costs and expenses arising out of or in connection with the conduct of Authority business as related to any SFP Transmission Project, including those expenses the payment of which is not immediately required, such as those expenses referenced in the second paragraph of the discussion of Revenue Fund. Notwithstanding the foregoing, SFP Transmission Operating Expenses shall not include (i) any costs and expenses attributable to a General Resolution Project or any Separately Financed Project (other than SFP Transmission Projects) or (ii) any costs or expenses for new construction or for reconstruction other than restoration of any part of a SFP Transmission Project to the condition of serviceability thereof when new.

“SFP Transmission Project” means any project, facility, system, equipment, or material related to or necessary or desirable in connection with the transmission or distribution of electric energy, whether owned or leased jointly or singly by the Authority, including any transmission capacity in which the Authority has an interest or which it has a contractual right to use, heretofore or hereafter authorized by the Act or by other applicable State statutory provisions which has been designated by the Authority pursuant to a Supplemental Resolution as a Separately Financed Project under the General Resolution and a SFP Transmission Project for purposes of the Transmission Bond Resolution; provided, however, that the term “SFP Transmission Project” shall not include any Separately Financed Project not also constituting a SFP Transmission Project or any General Resolution Project.

“SFP Transmission Project Budget” means the budget adopted by the Authority for the SFP Transmission Projects in accordance with the Transmission Bond Resolution.

“SFP Transmission Revenues” consist of all revenues, rates, fees, charges, rents, proceeds from the sale of SFP Transmission Project assets, proceeds of insurance, and other income and receipts, as

derived in cash by or for the account of the Authority directly or indirectly from the ownership or operation of any SFP Transmission Project and not including any federal or state grant moneys the receipt of which is conditioned upon their expenditure for a particular purpose and not including General Resolution Revenues (as defined in the General Resolution).

“SFP Transmission Trust Estate” means (i) all SFP Transmission Revenues; (ii) the proceeds of sale of SFP Transmission Obligations until expended for the purposes authorized by the Supplemental Resolution authorizing such SFP Transmission Obligations; (iii) all funds, accounts and subaccounts established by the Transmission Bond Resolution, including investment earnings thereon; and (iv) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time conveyed, mortgaged, pledged, assigned or transferred as and for additional security for SFP Transmission Obligations by the Authority, or by anyone on its behalf, or with its written consent, to the Transmission Bond Trustee. The SFP Transmission Trust Estate does not include any real property, structures, facilities, or equipment owned by the Authority nor does the SFP Transmission Trust Estate include the General Resolution Revenues or any other rights and interests constituting part of the trust estate pledged under the General Resolution.

“Sinking Fund Installment” means, as of any particular date of calculation, the amount required, as of such date of calculation, to be paid by the Authority on a future date for the retirement of Outstanding SFP Obligations which are stated to mature subsequent to such future date, but does not include any amount payable by the Authority by reason only of the maturity of an SFP Obligation.

“Subordinated Contract SFP Transmission Obligations” means any payment obligation (other than a payment obligation constituting Parity Debt or Subordinated Indebtedness) arising under (a) any Credit Facility which has been designated as constituting a “Subordinated Contract Obligation” for purposes of the Transmission Bond Resolution in a certificate of an Authorized Officer delivered to the Transmission Bond Trustee, (b) any Qualified Swap which has been designated as constituting a “Subordinated Contract Obligation” for purposes of the Resolution in a certificate of an Authorized Officer delivered to the Trustee, and (c) any other contract, agreement or other obligation relating to Parity Debt or Subordinated Indebtedness or a SFP Transmission Project authorized by resolution of the Authority and designated as constituting a “Subordinated Contract Obligation” for purposes of the Transmission Bond Resolution in a certificate of an Authorized Officer delivered to the Transmission Bond Trustee. Each Subordinated Contract Obligation shall be payable from the SFP Transmission Trust Estate subject and subordinate to the payments to be made with respect to the SFP Transmission Obligations and Parity Debt, as provided for in the Transmission Bond Resolution and which shall be secured by a lien on and pledge of the SFP Transmission Trust Estate junior and inferior to the lien on and pledge of the SFP Transmission Trust Estate created pursuant to the Transmission Bond Resolution for the payment of the SFP Transmission Obligations and Parity Debt

“Subordinated Indebtedness” means any bond, note or other indebtedness issued or incurred to finance costs associated with or related to a SFP Transmission Project authorized by resolution of the Authority and designated as constituting “Subordinated Indebtedness” for purposes of the Transmission Bond Resolution in a certificate of an Authorized Officer delivered to the Transmission Bond Trustee, which shall be payable from the SFP Trust Estate subject and subordinate to the payments to be made with respect to the SFP Transmission Obligations and Parity Debt and which shall be secured by a lien on and pledge of the SFP Trust Estate junior and inferior to the lien on and pledge of the SFP Trust Estate created for the payment of the SFP Transmission Obligations and Parity Debt.

“Supplemental Resolution” means any resolution supplemental to or amendatory of the Transmission Bond Resolution, adopted by, or adopted pursuant to authorization granted by, the Authority in accordance with the Transmission Bond Resolution.

“Transmission Bond Resolution” means the Power Authority of the State of New York General Resolution authorizing Transmission Project Revenue Bonds adopted on December 7, 2021, as from time to time amended or supplemented by any Supplemental Resolutions.

“Transmission Bond Trustee” means The Bank of New York Mellon, as appointed in accordance with the Transmission Bond Resolution, and its successor or successors and any other Person which may at any time be substituted in its place pursuant to the Transmission Bond Resolution.

Conditions for Issuance of SFP Transmission Obligations

General Provisions for Issuance of SFP Transmission Obligations. SFP Transmission Obligations may be issued pursuant to a Supplemental Resolution for the SFP Transmission Project to be financed with such SFP Transmission Obligations in such principal amount or amounts for each such Series as may be specified in such Supplemental Resolution. A Supplemental Resolution shall specify, among other things, the purpose or purposes for which such SFP Transmission Obligations are being issued, the authorized principal amount and Series of such SFP Transmission Obligations, the maturity date or dates and interest rate or rates of the SFP Transmission Obligations, the forms of the SFP Transmission Obligations which shall specify terms with respect to tender or redemption, if any, and setting forth a description of the SFP Transmission Project to be financed with such SFP Transmission Obligations, which Supplemental Resolution shall set forth the Authority’s determination that such project is being or has been designated a SFP Transmission Project and that, on and after the issuance of such SFP Transmission Obligations such SFP Transmission Project is and will be a Separately Financed Project, certified by an Authorized Officer . Such SFP Transmission Obligations shall be delivered by the Authority under the Transmission Bond Resolution, which upon the delivery of, among other things, a Supplemental Resolution authorizing such SFP Transmission Obligations, a Counsel’s Opinion with respect to the validity of the SFP Transmission Obligations and a certificate of an Authorized Officer to the effect that the costs of the SFP Transmission Project to be financed with such SFP Transmission Obligations are (a) eligible to be recovered either (i) under a FERC approved tariff as part of the Authority’s TRR or (ii) to the extent that no approval by FERC is required for such tariff, under a tariff approved by the applicable regulatory body, if any, or (b) are expected to be eligible to be so recoverable, and that upon delivery of the SFP Transmission Obligations, the Authority will not be in default in the performance of the terms and provisions of the Transmission Bond Resolution or of any of the SFP Transmission Obligations.

In addition, except in the case of Refunding SFP Transmission Obligations, a certificate as to the matters referred to in either subparagraph (A) or (B) below, as follows:

(A) A Certificate of an Authorized Representative of the Authority setting forth (i) the SFP Transmission Revenues for any 12 consecutive calendar months out of the 18 calendar months immediately preceding the month in which such SFP Transmission Obligations are to be issued, (ii) the Debt Service and the amount payable under all Parity Debt, during such 12 month period for which SFP Transmission Revenues are set forth pursuant to clause (i), excluding in each case any amount thereof paid from sources other than SFP Transmission Revenues, and (iii) the sum of the Required Payments for such 12 month period (excluding Required Payments for the payment of Outstanding SFP Transmission Obligations and Parity Debt), and showing that the amount set forth in clause (i) is at least equal to the sum of (i) 120% of Debt Service, and amounts under all Parity Debt, payable by the Authority in such 12 month period, (ii) 100% of the SFP Transmission Operating Expenses payable in such 12 month period and all other Required Payments and all other payments required for the SFP Transmission Projects for such 12 month period; or

(B) A Certificate of an Authorized Representative of the Authority setting forth (i) the estimated SFP Transmission Revenues for each of the full Fiscal Years in the period beginning with the Fiscal Year in which such SFP Transmission Obligations are authenticated and delivered and ending with the fifth full Fiscal Year after such date of authentication and delivery, (ii) the estimated Debt Service and estimated amounts payable under all Parity Debt during each Fiscal Year for which SFP Transmission Revenues are estimated, (iii) the projected Debt Service and projected amounts payable under Parity Debt projected to be issued for any purpose during each Fiscal Year for which SFP Transmission Revenues are estimated, and (iv) the sum of the estimated and projected Required Payments for each such Fiscal Year (excluding Required Payments for the payment of Outstanding SFP Transmission Obligations and Parity Debt), and showing that for each such Fiscal Year the amount set forth in clause (i) is at least equal to the sum of (x) 120% of estimated Debt Service and amounts estimated to be payable under all Parity Debt, payable by the

Authority in each such Fiscal Year, (y) 100% of the SFP Transmission Operating Expenses payable in each such Fiscal Year and (z) all other Required Payments and all other payments required for the SFP Transmission Projects for each such Fiscal Year. The Authorized Representative of the Authority may base his or her estimates and projections upon historical SFP Transmission Revenues, Debt Service and Operating Expense, the amounts reflected in the SFP Transmission Projects budget and such other factors as he or she shall consider reasonable, a statement to which effect shall be included in such Certificate.

For purposes of paragraphs (A) and (B) above, (i) SFP Transmission Revenues shall include any amounts withdrawn in any Fiscal Year from the Operating Reserve Account which were on deposit therein prior to such Fiscal Year, to the extent the amount remaining in the Operating Reserve Account after such withdrawal at least equals the Operating Reserve Account Minimum Requirement, (ii) SFP Transmission Revenues shall not include any proceeds from the sale of SFP Transmission Project assets or proceeds of insurance, and (iii) any Debt Service, Parity Debt payments and other Required Payments shall not include any amounts thereof expected by the Authority to be paid from any funds, other than SFP Transmission Revenues, reasonably expected by the Authority to be available therefor (including without limitation the anticipated receipt of proceeds of sale of SFP Transmission Obligations or Subordinated Indebtedness, or moneys not a part of the SFP Transmission Trust Estate, expected by the Authority to be used to pay the principal of SFP Transmission Obligations, Parity Debt or Subordinated Indebtedness), which expectations, if included in a resolution of the Authority or Certificate of an Authorized Representative of the Authority filed with the Transmission Bond Trustee, shall be conclusive.

(Resolution, Sec. 202)

Refunding SFP Transmission Obligations. Nothing in the Transmission Bond Resolution shall preclude or limit the issuance of SFP Transmission Obligations for the purpose of refunding other SFP Transmission Obligations if such refunding SFP Transmission Obligations are issued in compliance with the Transmission Bond Resolution. The Authority will execute Refunding SFP Transmission Obligations and deliver them to the Transmission Bond Trustee for authentication upon receipt by the Transmission Bond Trustee of documents including, among others, Bond Counsel's Opinion, Supplemental Resolution, and Certificate that the Authority will not be in default in the performance of the terms and provisions of the Transmission Bond Resolution or of any of the SFP Transmission Obligations and a Certificate of Authorized Representative of the Authority evidencing that after the issuance of the Refunding SFP Transmission Obligations and the application of the proceeds thereof to the redemption or defeasance of the Obligation to be refunded, the Debt Service payable in any Fiscal Year (or portion thereof) during which SFP Transmission Obligations were scheduled to be outstanding prior to the issuance of such Refunding SFP Transmission Obligations will be no higher than the Debt Service payable prior to the issuance of such Refunding SFP Transmission Obligations. For the avoidance of doubt, SFP Transmission Obligations may also be issued for the purpose of refunding other SFP Transmission Obligations if such refunding SFP Transmission Obligations are issued in compliance with the provisions described above under "*General Provisions for Issuance of SFP Transmission Obligations.*"

(Resolution, Sec. 203)

Book-Entry-Only System

Notwithstanding any other provision of the Transmission Bond Resolution, the Authority may employ a book-entry-only system of registration with respect to any SFP Transmission Obligations, and the procedures regarding such registration shall be set forth in the Supplemental Resolution authorizing such SFP Transmission Obligations. Any provisions of the Transmission Bond Resolution inconsistent with book-entry-only SFP Transmission Obligations shall not be applicable to such book-entry-only SFP Transmission Obligations.

(Resolution, Sec. 309)

Credit Facilities and Other Similar Arrangements; Parity Debt

The Authority may include such provisions in a Supplemental Resolution authorizing the issuance of a Series of SFP Transmission Obligations secured by a Credit Facility as the Authority deems appropriate, and no such provisions shall be deemed to constitute an amendment to the Transmission Bond Resolution.

In connection with a Credit Facility, the Authority may enter into such agreements with the issuer of such Credit Facility providing for, inter alia: (i) the payment of fees and expenses to such issuer for the issuance of such Credit Facility, (ii) the terms and conditions of such Credit Facility and the SFP Transmission Obligations affected thereby, and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

The Authority may secure such Credit Facility by an agreement providing for the purchase of the SFP Transmission Obligations secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Authority in the applicable Supplemental Resolution. The Authority may also in an agreement with the issuer of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility (together with interest thereon, the **"Reimbursement Obligation"**); provided, however, that no Reimbursement Obligation shall be created, for purposes of the Transmission Bond Resolution, until amounts are paid under such Credit Facility. Any such Reimbursement Obligation which may include interest calculated at a rate higher than the interest rate on the related Obligation, may be secured by a pledge of, and a lien on, the SFP Transmission Trust Estate on a parity with the lien created by the Transmission Bond Resolution to secure the Obligations (a **"Parity Reimbursement Obligation"**), but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirements for such related Obligations, without acceleration, or may constitute a Subordinated Contract SFP Transmission Obligation, as determined by the Authority. In addition, the Authority may enter into a Reimbursement Obligation with respect to a Credit Facility securing Parity Debt, and any such Reimbursement Obligation may be a Parity Reimbursement Obligation (but only to the extent principal amortization requirements with respect to such reimbursement are substantially equal to the amortization requirements including principal payments in connection with any optional or mandatory tender for purchase for such related Parity Debt, without acceleration) or may constitute a Subordinated Contract SFP Transmission Obligation, as determined by the Authority. Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification, or other obligations to any such provider, or any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advance that are more accelerated than the amortization requirements on such related Obligations or Parity Debt, which payments shall be Subordinated Contract SFP Transmission Obligations.

In connection with the issuance of any SFP Transmission Obligations or at any time thereafter so long as SFP Transmission Obligations remain Outstanding, the Authority may, to the extent from time to time permitted pursuant to law, enter into Qualified Swaps. The Authority's obligation to pay any amount under any Qualified Swap may be secured by a pledge of, and a lien on, the SFP Transmission Trust Estate on a parity with the lien created by the Transmission Bond Resolution to secure the SFP Transmission Obligations (a **"Parity Swap Obligation"**), or may constitute a Subordinated Contract SFP Transmission Obligation, as determined by the Authority. Parity Swap Obligations shall not include any payments of any termination or other fees, expenses, indemnification or other obligations to a counterparty to a Qualified Swap, which payments shall be Subordinated Contract SFP Transmission Obligations.

The Authority's obligation to pay that portion of any rates, fees, charges or payments which the Authority is contractually obligated to pay to another entity for fuel, energy or power, for the specific purpose of meeting principal or interest or both on that entity's obligations directly associated with such contract and payable to such entity regardless of whether fuel or energy is delivered or made available for delivery, may be secured by a pledge of, and lien on, the SFP Transmission Trust Estate on a parity with the lien created by the Transmission Bond Resolution to secure the Obligations (a **"Parity Contract Obligation"**), or may constitute a Subordinated Contract SFP Transmission Obligation or an Operating Expense, as determined by the Authority.

(Resolution, Sec. 310)

Pledge of SFP Transmission Revenues and Funds

The SFP Transmission Trust Estate is pledged for the payment of the principal and Redemption Price of, and interest on, the SFP Transmission Obligations and, on a parity basis, the Parity Debt, in accordance with their terms and the provisions of the Transmission Bond Resolution. Such pledge shall be valid and binding from and after the date of adoption of the Transmission Bond Resolution, and the SFP Transmission Trust Estate shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof.

(Resolution, Sec. 501)

The Transmission Bond Resolution establishes the following funds:

- (1) Revenue Fund, to be held by the Authority;
- (2) Operating Fund, to be held by the Authority;
- (3) Debt Service Fund, to be held by the Transmission Bond Trustee; and
- (4) Capital Fund, to be held by the Authority.

An Operating Reserve Account is established in the Operating Fund to be held by the Authority. A Debt Service Reserve Fund or Funds may be established as provided in the Transmission Bond Resolution, to be held by the Authority or the Transmission Bond Trustee as shall be specified in the Supplemental Resolution establishing such fund or funds. The Authority may establish one or more additional funds, accounts or subaccounts by delivering to the Transmission Bond Trustee a certificate of an Authorized Officer. The Transmission Bond Trustee shall have no obligation to invest or reinvest any amounts held thereunder in the absence of written investment direction from the Authority.

(Resolution, Sec. 502)

Revenue Fund

The Transmission Bond Resolution establishes that the Authority shall deposit into the Revenue Fund, as promptly as practicable after receipt thereof and no later than five (5) Business Days, all SFP Transmission Revenues, unless required by the Transmission Bond Resolution to be deposited to any other Fund or Account. All other amounts required by the Transmission Bond Resolution shall also be deposited in the Revenue Fund.

Amounts deposited into the Revenue Fund shall be withdrawn on or prior to the last Business Day of each calendar month unless provided otherwise. The amounts withdrawn shall be paid in the following order of priority: (a) to the Operating Fund in the amount determined by the Authority but which shall not be less than the aggregate amount of the SFP Transmission Operating Expenses expected to be payable in the next succeeding calendar month minus the amount then held in the Operating Fund to pay SFP Transmission Operating Expenses; (b) to the Debt Service Fund in the amount not less than the amount payable as Debt Service in the next succeeding calendar month on SFP Transmission Obligations or other Parity Debt minus the amount then held in the Debt Service Fund to pay such Debt Service in the next calendar month; (c) to the Operating Reserve Account to fund any shortfall in the Operating Reserve Account as determined by the Transmission Bond Resolution; (d) to the Debt Service Reserve Fund to fund any shortfall in the Debt Service Reserve Fund in the event there is a deficiency as described in the Transmission Bond Resolution and the applicable Supplemental Resolution; (e) to the payment of principal of and interest on any Subordinated Indebtedness or payments of amounts due in the next succeeding calendar month under any Subordinated Contract SFP Transmission Obligation; (f) to the Capital Fund in the amount, if any, determined by the Authority; and (g) during the last calendar month of any Fiscal Year, amounts may be applied for any lawful corporate purpose as determined by the Authority, so long as the Authority has determined that the amounts withdrawn are not expected to be needed for any of the above purposes, with the exclusion of the Capital Fund.

Prior to any withdrawal pursuant to clause (g) above, the Authority shall have transferred the amounts required to be transferred by the last Business Day of such month pursuant to clauses (a), (b), (c), (d), or (e) above and shall have determined, taking into account, among other considerations, anticipated future receipts of SFP Transmission Revenues or other moneys constituting part of the SFP Transmission Trust Estate, that (i) the funds to be so withdrawn are not expected to be needed for any of the purposes set forth in clauses (a), (b), (c), (d), or (e) above in any future Fiscal Year, and (ii) the Authority is not in default under this Resolution and (iii) the Authority was in compliance with the rate covenant set forth in the Transmission Bond Resolution.

The Authority shall from time to time, and in all events prior to any withdrawal of moneys from the Revenue Fund pursuant to clause (g) of the paragraph above, determine (i) the amount, to be held in the Operating Reserve Account, which in the judgment of the Authority is adequate for the purpose of providing for the costs of emergency repairs or replacements essential to restore or prevent physical damage to, and prevent loss of SFP Transmission Revenues from, any SFP Transmission Project and to meet the costs of major renewals, replacements, repairs, additions, betterments and improvements with respect to any SFP Transmission Project necessary to keep the same in operating condition or required by any governmental agency having jurisdiction over such SFP Transmission Project, which amount shall be no less than the Operating Reserve Account Minimum Requirement.

The Transmission Bond Resolution provides that purchases of SFP Transmission Obligations or Subordinated Indebtedness from amounts in the Revenue Fund shall be made at the direction of the Authority, with or without advertisement and with or without notice to other holders of SFP Transmission Obligations or Subordinated Indebtedness.

Amounts in the Revenue Fund may in the discretion of the Authority be invested in Authorized Investments. Earnings on moneys and investments in the Revenue Fund shall be deposited in the Revenue Fund. The Authority may sell any such Authorized Investments at any time and the proceeds of such sale shall be deposited in the Revenue Fund.

(Resolution, Sec. 503)

Operating Fund

The Authority shall pay into the Operating Fund all amounts transferred to the Operating Fund from the Revenue Fund. The Authority shall also pay into the Operating Fund such portion of the proceeds of any Series of SFP Transmission Obligations which may have been issued to pay SFP Transmission Operating Expenses as shall be specified pursuant to the Supplemental Resolution authorizing such Series. Amounts in the Operating Fund shall be paid out or accumulated or withdrawn from time to time for the payment of reasonable and necessary SFP Transmission Operating Expenses or accumulation in the Operating Reserve Account as a reserve (i) for working capital, (ii) for such SFP Transmission Operating Expenses the payment of which is not immediately required, or (iii) as deemed necessary or desirable by the Authority to comply with orders or other rulings of an agency or regulatory body having lawful jurisdiction.

Any amounts set aside by the Authority in the Operating Reserve Account may be used by the Authority as determined by the Authority for the purpose of paying all or a portion of the interest, principal or Redemption Price of SFP Transmission Obligations and payment of Parity Debt, on a parity basis.

Amounts in the Operating Fund may in the discretion of the Authority be invested in Authorized Investments with earnings thereon deposited in the Revenue Fund.

(Resolution, Sec. 504)

Capital Fund

The Transmission Bond Resolution provides that the Authority shall pay into the Capital Fund the amounts required to be so paid pursuant to the Transmission Bond Resolution and any Supplemental Resolution authorizing the issuance of any Series of SFP Transmission Obligations, for the purpose of financing Capital Costs, including, without limitation, the portion of the proceeds of any such SFP Transmission

Obligations specified in such Supplemental Resolution, except as may be otherwise provided in a Supplemental Resolution with respect to those Capital Costs referenced in clauses (iv) or (v) of the definition thereof. Amounts in the Capital Fund shall be applied solely to the Capital Costs of the Authority. Any amounts in the Capital Fund which are in excess of the amounts required to pay for such costs may at the direction of the Authority be transferred to the Revenue Fund. Amounts in the Capital Fund may in the discretion of the Authority be invested in Authorized Investments. Earnings on moneys and investments in the Capital Fund shall be deposited in the Capital Fund. The Authority may, and to the extent required for payments from the Capital Fund shall, sell any such obligations at any time, and the proceeds of such sale and of all payments of principal or interest received at maturity or upon redemption or otherwise of such obligations shall be deposited in the Capital Fund. In addition, the Transmission Bond Resolution requires that amounts in the Capital Fund must be applied to the payment of principal and Redemption Price of and interest on the SFP Transmission Obligations and the payment of Parity Debt, on a parity basis, when due at any time that other moneys are not available therefor.

(Resolution, Sec. 505)

Debt Service Fund

For all Outstanding SFP Transmission Obligations and Parity Debt, the Transmission Bond Trustee shall pay when due the moneys on deposit in the Debt Service Fund in the amounts required for the payment of the Principal Installments and the interest due on SFP Transmission Obligations or Parity Debt and, on any redemption date or date of purchase, the amounts required for the payment of accrued interest on the SFP Transmission Obligations to be redeemed or purchased.

As soon as practicable after the forty fifth day preceding the due date of any Sinking Fund Installment, the Transmission Bond Trustee shall proceed to call for redemption, pursuant to the Transmission Bond Resolution, on such due date, SFP Transmission Obligations of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the SFP Transmission Obligations of such Series and maturity. The Transmission Bond Trustee shall so call such SFP Transmission Obligations for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable Redemption Price thereof on the redemption date. The Transmission Bond Trustee shall apply to the redemption of the SFP Transmission Obligations on each such redemption date the amount required for the redemption of such SFP Transmission Obligations.

In the event of the refunding of any SFP Transmission Obligations, the Transmission Bond Trustee shall, upon the written direction of the Authority, withdraw from the Debt Service Fund all or any portion of amounts accumulated therein with respect to the SFP Transmission Obligations to be refunded and deposit such amounts as provided in such written direction.

In the event that there are not sufficient moneys available to pay SFP Transmission Obligations payable on any date, then moneys shall be paid out of any available Debt Service Reserve Fund to the extent permitted and available under the applicable Supplemental Resolution. Amounts in the Debt Service Fund may, in the discretion of the Authority, be invested in Authorized Investments with earnings thereon deposited in the Debt Service Fund.

(Resolution, Sec. 506)

Debt Service Reserve Fund and other Funds

The Authority may establish a reserve fund and/or any other fund or funds pursuant to the applicable Supplemental Resolution for the purpose of paying or securing a particular issue or series of SFP Transmission Obligations and the amounts or Credit Facilities once deposited in said funds shall be held solely for the benefit of the Owners of the particular issue or series or group of issues or series of SFP Transmission Obligations for which such fund was established. Any such funds shall be established in or pursuant to the Supplemental Resolution related to such series or issue of SFP Transmission Obligations and amounts or Credit Facilities deposited therein shall be available to pay such series of issue of SFP

Transmission Obligations in accordance with the terms of such Supplemental Resolution and, subject to such Supplemental Resolution and the discretion of the Authority, may be invested in Authorized Investments.

(Resolution, Sec. 508)

Maintenance of SFP Transmission Projects as Separately Financed Projects under General Resolution

The Authority shall pay all the debt service on all SFP Transmission Obligations and all such other bonds, notes, or other obligations or evidences of indebtedness, if any, issued to finance the SFP Transmission Projects and the Authority's share of any operating expenses related to such SFP Transmission Projects (including, without limitation, SFP Transmission Operating Expenses), solely from SFP Transmission Revenues or from funds withdrawn by the Authority from the General Resolution Operating Fund pursuant to the General Resolution. However, nothing in the Transmission Bond Resolution requires that any funds be withdrawn from the General Resolution Operating Fund to pay any costs related to the SFP Transmission Projects. The Authority shall keep the Funds and Accounts established under the Transmission Bond Resolution separate and distinct from those established under the General Resolution and any other bond resolution and all contracts expected to require payments by the Authority greater than \$5,000,000 in any Fiscal Year solely for the purpose of constructing and operating SFP Transmission Projects, paying SFP Transmission Operating Expenses or Capital Costs of Transmission Projects, or in connections with any SFP Transmission Obligations, Subordinated Indebtedness or Subordinated Contract SFP Transmission Obligations shall expressly provide that amounts payable by the Authority shall be payable solely from SFP Transmission Revenues and from other moneys available under the Transmission Bond Resolution.

(Resolution, Sec. 605)

Operation and Maintenance Covenant

The Authority shall at all times operate or cause to be operated each SFP Transmission Project in a sound and economical manner and shall maintain, preserve and keep the same or cause the same to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation thereof may be properly and advantageously conducted; provided, however, that nothing herein contained shall be construed to prevent the Authority from ceasing to operate or maintain, or from leasing or disposing of, any SFP Transmission Projects if, in the judgment of the Authority it is advisable to lease, dispose of, or not to operate and maintain the same and the operation thereof shall not be essential to the maintenance and continued operation of the rest of the Authority's SFP Transmission Projects, and, in the judgment of the Authority, does not materially impair the ability of the Authority to comply with the rate covenant described below, and provided, further, however, the sale-leaseback or the lease-leaseback of any Transmission Project or other similar contractual arrangements, the effect of which is that the Authority continues to retain as part of the SFP Transmission Trust Estate the SFP Transmission Revenues from such SFP Transmission Project, shall not constitute a lease or disposition of such SFP Transmission Project for purposes of this Section.

(Resolution, Sec. 606)

Rate Covenant

The Authority shall establish and maintain or cause to be established and maintained SFP Transmission Project fees, rates, rents, charges and surcharges, sufficient, in each Fiscal Year so that SFP Transmission Revenues reasonably expected to be produced in such Fiscal Year, will be at least equal to the sum of (i) 120% of Debt Service, and amounts payable under all Parity Debt, payable by the Authority in such Fiscal Year, (ii) 100% of the Operating Expenses payable in such Fiscal Year and (iii) all other Required Payments and all other payments required pursuant to the Transmission Bond Resolution and all other payments required for the SFP Transmission Projects for such Fiscal Year. However, if such fees, rates, rents, charges and surcharges are insufficient but the Authority promptly takes action reasonably expected by the Authority to cure or avoid any such deficiency or to cause the same to be cured or

avoided, or if the Authority complies with the provisions of subsection (d) of this Section of the Transmission Bond Resolution, it will not constitute a violation of this Section.

For purposes of the provision described above, at any time, (i) SFP Transmission Revenues shall include any amounts withdrawn or expected to be withdrawn thereafter in any Fiscal Year from the Operating Reserve Account which were on deposit therein prior to such Fiscal Year, (ii) SFP Transmission Revenues shall not include any proceeds from the sale of SFP Transmission Project assets or proceeds of insurance relating to any SFP Transmission Project, and (iii) Debt Service, Parity Contract Obligations and other Required Payments shall not include any amounts thereof expected by the Authority to be paid from any funds, other than SFP Transmission Revenues, reasonably expected by the Authority to be available therefor including, without limitation, the anticipated receipt of proceeds of sale of SFP Transmission Obligations or Subordinated Indebtedness, or moneys not a part of the SFP Transmission Trust Estate, expected by the Authority to be used to pay the principal of SFP Transmission Obligations, Parity Contract SFP Transmission Obligations or Subordinated Indebtedness, which expectations, if included in a resolution of the Authority or Certificate of an Authorized Representative, shall be conclusive.

The Authority shall annually review the adequacy of SFP Transmission Project fees, rates, rents, charges and surcharges and, if such review indicates they will be insufficient, take prompt action to cure or avoid any such deficiency. The Authority will not furnish or supply use or service of the SFP Transmission Projects free of charge, except to the extent required by law.

Failure to comply with the covenant contained in subsection (a) of this Section of the Transmission Bond Resolution shall not constitute an Event of Default if the Authority retains a Consultant for purposes of reviewing the SFP Transmission Project fees, rates, rents, charges and surcharges and reviewing the SFP Transmission Project Budget that produces a schedule of SFP Transmission Project fees, rates, rents, charges and surcharges that would provide funds sufficient to meet the covenant contained in subsection (a) and the Authority seeks to have such schedule approved by the appropriate regulatory authority or authorities and implement such changes to the SFP Transmission Projects Budget.

If the Consultant shall be of the opinion, as shown by a certificate filed with the Bond Transmission Trustee, that a schedule of fees, rates, rents, charges and surcharges for the SFP Transmission Project and such changes to the SFP Transmission Project Budget which would provide funds to meet the requirements specified in such covenant is impracticable at that time and the Authority therefore cannot comply with such covenant, then the Authority shall seek to have such schedule of SFP Transmission Project fees, rates, rents, charges and surcharges as is recommended in such certificate by the Consultant to comply as nearly as practicable with such covenant be established by the appropriate regulatory authority or authorities and implement such changes to the SFP Transmission Projects Budget as may be recommended in such Certificate by the Consultant, and in such event the failure of the Authority to comply with the rate covenant shall not constitute an Event of Default.

(Resolution, Sec. 607)

Supplemental Resolutions; Amendments

Any of the provisions of the Transmission Bond Resolution may be amended by the Authority, upon the written consent of the Owners of a majority in principal amount of the SFP Transmission Obligations Outstanding at the time such consent is given, and in case less than all of the SFP Transmission Obligations then Outstanding are affected by the modification or amendment, of the Owners of a majority in principal amount of the SFP Transmission Obligations so affected and 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 SFP Transmission Obligations remain Outstanding, the consent of the Owners of such SFP Transmission Obligations shall not be required and such SFP Transmission Obligations shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding SFP Transmission Obligations under the Transmission Bond Resolution. No such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal of any Outstanding Obligation or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Obligation; (b) reduce the percentages

or otherwise affect the classes of SFP Transmission Obligations the consent of the Owners of which is required to waive an Event of Default or otherwise effect any such modification or amendment; (c) create a preference or priority of any SFP Transmission Obligation or SFP Transmission Obligations over any other SFP Transmission Obligation or SFP Transmission Obligations (without the consent of the Owners of all such SFP Transmission Obligations); (d) create a lien prior to or on a parity with the lien of the Transmission Bond Resolution, without the consent of the Owners of all of the SFP Transmission Obligations then Outstanding; or (e) change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For purposes of this paragraph, an Obligation shall be deemed to be affected by a modification or amendment of the Transmission Bond Resolution if the same materially and adversely affects the rights of the Owner of such Obligation.

The Authority may adopt (without the consent of any Owner) supplemental resolutions to authorize additional SFP Transmission Obligations; to add to the restrictions contained in the Transmission Bond Resolution upon the issuance of additional indebtedness; to add to the covenants of the Authority contained in, or surrender any rights reserved to or conferred upon it by, the Transmission Bond Resolution; to confirm any pledge under the Transmission Bond Resolution of SFP Transmission Revenues or other moneys; to amend the Transmission Bond Resolution in such manner as to permit qualification of the Transmission Bond Resolution under the Trust Indenture Act of 1939 or any similar federal statute and permit the qualification of the SFP Transmission Obligations for sale under the securities laws of any state in the United States; to comply with such regulations and procedures as are from time to time in effect relating to establishing and maintaining a book-entry-only system; or otherwise to modify any of the provisions of the Transmission Bond Resolution (but no such other modification may be effective while any of the SFP Transmission Obligations of any Series theretofore issued are Outstanding); or to cure any ambiguity, supply any omission or to correct any defect or inconsistent provision in the Transmission Bond Resolution or to insert such provisions or make such other amendments to the Transmission Bond Resolution as are necessary or desirable which will not be materially adverse to the rights of the Owners of SFP Transmission Obligations (provided that the Transmission Bond Trustee shall consent thereto).

(Resolution, Secs. 801, 802, and 902)

Events of Default; Remedies Upon Default

Pursuant to the Transmission Bond Resolution, any of the following events set forth in clauses (i) through (v) constitutes an "Event of Default" if the Authority defaults (i) in the payment of principal or Redemption Price of any Obligation, or (ii) in the payment of interest on any Obligation and such default continues for 30 days, or (iii) in the performance or observance of any other covenant, agreement or condition in the Transmission Bond Resolution or the SFP Transmission Obligations, and such default continues for 60 days after written notice thereof, provided, however, that if such default shall be such that it cannot be corrected within such 60 day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected, or (iv) if the Authority (1) files a petition seeking a composition of indebtedness under the federal bankruptcy laws, or any other applicable law or statute of the United States of America or of the State; (2) consents to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Authority or any substantial portion of its property; (3) makes any assignment for the benefit of creditors; (4) admits in writing its inability generally to pay its debts generally as they become due; or (5) takes action in furtherance of any of the foregoing or (v) if (1) a decree or order for relief is entered by a court having jurisdiction of the Authority adjudging the Authority a bankrupt or insolvent or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition in respect of the Authority in an involuntary case under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State; (2) a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Authority or of any substantial portion of its property is appointed; or (3) the winding up or liquidation of its affairs is ordered and the continuance of any such decree or order remains unstayed and in effect for a period of sixty (60) consecutive days. If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Transmission Bond Trustee, by its agents and attorneys, if the Transmission Bond Trustee shall deem it advisable, may proceed to protect and enforce its rights and the rights of the Owners of SFP Transmission Obligations

under the Transmission Bond Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Transmission Bond Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Resolution, provided that in no event shall the SFP Transmission Obligations be subject to acceleration.

Under the Transmission Bond Resolution, the Authority covenants that upon a default the books of record of the Authority and all other records relating to the SFP Transmission Projects of the Authority will be subject to the inspection and use by the Transmission Bond Trustee, and that the Authority will, upon demand by the Transmission Bond Trustee, account for the SFP Transmission Trust Estate under the Transmission Bond Resolution as if the Authority were the trustee of an express trust. Upon an Event of Default, the Transmission Bond Trustee may protect and enforce its and the Owners' rights under the Transmission Bond Resolution by a suit in equity or at law, whether for the specific performance of any covenant contained in the Transmission Bond Resolution, or in aid of execution of any power granted therein or for an accounting against the Authority as if it were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Transmission Bond Trustee deems most effectual to enforce its rights or perform its duties under the Transmission Bond Resolution. No Owner has any right to institute suit to enforce any provision of the Transmission Bond Resolution or the execution of any trust thereunder or for any remedy thereunder, unless the Transmission Bond Trustee has been requested by at least 25% of the Owners, and such Owners shall have offered the Transmission Bond Trustee adequate security against expenses and liabilities to be incurred therein, and the Transmission Bond Trustee has failed to commence such suit in the manner provided in the Transmission Bond Resolution.

Application of SFP Transmission Revenues and Other Moneys after Default.

The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Transmission Bond Trustee shall pay over to the Transmission Bond Trustee (i) forthwith, all moneys, securities and funds then held by the Authority in any fund or account under the Resolution, and (ii) as promptly as practicable after receipt thereof, the SFP Transmission Revenues.

During the continuance of an Event of Default, the Transmission Bond Trustee shall apply all SFP Transmission Revenues and the income therefrom as follows and in the following order: (1) to the payment of the reasonable and proper charges and expenses of the Transmission Bond Trustee (including legal fees and expenses) and of any engineer or firm of engineers selected by the Transmission Bond Trustee; (2) to the payment of the amounts required for reasonable and necessary SFP Transmission Operating Expenses, including reasonable and necessary reserves and working capital, and for the reasonable repair and replacement of the SFP Transmission Projects, and to the extent necessary to prevent loss of SFP Transmission Revenues, as may be certified to the Transmission Bond Trustee by an independent engineer or firm of engineers of recognized standing (who may be an engineer or firm of engineers retained by the Authority for other purposes) selected by the Transmission Bond Trustee; (3) to the payment of the interest and principal or Redemption Price then due on the SFP Transmission Obligations, and the interest and principal components of Parity Debt, as follows: (a) First: To the payment to the Persons entitled thereto of all installments of interest then due on the SFP Transmission Obligations and the interest component of Parity Debt, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; Second: To the payment to the Persons entitled thereto of the unpaid principal or Redemption Price of any SFP Transmission Obligations and the principal component of Parity Debt, which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the SFP Transmission Obligations and the principal component of Parity Debt, due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the Persons entitled thereto, without any discrimination or preference; and Third: To the payment of any amounts owing to an issuer of a Credit Facility related to the SFP Transmission Obligations to the extent not otherwise paid pursuant to First and Second above; and (b) if the principal of all of the SFP Transmission Obligations shall

have become due and payable, to the payment of the principal and interest then due and unpaid upon the SFP Transmission Obligations and the principal and interest components of Parity Debt, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any SFP Transmission Obligation or Parity Debt over any other SFP Transmission Obligation or Parity Debt, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

If and whenever all overdue installments of interest on all SFP Transmission Obligations, together with the reasonable and proper charges and expenses of the Transmission Bond Trustee, and all other sums payable by the Authority under the Resolution, including the principal and Redemption Price of and accrued unpaid interest on all SFP Transmission Obligations which shall then be payable, shall either be paid by or for the account of the Authority, or provision satisfactory to the Transmission Bond Trustee shall be made for such payment, and all defaults under the Resolution or the SFP Transmission Obligations shall be made good or secured to the satisfaction of the Transmission Bond Trustee or provision deemed by the Transmission Bond Trustee to be adequate shall be made therefor, the Transmission Bond Trustee shall pay over to the Authority all such SFP Transmission Revenues then remaining unexpended in the hands of the Transmission Bond Trustee, and thereupon the Authority and the Transmission Bond Trustee shall be restored, respectively, to their former positions and rights under the Resolution, and all SFP Transmission Revenues shall thereafter be applied as provided in Article V. No such payment over to the Authority by the Transmission Bond Trustee or resumption of the application of SFP Transmission Revenues as provided in Article V shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

Proceedings Brought by Transmission Bond Trustee. If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Transmission Bond Trustee, by its agents and attorneys, if the Transmission Bond shall deem it advisable, may proceed to protect and enforce its rights and the rights of the Owners of SFP Transmission Obligations under the Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Transmission Bond, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Resolution, provided that in no event shall the SFP Transmission Obligations be subject to acceleration.

The Owners of a majority in principal amount of the SFP Transmission Obligations at the time Outstanding may direct by instrument in writing the time, method and place of conducting any proceeding for any remedy available to the Transmission Bond Trustee, or exercising any trust or power conferred upon the Transmission Bond Trustee, provided that the Transmission Bond Trustee shall have the right to decline to follow any such direction if the Transmission Bond Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Transmission Bond Trustee in good faith shall determine that the action or proceeding so directed would involve the Transmission Bond Trustee in personal liability or be unjustly prejudicial to the Owners of SFP Transmission Obligations not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Transmission Bond Trustee to enforce any right under the Resolution, the Transmission Bond Trustee shall be entitled to exercise any and all rights and powers conferred in the Resolution and provided to be exercised by the Transmission Bond Trustee upon the occurrence of an Event of Default; and, as a matter of right against the Authority, without notice or demand and without regard to the adequacy of the security for the SFP Transmission Obligations, the Transmission Bond Trustee shall, to the extent permitted by law, be entitled to the appointment of a receiver of the SFP Transmission Trust Estate, with all such powers as the court or courts making such appointment shall confer; but notwithstanding the appointment of any receiver, the Transmission Bond Trustee shall be entitled to retain possession and control of and to collect and receive income from, any moneys, securities and funds deposited or pledged with it under the Resolution or agreed or provided to be delivered to or deposited or pledged with it under the Resolution.

Regardless of the happening of an Event of Default, the Transmission Bond Trustee shall have power to, but unless requested in writing by the Owners of a majority in principal amount of the SFP Transmission Obligations then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Resolution by any acts which may be unlawful or in violation of the Resolution, and such suits and proceedings as the Transmission Bond Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Owners of SFP Transmission Obligations.

Restriction on Action by the Owners of SFP Transmission Obligations. No Owner shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless such Owner shall have previously given to the Transmission Bond Trustee written notice of the happening of an Event of Default, as provided in this Article, and the Owners of at least twenty five percent (25%) in principal amount of the SFP Transmission Obligations then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in this Section or to institute such action, suit or proceeding in its own name, and unless such Owners shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request within a reasonable time; it being understood and intended that no one or more Owners of SFP Transmission Obligations shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Resolution, or to enforce any right under the Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Resolution shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Owners of the Outstanding SFP Transmission Obligations.

Remedies not Exclusive. No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Owners of SFP Transmission Obligations is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of adoption of the Resolution.

Effect of Waiver and Other Circumstances. No delay or omission of the Transmission Bond Trustee or of any Owner to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescence therein and every power and remedy given by this Article to the Transmission Bond Trustee or to the Owners of SFP Transmission Obligations may be exercised from time to time and as often as may be deemed expedient by the Transmission Bond Trustee or by the Owners of SFP Transmission Obligations.

The Owners of a majority in principal amount of the SFP Transmission Obligations at the time Outstanding, or their attorneys in fact duly authorized, may on behalf of the Owners of all of the SFP Transmission Obligations waive any past default under the Resolution and its consequences, except a default in the payment of interest on or principal of or premium on any of the SFP Transmission Obligations. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

(Resolution, Art. X)

Defeasance

If the Authority shall pay or cause to be paid to the Owners of all SFP Transmission Obligations then Outstanding the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Authority, expressed in an instrument in writing signed by an Authorized Officer and delivered to the Transmission Bond Trustee, the covenants, agreements and other obligations of the Authority to the Owners of SFP Transmission Obligations shall be discharged and satisfied. In such event, the Transmission Bond Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all

money, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of SFP Transmission Obligations not theretofore surrendered for such payment or redemption.

Outstanding SFP Transmission Obligations or any portion thereof shall, prior to the maturity or redemption date thereof, be deemed to have been paid pursuant to the Transmission Bond Resolution and shall cease to be entitled to any lien, benefit or security under the Transmission Bond Resolution if the following conditions are met: (i) in the case of SFP Transmission Obligations to be redeemed, the Authority shall have given to the Transmission Bond Trustee irrevocable instructions to mail the notice of redemption therefor, (ii) there shall have been irrevocably deposited with the Transmission Bond Trustee in trust either moneys in an amount which shall be sufficient, or Defeasance Securities, the principal of and the interest on which, when due, will provide moneys which, together with any moneys also deposited at the same time, shall be sufficient, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, to pay when due, the principal or Redemption Price, if applicable, and interest due and to become due on such SFP Transmission Obligations on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event such SFP Transmission Obligations are not maturing or subject to redemption within the next succeeding 60 days, the Authority shall have given the Transmission Bond Trustee irrevocable instructions to mail, as soon as practicable, a notice to the Owners of such SFP Transmission Obligations that the above deposit has been made with the Transmission Bond Trustee and that such SFP Transmission Obligations are deemed to be paid and stating the maturity or redemption date upon which moneys are to be available to pay the principal or Redemption Price, if applicable, of such SFP Transmission Obligations.

Neither Defeasance Securities nor moneys deposited with the Transmission Bond Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said SFP Transmission Obligations; provided that any moneys on deposit with the Transmission Bond Trustee, (i) to the extent such moneys will not be required at any time for such purpose, shall be paid over to the Authority as received by the Transmission Bond Trustee, free and clear of any trust, lien or pledge securing said SFP Transmission Obligations or otherwise existing under the Resolution, and (ii) to the extent such moneys will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient, together with any moneys available to the Transmission Bond Trustee for such purpose, to pay when due the principal or Redemption Price, if applicable, and interest to become due on said SFP Transmission Obligations on and prior to such redemption date or maturity date thereof, as the case may be.

(Resolution, Sec. 1101)

Unclaimed Moneys

Any moneys held by a Fiduciary in trust for the payment and discharge of the principal or Redemption Price of or interest on any of the SFP Transmission Obligations which remain unclaimed for two years after the date when such principal, Redemption Price or interest, respectively, have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary after such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the date when such principal, Redemption Price or interest, respectively, became due and payable, shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of SFP Transmission Obligations shall look only to the Authority for the payment of such principal, Redemption Price or interest, respectively. Any moneys held by a Fiduciary in trust for the payment and discharge of any SFP Transmission Obligations which remain unclaimed after such moneys were to be applied to the payment of such SFP Transmission Obligations in accordance with the Transmission Bond Resolution may be applied in accordance with the provisions of the Abandoned Property Law of the State, being Chapter 1 of the Consolidated Laws of the State or any successor provision thereto, and upon such application, the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of SFP Transmission Obligations shall look only to the Authority or the Comptroller of the State for the payment of such SFP Transmission Obligations. Before being required to

make any such payment to the Authority or to apply such moneys in accordance with the Abandoned Property Law of the State, the Fiduciary shall, at the expense of the Authority, cause to be mailed to the Owners entitled to receive such moneys a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the mailing, the balance of such moneys then unclaimed will be returned to the Authority or applied in accordance with the Abandoned Property Law of the State, as the case may be.

(Resolution, Sec. 1101)

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FORMS OF APPROVING OPINION
OF CO-BOND COUNSEL

Upon delivery of the 2023A Bonds in definitive form, each of Hawkins Delafield & Wood LLP and Pearlman Miranda, LLC, Co-Bond Counsel to the Authority, proposes to render its final approving opinion in substantially the following form:

_____, 2023

Power Authority of the State of New York
123 Main Street
White Plains, New York 10601

Ladies and Gentlemen:

We have examined a copy of a record of proceedings relating to the issuance of Green Transmission Project Revenue Bonds, Series 2023A in the principal amount of \$_____ (“2023A Bonds”) of the Power Authority of the State of New York (the “Authority”), a body corporate and politic constituting a corporate municipal instrumentality and political subdivision of the State of New York (the “State”).

The 2023A Bonds are issued under and pursuant to the Constitution and statutes of the State, including the Power Authority Act, being 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 proceedings of the Authority duly taken, including a resolution of the Authority adopted on December 7, 2021, entitled “General Resolution Authorizing SFP Transmission Project Revenue Obligations” (the “Transmission Project General Resolution”), as supplemented, including as supplemented by a Second Supplemental Resolution Authorizing Transmission Project Resolution Obligations, adopted on _____, 2023 (the “Second Supplemental Resolution” and, together with the Transmission Project General Resolution, the “Transmission Resolution”).

The 2023A Bonds are dated, mature, are subject to redemption, are payable and bear interest, all as provided in the Transmission Resolution.

The Authority reserves the right to issue additional bonds, notes and other obligations as parity obligations under the Transmission Resolution (collectively with the 2023A Bonds and all other outstanding parity obligations under the Transmission Resolution, the “Revenue Obligations”) on the terms and conditions, and for the purposes, stated in the Transmission Resolution. Under the provisions of the Transmission Resolution, all such Revenue Obligations will rank equally as to security and payment with the 2023A Bonds.

We are of the opinion that:

1. The Authority is duly created and validly existing under the provisions of the Act.
2. The Authority has the right and power under the Act to adopt the Transmission Resolution, and the Transmission Resolution has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for the Transmission Resolution is required. The Second Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Transmission Project General Resolution, is authorized or permitted by the Transmission Project General Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms. The Transmission Resolution creates the valid pledge which it purports to create of the SFP Transmission Trust Estate (as defined and to the extent provided in the Transmission Resolution), subject only to the provisions of the Transmission Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Transmission Resolution.

3. The 2023A Bonds have been duly and validly authorized and issued in accordance with law and in accordance with the Transmission Resolution, and are valid, binding and limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Transmission Resolution and entitled to the benefits of the Act, payable solely from the SFP Transmission Trust Estate as and to the extent provided in the Transmission Resolution. The Authority has good right and lawful authority under the Act to effectuate the purposes for which the proceeds of such Bonds will be utilized, subject to obtaining such licenses, orders or other authorizations, if any, as, at the date hereof, may be required to be obtained from any agency or regulatory body having lawful jurisdiction in order to effectuate such purposes. The Authority has no taxing power, the 2023A Bonds are not debts of the State or of any political subdivision of the State, other than the Authority, and the 2023A Bonds will not constitute a pledge of the faith and credit of the State or of any political subdivision thereof.

4. Under existing statutes, interest on the 2023A Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

5. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2023A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2023A Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; however, for tax years beginning after December 31, 2022, interest on the 2023A Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under section 55 of the Code. In rendering the opinions in this paragraph 5, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the 2023A Bonds, and we have assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2023A Bonds from gross income under Section 103 of the Code.

[6. For any 2023A Bond having original issue discount (a "Discount Bond"), original issue discount that has accrued and is properly allocable to the owners of the Discount Bond under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the 2023A Bonds.]

The opinions expressed in paragraphs 2 and 3 above are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights and are subject to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforcement is considered in a proceeding in equity or at law.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the 2023A Bonds, or the ownership or disposition thereof, except as stated in paragraphs 4, 5 and [6] above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the 2023A Bonds.

In rendering the foregoing opinions, we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the 2023A Bonds. In rendering the foregoing opinions, we have not been requested to examine any document or financial or other information concerning the Authority, other than the record of proceedings referred to above, and we express no opinion as to the accuracy, adequacy, sufficiency or completeness of any financial or other information which has been or will be supplied to purchasers of the 2023A Bonds.

This letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material or matters of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. Our services did not include financial or other non-legal advice. Very truly yours,

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Agreement”) dated ____, 2023, by and between the Power Authority of the State of New York (the “Issuer”) and The Bank of New York Mellon, as Transmission Bond Trustee (the “Transmission Bond Trustee”), under a resolution adopted by the Issuer on December 7, 2021, entitled “General Resolution Authorizing Transmission Project Revenue Obligations” (the “Transmission Bond Resolution”), as supplemented by the Second Supplemental Resolution Authorizing Transmission Project Revenue Obligations, adopted by the Issuer on ____, 2023 (the “Second Supplemental Resolution”; the Transmission Bond Resolution as supplemented to date is referred to herein as the “Transmission Resolution”), is executed and delivered in connection with the issuance of the Issuer’s \$_____ aggregate principal amount of Green Transmission Project Revenue Bonds, Series 2023A (the “2023A Bonds”). Capitalized terms used in this Agreement which are not otherwise defined in the Transmission Resolution shall have the respective meanings specified above or in Article IV hereof. The parties agree as follows:

ARTICLE I

The Undertaking

Section 1.1. *Purpose.* This Agreement is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 1.2. *Annual Financial Information.* (a) The Issuer shall provide Annual Financial Information with respect to each Fiscal Year of the Issuer, commencing with the fiscal year ending December 31, 2023, by no later than nine months after the end of the respective Fiscal Year, to the MSRB.

(b) The Issuer shall provide, in a timely manner, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. *Audited Financial Statements.* If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Issuer shall provide Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. *Notice Events.* (a) If a Notice Event occurs, the Issuer shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to (i) the MSRB and (ii) the Transmission Bond Trustee.

(b) Any such notice of a defeasance of 2023A Bonds shall state whether the 2023A Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) The Transmission Bond Trustee shall promptly advise the Issuer whenever, in the course of performing its duties as Transmission Bond Trustee under the Transmission Resolution, the Transmission Bond Trustee has actual notice of an occurrence which would require the Issuer to provide notice of a Notice Event hereunder; provided, however, that the failure of the Transmission Bond Trustee so to advise the Issuer shall not constitute a breach by the Transmission Bond Trustee of any of its duties and responsibilities under this Agreement or the Transmission Resolution.

(d) Each notice concerning a Notice Event relating to the 2023A Bonds shall include the CUSIP numbers of the 2023A Bonds to which such Notice Event relates or, if the Notice Event relates to all bond issues of the Issuer including the 2023A Bonds, such notice need only include the CUSIP number of the Issuer.

Section 1.5. *Additional Disclosure Obligations.* The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.6. *Additional Information.* Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Agreement. If the Issuer chooses to do so, the Issuer shall have no obligation under this Agreement to update such

additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

Section 1.7. *No Previous Non-Compliance.* The Issuer represents that it has previously entered into written contracts or agreements of the type referenced in paragraph (b)(5)(i) of the Rule and, except as set forth in the Official Statement is in material compliance with such agreements.

ARTICLE II

Operating Rules

Section 2.1. *Reference to Other Filed Documents.* It shall be sufficient for purposes of Section 1.2 hereof if the Issuer provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. *Submission of Information.* Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 2.3. *Dissemination Agents.* The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Agreement, and revoke or modify any such designation.

Section 2.4. *Transmission of Notices, Documents and Information.* (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. *Fiscal Year.* (a) The Issuer's current fiscal year is January 1 - December 31, and the Issuer shall promptly notify (i) the MSRB and (ii) the Transmission Bond Trustee of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. *Effective Date; Termination.* (a) This Agreement shall be effective upon the issuance of the 2023A Bonds.

(b) The Issuer's and the Transmission Bond Trustee's obligations under this Agreement shall terminate upon a legal defeasance of all of the 2023A Bonds, prior redemption or payment in full of all of the 2023A Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer (1) delivers to the Transmission Bond Trustee an opinion of Counsel, addressed to the Issuer and the Transmission Bond Trustee, to the effect that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the 2023A Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

Section 3.2. *Amendment.* (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the 2023A Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have delivered to the Transmission Bond Trustee an opinion of Counsel, addressed to the

Issuer and the Transmission Bond Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Issuer shall have delivered to the Transmission Bond Trustee an opinion of Counsel or a determination by a person, in each case unaffiliated with the Issuer (such as bond counsel or the Transmission Bond Trustee) and acceptable to the Issuer, addressed to the Issuer and the Transmission Bond Trustee, to the effect that the amendment does not materially impair the interests of the holders of the 2023A Bonds or (ii) the holders of the 2023A Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Transmission Resolution with consent of holders of 2023A Bonds pursuant to the Transmission Resolution as in effect at the time of the amendment, and (5) the Issuer shall have delivered copies of such opinion(s) and amendment to the MSRB.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the 2023A Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the Issuer shall have delivered to the Transmission Bond Trustee an opinion of Counsel, addressed to the Issuer and Transmission Bond Trustee, to the effect that performance by the Issuer and the Transmission Bond Trustee under this Agreement as so amended will not result in a violation of the Rule and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(c) This Agreement may be amended by written agreement of the parties, without the consent of the holders of the 2023A Bonds, if all of the following conditions are satisfied: (1) the Issuer shall have delivered to the Transmission Bond Trustee an opinion of Counsel, addressed to the Issuer and the Transmission Bond Trustee, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of the SEC or its staff, and (2) the Transmission Bond Trustee shall have delivered copies of such opinion and amendment to the MSRB.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the Issuer in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. *Benefit; Third-Party Beneficiaries; Enforcement.* (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the 2023A Bonds, except that beneficial owners of 2023A Bonds shall be third-party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the Issuer to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding 2023A Bonds, or by the Transmission Bond Trustee on behalf of the holders of Outstanding 2023A Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Transmission Bond Trustee on behalf of the holders of Outstanding 2023A Bonds; provided, however, that the Transmission Bond Trustee shall not be required to take any enforcement action except at the direction of the holders of not less than a majority in aggregate principal amount of the 2023A Bonds at the time Outstanding who shall have provided the Transmission Bond Trustee with adequate security and indemnity. The holders' and the Transmission Bond Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of 2023A Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of 2023A Bonds for purposes of this subsection (b).

(c) Any failure by the Issuer or the Transmission Bond Trustee to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Transmission Bond Resolution, and the rights and remedies provided by the Transmission Bond Resolution upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. *Definitions.* The following terms used in this Agreement shall have the following respective meanings:

1. "Annual Financial Information" means, collectively, the following: (I) financial information and operating data contained in the Official Statement for each fiscal year of the Issuer: the Debt Service Coverage Ratio for the most recent year ending November 15; (II) the balance in each of the Debt Service Reserve Fund and the Operating Reserve Account as of the last day of each fiscal year; and (III) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 4.1(1) of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

2. "Audited Financial Statements" means the annual financial statements, if any, of the Issuer, audited by such auditor as shall then be required or permitted by State law or the Transmission Resolution. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Section 3.2(a) hereof, the Issuer may, if permitted by GAAP, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific provision describing such accounting principles, or other description thereof.

3. "Counsel" means Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

4. "Exchange Act" means the Securities Exchange Act of 1934, as amended and in effect on the date hereof.

5. "Financial Obligation" means. a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Exchange Act) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

6. "GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

7. "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

8. "Notice Event" means any of the following events with respect to the 2023A Bonds, whether relating to the Issuer or otherwise:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;

- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2023A Bonds or other material events affecting the tax status of the 2023A Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the 2023A Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional Transmission Bond Trustee or the change of name of a Transmission Bond Trustee, if material;

(xv) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Bondholders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the events identified in clauses (xv) and (xvi) and the definition of "Financial Obligation" in Section 2 hereof, reference to the Rule includes the guidance provided by the SEC in Release No. 34 83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

9. "Official Statement" means the Official Statement dated _____, 2023, of the Issuer relating to the 2023A Bonds.

10. "Rule" means Rule 15c2-12 promulgated by the SEC under the Exchange Act (17 CFR Part 240, ss.240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

11. "SEC" means the United States Securities and Exchange Commission.

12. "State" means the State of New York.

13. "Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

14. "Underwriters" means any of the underwriters of the 2023A Bonds required to comply with the Rule in connection with the offering of the 2023A Bonds.

ARTICLE V

Miscellaneous

Section 5.1. *Duties, Immunities and Liabilities of Transmission Bond Trustee.* Article VII of the Transmission Resolution is hereby made applicable to this Agreement as if this Agreement were, solely for this purpose, contained in the Transmission Resolution.

Section 5.2. *Counterparts.* This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives all as of the date first above written.

POWER AUTHORITY OF THE STATE OF NEW YORK

By: _____
An Authorized Representative

THE BANK OF NEW YORK MELLON, as Transmission Bond
Trustee

By: _____
An Authorized Representative

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

iii. Release of Funds in Support of the New York State Canal Corporation

Mr. Adam Barsky, Executive Vice President and Chief Financial Officer, provided highlights of staff's recommendation to the members. He said that every quarter the Authority releases the money that is required to spend on Canals' operations. He continued that, before releasing the money, NYPA has to determine that it does not need the money to pay its debt service, maintain its debt service coverage ratio of 2.0, and that NYPA's generation and transmission of operation and maintenance costs and requirements have all been met and the money is not needed for those services. Therefore, staff can release it from the lien that the bondholders have on the Authority's revenues and allow it to be used for Canals' operations. This amount is in keeping with the Authority's annual budget. To date, the prediction is that the Canals are operating at or below the run rate of the budget, and this release is recommended as we go to the end of the year.

On motion made by member Lewis Warren and seconded by member Michael Cusick, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance Committee hereby recommends that the New York Power Authority Trustees authorize the release of up to \$25.0 million in funding to the Canal Corporation to support operations of the Canal Corporation in calendar year 2023, as discussed in the report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Finance Committee recommends that the New York Power Authority Trustees affirm that amounts presently set aside as reserves in the Operating Fund are adequate for the purposes specified in Section 503.2 of the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented (the "General Bond Resolution"), that the amount of up to \$25.0 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 General Bond Resolution and that the release of such amount is feasible and advisable; and be it further

RESOLVED, That the Finance Committee recommends that the New York Power Authority Trustees affirm that as a condition to making the payments specified in the foregoing report, on the day of such payments, either the Executive Vice President and Chief Financial Officer or 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 General Bond Resolution; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Interim Executive Vice President and General Counsel.

b. Information Technology

i. Data Center Cloud Migration – Capital Expenditure Authorization

Mr. John Cabral, Vice President of Digital Architecture/Engineering and Operations, provided highlights of staff's recommendation to the members. He said that this request seeks approval of the capital expenditure authorization for the Data Center Cloud Migration project which is aligned to the Authority's VISION2030 Strategy.

He continued that this new technology would enhance NYPA's cyber security profile. NYPA will be able to leverage the vendor tools, along with its current tools, and be better able to protect its infrastructure, the data that resides on it, and the availability of the applications, as the Authority migrates to the Cloud. It will also allow NYPA to maintain its security, reliability and availability, and the applications that support the Authority."

On motion made by member Laurie Wheelock and seconded by member Cecily Morris, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance Committee recommends that the New York Power Authority Trustees authorize an increase in capital funding in the amount of \$15.8M, as recommended in the report of the President and Chief Executive Officer; and be it further;

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Interim Executive Vice President and General Counsel.

Technology Services – Contract Award

Ms. Lisa Beaty, Vice President of the Technology Business Management Office, provided highlights of staff's recommendation to the members. She said that the staff is requesting the Board's approval to award ten technology services value contracts for a term of up to five years, in the aggregate amount of \$75 million, to Accenture LLP; Atos IT Solutions and Services, Inc.; BJSS, Inc.; CGI Technologies and Solutions Inc.; Cognizant Technologies Solutions U.S. Corporation; Deloitte Consulting LLP; Ernst & Young U.S. LLP; PA Consulting Group, Inc.; Presidio Networked Solutions Group, LLC; and Wipro Limited. She said that, while their cities of origin vary, they all have locations in New York. The award is also contingent on negotiating terms and conditions that are satisfactory to the Authority.

Ms. Beaty said that the Authority had existing value contracts in place for the past several years. However, these new contracts are different, in that they expand the number of suppliers from 3 to 10 and improve the opportunity to engage diverse suppliers by requiring commitment to NYPA's diversity goals. They also broaden the range of services being offered to better support NYPA and Canals' growing digital ecosystem. Also, the five-year value contract period locks in pricing and rates for that period.

She continued that these contracts provide the Authority with flexibility to supplement its technology services with the city and expertise, including certifications that may be required, that the Authority may not have in-house. The services under these contracts include, but are not limited to, cyber, data, cloud expertise, and leading-edge technologies such as artificial intelligence and machine learning. These services will be utilized to support the portfolio of projects that NYPA and Canals have in support of meeting its VISION2030 strategic goals.

In keeping with the Authority's procurement process, an RFP was issued in February 2023 and, in March, fifty-nine (59) proposals were received. Those proposals were evaluated by a cross-functional team, and each supplier was scored based on the following criteria: Service capabilities and understanding of NYPA's scope and requirements; their experience with government entities, and the utility industry in the New York tri-state area; the quality of the consulting firm, their proven experience and delivery; the breadth and depth of their experience, and their ability to respond and deliver quality services in a timely manner. The suppliers have all committed to meeting the Authority's Supplier Diversity goal of 15% Minority-Owned, 15% Women-Owned, and 6% Service-Disabled-Veteran-Owned businesses. With these types of value contracts, it is customary to perform a mini-bid competitive process amongst these suppliers when projects have been identified and scoped.

In closing, Ms. Beaty said that the funding for the projects is awarded through the Authority's annual budget process and is included in the long-range work plan.

On motion made by member Lewis Warren and seconded by member Laurie Wheelock, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance Committee recommends the New York Power Authority Trustees approve the award of a value contract for equipment to Accenture LLP, Atos IT Solutions and Services, Inc., BJSS, Inc., CGI Technologies and Solutions Inc., Cognizant Technologies Solutions U.S. Corporation, Deloitte Consulting LLP, Ernst & Young U.S. LLP, PA Consulting Group, Inc., Presidio Networked Solutions Group, LLC, and Wipro Limited in the aggregate amount of \$75,000,000 for a term up to five years as recommended in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates

and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Interim Executive Vice President and General Counsel.

c. NYPA Development

i. Transmission Planning and Grid Enhancing Technologies Consultant Services – Contract Award

Mr. Phil Toia, President of NYPA Development said that staff is recommending the approval of seven, five-year transmission planning and grid enhancement consultant service value contracts. He said that a similar process was established to review value contracts for a basket of suppliers that the Authority can, not only mini bid for services to support business development in the competitive projects but also support NYPA's Utility Operations and System Planning studies for ongoing activities in the transmission business.

He continued that the Authority issued a solicitation in January 2023 and 23 proposals were submitted. The Evaluation Committee reviewed the proposals and is recommending seven contracts for award. The Evaluation Committee considered the company's technical capabilities for transmission services, particularly with a focus on the company's experience in the New York market. The committee also explored if the company had a broad spectrum for system planning studies, including economic analysis and grid enhancement technologies, and its key personnel for these services.

This breadth of contracts is necessary so that, given the competitive landscape and possible conflicts, the Authority has the resources needed to make sure that it has a basket of providers and therefore will not be blocked from contractors that the Authority's competitors may be using, as well as the availability of resources.

Also, the market is very competitive; therefore, NYPA needs to make sure that it has a number of contractors on board that can meet its needs for time, expediency and technical competence. He ended that the Board's approval of this contract award is therefore requested, subject to finalization of the terms and conditions for these contracts.

On motion made by member Lewis Warren and seconded by member Laurie Wheelock, the following resolution, as recommended by the President and Chief Executive Officer, was unanimously adopted.

RESOLVED, That the Finance Committee recommends that the New York Power Authority Trustees approve the award of a value contract for transmission planning and grid enhancement consulting services to Electrical Consultants Inc., General Electric International, Inc., Hatch Associates Consultants, Inc., Hitachi Energy USA Inc., Mott MacDonald NY, Inc., Quanta Technology, and TRC Engineers, Inc. in the aggregate amount of \$25,000,000 for a term up to five years as recommended in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Interim Executive Vice President and General Counsel.

d. Utility Operations

i. Collective Bargaining Agreement between New York State Canal Corporation and Public Employees Federation Division 504, AFL-CIO, Negotiating Unit V

Mr. Eric Firnstein, Director of Labor Relations, provided an update on staff's recommendation to the members. He said that on June 30, 2022, the Public Employee Federation ("PEF") Unit 5, Collective Bargaining Agreement for the Canal Corporation expired resulting in the need to negotiate a new contract. The negotiating committees of the Canal Corporation and PEF reached an agreement on April 17, 2023, subject to the ratification by the union membership. The contract was ratified on July 21, 2023.

Mr. Firnstein continued that there are 74 PEF employees. The contract is a five-year agreement with a retroactive three percent wage increase to July 1, 2022 for active employees after the ramification date. In addition, the contract includes a three percent GWI, annually, beginning July 1, 2023, through July 1, 2026. Upon the full Board's approval, a \$1,000 lump-sum payment will be made to all 74 active employees. Payments will be made from the operating fund which is consistent with the Authority's long-term financial forecast.

Mr. Firnstein then provided brief highlights of the negotiations. He said that there were some modifications in the dental coverage; negotiation of the paid parental leave; increase in meal allowance and operation and water management stipends; and consistent rate for retirees for the cost of medical coverage. In addition, although already being recognized, Juneteenth was formally added to the Collective Bargaining Agreement.

On motion made by member Michael Cusick and seconded by member Lewis Warren, 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 a new Collective Bargaining Agreement between the New York State Canal Corporation and Public Employees Federation (PEF) Division 504, AFL-CIO, Negotiating Unit V covering specified operating and maintenance employees of the Canal's facilities with changes to that Agreement as described in the foregoing summary, subject to approval of the Chief Operating Officer and the Executive Vice President and General Counsel; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Interim Executive Vice President and General Counsel.

5. CONSENT AGENDA:

On motion made by member Michael Cusick and seconded by member Laurie Wheelock, the Consent Agenda was unanimously adopted.

a. Financial Operations

i. Request Additional Aggregate Funding - Financial Advisory Services for Energy Projects

On motion made and seconded 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 allocation of the sum of \$10,000,000 in additional funding for the awarded contracts related to Financial Advisory Services for Energy Projects which will increase the total aggregate value available for these awarded contracts to \$17,500,000, as recommended in the report of the President and Chief Executive Officer; and be it further

RESOLVED, that the Authority will use capital or operating funds, as appropriate, which may include proceeds of debt issuances, to finance the costs of projects; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Interim Executive Vice President and General Counsel.

b. Utility Operations

i. Canalway Marketing, Grant, and Stewardship Program – Contract Award

On motion made and seconded 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 allocation of the sum of \$1,700,000 in funding for the awarded contract related to Canalway Marketing, Grant, and Stewardship Program, as recommended in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Interim Executive Vice President and General Counsel.

c. Governance

i. Approval of the Joint Meeting Minutes held on May 15, 2023

On motion made by member Michael Cusick and seconded by member Laurie Wheelock the Minutes of the joint meeting held on May 15, 2023 were unanimously adopted.

Next Meeting

Chairperson John Koelmel stated that the next regular meeting of the Finance Committee will be held on November 14, 2023.

Closing

On motion made by Member Michael Cusick and seconded by member Laurie Wheelock, the meeting was adjourned at approximately 11:30 a.m.



Karen Delince
Corporate Secretary