NEW YORK STATE OF OPPORTUNITY | NY Power Authority

Memorandum

Date: **May 24, 2016**

To: **THE TRUSTEES**

From: **THE PRESIDENT and CHIEF EXECUTIVE OFFICER**

Subject: **Amendments to the Authority's By-laws**

SUMMARY

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

BACKGROUND

Article IX of the Authority's By-laws permits the Trustees to amend, alter or repeal any provision or provisions of the By-laws at any annual, regular or special meeting.

DISCUSSION

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

(1) Clarifying the requirements under the Power Authority Act and other provisions of the Public Authorities Law.

(2) Amending officer titles to accurately describe roles and responsibilities and eliminating officer positions that are obsolete.

(3) Making some conforming and non-substantive changes.

FISCAL INFORMATION

None.

RECOMMENDATION

The Executive Vice President and General Counsel recommends that the Trustees approve the amendments to the By-laws as recommended by the Governance Committee.

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

Gil C. Quiniones
President and Chief Executive Officer

R E S O L U T I O N

RESOLVED, That the amendments to the By-laws (originally adopted on April 9, 1954, and last amended on May 24, 2016) discussed in the foregoing memorandum of the President and Chief Executive Officer and attached hereto as Exhibit “A,” be, and hereby are adopted; and be it further

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

EXHIBIT "A"

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

BY-LAWS
of the
POWER AUTHORITY
OF THE STATE OF NEW YORK

Statutory Authority
Public Authorities Law §1004

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

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

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

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ARTICLE I – Offices

Section 1. Principal Office

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

Section 2. Other Offices

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

Section 3. Books And Records

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

ARTICLE II – Trustees

Section 1. Number, Term, Appointment And Vacancies

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

Section 2. Powers And Duties

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

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

(b) adoption of a code of ethics applicable to each officer, director and employee that, at a minimum, includes the standards established in section seventy-four of the public officers law;
(c) establishment of written policies and procedures on personnel including policies protecting employees from retaliation for disclosing information concerning acts of wrongdoing, misconduct, malfeasance, or other inappropriate behavior by an employee or board member of the authority, investments, travel, the acquisition of real property and the disposition of real and personal property and the procurement of goods and services; and
(d) adoption of a defense and indemnification policy and disclose such policy to any and all prospective Trustees.

ARTICLE III - Trustees' Meetings

Section 1. General

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

Section 2. Place Of Meetings

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

Section 3. Videoconferencing Meetings

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

Section 4~~2~~. Annual Meeting

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

Section 5~~3~~. Regular Meetings

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

Section 6~~4~~. Special Meetings

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

Section 7~~5~~. Quorum

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

ARTICLE IV – Officers

Section 1. Officers

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

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

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

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

Section 3. Term Of Office

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

Section 4. Vacancies

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

Section 5. Removal

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

Section 6. Compensation of Officers

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

Section 7. Powers And Duties

A. CHAIR

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

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

B. VICE CHAIR

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

C. ~~PRESIDENT AND~~ CHIEF EXECUTIVE OFFICER

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

D. CHIEF ENGINEERING ~~OPERATING~~ OFFICER

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

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

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

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

~~E~~F. CHIEF LEGAL OFFICER~~EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL~~

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

~~***G. EXECUTIVE VICE PRESIDENT – CHIEF ADMINISTRATIVE OFFICER***~~

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

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

~~F~~H. ~~EXECUTIVE VICE PRESIDENT AND~~ CHIEF FINANCIAL OFFICER

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

~~G~~I. ~~EXECUTIVE VICE PRESIDENT – ECONOMIC DEVELOPMENT AND ENERGY EFFICIENCY~~CHIEF MARKETING OFFICER

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

~~H~~J. CORPORATE SECRETARY

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

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

I~~K~~. TREASURER

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

J~~L~~. CHIEF INTERNAL CONTROL~~LER~~ OFFICER

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

K~~M~~. CHIEF ~~VICE PRESIDENT -~~ INTERNAL AUDIT~~S~~ OFFICER

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

L~~N~~. SUCCESSION – ABSENCE OR VACANCY OF OFFICE OF PRESIDENT AND CHIEF EXECUTIVE OFFICER

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

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

ARTICLE V – Committees

Section 1. Executive Management Committee

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

Section 2. Audit Committee

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

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

Section 3. Governance Committee

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

Section 4. Finance Committee

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

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

Section 5. Strategic Planning and Energy Policy Committee

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

Section 6. Other Committees

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

ARTICLE VI - Corporate Seal

Section 1. Seal

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

ARTICLE VII - Fiscal Management

Section 1. Fiscal Year

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

Section 2. Strategic Plan

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

Section 3. Annual Budgets

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

Section 4. Capital Expenditure Plan

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

Section 5. Expenditure Authorization Procedures

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

Section 6. Disbursement Of Funds

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

ARTICLE VIII - Execution of Instruments

Section 1. Execution Of Instruments

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

ARTICLE IX – Amendment

Section 1. Amendment

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

ARTICLE X – Miscellaneous

Section 1. Additional Appointments

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

Section 2. Annual Reports

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

Section 3. Defense And Indemnification Of Trustees And Employees

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

Section 4. Authority Policies And Procedures

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

EXHIBIT "B"

May 24, 2016

BY-LAWS
of the
POWER AUTHORITY
OF THE STATE OF NEW YORK

Statutory Authority
Public Authorities Law §1004

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

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

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

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ARTICLE I – Offices

Section 1. Principal Office

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

Section 2. Other Offices

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

Section 3. Books And Records

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

ARTICLE II – Trustees

Section 1. Number, Term, Appointment And Vacancies

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

Section 2. Powers And Duties

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

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

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

(c) establishment of written policies and procedures on personnel including policies protecting employees from retaliation for disclosing information concerning acts of

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

ARTICLE III - Trustees' Meetings

Section 1. General

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

Section 2. Place Of Meetings

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

Section 3. Videoconferencing Meetings

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

Section 4. Annual Meeting

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

Section 5. Regular Meetings

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

Section 6. Special Meetings

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

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

Section 7. Quorum

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

ARTICLE IV –Officers

Section 1. Officers

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

Section 2. Appointment Of Officers

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

Section 3. Term Of Office

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

Section 4. Vacancies

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

Section 5. Removal

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

Section 6. Compensation of Officers

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

Section 7. Powers And Duties

A. CHAIR

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

B. VICE CHAIR

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

C. CHIEF EXECUTIVE OFFICER

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

D. CHIEF ENGINEERING OFFICER

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

E. CHIEF LEGAL OFFICER

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

F. CHIEF FINANCIAL OFFICER

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

G. CHIEF MARKETING OFFICER

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

H. CORPORATE SECRETARY

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

I. TREASURER

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

J. CHIEF INTERNAL CONTROL OFFICER

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

K. CHIEF INTERNAL AUDIT OFFICER

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

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

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

ARTICLE V – Committees

Section 1. Executive Management Committee

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

Section 2. Audit Committee

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

Section 3. Governance Committee

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

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

Section 4. Finance Committee

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

Section 5. Strategic Planning and Energy Policy Committee

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

Section 6. Other Committees

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

ARTICLE VI - Corporate Seal

Section 1. Seal

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

ARTICLE VII - Fiscal Management

Section 1. Fiscal Year

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

Section 2. Strategic Plan

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

Section 3. Annual Budgets

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

Section 4. Capital Expenditure Plan

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

Section 5. Expenditure Authorization Procedures

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

Section 6. Disbursement Of Funds

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

ARTICLE VIII - Execution of Instruments

Section 1. Execution Of Instruments

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

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