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

April 28, 2006

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Minutes of the Annual Meeting of the Power Authority of the State of New York held at the Clarence D. Rappleyea Building at 11:00 a.m.

Present:	Joseph J. Seymour, Chairman
	Frank S. McCullough, Jr., Vice Chairman
	Elise M. Cusack, Trustee
	Robert E. Moses, Trustee
	Thomas W. Scozzafava, Trustee
	Michael J. Townsend, Trustee

Timothy S. Carey	President and Chief Executive Officer
David E. Blabey	Executive Vice President and Special Counsel to the Chairman
Thomas J. Kelly	Executive Vice President and General Counsel
Vincent C. Vesce	Executive Vice President – Corporate Services and Administration
Steven J. DeCarlo	Senior Vice President – Transmission
Joseph Del Sindaco	Senior Vice President and Chief Financial Officer
Angelo S. Esposito	Senior Vice President – Energy Services and Technology
Louise M. Morman	Senior Vice President – Marketing, Economic Development and Supply Planning
Brian Vattimo	Senior Vice President – Public and Governmental Affairs
Edward A. Welz	Senior Vice President – Power Generation
Carmine J. Clemente	Deputy Secretary and Deputy General Counsel
Joseph J. Carline	Assistant General Counsel – Transmission
Gerald C. Goldstein	Assistant General Counsel – Regulatory & Contracts
Thomas P. Antenucci	Vice President – Project Management
Arnold M. Bellis	Vice President – Controller
Robert J. Deasy	Vice President – Energy Resource Management
John M. Hoff	Vice President – Procurement and Real Estate
Charles I. Lipsky	Vice President and Chief Engineer
Donald A. Russak	Vice President – Finance
William V. Slade	Vice President – Environmental Management
Tom H. Warmath	Vice President and Chief Risk Officer
James H. Yates	Vice President – Major Accounts Marketing and Economic Development
Stephen P. Shoenholz	Deputy Vice President – Public Affairs
Dennis T. Eccleston	Chief Information Officer
Anne B. Cahill	Principal Attorney I
Angela D. Graves	Deputy Secretary
Michael E. Brady	Treasurer
Arthur M. Brennan	Director – Internal Audit
Gerard R. Mullin	Director – Fuel Planning and Operations
Daniel Wiese	Director – Corporate Security and Inspector General
Anthony C. Savino	Manager – Business Power Allocations and Compliance
Michael A. Saltzman	Senior Information Specialist
Mary Jean Frank	Associate Secretary
Lorna M. Johnson	Assistant Secretary
Jack Murphy	Special Advisor to President and Chief Executive Officer
Diane Gil	Senior Procurement Specialist
Lisa Farrell	Secretary to Executive Vice President and General Counsel

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Chairman Seymour presided over the meeting. Executive Vice President and General Counsel Kelly kept the Minutes.

1. <u>Approval of the Minutes</u>

The Minutes of the Regular Meeting of March 28, 2006 were unanimously adopted.

2. <u>Financial Reports for the Three Months Ended March 31, 2006</u>

Mr. Bellis presented an overview of the reports to the Trustees. In response to questions from Chairman Seymour, Mr. Bellis said that the new SENY tariff was in effect, but that the shortfalls stem from issues related to the economics of the Poletti and 500 MW plants, both of which are intended to produce profits. When prices and costs were forecast for 2006, last year's high fuel and market energy prices were still in effect. The Authority locked in a portion of its fuel costs. The plants' revenues are lower than expected and, with the cost structure higher, the profit margin is not being realized. Responding to additional questions from the Chairman, Mr. Bellis said that this situation should moderate somewhat over the course of the year and that the SENY customers are liable for up to $30 million of this shortfall.

NEW YORK POWER AUTHORITY

FINANCIAL REPORTS

FOR THE THREE MONTHS ENDED MARCH 31, 2006

Financial Reports
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NEW YORK POWER AUTHORITY
FINANCIAL REPORT
FOR THE THREE MONTHS ENDED MARCH 31, 2006

($ in millions)

	2006 YTD		March 2006	
Financial Summary	**Actual**	**Budget**	**Actual**	**Budget**
Net operating revenues	$24.5	$15.9	$12.7	$7.5
Net revenues (loss)	10.6	0.9	8.3	2.2
O&M (incl. administrative)	61.0	56.9	22.9	19.9
Generation (gwh's)	6,794	6,375	2,457	2,174

	Current	Prior Month	December 2005
Reserves	$225	$233	$233

Net revenues through March 31, 2006 were $10.6 which was $9.7 higher than budgeted including higher net operating revenues ($8.6) and higher non-operating income ($1.1). Higher net operating revenues at the hydro facilities ($39.9) and the MSP market area ($12.8) were substantially offset by negative variances at SENY ($30.7) and Flynn ($6.1). The positive results at the hydro facilities were due to higher than expected water flows resulting in 12% higher production. The MSP market area showed better than anticipated operating results due to lower prices on ISO purchases. The negative variance at SENY was due primarily to lower than expected sales to the ISO. Net revenues at Flynn included lower customer revenues which were impacted by lower prices on Long Island in accordance with the terms of the LIPA agreement. Non-operating income included lower than anticipated costs on variable rate debt.

Net revenues for the month of March were $8.3 which was $6.1 higher than anticipated. This positive variance was attributable to higher net operating revenues ($5.2) and higher non-operating income ($0.9). Higher net operating revenues at the hydro facilities ($14.7, 13% higher generation) were partially offset by lower net operating revenues in the SENY market area ($9.2, primarily lower than anticipated sales to the ISO). Non-operating income included $0.9 sale of excess emission allowances. Production for March (2,457 gwh) was 13% higher than anticipated (2,174 gwh) due to higher generation at the hydro facilities (212 gwh) and higher fossil production (71 gwh).

NYPA
Net Revenues
For The Three Months ended March 31, 2006
($ in 000'S)

	Annual Budget	Actual	Budget	Variance Favorable/ (Unfavorable)
Operating Revenues				
Customer	$1,829,029	$450,161	$464,363	($14,202)
ISO-Energy	947,271	157,889	270,879	(112,990)
Ancillary Services	64,654	27,326	15,576	11,750
NTAC and Other	80,134	21,404	19,601	1,803
Total ISO	1,092,059	206,619	306,056	(99,437)
	2,921,088	**656,780**	**770,419**	**(113,639)**
Operating Expenses				
Purchased Power:				
Entergy	158,785	42,552	40,674	(1,878)
Other	1,048,307	215,609	306,151	90,542
Ancillary Services	83,746	17,212	21,189	3,977
Fuel Consumed - Oil & Gas	623,649	144,466	176,276	31,810
Wheeling	302,119	60,455	62,110	1,655
Operations & Maintenance	259,964	60,973	56,879	(4,094)
Other expenses	137,914	49,328	48,567	(761)
Depreciation & Amortization	176,402	43,052	44,100	1,048
Allocation to Capital	(8,794)	(1,396)	(1,473)	(77)
	2,782,092	**632,251**	**754,473**	**122,222**
Net Operating Revenues	**138,996**	**24,529**	**15,946**	**8,583**
Interest Income and Realized Gains	63,763	15,429	15,724	(295)
Mark to Market Adjustment	(2,000)	(2,319)	(2,000)	(319)
Investment Income	61,763	13,110	13,724	(614)
Interest and Other Expenses	114,874	27,050	28,795	1,745
Net Revenues	**85,885**	**10,589**	**875**	**9,714**

New York Power Authority
Net Revenues by Facility
For the Three Months ended March 31, 2006
($ in 000's)

	Niagara/ St. Lawrence	B-G	SENY	SCPP	Market Supply Power	Flynn	Transmission	Eliminations & Adjmts	Total
Operating Revenues									
Customer	$ 100,298	$ 3,875	$ 249,524	$ 2,295	$ 79,868	$ 34,428	$ 20,623	$ (40,750)	$ 450,161
ISO-Energy	13,825	17,780	106,824	11,977	12,283			(4,800)	157,889
Ancillary Services	23,389	1,640	2,068	229					27,326
NTAC and Other							21,404		21,404
Total ISO	37,214	19,420	108,892	12,206	12,283	-	21,404	(4,800)	206,619
	137,512	**23,295**	**358,416**	**14,501**	**92,151**	**34,428**	**42,027**	**(45,550)**	**656,780**
Operating Expenses									
Purchased Power:									
Entergy			42,552						42,552
Other	18,390	15,687	142,599	424	80,693		11	(42,195)	215,609
Ancillary Services	4,995	77	10,190	9	1,941				17,212
Fuel Consumed - Oil & Gas			109,269	7,105		28,092			144,466
Wheeling	2,833		55,211		2,339	72			60,455
Operations & Maintenance	24,250	6,769	10,434	2,644	415	1,913	14,548		60,973
Other expenses	4,776	747	2,854	28	14,633	205	2,707	23,378	49,328
Depreciation & Amortization	8,255	1,479	14,734	7,271	212	1,307	9,794		43,052
Allocation to Capital	(601)	(169)	(237)	(6)		(46)	(337)		(1,396)
	62,898	**24,590**	**387,606**	**17,475**	**100,233**	**31,543**	**26,723**	**(18,817)**	**632,251**
Net Operating Revenues	**74,614**	**(1,295)**	**(29,190)**	**(2,974)**	**(8,082)**	**2,885**	**15,304**	**(26,733)**	**24,529**
Investment and Other Income			1,772					11,338	13,110
Interest and Other Expenses	(3,995)	(29)	(9,603)	(198)	(20)	(1,017)	(8,093)	(4,095)	(27,050)
Net Revenues (loss)	70,619	(1,324)	(37,021) *	(3,172)	(8,102)	1,868	7,211	(19,490)	10,589
Budget	30,232	(2,299)	(6,749)	(881)	(20,921)	7,928	8,054	(14,489)	875
Variance	$ 40,387	$ 975	$ (30,272)	$ (2,291)	$ 12,819	$ (6,060)	$ (843)	$ (5,001)	$ 9,714

*** Reflects loss of $62.1 million partially offset by $25.1 million anticipated recovery from NYC Govt. customers (based on sharing plan elected for 2006 under LT Supplemental Energy Supply Agreement).**

NEW YORK POWER AUTHORITY
VARIANCE FROM BUDGET
MAJOR FACTORS
For the Three Months Ended March 31, 2006
(Millions)

		Better/(Worse) than budget	
Niagara/St. Lawrence	o Lower customer & ISO energy revenues (lower prices)	($10.7)	
	o Higher ancillary service revenues (primarily higher prices for regulation & reserves)	10.2	
	o Lower purchased power costs (lower volumes & prices)	42.3	
	o Higher Niagara site O&M (maintenance)	(1.0)	
	o Higher allocated administrative costs	(1.7)	
	o Other	1.3	
			40.4
Blenheim-Gilboa	o Higher ISO energy revenues (higher volumes)	10.8	
	o Higher purchased power costs (higher volumes)	(10.1)	
	o Other	0.3	1.0
SENY	o Lower revenues (primarily lower prices on sales to the ISO)	(71.1)	
	o Lower purchased power costs (lower prices)	27.8	
	o Lower fuel costs (lower generation & lower prices)	9.6	
	o Other	3.4	(30.3)
SCPP	o Lower ISO revenues (lower volumes & prices)	(16.5)	
	Lower fuel costs (lower generation & lower prices)	13.9	
	o Other	0.3	(2.3)
Market Supply Power	o Lower revenues (primarily lower prices on sales to the ISO)	(7.8)	
	o Lower purchased power costs (lower prices & volumes)	19.0	
	o Other	1.6	12.8
Flynn	o Lower revenues (lower prices on Long Island)	(14.3)	
	o Lower fuel costs (lower prices)	8.3	
	o Other	(0.1)	(6.1)
Transmission	o Higher revenues	0.3	
	o Higher allocated administrative costs	(0.8)	
	o Other	(0.3)	(0.8)
Consolidating adjustments			(5.0)
Net Revenues			$9.7

NYPA
Operations & Maintenance
For the Three Months Ended March 31, 2006

	($'s in millions) Actual	Budget
Power Generation		
Headquarters Support	$3.5	$1.5
Blenheim-Gilboa	3.8	3.6
Charles Poletti	3.5	3.8
500 MW	1.3	2.1
R.M. Flynn	1.1	1.2
SCPP	2.4	2.3
Small Hydros	0.6	0.8
Niagara	9.9	9.0
St. Lawrence	3.9	4.2
	30.0	28.6
Transmission		
ECC/Headquarters	2.2	2.2
Transmission Facilities	8.2	8.1
	10.5	10.3
Corporate Support		
Executive Office	3.3	3.0
Business Services	7.1	5.1
HR & Corporate Support	5.7	5.9
Marketing & Econ. Devel.	1.9	1.8
Energy Services	0.7	0.7
	18.7	16.4
Research & Development & Other	1.8	1.5
Total	$61.0	$56.9

Through March, O&M expenses were $4.1 million over budget.

Power Generation was over budget by $1.4 million, or 5%. The Power Generation HQ overrun ($2.0 million) reflected greater than anticipated work on recurring and non recurring O&M projects rather than capital, and earlier than planned contractors and consultants for Maximo related issues. Niagara spending was over budget by $1.0 million primarily due to less than anticipated capital work (mainly the RMNPP Upgrade) and some non-recurring tasks proceeding earlier than scheduled. Under spending at St. Lawrence resulted primarily from the delayed start of the 300 ton crane major maintenance. The 500 MW underrun was due to less than expected materials and waste disposal charges.

HQ Corporate Support expenses were collectively $2.3 million over budget. The primary sources of the variance were early year overruns in IT contractor services, delays in capital IT initiatives, and to a lesser extent an overrun in energy risk management consultant support.

NEW YORK POWER AUTHORITY
COMPARATIVE STATEMENT OF NET ASSETS
(IN THOUSANDS)

	MARCH 2006	DECEMBER 2005	NET CHANGE
ASSETS:			
Electric Plant In Service, Less Accumulated Depreciation	$3,123,423	$3,145,208	(21,785)
Construction Work In Progress	125,469	121,217	4,252
Net Utility Plant	$3,248,892	$3,266,425	(17,533)
Restricted Funds	78,106	79,258	(1,152)
Construction Funds	135,120	147,415	(12,295)
Investment In Decommissioning Trust Fund	864,419	851,346	13,073
Current Assets:			
Cash	72	72	-
Investments In Government Securities	546,557	572,457	(25,900)
Interest Receivable On Investments	12,755	12,069	686
Receivables-Customers	241,813	210,196	31,617
Materials & Supplies-Plant & General	65,286	63,352	1,934
-Fuel	34,417	26,442	7,975
Prepayments And Other	40,363	45,401	(5,038)
Notes Receivable-Nuclear Sale	264,582	257,349	7,233
Deferred Charges And Other Assets	599,312	645,112	(45,800)
TOTAL ASSETS	**$6,131,694**	**$6,176,894**	**($45,200)**
LIABILITIES AND OTHER CREDITS:			
Long-Term Debt - Bonds	$1,909,327	$1,935,378	(26,051)
Notes	156,145	161,835	(5,690)
Short-Term Notes Payable	207,559	218,241	(10,682)
Accounts Payable And Accrued Liabilities	516,499	503,026	13,473
Spent Nuclear Fuel Disposal	194,379	192,374	2,005
Decommissioning Of Nuclear Plants	864,419	851,346	13,073
Deferred Revenue	376,229	418,155	(41,926)
TOTAL LIABILITIES AND OTHER CREDITS	**4,224,557**	**4,280,355**	**(55,798)**
ACCUMULATED NET REVENUES-JANUARY 1	1,896,548	1,838,026	58,522
NET REVENUES	10,589	58,513	(47,924)
TOTAL LIABILITIES AND CAPITAL	**$6,131,694**	**$6,176,894**	**($45,200)**

NYPA
SUMMARY OF NET GENERATION (MWH'S)
FOR THE THREE MONTHS ENDED MARCH 31, 2006

	Year-to-date March				Month of March 2006			
Facility	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget	Actual	Budget	Variance (Actual vs Budget)	% Variance from Budget
Niagara	3,736,967	3,340,000	396,967	11.89%	1,297,523	1,170,000	127,523	10.90%
St. Lawrence	1,622,927	1,440,000	182,927	12.70%	605,017	520,000	85,017	16.35%
Combined	5,359,894	4,780,000	579,894	12.13%	1,902,540	1,690,000	212,540	12.58%
Poletti	439,895	674,369	(234,474)	-34.77%	182,401	150,529	31,872	21.17%
500MW	641,578	485,953	155,625	32.02%	235,059	179,693	55,366	30.81%
SCPP	55,333	103,606	(48,273)	-46.59%	22,136	41,151	(19,015)	-46.21%
Blenheim Gilboa	(93,808)	(25,652)	(68,156)	265.70%	(19,330)	(10,772)	(8,558)	79.45%
Small Hydro	63,509	35,908	27,601	76.87%	20,263	12,367	7,896	63.85%
R. M. Flynn	327,567	320,521	7,046	2.20%	113,780	111,029	2,751	2.48%
Total	6,793,968	6,374,705	419,263	6.58%	2,456,849	2,173,997	282,852	13.01%

NYPA
Capital Expenditures
For the Three Months Ended March 31, 2006

($'s in millions)

	Actual	Budget
New Generation	**$5.4**	**$5.6**
Energy Services	**25.2**	**19.0**
Existing Facilities	**11.8**	**17.1**
Transmission	**2.8**	**5.7**
Headquarters	**3.8**	**3.1**
General Plant and Minor Additions	**1.3**	**1.5**
	$50.3	**$52.0**

Capital expenditures through March 2006 ($50.3 million) were 3.3% lower than the budget. Expenditures for **Existing Facilities** improvements were $5.3 million under budget. The underrun was primarily the result of less than anticipated work on the Niagara Upgrade and St. Lawrence Life Extension projects. Contributing to this underrun was a decreased usage of consultants for the Niagara Relicensing project and delays related to the New License and comprehensive settlement agreement for St. Lawrence. The temporary underrun in **Transmission** of $2.9 million will diminish as work proceeds on the Static Var Compensator and Tri Lake Transmission project. **Energy Services** was $6.2 million over budget primarily due to accelerated construction activity for the NYC governmental customers under the Long Term Agreement Programs.

Under the Expenditure Authorization Procedure, the President authorized new expenditures on budgeted capital projects of $ 1.8 million during the month as follows:

IT Infrastructure	$0.8
Niagara LAN upgrade	$1.0

Demand Side Management
Cost Summary (Inception to Date)
March 31, 2006
($ in 000's)

(A) DSM Projects

Authorized	Program	Prog	(A) Projects In-Progress	(B) Completed Projects	(C) Cumulative Cost	(D) Recoveries to Date	(E) Net Investment (C-D)
13,000	Distributed Generation	ES-DGN	1,686		1,686		1,686
183,050	Electrotechnologies LTEPA	ES-EPN	7,346	73,912	81,258	44,490	36,768
433,000	NYPA Energy Services Program	ES-ESN	32,908	87,890	120,798	37,788	83,010
500,000	SENY Govt Cust Energy Serv	ES-GSN	14,958	10,073	25,031	1,392	23,639
26,000	Landfill Gases Program	ES-LFN	903		903		903
130,000	SENY HELP LTEPA	ES-LTN	4,036	87,377	91,413	57,316	34,097
1,200	MUNI Vehicle Program	ES-MVN	0	372	372	99	273
140,000	Non-Elect End Use LTEPA	ES-NEN	15,683	58,143	73,826	23,545	50,281
75,000	Public Housing LTEPA	ES-PHN	0	70,825	70,825	60,256	10,569
35,000	Peak Load Mgmt	ES-PLN	1,274	165	1,439		1,439
	Completed Programs						
5,000	Coal Conversion LTEPA	ES-CCN	0	5,000	5,000	673	4,327
5,000	County & Muni's	ES-CMN	0	1,799	1,799	1,766	33
14,600	Industrial	ES-IPN	(0)	6,876	6,876	6,331	545
51,000	LI HELP	ES-LIN	0	48,615	48,615	47,825	790
15,000	SENY New Constr	ES-NCN	0	3,372	3,372	2,494	878
40,000	Public Schools	ES-PSN	0	39,841	39,841	38,143	1,698
$130,000	SENY HELP	ES-SEN	$0	$133,983	$133,983	$133,983	$0
60,000	Statewide	ES-SWN	0	57,620	57,620	57,620	0
4,085	Other		0	746	746	687	59
7,500	Wattbusters		0	6,131	6,131	5,045	1,086
$1,868,435			$78,794	$692,740	$771,534	$519,453	$252,081

(B) POCR Funding

LOANS

Authorized	Program	Loans Issued	Repayments	Outstanding Balance
$ 16,390	Colleges & Universities	$ 16,390	$ 15,654 (1)	$ 736

GRANTS

Authorized	Program	Issued
9,105	Coal Conversion Pilot	9,105
4,558	Hybrid Bus Program	$ 4,558
663	Solar Grants	663
3,000	NYSERDA	3,000
19,876 (1)	Energy Services Programs	13,833
7 31,042 (1)	POCR Grants	12,348
$ 68,244		$ 43,507

(C) CASP Funding

Authorized	Program	Issued
132,047 (2)	Coal Conversion	118,819

(D) Board of Ed Funding

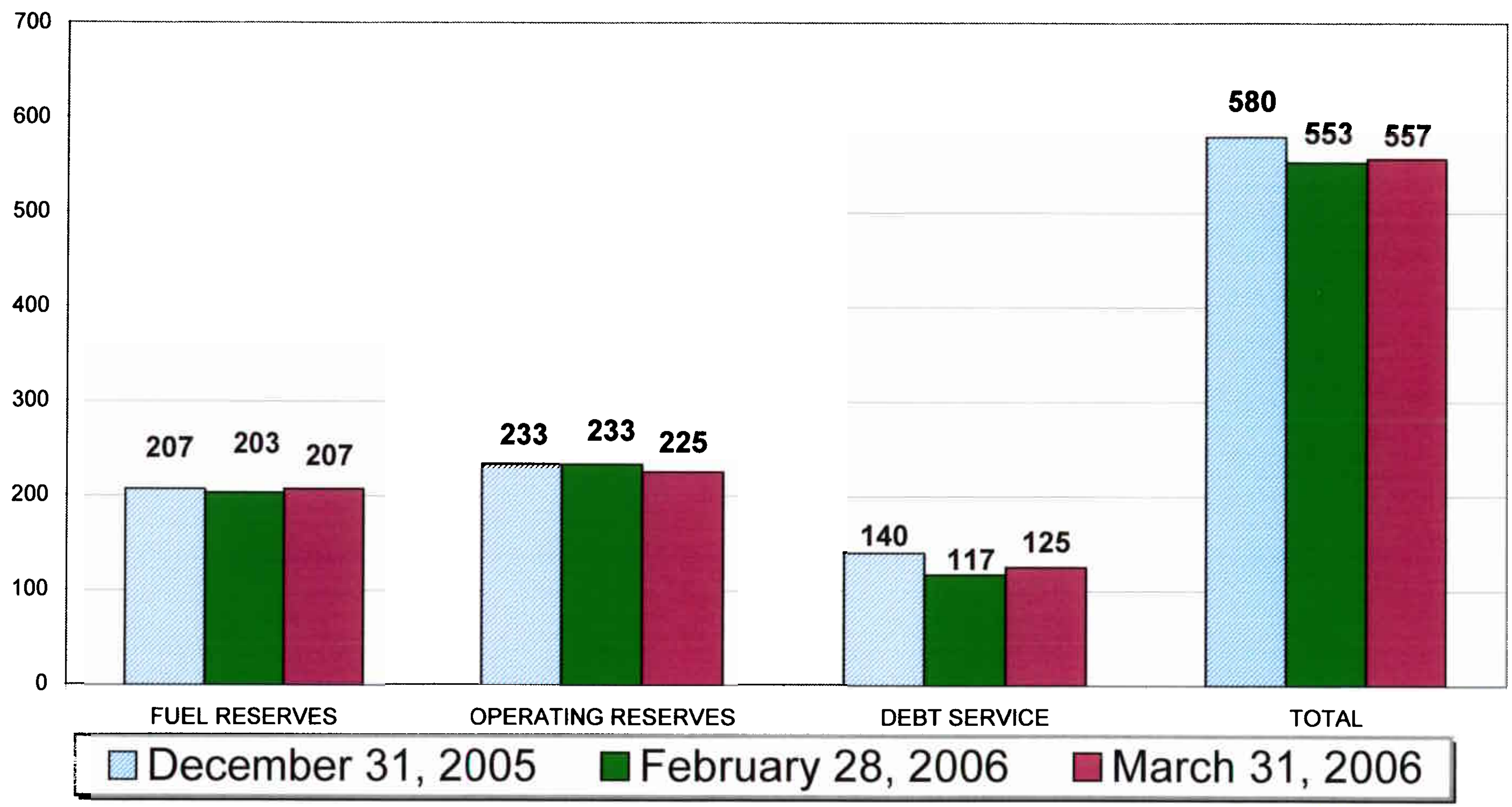
Authorized	Program	Issued
38,628 (2)	Climate Controls (NYC BOE)	34,246

(D) NYC Housing Auth Funding

Authorized	Program	Issued
12,642 (2)	NYCHA Hot Water Heaters	2,814

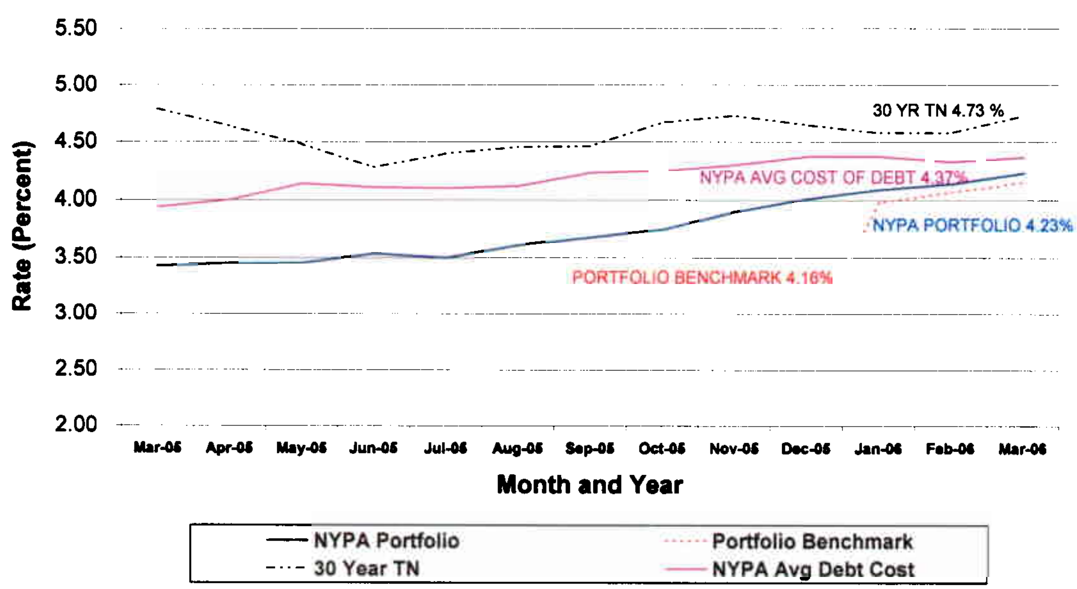
(1) Funds recovered via loan repayments are available and assigned to be used as grants in the Energy Services Program and for POCR Grant Program.
(2) Authorized funds reflect both principal received and the interest earned on such principal.

NEW YORK POWER AUTHORITY
OPERATING FUND
($ MILLIONS)

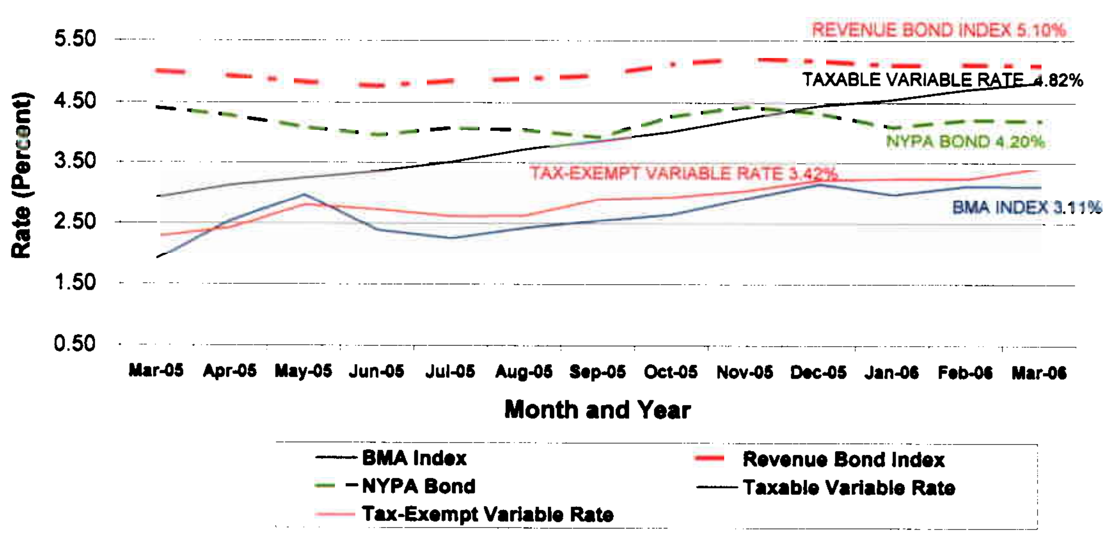


Fuel Reserves include $194 million for Nuclear Spent Fuel and $13 million for Energy Hedging Reserve Fund.

Portfolio Performance



Financing Rates



3. Report from the President and Chief Executive Officer

President Carey said that because of the 75th anniversary celebration taking place later in the day, he would curtail his report, with a discussion of legal issues to take place in Executive Session. In response to a question from Chairman Seymour, Mr. Kelly said that a request for proposals ("RFP") was being sent out today to firms approved by the Office of the State Comptroller for an independent audit of the Authority's community support contributions. He said that once the responses to the RFP have been received, a meeting of the Audit Committee would be convened to decide upon the winning firm based on staff's recommendations. In the meantime, staff is compiling background material on all of the community support contributions that have been made. Responding to another question from Chairman Seymour, Mr. Kelly said that part of the independent auditor's charge would be to look at the Authority's current contribution policy (including the changes that were implemented last year) and to make recommendations for any changes that it deems advisable.

4. <u>Allocation of 10,880 kW of Hydro Power</u>

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve seven allocations of available Replacement Power ('RP') or Expansion Power ('EP') totaling 10,880 kW to six industrial companies.

BACKGROUND

"Under the RP Settlement Agreement, National Grid ('Grid') (formerly Niagara Mohawk Power Corporation), with the approval of the Authority, identifies and selects certain qualified industrial companies to receive delivery of RP. Qualified companies are current or future industrial customers of Grid that have or propose to have manufacturing facilities for the receipt of RP within 30 miles of the Authority's Niagara Switchyard. RP is up to 445,000 kW of firm hydro power generated by the Authority at its Niagara Power Project that has been made available to Grid, pursuant to the Niagara Redevelopment Act (through December 2005) and Chapter 313 of the 2005 Laws of the State of New York.

"Under Section 1005 (13) of the Power Authority Act, as amended by Chapter 313, the Authority may contract to allocate or reallocate directly, or by sale for resale, 250 MW of firm hydroelectric power as EP and up to 445 MW of RP to businesses in the State located within 30 miles of the Niagara Power Project, provided that the amount of power allocated to businesses in Chautauqua County on January 1, 1987 shall continue to be allocated in such county.

DISCUSSION

"On October 22, 2003, the Authority, Grid, Empire State Development Corporation and the Buffalo Niagara Enterprise signed a Memorandum of Understanding ('MOU') that outlines the process to coordinate marketing and allocating Authority hydro power. The entities noted above have formed the Western New York Advisory Group ('Advisory Group') with the intent of better using the value of this resource to improve the economy of Western New York and the State of New York. Nothing in the MOU changes the legal requirements applicable to the allocation of hydro power.

"Based on the Advisory Group's discussions, staff recommends that the available power be allocated among six companies as set forth in Exhibits '4-A' and '4-B.' The Exhibits show, among other things, the amount of power requested by each company, the recommended allocation and additional employment and capital investment information. These projects will help maintain and diversify the industrial base of Western New York and provide new employment opportunities. They are projected to result in the creation of 227 jobs.

RECOMMENDATION

"The Director – Business Power Allocations, Regulation and Billing recommends that the Trustees approve the allocation of 10,880 kW of hydro power to the companies listed in Exhibits '4-A' and '4-B.'

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

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

RESOLVED, That the allocation of 1,780 kW of Replacement Power and 9,100 kW of Expansion Power, as detailed in Exhibits '4-A' and '4-B,' be, and hereby is, approved on the terms set forth in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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 Executive Vice President and General Counsel.

April 28, 2006

Exhibit "4-A1"

APPLICATION SUMMARY

Replacement Power

Company:	Flexo Transparent, Inc.
Location:	Buffalo, New York
County:	Erie
IOU:	National Grid
Business Activity:	Various products printed on plastic film used to make bags, rollstock and bottle sleeves.
Project Description:	The company will build a 12,970-sq.-ft. expansion, attaching it directly north of its current building. Inside the expansion, the company will install a 10-color gearless press, a laminator and a slitter. In order to operate the press, the company needs to install a 25,000 SCFM oxidizer that will have a 125 HP motor. Flexo will need more power and install a 100 KVA transformer.
Prior Application:	No
Existing Allocation:	None
Power Request:	380 kW
Power Recommended:	380 kW
Job Commitment:	
Existing:	90 jobs
New:	10 jobs
New Jobs/Power Ratio:	26 jobs/MW
New Jobs - Avg. Wage and Benefits:	$34,000
Capital Investment:	$5,600,000
Capital Investment Per MW	$14,736,842/MW

Summary: Flexo Transparent, Inc. is a flexographic printing company founded in Buffalo in 1954. The company prints on plastic film to make bags, rollstock and bottle sleeves for both food and retail markets. A low-cost hydro allocation will help the company grow and stay competitive.

April 28, 2006

Exhibit "4-A2"

APPLICATION SUMMARY

Replacement Power

Company: Metaullics Systems, Division of Pyrotek, Inc.

Location: Sanborn

County: Niagara

IOU: National Grid

Business Activity: Manufacturer of high-temperature materials for industrial applications.

Project Description: Purchase and renovation of the former St. Gobain site adjacent to the company's current site, in addition to a capital investment supporting the expansion of its graphite product line. Upgrade two existing furnaces to support new filter business. The new space will support additional forming, furnacing and assembly operations for the company's business. Reconfiguring to provide isolated storage and material-handling facilities.

Prior Application: Yes

Existing Allocation: 1,000 kW of RP

Power Request: 1,500 kW

Power Recommended: 1,200 kW

Job Commitment:
Existing: 0 jobs
New: 19 jobs

New Jobs/Power Ratio: 16 jobs/MW

New Jobs - Avg. Wage and Benefits: $50,000

Capital Investment: $2,137,000

Capital Investment Per MW $1,780,833/MW

Summary The expansion would permit growth in the sales of components within the organization and would also add capacity for external sales. The company's products are used worldwide in the aluminum industry for applications in defense, aerospace, electronic, food and beverage packaging and critical automotive products.

April 28, 2006

Exhibit "4-A3"

APPLICATION SUMMARY

Replacement Power

Company:	R. A. Miller Hardwood Company, Inc.
Location:	North Tonawanda
County:	Niagara
IOU:	National Grid
Business Activity:	Manufacturer of hardwood lumber and moldings
Project Description:	The company will build a new 12,000-sq.-ft. milling facility and a new boiler room at its existing site, including five new dry kilns, a wood waste boiler, a planer and a molder machine.
Prior Application:	No
Existing Allocation:	None
Power Request:	400 kW
Power Recommended:	200 kW
Job Commitment:	
Existing:	43 jobs
New:	10 jobs
New Jobs/Power Ratio:	50 jobs/MW
New Jobs - Avg. Wage and Benefits:	$28,000
Capital Investment:	$2,500,000
Capital Investment Per MW	$12,500,000/MW
Summary:	The Miller family has been in the hardwood lumber business since 1889. The company's customer base is distributed throughout the United States and Canada, Europe and the Far East. The company, which had a fire and lost all manufacturing capability, is considering moving to Pennsylvania. A low-cost hydro allocation will help the company rebuild, grow and stay competitive in New York.

April 28, 2006

Exhibit "4-B1"

APPLICATION SUMMARY

Expansion Power

Company:	HSBC Technology & Services Inc.
Location:	Amherst / Pendleton
County:	Erie / Niagara
IOU:	National Grid
Business Activity:	Data center operations to support HSBC
Project Description:	Two Projects: Project 1 – Existing facility provides 17,500 sq. ft. of raised-floor computer room space in a 35,000-sq.-ft. building with a 15,000-sq.-ft. exterior equipment yard. An adjacent five-acre parcel would be acquired to support a building. Project 2 – New site development on 76 acres, including a 200,000-sq.-ft. building and an approximately 75,000-sq.-ft. secured exterior equipment yard. Initial raised-floor space of 65,000 sq. ft. for conditioned/secured placement of data processing /work equipment.
Prior Application:	No
Existing Allocation:	None
Power Request:	18,000 kW
Power Recommended:	7,800 kW
Job Commitment:	
Existing:	104 jobs
New:	78 jobs
New Jobs/Power Ratio:	10 jobs/MW
New Jobs - Avg. Wage and Benefits:	$81,000
Capital Investment:	$274 Million
Capital Investment Per MW	$35,128,000/MW
Summary:	HSBC is one of the top 10 financial services organizations in the US. The company is considering consolidating and expanding its primary and disaster recovery data operations in Western New York. Over a 15-year period, the company expects its direct capital spending to be more than $2.4 billion.

April 28, 2006

Exhibit "4-B2"

APPLICATION SUMMARY

Expansion Power

Company:	Rosina Food Products
Location:	Cheektowaga
County:	Erie
IOU:	New York State Electric and Gas Corporation
Business Activity:	Produces frozen Italian specialty products
Project Description:	The company wants to increase production capacity at this site to minimize the need to outsource work to other manufactures outside New York State. The project includes renovating the warehouse into production space. In addition, the company will install new machines and equipment to increase production. The new equipment includes wastewater treatment equipment, meat grinders/blenders, a microwave oven cook/freeze line and new packaging equipment.
Prior Application:	Yes
Existing Allocation:	400 kW of EP
Power Request:	400 kW
Power Recommended:	400 kW
Job Commitment:	
Existing:	250 jobs
New:	40 jobs
New Jobs/Power Ratio:	100 jobs/MW
New Jobs - Avg. Wage and Benefits:	$31,000
Capital Investment:	$4,800,000
Capital Investment Per MW	$12,000,000/MW
Summary:	Obtaining additional low-cost hydro power is critical for the continued success of the Buffalo site. The company has been in Buffalo since 1963 and continues to grow, with products distributed nationally. The company's expansion/growth depends on low-cost hydro power that would allow it to remain competitive.

April 28, 2006

Exhibit "4-B3"

APPLICATION SUMMARY

Expansion Power

Company:	Rosina Food Products
Location:	West Seneca
County:	Erie
IOU:	New York State Electric and Gas Corporation
Business Activity:	Produces frozen Italian specialty products
Project Description:	The company wants to improve production efficiency at this facility to promote increase sales and growth. The project includes renovating its warehouse into production space. In addition, the company will install new machines and equipment to increase production. The new equipment includes a new chopper, entrée line equipment, a fryer, a new ravioli line and refrigeration equipment.
Prior Application:	None for this site
Existing Allocation:	400 kW of EP at Cheektowaga
Power Request:	400 kW
Power Recommended:	400 kW
Job Commitment:	
Existing:	151 jobs
New:	40 jobs
New Jobs/Power Ratio:	100 jobs/MW
New Jobs - Avg. Wage and Benefits:	$27,000
Capital Investment:	$1,370,000
Capital Investment Per MW	$3,425,000/MW
Summary:	Improved efficiencies gained through this expansion will help the company improve its ability to compete and grow in this highly competitive national market. Currently, the company's cost of electricity is approximately 12 % of its cost of production. The company's expansion and growth depend on low-cost hydro power that will allow it to remain competitive.

New York Power Authority
Replacement Power
Recommendations for Allocations

Exhibit "4-A"
April 28, 2006

Exhibit Number	Company Name	City	County	Power Requested (kW)	New Jobs	Estimated Capital Investment	New Jobs Avg. Wage Benefits	Power Recommended (kW)	Contract Term (1)
A-1	Flexo Transparent, Inc	Buffalo	Erie	380	10	$5,600,000	$34,000	**380**	Until 8/31/07
A-2	Metaullics Systems, Division of Pyrotek, Inc	Sanborn	Niagara	1,500	19	$2,137,000	$50,000	**1,200**	Until 8/31/07
A-3	R. A. Miller Hardwood Company, Inc	No. Tonawanda	Niagara	400	10	$2,500,000	$28,000	**200**	Until 8/31/07
	Total RP Recommended				**39**	**10,237,000**		**1,780**	

(1) If the Niagara Project license is extended and delivery agreement finalized, the full term of these contracts will be for five years.

New York Power Authority
Expansion Power
Recommendations for Allocations

Exhibit "4-B"
April 28, 2006

Exhibit Number	Company Name	City	County	Power Requested (kW)	New Jobs	Estimated Capital Investment	New Jobs Avg. Wage Benefits	Power Recommended (kW)	Contract Term (1)
B-1	HSBC Technology & Services, Inc	Amherst/Pendleton	Erie/Niagara	18,000	78	$274,000,000	$81,000	**7,800**	Until 8/31/07
B-2	Rosina Food Products	Cheektowaga	Erie	400	40	$4,800,000	$31,000	**400**	Until 8/31/07
B-3	Rosina Food Products	West Seneca	Erie	400	40	$1,370,000	$27,000	**400**	Until 8/31/07
B-4	RubberForm Recycled Products, LLC	Lockport	Niagara	500	30	$1,200,000	$31,000	**500**	Until 8/31/07
	Total EP Recommended				**188**	**281,370,000**		**9,100**	

(1) Expansion Power resale agreements with NYSEG and National Grid have automatic extension provisions until 2013 if the Niagara Project license is extended. Should the license be extended, the full term of these contracts will be for five years. However, HSBC's full-term contract will be for 10 years.

5. Power for Jobs Program – Extended Benefits

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve extended benefits for 37 Power for Jobs ('PFJ') customers as listed in Exhibits '5-A' and '5-B.' In addition, the Trustees are requested to approve modifications to the benefits for four customers that have applied to have their PFJ benefits reinstated after having been reduced by the Board for non-compliance with their job commitments as detailed in Exhibits '5-C1' and '5-C2.' These customers have been recommended to receive such extended benefits and modifications by the Economic Development Power Allocation Board ('EDPAB').

BACKGROUND

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

"The PFJ program originally made 400 megawatts ('MW') of power available. The program was to be phased in over three years, with approximately 133 MW made available each year. In July 1998, as a result of the initial success of the program, the Legislature and Governor Pataki amended the PFJ statute to accelerate the distribution of the power, making a total of 267 MW available in Year One. The 1998 amendments also increased the size of the program to 450 MW, with 50 MW to become available in Year Three.

"In May 2000, legislation was enacted that authorized another 300 MW of power to be allocated under the PFJ program. The additional MW were described in the statute as 'phase four' of the program. Customers that received allocations in Year One were authorized to apply for reallocations; more than 95% reapplied. The balance of the power was awarded to new applicants.

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

"In 2004, provisions of the approved State budget extended the benefits for PFJ customers whose contracts expired before the end of the program in 2005. Such customers had to choose to receive an 'electricity savings reimbursement' rebate and/or a power contract extension. The Authority was also authorized to voluntarily fund the rebates, if deemed feasible and advisable by the Trustees.

"Chapter 59 of the Laws of 2004 extended the benefits for PFJ customers whose contracts expired before the end of the program in 2005. Such customers had to choose to receive an 'electricity savings reimbursement' rebate and/or a power contract extension. The Authority was also authorized to voluntarily fund the rebates, if deemed feasible and advisable by the Trustees.

"PFJ customers whose contracts expired on or prior to November 30, 2004 were eligible for a rebate to the extent funded by the Authority from the date their contract expired through December 31, 2005. As an alternative, such customers could choose to receive a rebate to the extent funded by the Authority from the date their contract expired as a bridge to a new contract extension, with the contract extension commencing December 1, 2004. The new contract would be in effect from a period no earlier than December 1, 2004 through the end of the PFJ program on December 31, 2005.

"PFJ customers whose contracts expired after November 30, 2004 were eligible for rebate or contract extension, assuming funding by the Authority, from the date their contracts expired through December 31, 2005.

"Approved contract extensions entitled customers to receive the power from the Authority pursuant to a sale-for-resale agreement with the customer's local utility. Separate allocation contracts between customers and the Authority contained job commitments enforceable by the Authority.

"In 2005, provisions of the approved State budget extended the period PFJ customers could receive benefits until December 31, 2006, the program's new sunset date.

"Section 189 of the New York State Economic Development Law, which was also amended by Chapter 59 of the Laws of 2004, provided the statutory authorization for the extended benefits that could be provided to PFJ customers with contracts that expire before December 31, 2005. The statute stated that an applicant could receive extended benefits '*only if it is in compliance with and agrees to continue to meet the job retention and creation commitments set forth in its prior power for jobs contract.'*

"Chapter 313 of the Laws of 2005 amended the above language to allow EDPAB to consider continuation of benefits on such terms as it deems reasonable. The statutory language now reads as follows:

> *An applicant shall be eligible for such reimbursements and/or extensions only if it is in compliance with and agrees to continue to meet the job retention and creation commitments set forth in its prior power for jobs contract**, or such other commitments as the board deems reasonable**.* (emphasis supplied)

"At its meeting of October 18, 2005, EDPAB approved criteria under which applicants whose extended benefits were reduced by the Board for non-compliance with their job commitments could apply to have their PFJ benefits reinstated in whole or in part. EDPAB authorized staff to create a short-form application, notify customers of the process, send said customers the application and evaluate reconsideration requests based on the approved criteria. To date, staff has mailed 196 applications, received 105 and completed review of 105.

DISCUSSION

"At its meeting on April 24, 2006, EDPAB recommended that the Authority's Trustees approve the allocations and/or electricity savings reimbursement rebates to the 37 businesses listed in Exhibits '5-A' and '5-B.' Exhibit '5-A' lists a business that has requested and is being recommended for a contract extension, while Exhibit '5-B' lists those businesses that have requested and are being recommended for electricity savings reimbursements. Collectively, these organizations have agreed to retain more than 46,000 jobs in New York State in exchange for the contract extensions or rebates. The contracts will be extended and the rebate program will be in effect until December 31, 2006, the program's sunset. The power will be wheeled by the investor-owned utilities as indicated in the Exhibits.

"Also at its meeting on April 24, 2006, based on its reconsideration criteria, EDPAB recommended that the Authority's Trustees approve modifications to the benefits for four customers that have applied to have their PFJ benefit reinstated after having been reduced by EDPAB for non-compliance with their job commitments.

"The Trustees are requested to approve a contract extension for the company listed in Exhibit '5-A,' and the payment and funding of rebates for the companies listed in Exhibit '5-B' in a total amount currently not expected to exceed $2,400,000. Staff recommends that the Trustees authorize a withdrawal of monies from the Operating Fund for the payment of such amount, provided that such amount is not needed at the time of withdrawal for any of the purposes specified in Section 503(1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented. Staff expects to present the Trustees with requests for additional funding for rebates for the companies listed in the Exhibits in the future.

FISCAL INFORMATION

"Funding of rebates for the companies listed on Exhibit '5-B' is not expected to exceed $2,400,000. Payments will be made from the Operating Fund. To date, the Trustees have approved $37.0 million in rebates.

RECOMMENDATION

"The Senior Vice President and Chief Financial Officer and the Director – Business Power Allocations, Regulation and Billing recommend that the Trustees approve the contract extension for, and the payment of electricity savings reimbursements to, the Power for Jobs customers listed in Exhibits '5-A' and '5-B.' It is also recommended that the Trustees approve modifications to the benefits for four customers that have applied to have their PFJ benefits reinstated after having been reduced by EDPAB for non-compliance with their job commitments as detailed in Exhibits '5-C1' and '5-C2.'

"The Executive Vice President and General Counsel, the Senior Vice President – Marketing, Economic Development and Supply Planning, the Senior Vice President – Public and Governmental Affairs, the Vice President – Major Account Marketing and Economic Development and I concur in the recommendation."

Mr. Savino presented the highlights of staff's recommendations to the Trustees. He said that of the 105 reconsideration requests that have been reviewed and acted upon, 45 customers have had their full Power for Jobs ("PFJ") allocation reinstated, 33 have had a partial reinstatement of their PFJ allocation, 24 have remained at the proportionately reduced allocation level and 3 are still being reviewed. Vice Chairman McCullough, who is Chairman of the Economic Development Power Allocation Board ("EDPAB"), said that as the cash reimbursement payments increase each month, the EDPAB members are becoming increasingly concerned about the future viability of the program. In response to questions from Chairman Seymour, Mr. Bellis said that $58 million has been budgeted for the PFJ rebates and that so far the Authority is on target for this figure. President Carey said that he thought the reconsideration program had been successful and Vice Chairman McCullough agreed, but reiterated his concern about the future of the PFJ program.

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

WHEREAS, the Economic Development Power Allocation Board ('EDPAB') has recommended that the Authority approve a contract extension and electricity savings reimbursements to the Power for Jobs ('PFJ') customers listed in Exhibits '5-A' and '5-B,' respectively; and

WHEREAS, EDPAB has recommended that the Authority approve modifications to 4 allocations for customers that have applied to have their PFJ benefits reinstated after having been reduced by EDPAB for non-compliance with their job commitment as detailed in Exhibits '5-C1' and '5-C2';

NOW THEREFORE BE IT RESOLVED, That to implement such EDPAB recommendations, the Authority hereby approves a contract extension for the company listed in Exhibit '5-A,' and the payment of

electricity savings reimbursements to the companies listed in Exhibit '5-B,' as submitted to this meeting, and that the Authority finds that such extensions and payments for electricity savings reimbursements are in all respects reasonable, consistent with the requirements of the PFJ program and in the public interest; and be it further

RESOLVED, That to implement such EDPAB recommendations, the Authority hereby approves modifications to the benefits for 4 customers that have applied to have their PFJ benefits reinstated after having been reduced by EDPAB for non-compliance with their job commitments as detailed in Exhibits '5-C1' and '5-C2'; and be it further

RESOLVED, That based on staff's recommendation, it is hereby authorized that payments be made for electricity savings reimbursements as described in the foregoing report of the President and Chief Executive Officer in the aggregate amount of up to $2.4 million, and it is hereby found that amounts may properly be withdrawn from the Operating Fund to fund such payments; and be it further

RESOLVED, That such monies may be withdrawn pursuant to the foregoing resolution upon the certification on the date of such withdrawal by the Vice President – Finance or the Treasurer that the amount to be withdrawn is not then needed for any of the purposes specified in Section 503 (1)(a)-(c) of the General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

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

New York Power Authority
Power for Jobs Extended Benefits
Recommendation for Contract Extensions
Companies Not In Job Compliance

Exhibit "5-A"
April 28, 2006

Count	Company	City	County	IOU	Original KW	Prior Job Committed	Jobs in Application 2005	Over (under)	% Over (under)	Compliance	Recommended KW	Jobs/MW	Type	Service
1	Ademco	Syosset	Nassau	LIPA	900	605	441	-164	-27%	No	650	678	Large	Manufactures electronic security products
			Total	**1**	**900**	**605**	**441**				**650**	**678**		

New York Power Authority
Power for Jobs Extended Benefits
Recommendations for Full or Partial Reinstatement
Contract Extension

Exhibit "5-C1"
April 28, 2006

Line	Company	City	Original KW	Jobs in Application 2005	Approved Reduction KW	Approved Allocation KW	Reconsideration Full/ Partial	Recommended Reinstated KW	Recommended Allocation After Reinstatement KW	Final Commitment Jobs	Service
1	Jamestown Advanced Products, Inc	Jamestown	300	62	150	150	Partial	75	225	62	Metal fabricating assembly & distribution
2	Losquadro Ice Company	Brooklyn	330	25	80	250	Full	80	330	25	Ice Manufacturer
3	Morgood Tools, Inc	Rochester	200	56	50	150	Full	50	200	56	Manufacturer of cutting tools
4	The Beaches of Rome, Inc	Rome	300	67	100	300	Full	100	300	67	Conference Center
		Totals	**1,130**	**210**	**380**	**850**		**305**	**1,055**	**210**	

New York Power Authority
Power for Jobs Extended Benefits
Benefits to Remain at Reduced Amount

For Informational Purpose Only

Exhibit "5-C2"
April 28, 2006

Line	Company	City	Original KW	Prior Job Committed	Jobs in Application 2005	Over (under)	% Under	KW Reduction	Approved Allocation KW	Reinstate None of Takeback KW	Recommended Reinstatement Allocation KW	Service
1	Oehler Industries	Buffalo	150	41	27	-14	-34%	50	Extension	0	100	Steel fabrications
		Totals	**150**	**41**	**27**	**-14**		**50**	**0**	**0**	**100**	

6. 2005 Annual Report of Procurement Contracts and
<u>Annual Review of Open Procurement Service Contracts</u>

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the 2005 Annual Report of Procurement Contracts ('Annual Report') (Exhibit '6-A3') and the Guidelines for Procurement Contracts ('Guidelines') (Exhibit '6-A2') and to review open service contracts exceeding one year that were active in 2005 as detailed in the Annual Report (Exhibit '6-A3'). An Executive Summary is set forth in Exhibit '6-A1.'

BACKGROUND

"Section 2879 of the Public Authorities Law ('PAL') governs the administration and award of procurement contracts equal to or greater than $5,000. Section 2879 of the PAL requires public authorities to adopt comprehensive guidelines detailing their operative policy and instructions concerning the use, awarding, monitoring and reporting of procurement contracts. The Authority's current Guidelines were approved by the Trustees at their meeting of October 31, 1989 and were implemented as of January 1, 1990.

"Section 2879 of the PAL also requires authorities to review and approve such guidelines annually and to file a report regarding procurement contracts with the Division of the Budget, the Department of Audit and Control, the Department of Economic Development, the Senate Finance Committee and the Assembly Ways and Means Committee. The Annual Report must include a copy of the Authority's current Guidelines, details concerning any changes to the Guidelines during the year and particular information concerning procurement contracts. For each procurement contract included in the report, the following information must be identified:

> ***[A] listing of all procurement contracts entered into [by the Authority], all contracts entered into with New York State business enterprises and the subject matter and value thereof, all contracts entered into with foreign business enterprises, and the subject matter and value thereof, the selection process used to select such contractors, all procurement contracts which were exempt from the publication requirements of article four-C of the economic development law, the basis for any such exemption and the status of existing procurement contracts.***

"Lastly, Section 2879 of the PAL requires an annual review by the Trustees of open service contracts exceeding one year. Those long-term service contracts exceeding one year and awarded after January 1, 1990 are also included in the Annual Report.

DISCUSSION

"The 2005 Annual Report is attached for the Trustees' review and approval (Exhibit '6-A3'). The Annual Report reflects activity for all procurement contracts equal to or greater than $5,000, as identified by the Authority's SAP computer system, that were open, closed or awarded in 2005, including contracts awarded in 1990 through 2005 that were completed in 2005 or were extended into 2005 and beyond. All additional information required by the statute is also included. The Trustees are requested to approve the attached Annual Report pursuant to Section 2879 of the PAL prior to submittal thereof to the Division of the Budget, the Department of Audit and Control, the Department of Economic Development, the Senate Finance Committee and the Assembly Ways and Means Committee.

"A copy of the Guidelines effective April 28, 2006 (Exhibit '6-A2') is attached to the Annual Report. These Guidelines have been amended with the following changes as highlighted below.

In accordance with State Finance Law Sections 139-j and 139-k, as amended by the Public Authorities Accountability Act of 2005, new provisions regarding the procurement lobbying law have been incorporated as follows:

Section 2. Definitions, paragraph D, defines 'Contacts';

Section 3. Solicitation Requirements, paragraph N.1-3, define 'Procurement Contract', 'Restricted Period', and designated Contact;

Section 4. Evaluation of Proposals, paragraph F and Section 11.Reporting Requirements and Procurement Record, paragraph C, addresses bidders/contractor's non-responsibility;

In accordance with the Authority's revised Expenditure Authorization Procedures ('EAPs'), the following provisions have been incorporated:

Section 6. Award of Contract, paragraphs B, D, E and G pertains to authorization levels and contract term limits;

Section 7. Contract Provisions, paragraph C, precludes the same consultant from providing both conceptual studies and future implementation phases.

In addition, Section 9. Prohibition of Current Employees and Employment of Former Officers and Employees, paragraph A, prohibits all current employees and their immediate families from employment as contractors, vendors or consultants.

"The Guidelines generally describe the Authority's process for soliciting proposals and awarding contracts. Topics detailed in the Guidelines include solicitation requirements, evaluation criteria, contract award process, contract provisions, change orders, Minority/Women Business Enterprise ('M/WBE') requirements, employment of former officers and employees, and reporting requirements. The Guidelines have been designed to be self-explanatory.

RECOMMENDATION

"The Vice President – Procurement and Real Estate recommends that the Trustees approve the Guidelines for Procurement Contracts, the 2005 Annual Report of Procurement Contracts and the review of open service contracts as attached hereto in Exhibits '6-A2' and '6-A3.'

"The Executive Vice President and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President – Chief Financial Officer and I concur in the recommendation."

Mr. Hoff presented the highlights of staff's recommendations to the Trustees. In response to a question from Chairman Seymour, Mr. Hoff said that the Authority's new policy barring firms that have carried out a conceptual study from participating in later phases of the project was not mandated by the Public Authorities Accountability Act.

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

RESOLVED, That pursuant to Section 2879 of the Public Authorities Law and the Authority's Procurement Guidelines, the Annual Report of Procurement Contracts, as listed in Exhibit '6-A3,' and the Guidelines for the use, awarding, monitoring and reporting of Procurement Contracts (Exhibit '6-A2'), as amended below, be, and hereby are, approved; and be it further

RESOLVED, That the open service contracts exceeding one year be, and hereby are, reviewed and approved; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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 Executive Vice President and General Counsel.

Exhibit “6-A1"
April 28, 2006

POWER AUTHORITY OF THE STATE OF NEW YORK

2005 ANNUAL REPORT OF PROCUREMENT CONTRACTS

EXECUTIVE SUMMARY

The Power Authority of the State of New York (the “Authority”) is a corporate municipal instrumentality and political subdivision of the State of New York. The Authority generates, transmits and sells electric power and energy principally at wholesale. The Authority’s primary customers are municipal and investor-owned utilities and rural electric cooperatives located throughout New York State, high load factor industries and other businesses, various public corporations located within the metropolitan area of New York City, and certain out-of-state customers. The Authority does not use tax revenues or State funds or credit. It finances construction of its projects through bond and note sales to private investors and repays the debt holders with proceeds from operations

The Authority continued a major effort to implement energy services programs which include the installation of high efficiency lighting, motors and controls; conversion to efficient chiller and boiler plants; and clean distributed generation at customer sites statewide. Other efforts include an electric transportation program to promote the use of electric-drive vehicles (cars, pick-up trucks and buses) throughout the State.

The Authority requires the services of outside firms for accounting, engineering, legal, public relations, surveying and other work of a consulting, professional or technical nature to supplement its own staff, as well as to furnish varied goods and services and perform construction work. Many of these contracts are associated with the construction, maintenance and operation of the Authority's electric generating facilities and transmission lines, as well as with support of the energy efficiency projects noted above.

PROCUREMENT GUIDELINES (Exhibit “A-2”)

In compliance with the applicable provisions of Section 2879 of the Public Authorities Law, as amended, the Authority has established comprehensive guidelines detailing its operative policy and instructions concerning the use, awarding, monitoring and reporting of procurement contracts.

The Guidelines describe the Authority's process for soliciting proposals and awarding contracts. Topics detailed in the Guidelines include solicitation requirements, evaluation criteria, contract award process, contract provisions, change orders, Minority/Women Business Enterprise (“M/WBE”) requirements, employment of former officers and reporting requirements. The Guidelines have been designed to be self-explanatory.

A copy of the Authority’s current Guidelines for Procurement Contracts governing solicitations and evaluation of proposals for procurement contracts is attached hereto. These Guidelines, approved by the Authority's Trustees, were implemented on January 1, 1990, and have been amended annually as necessary. A copy of the Guidelines for Procurement Contracts, effective April 28, 2006 (Exhibit “A-2”), is attached to the Report. These Guidelines have been amended with the following changes as highlighted below.

In accordance with State Finance Law Sections 139-j and 139-k, as amended by the Public Authorities Accountability Act of 2005, new provisions regarding the procurement lobbying law have been incorporated as follows:

> Section 2. Definitions, paragraph D, defines “Contacts”;
>
> Section 3. Solicitation Requirements, paragraph N.1-3, define “Procurement Contract”, “Restricted Period”, and designated Contact;

Section 4. Evaluation of Proposals, paragraph F and Section 11.Reporting Requirements and Procurement Record, paragraph C, addresses bidders/contractor's non-responsibility;

In accordance with the Authority's revised Expenditure Authorization Procedures ("EAPs"), the following provisions have been incorporated:

Section 6. Award of Contract, paragraphs B, D, E and G, pertains to authorization levels and contract term limits;

Section 7. Contract Provisions, paragraph C, precludes the same consultant from providing both conceptual studies and future implementation phases.

In addition, Section 9. Prohibition of Current Employees and Employment of Former Officers and Employees, paragraph A, prohibits all current employees and their immediate families from employment as contractors, vendors or consultants.

ACCOMPLISHMENTS

Major procurement efforts in 2005 included purchase of goods, services and construction work in support of the Authority's operating projects and headquarters facilities, support of the 500 MW Combined Cycle Project which entered into commercial operation in December 2005, Life Extension and Modernization ("LEM") Programs at Niagara and St. Lawrence, and the Energy Services and Technology ("EST") Programs as mentioned above.). Procurement is continuing efforts to optimize use of the Authority's credit card system for procurements under $5,000 and the SAP procurement and materials management system, as well as supporting the requirements of our operating and capital projects and headquarters operations.

(1) New York State Comptroller Audit

The Office of the New York State Comptroller conducted an audit of the Authority's procurement procedures and practices in 2005. This included a review of the Authority's purchasing activity and credit card procurement system (CCPS) at the White Plains office and operating facilities. The results of the audit indicated that the Authority's procurement policies and procedures were very detailed and that the Authority was generally in compliance with these policies and procedures. No major issues were identified, although several recommendations were made and accepted by the Authority, for improving controls relating to annual expenditures pursuant to CCPS.

(2) Credit Card Procurement System ("CCPS")

The Credit Card Procurement System is used to procure goods and services valued under $5,000. At the end of 2005, the Authority had approximately 150 cardholders in both headquarters and operating facilities. The number of credit card transactions averaged 900 per month, with an average monthly value of $405,000, totaling more than $4,900,000 (compared to nearly $5,300,000 in 2004).

(3) Negotiated Savings Program

The Authority's procurement staff established a goal of achieving 1.5% of non-fuel expenditures in additional savings by negotiating improved pricing and other commercial terms with recommended low bidders and resolving back charges and claims with the Authority's outside vendors and contractors. In 2005, the actual value of such savings was approximately $5,300,000, ranging from improved pricing terms for the 500 MW Combined Cycle Plant to contracts in support of Energy Efficiency Programs to the Niagara LEM Project.

(4) Supplier Diversity Program ("SDP")

In 2005, the Authority continued to optimize the use of M/WBEs to provide goods and services in support of Authority operations. As noted in Attachment I, in 2005, the Authority awarded nearly $27,000,000 for goods and services to M/WBE firms. This included direct and indirect procurements of office supplies, computer equipment, chemicals, consulting services, temporary engineering personnel and design. A large percentage of the 2005 M/WBE expenditures continued to be in support of the 500 MW project which was completed early in 2006.

In 2005, 9% of total reportable procurement expenditures were for M/WBEs, exceeding the Authority's 6% goal.

The Authority includes subcontracting goals for M/WBE firms in non-construction procurements of more than $25,000 and construction procurements of more than $100,000. Staff will continue to pursue other direct and indirect procurement opportunities wherever possible. It should be noted that the Authority had included a substantial goal in the General Work Contract for the 500 MW Combined Cycle Project for subcontracting by Slattery Skanska Inc. to certified M/WBE firms. Over $40 million has been expended with minority and women-owned firms in the execution of this project.

The Authority continues to focus on increasing opportunities for M/WBE firms to participate in investment banking activities and Treasury bill investments, as well as including an M/WBE firm as a co-manager in the Tax-Exempt Commercial Paper Program. In 2005, M/WBE investment banking firms purchased and sold more than$431,657,565 (in principal) of securities transactions for the Authority.

In June 2005, the Authority hosted its 15th Annual Purchasing Exchange for M/WBEs in White Plains. In 2006 two exchanges will be held, one in Syracuse, NY and the other in White Plains, NY.

Procurement representatives also worked closely with, and were members of, the National Minority Business Council, the Association of Minority Enterprises of New York, the New York/New Jersey Minority Purchasing Council, the Long Island Hispanic Chamber of Commerce, Professional Women in Construction and the African American Chamber of Commerce for Westchester and Rockland Counties.

(5) Inventory Classification Program; Kitting and Staging of Material

In 2005, material management and procurement personnel continued to work closely with operating facilities staff to explore opportunities for kitting and staging materials to support specific work orders issued by Materials Resource Management (MRM) planners at the facilities. Optimizing kitting and staging of materials should also increase the efficiency of the Authority's craft personnel. This will continue to be a major effort in 2006 and beyond, supplying both capital work such as the Life Extension Project at St. Lawrence and preventive maintenance at Niagara, St. Lawrence and other facilities.

ANNUAL REPORT - 2005 PROCUREMENT CONTRACTS (Exhibit "A-3")

The Annual Report includes specific details of procurements of $5,000 or greater awarded since January 1, 1990 that were active in 2005. There were 2,162 such contracts with an estimated value of more than $2.9 billion, which also includes fossil fuel and corporate finance expenditures.
Total procurement expenditures in 2005 exceeded $788 million. This included more than $435 million for the purchase of fossil fuels.

Approximately 59% of the contracts active in 2005 were closed in 2005.

As noted in Attachment II:

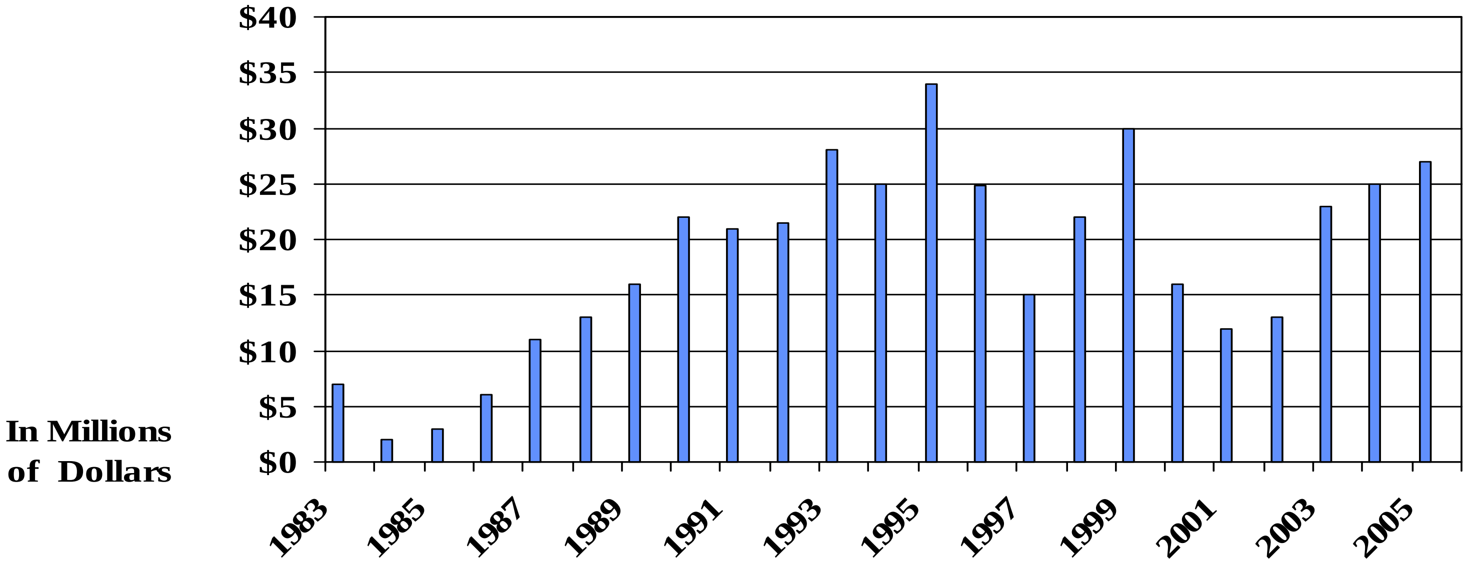
- Approximately 8% of these contracts were for construction work;
- More than 52% were for the purchase of equipment and commodities;
- More than 10% were for consulting contracts (e.g., engineering, design, specialized analysis); and
- Other services, such as technician work and contracted personnel, accounted for 30%.

It should also be noted that while approximately 51% of the total number of 2005 non-fuel contracts covered by the Report exceeded $25,000, the total value of those contracts was approximately 99% of the total non-fuel expenditures.

Attachment III indicates that, based on the total value of the contracts included in the Annual Report, approximately 98% of the total dollars expended (including fuels and corporate finance) were for contracts that were competitively bid. In terms of the numbers of contracts processed (Attachment IV), approximately 79% were competitively bid and 21% were sole source awards. Major reasons for the sole source awards included the purchase of spare parts and services from original equipment manufacturers and procurement of services on an emergency basis and from proprietary sources.

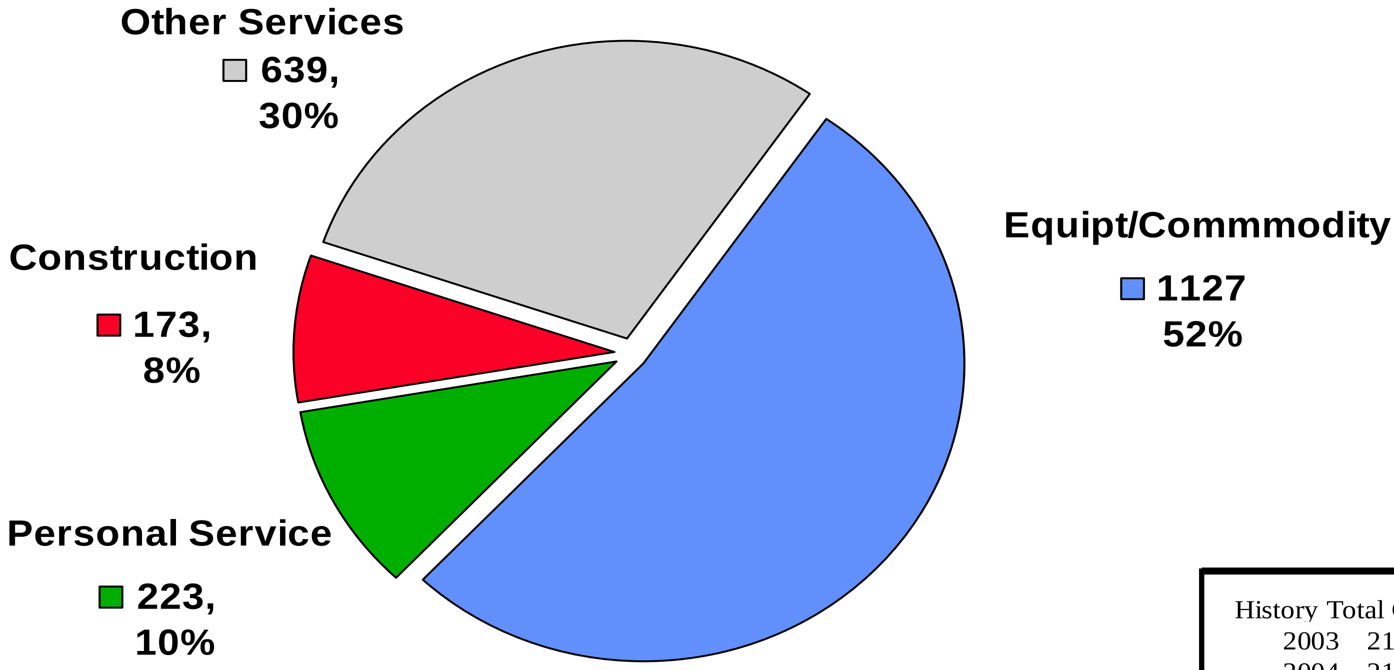
A-1

Attachment I
2005 M/WBE Total Procurement Dollars Spent



A-1

Attachment II
2005 Procurements
Type of Contract

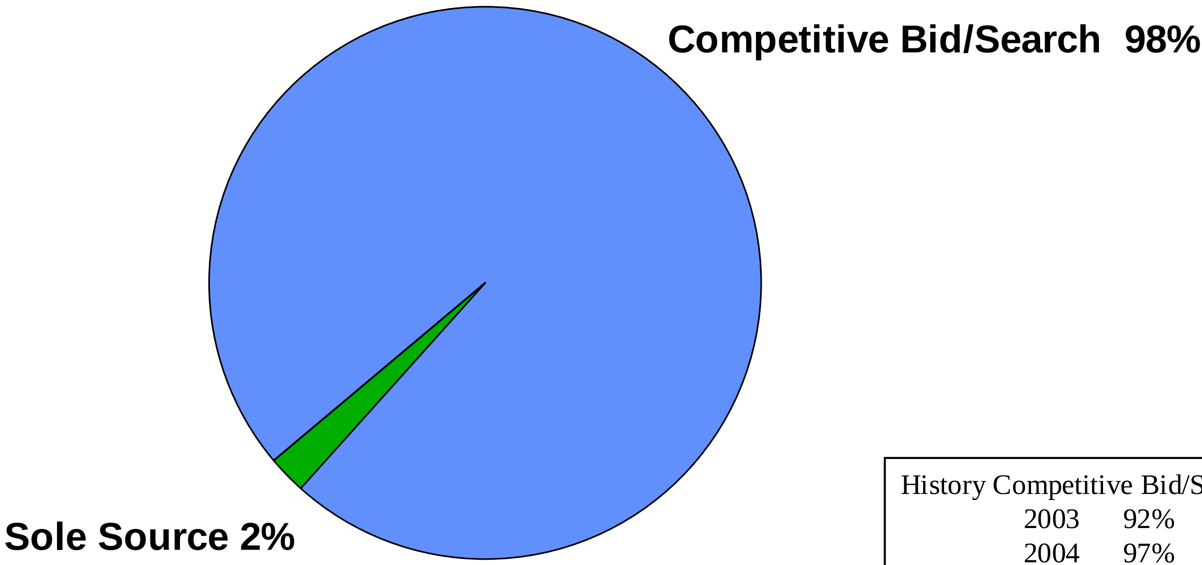


2005 Total number of Contracts = 2162

History	Total Contracts
2003	2151
2004	2141
2005	2162

A-1

Attachment III
2005 Contracts
Method of Award by Dollar Value

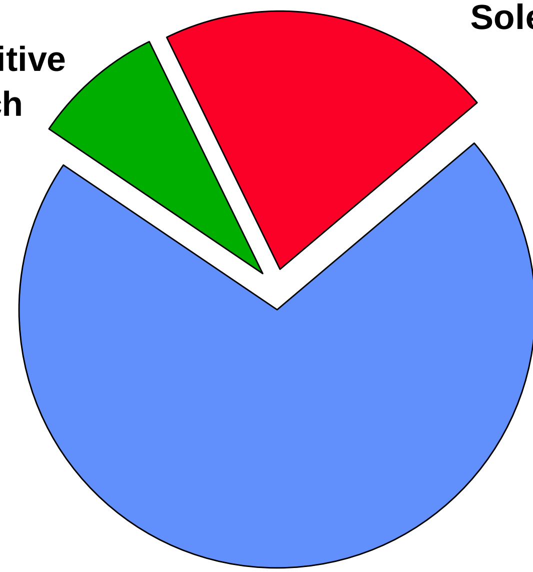


History Competitive Bid/Search	
2003	92%
2004	97%
2005	98%

2005 Total Contract Award Amount $2,966,000,000

A-1

Attachment IV
2005 Procurements
Method of Award by Volume of Contracts



History Competitive Bid/Search
2003 69%
2004 76%
2005 79%

2005 Total Number of Contracts = 2162

7. Firm Natural Gas Transportation Services –
Approval to Execute 10-Year Term Contracts

The President and Chief Executive Officer presented the following report:

SUMMARY

"The Trustees are requested to approve three separate 10-year term contracts for the provision of firm natural gas transportation service with Texas Gas Transmission, LLC ('Texas Gas'), Dominion Transmission, Inc. ('Dominion') and Transcontinental Gas Pipe Line Corporation ('Transco'), all with an expiration date of October 31, 2016. Transportation service is currently provided under an agreement with Transco that uses two other pipelines, Texas Gas and Dominion, for delivery of natural gas supplies on a bundled basis to the New York City-gate. The Transco agreement is due to expire on October 31, 2006.

BACKGROUND

"In January 1990 the Authority entered into the Capacity Supply Agreement ('CSA') with the Long Island Lighting Company (currently the Long Island Power Authority ('LIPA')), setting forth the terms and conditions under which the sale and purchase of electricity generated at the Flynn Facility occurs. One of the requirements of the CSA obligates the Authority to secure firm interstate gas transportation service for the Flynn Facility, which prompted the Authority to enter into a firm, long-term gas transportation agreement with Transco on November 1, 1991 for up to 30,840 Mmbtus of capacity per day. In order to provide service to the Authority, Transco uses capacity on two other upstream pipelines in addition to its own as part of a multi-pipeline bundled service. Under this service, natural gas is transported on Texas Gas from Louisiana to Lebanon, Ohio, where it is picked up by Dominion and transported to Leidy, Pennsylvania, for final delivery on the Transco Pipeline to the New York Facilities Group at Transco's Central Manhattan and Long Beach, New York ('city-gate') delivery points.

DISCUSSION

"Under the Transco Agreement, all administrative, scheduling and billing-related matters are handled by Transco, which is responsible for passing through the costs of transportation incurred on the Texas Gas and Dominion pipelines to the Power Authority based on a bundled rate. Staff is working toward securing firm transportation service for an additional 10 years beyond the October 31, 2006 Transco expiration date, requiring that the Authority convert its existing bundled service (under Section 7C of the Code of Federal Regulations) to an unbundled service (under Part 284G). This conversion process would require the Authority to enter into individual contracts with each of the three transporting pipelines. The primary benefit of conversion would be to provide additional operational and economic flexibility to the Authority in the form of substantially increased pipeline receipt and delivery points all along the delivery path. Presently, the Authority has capacity rights at only two receipt and two delivery points. The ability to purchase and deliver gas at multiple points would enable the Authority to avail itself of potentially more economical gas supplies in addition to enhancing supply security during periods of disruption caused by hurricanes and other events beyond the Authority's control. In addition, the Authority would have the ability to release surplus pipeline capacity in the open market for resale. The transportation rate under the converted transportation service on Dominion will result in an incrementally higher transportation cost ($300,000 annually) based on the current tariff that will be more than offset by the ability to purchase cheaper gas supplies at alternate receipt points.

"On March 28, 2006, LIPA provided written approval to the Authority, as required under the CSA, to convert and extend the subject transportation service for an additional 10 years on the condition that LIPA have the option of using alternative transportation service in lieu of the subject service for the Flynn Facility effective April 1, 2009, subject to one year's prior written notice to the Authority. In such event, the converted Transco capacity would be used by the Authority at the 500 MW Combined Cycle Facility in its service to the Southeastern New York ('SENY') Governmental Customers.

<u>FISCAL INFORMATION</u>

"The anticipated total cost of the three separate gas transportation service agreements is $8.5 million per year.

<u>RECOMMENDATION</u>

"The Vice President – Energy Resource Management and the Director – Fuel Planning and Operations recommend that the Trustees approve three separate 10-year term contracts for firm natural gas transportation services with Texas Gas Transmission, LLC, Dominion Transmission, Inc. and Transcontinental Gas Pipe Line Corporation on substantially the terms and conditions set forth herein.

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

Mr. Mullin presented the highlights of staff's recommendations to the Trustees. In response to a question from Vice Chairman McCullough, Mr. Mullin said that $8.5 million per year is the total amount for the three separate gas transportation service agreements and that the Long Island Power Authority would be paying 75% of that amount. Responding to a question from Chairman Seymour, Mr. Mullin said that the $8.5 million figure was determined by a Federal Energy Regulatory Commission tariff.

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

> **RESOLVED, That the Chairman and the Senior Vice President and Chief Financial Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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 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 are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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 Executive Vice President and General Counsel.**

8. Procurement (Services) Contract – Crescent and Vischer Ferry Projects – Federal Energy Regulatory Commission – Independent Consultant's Inspection and Analysis – Award

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the award of a procurement (services) contract to Gomez and Sullivan Engineers, P.C. ('Gomez') for inspection and consulting services in support of an independent consultant's inspection, report and potential dam failure-modes analysis for the Crescent and Vischer Ferry Power Projects ('Projects'), as mandated by the Federal Energy Regulatory Commission ('FERC'). The intended term of the contract is five years for a total projected amount of $200,000.

BACKGROUND

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

DISCUSSION

"FERC regulations require the Authority to hire an independent consultant to perform an independent dam safety inspection and review at licensed projects every five years. FERC sent a letter to the Authority in January 2006 indicating that these reports were due for submittal in 2006. In February 2006, staff solicited bids from consulting and engineering firms recognized for their experience in providing dam safety and inspection services at FERC-licensed projects. Additional bidders were added to the list as a result of the Authority's notice in the New York State Contract Reporter. Bid documents were downloaded electronically from the Authority's Procurement website by 17 firms, including those that may have responded to a notice in the New York State Contract Reporter.

"Bidders were required to submit a detailed proposal in accordance with the Request for Proposals and scope of work. The three bids received were opened on March 6, 2006. These bids were analyzed and evaluated by a team of staff members from Power Generation's Engineering Division and the Blenheim-Gilboa Pumped-Storage Power Project. The following table summarizes the bids received:

Engineering Firm	Total Lump Sum Bid Price
Gomez and Sullivan Engineers, P.C.	$39,800
PB Power Inc.	$42,639
Paul C Rizzo Associates	$73,000

"Gomez's proposal is complete, competitive and fully responsive to the scope of work. Gomez has allocated proper resources to complete this work thoroughly and on time. FERC's new failure-modes analysis requires the degree of staffing allocated by Gomez and the company has the knowledge and expertise to perform this work. Gomez was the lowest-priced bidder of the three bids received and demonstrates a complete understanding of FERC's requirements for this work. Based on its qualifications and ability to perform such work, staff recommends awarding a contract to Gomez.

"FERC must approve the résumé of the specific independent consultants employed by Gomez to proceed with this work. Historically, FERC has required the Authority to use the FERC-approved independent consultant to conduct follow-up work; therefore, the intended term of the contract is five years. This contract will permit the Authority to comply with FERC's mandate that the Authority conduct independent consultant inspections of its licensed hydropower projects every five years.

FISCAL INFORMATION

"Funds required to support this contract are included in the 2006 Approved O&M Budget. Funds for subsequent years, where applicable, will be included in budget submittals for those years. Payment will be made from the Operating Fund.

RECOMMENDATION

"The Vice President and Chief Engineer – Power Generation, the Vice President – Procurement and Real Estate and the Regional Manager – Central New York recommend that the Trustees approve the award of a multiyear contract to Gomez and Sullivan Engineers, P.C. for inspection and consulting services, as discussed above.

"The Executive Vice President and General Counsel, the Executive Vice President – Corporate Services and Administration the Senior Vice President – Power Generation and I concur in the recommendation."

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

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority, the award and funding of a five-year procurement contract to Gomez and Sullivan Engineers, P.C. in the amount of $200,000 is hereby approved, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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 Executive Vice President and General Counsel.

9. <u>Amendment to the Authority's By-laws</u>

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to amend the Authority's By-laws to (i) implement certain senior management changes, (ii) establish a certain chain of succession in the event of the absence or incapacity of the President and Chief Executive Officer, and (iii) make other administrative and technical changes with regard to the appointment of officers.

"For the reasons set forth below, the Trustees are requested to approve the following amendments to the Authority's By-laws:

(1) Amend Article I, Section 3 to provide that the books and records of the Authority are to be maintained at the White Plains Office;

(2) Amend Article II, Section 2 to correct a typographical error;

(3) Amend Article IV, Section 1 by changing the name of the office of 'Secretary' to 'Corporate Secretary' and broadening the classes of officers beyond the levels of Senior Vice President and Vice President that the President and Chief Executive Officer may appoint to transact the business of the Authority;

(4) Amend Article IV, Section 2 to provide for the appointment of the Executive Vice President – Chief Financial Officer by the board of trustees as well as provides for the appointment of all non-elected officers of the Authority by the President and Chief Executive Officer;

(5) Amend Article IV, Section 3 to provide for the term of office of the Executive Vice President - Chief Financial Officer;

(6) Amend Article IV, Section 4 to reflect the name change of the Corporate Secretary's position;

(7) Creates a new Article IV, Section 6(D) to establish the role of the Chief Operating Officer;

(8) Re-designates former Article IV, Section 6(D), as Article IV, Section 6(E) to provide for the establishment of the offices of Vice President and other officers and authorizes granting of certain powers to such officers;

(9) Re-designates former Article IV, Section 6(E), as Article IV, Section 6(F) and eliminates certain language deemed redundant and removes from the By-laws the position of Deputy General Counsel;

(10) Establishes a new Article IV, Section 6(G) to establish the role of Executive Vice President – Corporate Services and Administration;

(11) Establishes a new Article IV, Section 6(H) by creating the position and establishing the role of Executive Vice President – Chief Financial Officer;

(12) Re-designates former Article IV, Section 6(F), as Article IV, Section 6(I) and amends said section to reflect the change in the name of the office to Corporate Secretary, and removes from the By-laws the Deputy and Assistant Secretaries positions;

(13) Re-designates former Article IV, Section 6(H), as Article IV, Section 6(K) and eliminates certain redundant provisions;

(14) Eliminates former Article IV, Section 6(I).

(15) Establishes a new Article IV, Section 6(L) with regard to the Office of Internal Auditor and Corporate Compliance;

(16) Establishes a new Article IV, Section 6(M) with regard to the Office of Inspector General;

(17) Establishes a new Article IV, Section 6(N) by providing for a line of succession in the event of the absence or incapacity of the office of President and Chief Executive Officer;

(18) Amends Article V, Section 1 by adding the position of Executive Vice President – Chief Financial Officer;

(19) Amends Article V, Sections 2 and 3 to include the word 'eligible';

(20) Amends Article X, Section 1 to make a technical correction to correct a typographical error; and

(21) Amends Article X, Section 1 to make a technical correction by removing the term 'Trustees' to avoid the applicability of certain conflicting rules and regulations upon the Trustees.

"The amended By-laws are set forth in Exhibit '9-A1' attached hereto. A redlined version with strikethroughs denoting deletions and underlining reflecting new language is attached as Exhibit '9-A2.'

BACKGROUND

"In accordance with the objectives of corporate governance practices, it is prudent at least on an annual basis to review the By-laws of the Authority to determine whether any changes or amendments are necessary to comply with the adoption of any new laws, rules or regulations or to improve the usefulness of the By-Laws. On February 28, 2006, the Trustees, in response to the enactment of the Public Authorities Accountability Act of 2005 ('Act'), adopted various amendments to the By-laws in order to comply with the provisions of the Act. This resulted in significant changes to many of the provisions of the By-laws. In anticipation of the Annual Meeting of the Authority, the By-laws were again reviewed by staff with an eye towards determining whether additional administrative amendments were needed. As a result of that review, the above identified amendments are recommended for adoption by the Trustees.

DISCUSSION

"The Authority has long been in the forefront of implementing sound corporate governance and ethical principles in its day-to-day operations. (See Memorandum to the Trustees dated February 28, 2006, in support of various amendments to the Authority's By-laws as a result of the enactment of the Public Authorities Accountability Act of 2005 to view the history.) To build on this solid record of accomplishment staff reviewed the By-laws with an eye toward, among other things, ensuring that the day-to-day operations of the Authority can be seamlessly prosecuted in the event of the absence or incapacity of certain key individuals. As a result, it is recommended for the Trustees consideration the adoption a provision in the By-laws that sets forth a clear line of succession in the event of the absence or incapacity of the President and Chief Executive Officer.

"In addition, the review of the By-laws also brought to light certain other amendments that are recommended for the Trustees consideration. These recommendations include: (i) the establishment of the roles and responsibilities of certain offices, including Chief Operating Officer, Executive Vice President – Corporate Services and Administration, and the creation of the office and role of Executive Vice President – Chief Financial Officer; (ii) the reorganizing and streamlining of certain provisions of the By-laws to make them more user-friendly; (iii) the re-naming the office of Secretary to 'Corporate Secretary'; (iv) the deletion from the By-laws certain subordinate positions which are more appropriately governed by the administrative determination of the President and Chief Executive Officer; and (v) the making of several technical corrections.

<u>RECOMMENDATION</u>

"The Executive Vice President and General Counsel, the Executive Vice President – Corporate Services and Administration, the Chief Financial Officer, and I recommend that the Trustees approve the proposed By-laws amendments."

Mr. Kelly presented the highlights of staff's recommendations to the Trustees. Trustee Moses complimented staff on the good job they had done in revising and streamlining the By-laws.

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

> **RESOLVED, That the revisions to the By-Laws, which By-laws were adopted February 29, 1989, and last amended in February 28, 2006, and which revisions are discussed in the foregoing report of the President and Chief Executive Officer and are attached hereto as Exhibit '9-A1,' be hereby adopted.**

10. <u>Election of Authority Non-Statutory Officers</u>

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

SUMMARY

"The Trustees are requested to consider the election of certain non-statutory officers of the Authority.

BACKGROUND AND DISCUSSION

"Article IV, Section 2 of the Authority's By-laws provides for the election of certain non-statutory officers by the Trustees. Section 3 of the same Article provides that such non-statutory officers shall hold office for a term expiring at the next annual Trustees' meeting, or until their successors are elected.

RECOMMENDATION

"It is recommended that the following non-statutory officers provided for in Article IV of the By-Laws, adopted December 18, 1984, and last amended on April 28, 2006, be elected by the Trustees to hold office for terms expiring at the next annual meeting of the Trustees in April 2007, or until their successors are elected:

Timothy S. Carey	President and Chief Executive Officer
Thomas J. Kelly	Executive Vice President and General Counsel
	Chief Operating Officer
Vincent C. Vesce	Executive Vice President – Corporate Services and Administration
	Executive Vice President – Power Generation
Joseph M. Del Sindaco	Executive Vice President – Chief Financial Officer
Anne B. Cahill	Corporate Secretary"

Mr. Kelly presented the highlights of staff's recommendations to the Trustees. Chairman Seymour said what a great team the officers were and congratulated Ms. Cahill on her new appointment. Ms. Cahill thanked Chairman Seymour for his welcome.

The following resolution, as submitted by the Executive Vice President and General Counsel, was unanimously adopted.

RESOLVED, That pursuant to Article IV, Section 2 of the Authority's By-laws the following individuals are hereby appointed to the position listed next to their name for terms expiring at the next annual meeting of the Trustees in April 2007, or until their successors are elected:

Timothy S. Carey – President and Chief Executive Officer

Thomas J. Kelly – Executive Vice President and General Counsel

Vincent C. Vesce – Executive Vice President – Corporate Services and Administration

Joseph M. Del Sindaco – Executive Vice President – Chief Financial Officer

Anne B. Cahill – Corporate Secretary

11. <u>Election of the Chairman and Vice Chairman of the Authority</u>

Trustee Cusack submitted the following report:

SUMMARY

"In accordance with § 1004 of the Public Authorities Law (the 'Power Authority Act'), the Trustees are requested to elect Frank S. McCullough, Jr., of Rye, New York as Chairman of the Authority, effective May 1, 2006. Section 1003 of the statute also provides that when a Trustee is selected to serve as Chairman, he or she is eligible to receive an annual salary as set by the Trustees, which salary cannot exceed the salary prescribed for the positions listed in paragraph (f) of subdivision one of § 169 of the Executive Law.

"Further, in accordance with the Public Authority Act the Trustees are requested to elect Michael J. Townsend as Vice-Chairman of the Authority, effective May 1, 2006.

DISCUSSION

"Section 1004 of the Power Authority Act provides that the Trustees may select, from among their own, a Trustee to hold the position of Chairman of the Authority. Based on his strong managerial and business talents and many years of experience as a successful practicing attorney, together with his outstanding record of service with various civic and volunteer organizations, together with his service as Trustee of the Authority since 1997 and Vice-Chairman of the Authority since 2002, it is hereby recommended that Frank S. McCullough, Jr. be elected to fill the vacancy of Chairman created by Joseph J. Seymour's retirement from said position effective May 1, 2006.

"Further, the Power Authority Act provides that the Trustees may select from among their own, a Trustee to hold the position of Vice Chairman of the Authority. Based on his strong managerial and business experience and many years of experience as a successful practicing attorney, together with his outstanding record of service in various civic and governmental organizations, including his serve as Trustee of the Authority, it is recommended that Michael J. Townsend be elected to fill the vacancy of Vice-Chairman created by Frank S. McCullough, Jr.'s election as Chairman effective May 1, 2006."

Chairman Seymour said that when he was appointed Chairman again last June, he had said he would serve as Chairman until this April. He said that the Authority had accomplished a lot since then, including the institution of new procedures and policies mandated by the Public Authorities Accountability Act and commercial operation of the 500 MW plant.

The attached resolution, as submitted by Trustee Cusack, was unanimously adopted.

RESOLVED, That Frank S. McCullough, Jr., of Rye, New York be, and hereby is elected as the Chairman of the Power Authority of the State of New York, effective May 1, 2006 and be it further

RESOLVED, That the Chairman's annual salary shall be as set by paragraph (f) of subdivision one of Section 169 of the Executive Law; and be it further

RESOLVED, That Michael J. Townsend, of Fairport, New York be, and hereby is elected as the Vice Chairman of the Power Authority of the State of New York, effective May 1, 2006.

12. <u>Informational Item: Adoption of Anti-Retaliation Policy</u>

Trustee Cusack submitted the following report:

"On February 28, 2006 the Trustees authorized the Governance Committee to adopt a corporate policy on the protection of whistleblowers from retaliation. The Board also authorized the President and Chief Executive Officer, the Executive Vice President and General Counsel, the Vice President of Ethics, the Director of Internal Audit and Corporate Compliance, and their designees, to take all actions to assist the operations and oversight functions of the Governance Committee. In furtherance of that authorization a corporate Anti-Retaliation Policy ('Policy') has been prepared and adopted by the Governance Committee. The policy provides for the protection of employees from retaliation, discrimination or harassment for reporting complaints or providing information concerning acts of malfeasance, misconduct, wrongdoing or other inappropriate behavior by an employee or Authority board member or regarding any alleged conduct that violates the Authority's Code of Conduct, Authority Policies and procedures and/or any applicable laws and regulations affecting the organization. Employees will be protected from such disclosures made to any person with supervisory authority over the employee, to a federal regulatory agency, law enforcement or other governmental agency. This Policy provides an important protection for Authority employees, memorializes that unacceptable conduct will not be condoned and, as you know, is required to be implemented pursuant to the Public Authorities Accountability Act of 2005. A copy of the proposed policy adopted by the Governance Committee on this date is set forth in Exhibit '12-A1,' attached hereto.

"The Authority has long been in the forefront of implementing sound ethical and anti-retaliation principles in its day-to-day operations. Human Resources' Anti-harassment and Discrimination Employment Policy is a long-standing policy which, among other things, established an employee relations hotline for the reporting of any employee concerns. Further, the Authority's Office of Inspector General and the Office of Ethics and Employee Resources Office, in addition to their mandates relating to employee complaints, each have their own hotline for the reporting of potentially inappropriate activity or employee concerns. All three of these hotlines will be eliminated and consolidated into the NYPA Employee Concern Hotline envisioned under the new Policy."

Trustee Cusack said that the Governance Committee had met earlier in the morning and voted to approve the new Anti-retaliation Policy recommended by staff. She said that it made sense to combine three existing hotlines into one for the purpose of encouraging staff to voice their concerns and she praised staff for the good job they had done in developing the policy so quickly.

April 28, 2006

Exhibit "12-A1"

POLICY STATEMENT FROM:	Vice President – Ethics & Employee Resources
FOR IMPLEMENTATION BY:	Vice President – Ethics & Employee Resources

SCOPE

This policy is applicable to all NYPA employees. It prohibits discrimination, harassment and /or retaliation of any kind against any employee who reports complaints or provides information concerning acts of malfeasance, misconduct, wrongdoing or other inappropriate behavior by an employee or NYPA board member as further described in this policy, or regarding any alleged conduct that violates the NYPA Code of Conduct, NYPA Policies and Procedures and/or any applicable laws and regulations affecting the organization, to any person with supervisory authority over the employee (or other such person employed by NYPA who has the authority to discover, investigate or determine misconduct), federal regulatory agency, law enforcement or other governmental agency. It documents NYPA policies relating to whistle–blowing and whistle–blowers and further establishes a NYPA Employee Concern hotline.

Policy Effective Date:	Immediately
Policy Implementation Date:	Immediately

MANAGEMENT CONTROLS

Responsibility

The Vice President, Ethics & Employee Resources, in conjunction with the Inspector General and the Vice President, Internal Audit and Corporate Compliance, is responsible for the implementation of this policy.

The Vice President, Ethics and Employee Resources will review each concern (whistle–blowing) as it is received either through the hotline established by this policy or through any other reporting source. He will discuss the nature of the allegations with the Inspector General and Vice President, Internal Audit and Corporate Compliance, and consult with the Law Department, and a determination will be made whether an investigation will be conducted to further review the whistle-blower allegations.

Purpose

NYPA has established an anti-retaliation policy to:

- Encourage employees to report actual, potential or suspected violations of the NYPA Code of Conduct, NYPA Policies and Procedures and/or any applicable laws or regulatory requirements in a convenient manner, while ensuring that employees are protected as provided in this policy.

- Encourage employees to provide information, cause information to be provided, or otherwise assist or participate in investigations or proceedings relating to alleged violations of the NYPA Code of Conduct, NYPA Policies and Procedures and/or applicable laws or regulations.

- Protect employees from discrimination, harassment or retaliation for disclosing information concerning alleged acts of malfeasance, misconduct, wrongdoing or other inappropriate behavior engaged in by NYPA employees or board members.

Anti-Retaliation Hotline

This policy supports the establishment of a centralized, outsourced, toll-free hotline for reporting any employee concerns. Employees may remain anonymous if they choose to do so. This centralized NYPA Employee Concern Hotline will replace all existing hotlines maintained by or on behalf of individual NYPA departments including:

Ethics Office Hotline
Employee Relations Hotline
Inspector General's Hotline

Investigation Implementation

Any employee who wishes to report an alleged violation may do so through a number of mechanisms, including direct discussion with a member of the Ethics & Employee Resources staff, a member of the Inspector General's Office or a member of the Internal Audit and Corporate Compliance staff either in person or via telephone, email, or use of the anonymous outsourced NYPA Employee Concern Hotline.

To the extent possible, every concern will be investigated fully. This will require specific information concerning dates, times, locations, participants and any other relevant information needed to conduct a thorough investigation. Information which is vague and/or conclusory in nature will be reviewed but may not be fully investigated if it is determined that such information is insufficient to conduct a meaningful investigation.

Upon conclusion of an investigation, the Vice President, Ethics and Employee Resources, the Inspector General and the Vice President of Internal Audit and Corporate Compliance, in consultation with the Law Department, will meet to determine the extent to which the alleged violation(s) have been substantiated and what, if any, action is to be recommended to resolve the matter. In addition, a decision will be made regarding the information feedback which may be provided to the source of the alleged violation and any other affected employees.

POLICY

No Retaliation for Good Faith Reports

Employees reporting alleged violations in good faith based upon a reasonable belief of a known, potential or suspected violation of the NYPA Code of Conduct, NYPA Policies and Procedures and/or any applicable law or regulations are protected from discrimination, harassment or retaliation of any kind for making the report.

No officer or employee may demote, discharge, harass, suspend, threaten, or in any other manner discriminate or retaliate against an employee based upon that employee's good faith and reasonable belief in engaging in any of the following behavior:

- Reporting an actual, potential or suspected violation of the NYPA Code of Conduct, NYPA Policies and Procedures and/or any applicable law or regulations;

- Filing a claim or reporting a known, potential or suspected violation of the law to any person with supervisory authority over the employee (or other such person employed by NYPA who has the authority to discover, investigate or determine misconduct), federal regulatory agency, law enforcement or other governmental agency;

- Providing information, causing information to be provided, or otherwise assisting or participating in an investigation or proceeding relating to an alleged violation of the

NYPA Code of Conduct, NYPA Policies and Procedures and/or any applicable law or regulations.

Any individual who believes that he or she is the subject of retaliation or who observes retaliation against another in violation of this policy shall immediately report such retaliation to the Vice President, Ethics and Employee Resources.

Remedies For Employees Making False Allegations

Employees may not knowingly report false allegations against other employees, either through the NYPA Employee Concern hotline or by any other means.

Any employee who knowingly submits a false allegation or who retaliates against another employee, customer or anyone reporting a concern, is subject to disciplinary action up to and including termination of employment.

REFERENCES

4.1 Public Authority Accountability Act of 2005

13. Informational Item: Permit for Temporary Use of Office Space – Clarence D. Rappleyea Building – Westchester Philharmonic

The President and Chief Executive Officer submitted the following report:

SUMMARY

"In August 2003, the Authority granted a permit to the Westchester Philharmonic (hereinafter 'Philharmonic') to use a portion of the 7th floor of the Clarence D. Rappleyea Building containing approximately 1,200 square feet for general office use. The term of the permit was for three years commencing on July 1, 2003 and terminating on June 30, 2006. The permit was also subject to a 30-day revocation by the Authority. At the time the Authority entered into the permit arrangement with the Philharmonic, it had determined that there was little, if any, demand for such relatively small space. However, the Philharmonic was advised that if the Authority found an acceptable tenant for the space, it would be required to vacate in a relatively short period of time (i.e., 30 days). The Authority needs to amend the permit to relocate the Philharmonic and to extend the term for an additional six months. The following discussion is for informational purposes.

BACKGROUND

"By deed dated July 10, 1991, the Authority acquired the Clarence D. Rappleyea Building, a commercial office building, the majority of which is occupied by Authority personnel. The Philharmonic currently occupies approximately 1,200 square feet of office space on the 7th floor. The term of the permit is for three years commencing on July 1, 2003 and terminating on June 30, 2006.

DISCUSSION

"The Westchester Philharmonic was created to enhance the quality of life in the Westchester community and provide educational opportunities for local school children. Due to additional space needs of Energy Services and Technology and the Office of the Inspector General, the Authority now requires the space occupied by the Philharmonic. The Authority has offered alternative space to the Philharmonic on the lobby floor of the building. This space is currently occupied by the Authority's mail center, which for reasons other than making room for the Philharmonic, will be relocated to the mezzanine level. The Philharmonic will require an additional six-month extension of the term to December 31, 2006. This extension would allow the Philharmonic enough time to either relocate from the Rappleyea Building or enter into a formal lease with the Authority commencing January 1, 2007."

Mr. Hoff presented the highlights of staff's report to the Trustees. Mr. Vesce pointed out that the term "undesirable space" referred to the fact that the space in question was undesirable from a commercial standpoint since it was interior space without any windows.

14. Beechcraft King Air B200 Aircraft –
<u>Transfer of Ownership to the New York State Police</u>

The President and Chief Executive Officer submitted the following report:

SUMMARY

"The Trustees are requested to approve the transfer of ownership of the Authority's Beechcraft King Air B200 aircraft, S/N BB-1308, Registration Number N1509G (the 'Plane') to the New York State Police ('State Police') for use by the State Police in furtherance of its mission to serve, protect and defend the people of the State of New York.

DISCUSSION

"In 1988, the Authority purchased the Plane for use by the Authority primarily to transport employees to and from Authority facilities throughout New York State. The purchase price was $2,678,691, and with a trade-in allowance of $758,691, the net purchase price was $1,920,000.

"The current market value of the Plane is between $1.3 and $1.6 million (Exhibit '14-A'). To maintain the Plane's airworthiness certificate, a major overhaul of both engines (at a cost of up to $600,000.) and the next phased inspection need to be undertaken in the second half of 2006. In addition, refurbishment of the Plane's interior and repainting the exterior are necessary. Consequently, staff has concluded that it is prudent to dispose of the Plane as it is no longer economically feasible for the Authority to incur the ongoing operational and maintenance expenses of ownership.

"By the attached letter of April 18, 2006 (Exhibit '14-B') the State Police expressed interest in obtaining ownership of the Plane as an addition to their fleet. The Plane would be used to further the State Police's mission to serve, protect and defend the public health and safety of the people of the State. (In addition, as perspective on the support the State Police have provided to the Authority, the State Police have indicated that in the wake of September 11, 2001, they have expended in excess of $7.5 million to maintain security posts at Authority facilities around the State.) They are willing to assume ownership of the Plane in its 'as is' condition including responsibility for the costs of the overhaul and other required maintenance. Additionally, the State Police will cooperate with the Authority in all aspects of the transfer, including the requirements of the U.S. Department of Transportation, Federal Aviation Administration.

"Title 5-A of Article 9 of the Public Authorities Law (the 'Act') and the Authority's Guidelines for the Disposal of Personal Property (the 'Guidelines') allow the Authority, with the approval of the Trustees, to dispose of Authority property by negotiation and for less than fair market value when the disposal of property is intended to further the public health and safety. Accordingly, based on the foregoing, the transfer of ownership of the Authority's Beechcraft King Air B200 aircraft to the State Police for use by the State Police in furtherance of its mission to serve, protect and defend the people of the State of New York complies with the Act and the Guidelines.

"The Act and the Guidelines require that the purpose and the terms of such disposal are documented in writing and approved by resolution of the Trustees. Further, the Act and the Guidelines require that an explanatory statement be prepared of the circumstances of each disposal by negotiation and be transmitted to the New York State Comptroller, the Director of the Budget, the Commissioner of General Services and the Legislature not less than 90 days in advance of the disposal. Accordingly, this transfer is subject to approval by the Trustees and the timely filing of the required statement. This Trustee action, if adopted, would constitute the foregoing required explanatory statement and Trustee action.

"The transfer is to be further conditioned upon the execution of an agreement between the State Police and the Authority. The terms of such an agreement are to include transferring the aircraft in its 'as is' condition and such additional provisions that reasonably safeguard the Authority from future responsibility.

FISCAL INFORMATION

"In accordance with the foregoing, the Plane will be transferred to the State Police without payment to the Authority.

RECOMMENDATION

"The Inspector General and Director of Corporate Security and the Vice President – Procurement and Real Estate recommend that pursuant to Title 5-A of Article 9 of the Public Authorities Law and the Authority's Guidelines for the Disposal of Personal Property, the Trustees approve the transfer of ownership of the Authority's King Air B200 airplane to the New York State Police for use by the State Police in furtherance of its mission to serve, protect and defend the people of the State of New York.

"The Executive Vice President and General Counsel, the Executive Vice President – Corporate Services and Administration, the Senior Vice President and Chief Financial Officer and I concur in the recommendation."

Mr. Vesce presented the highlights of staff's recommendations to the Trustees. In response to a question from President Carey, Mr. Hoff said that staff would not be coming back to the Trustees for approval of the final contract with the New York State Police.

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

RESOLVED, That pursuant to Title 5-A of Article 9 of the Public Authorities Law, the Authority's Guidelines for the Disposal of Personal Property, and the Power Authority Act, the Trustees hereby approve the transfer of ownership of the Authority's King Air B200 S/N BB-1308, Registration Number N1509G, aircraft to the New York State Police ('State Police') for use by the State Police in furtherance of its mission to serve, protect and defend the people of the State of New York and in accordance with the foregoing report of the President and Chief Executive Office; and it is further

RESOLVED, That the Chairman, the President and Chief Executive Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and 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 Executive Vice President and General Counsel or his designee.

15. <u>Resolution – David E. Blabey</u>

Chairman Seymour read a resolution honoring Mr. Blabey for his years of service to the Authority. Mr. Blabey thanked Chairman Seymour, said how much he had enjoyed working with everyone at the Authority and what a great organization the Authority is and wished everyone good luck in the future.

WHEREAS, David E. Blabey has brought immense benefit to the New York Power Authority and the people of New York State through his exemplary service as the Power Authority's Executive Vice President, Secretary and General Counsel; and

WHEREAS, during his more than 8 l/2 years at the Authority, Mr. Blabey has exhibited a singular blend of proficiency as a lawyer and of expertise in complex matters concerning the changing electric power industry; and

WHEREAS, these attributes have proved essential to the Authority in addressing a broad range of issues and have greatly facilitated its successful transition to the New York Independent System Operator markets; and

WHEREAS, Mr. Blabey's legal skills, persistence and clarity of purpose were vividly displayed in his role as the Power Authority's principal negotiator in the intense process leading to the sale of the Authority's two nuclear power plants at a then-record price for the United States nuclear industry; and

WHEREAS, to Mr. Blabey's further credit, the negotiations produced various other benefits, including a power-purchase agreement that saved the Authority and its customers hundreds of millions of dollars and a revenue-sharing arrangement that could provide sizable payments in the years to come; and

WHEREAS, as part of the St. Lawrence-Franklin D. Roosevelt Project relicensing, Mr. Blabey played a pivotal role in reclaiming 34 megawatts of St. Lawrence hydropower from neighboring states, with the promise of significant financial value to the Authority and New York State over the 50-year license term; and

WHEREAS, he has also helped to shape and carry forward such other vital initiatives as the Niagara project relicensing, a massive debt restructuring program and development of an innovative bond resolution tailored to the competitive power industry, the licensing and construction of the small, clean power plants that averted electricity shortages in New York City and on Long Island and of the 500-megawatt plant in Queens, and settlement of the Mohawk land claim in Northern New York; and

WHEREAS, Mr. Blabey has provided invaluable assistance to this Board by offering sound legal advice on numerous matters, anticipating or responding to countless questions and assuring that agenda items were clear and complete, and has also diligently supervised the Authority's Internal Audit and Ethics and Compliance activities; and

WHEREAS, his tenure at the Power Authority has marked the most recent chapter in a distinguished career of some 35 years that has spanned the public and private sectors and earned him inclusion in "The Best Lawyers in America" Utility Regulatory Law section; and

WHEREAS, Mr. Blabey is retiring from the Power Authority after having contributed immeasurably to its progress during a momentous and challenging period;

NOW THEREFORE BE IT RESOLVED, That the Trustees of the Power Authority of the State of New York express to David Blabey their gratitude for the talent, insight and dedication he has brought to his duties; their respect for his many accomplishments; and their warmest wishes to him; his wife, Susan; and their family for a future of health, happiness and fulfillment.

April 28, 2006

16. Resolution – Joseph J. Seymour

Vice Chairman McCullough read a resolution honoring Chairman Seymour for his years of service as Chairman of the Authority, the only person to ever serve two non-consecutive terms as Chairman.

WHEREAS, Joseph J. Seymour has served with consummate skill and dedication during two terms as Chairman of the New York Power Authority and for more than five years as a Trustee of the Power Authority; and

WHEREAS, Mr. Seymour's superior management and administrative abilities, honed during more than three decades of public service, have proved invaluable as the Authority has confronted numerous major challenges under his leadership; and

WHEREAS, after taking office in March 2001 at a critical point in the Authority's extraordinary effort to install a series of small, clean power plants in New York City and on Long Island, Mr. Seymour directed the rapid completion of the project on time to prevent power shortages in the face of that summer's record demand; and

WHEREAS, during his first term as Chairman, in which he also served as Chief Executive Officer, Mr. Seymour presided over the conclusion of landmark agreements with parties in the St. Lawrence-Franklin D. Roosevelt Project relicensing process, paving the way for timely submittal of the license application and ultimate receipt of the new license on schedule; and

WHEREAS, his first administration also saw completion of Phase One of the world's most sophisticated transmission control device—the Convertible Static Compensator—at Marcy and, in the wake of the September 11, 2001, attacks, establishment of the World Trade Center Economic Recovery Power Program, which has helped to protect more than 40,000 jobs; and

WHEREAS, in the aftermath of the attacks, Governor George E. Pataki demonstrated his supreme confidence in Mr. Seymour by turning to him to take on the crucial post of Executive Director of the Port Authority of New York and New Jersey, a position in which he played a pivotal role in the affected area's recovery; and

WHEREAS, Mr. Seymour, who had continued as an essential member of this Board, was again elected Chairman in July 2005, becoming the first person in Power Authority history to serve two non-consecutive terms in that office; and

WHEREAS, as in his first term, he immediately addressed imposing construction and relicensing tasks, spearheading completion of the 500-megawatt combined-cycle power plant in Queens and submittal on schedule of the application for a new license for the Niagara Power Project, following resolution of contentious local issues; and

WHEREAS, as Chairman, Chief Executive Officer and Trustee, Mr. Seymour has brought his broad experience and sound judgment to bear on various other key matters, ranging from the licensing of a much-needed new transmission line in the Adirondacks to the conclusion of long-term power-supply agreements with the Authority's municipal system, rural cooperative and New York City governmental customers; and

WHEREAS, Mr. Seymour is retiring as the Power Authority's Chairman after having secured an indelible place in the Authority's history;

NOW THEREFORE BE IT RESOLVED, That the Trustees of the Power Authority of the State of New York salute Joseph J. Seymour for his achievements at the Power Authority and throughout his career in public service and wish him; his wife, Susan; and their family a future of health, happiness and continued success.

April 28, 2006

17. Motion to Conduct Executive Session

"Mr. Chairman, I move that the Authority conduct an executive session to discuss matters related to ongoing potential litigation." Upon motion moved and seconded, an executive session was held.

18. Motion to Resume Meeting in Open Session

"Mr. Chairman, I move to resume the meeting in Open Session." Upon motion moved and seconded, the meeting resumed in open session.

19. Other

Vice Chairman McCullough thanked the other Trustees for the confidence they had shown in him by electing him Chairman and said he would try very hard to live up to the past Chairmen of the Authority. He said that this was a bittersweet moment for him, since he had spent many good years working with Chairman Seymour during trying times.

20. Next Meeting

The next meeting of the Trustees will be held on **Tuesday, May 23, 2006, at 11:00 a.m., at the Clarence D. Rappleyea Building in White Plains,** unless otherwise designated by the Chairman with the concurrence of the Trustees.

Closing

On motion duly made and seconded, the meeting was adjourned by the Chairman at approximately 12:05 p.m.

Thomas J. Kelly
Executive Vice President and General Counsel