

July 29, 2014

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

SUBJECT: Amendment to the Terms of a Memorandum of Understanding Concerning the Temporary Transfer of Funds to the State Treasury

SUMMARY

The Trustees are requested to approve and/or ratify an amendment to the terms of a Memorandum of Understanding between the State and the Authority, dated as of February 23, 2009 (“2009 MOU”), relating to a temporary intra-governmental transfer of assets from the Authority to the State. As discussed in detail below, the amendment would provide for a revised schedule for the return of one of two assets that were temporarily transferred to the State in accordance with the 2009 MOU. Copies of the 2009 MOU and the proposed amendment (entitled “Amendment to Memorandum of Understanding,” dated as of April 24, 2014), are attached hereto as Exhibits “A” and “B,” respectively.

BACKGROUND

In light of the severe budget problems facing the State at the time, the Authority was authorized, in Chapter 2 of the Laws of 2009, as deemed feasible and advisable by the Trustees, to make certain voluntary contributions to the State’s General Fund, as well as two separate temporary asset transfers to the State in the amounts of \$103 million and \$215 million (referred to in the 2009 MOU as “Asset A” and “Asset B”, respectively). *See* 2009 MOU, p. 1 (recitals) and Appendix A.

As more specifically provided for in the 2009 MOU, the Authority agreed to transfer to the State an amount equal to Asset A (\$103 million) within 180 days of enactment of the 2009-10 State Budget, and transfer to the State an amount equal to Asset B (\$215 million) by March 27, 2009. 2009 MOU, Article II.

The State agreed to return Asset A not later than September 30, 2014, and return Asset B not later than September 30, 2017. The MOU also contains provisions to provide for the return of Asset A and Asset B or any portion thereof prior to these dates if specified conditions are satisfied. 2009 MOU, § 3.1, 2nd paragraph.

The State also agreed in the 2009 MOU to include in the Executive Budgets for the relevant time periods requested appropriations and other legislation relating to return of the assets in the form attached to the 2009 MOU. 2009 MOU, § 3.1 (1st paragraph and Appendix A and Appendix B).

The 2009 MOU also contains provisions relating to the nature of the State’s agreement to return the Assets. *See* 2009 MOU, Article IV.

In February 2009, the Authority’s Trustees authorized the execution of the 2009 MOU and approved the temporary asset transfer of an amount equal to Asset B (\$215 million), which transfer was completed by March 26, 2009.

The Trustees also authorized the second temporary asset transfer of an amount equal to Asset A (\$103 million) to be made within 180 days of the enactment of the 2009-2010 State Budget, with the condition that the payment of this latter amount would require Trustee reaffirmation prior to the actual transfer in order to confirm that the release of such funds remains “feasible and advisable” and in conformance with the requirements of the Authority’s Bond Resolution.

At the time, Authority Staff reviewed the effects of both the voluntary contributions and the asset transfer portions of the Governor’s Executive Budget Plan against the Authority’s expected cash position and reserve requirements. The primary business criteria used to evaluate the potential transfers are: (a) that the Authority maintains an adequate debt service coverage ratio (at or above the median coverage ratio for comparable wholesale public power systems); and (b) that the Authority maintains in total 100 days’ worth of cash on hand to continue to provide for adequate liquidity. Based on that review, the schedule of payments and transfers contemplated by the Governor’s Executive Budget Plan were not expected to violate these criteria assuming the Authority achieves all its financial and operating goals during this period. At their July 28, 2009 meeting, the Trustees provided such reaffirmation and the second transfer was subsequently made.

DISCUSSION

In late 2013, the Division of the Budget asked the Authority whether it would be amenable to revising the 2009 MOU to provide for a scheduled return of an amount equal to Asset A over a five-year period in order facilitate the State’s financial planning. Authority staff agreed to this accommodation, subject to Trustee approval/ ratification, and the Authority and the State, acting through the Director of the Budget, executed an “Amendment to Memorandum of Understanding,” dated as of April 24, 2014 (the “MOU Amendment”). The MOU Amendment provides that it is not effective until approved/ratified by the Trustees. MOU Amendment, ¶ 5.

In summary, the MOU Amendment (*see* ¶ 1) would replace Section 3.1 of the 2009 MOU with a new provision in which the State would agree, subject to appropriation by the State Legislature, to return Asset A to the Authority in five (5) annual installments, to be made no later than September 30th of each of the following five State fiscal years (2014-15 through 2018-19) and the following amounts:

State Fiscal Year 2014-15:	\$18,000,000
State Fiscal Year 2015-16:	\$21,000,000
State Fiscal Year 2016-17:	\$21,000,000

State Fiscal Year 2017-18:	\$21,000,000
State Fiscal Year 2018-19:	\$22,000,000

Like the original provision, revised Section 3.1 provides for the return of either Asset A or B or any portion thereof prior to the dates indicated if specified conditions are satisfied. *See* MOU Amendment, p. 2 (3rd full paragraph). The MOU Amendment does not modify the State's agreement to return Asset B to the Authority not later than September 30, 2017.

The MOU Amendment modifies the appropriation language that the State would agree to include in the Executive Budget to reflect the payment schedule discussed above (attached to the MOU Amendment as Exhibit A).

Provisions of the 2009 MOU that are not specifically modified by the MOU Amendment remain in force and effect.

FISCAL INFORMATION

Based upon the Authority's financial plan projections, it is staff's determination that the State's partial repayment of the \$103 million temporary asset transfer by September 30, 2014 and subsequent installment payments by September 30th of each year 2015-2018, as contemplated by the MOU Amendment, do not adversely affect the Authority's capability of meeting its obligations with respect to its debt service payments or operating and capital program funding, nor does it affect an adequate service coverage ratio or the maintenance of 100 days cash on hand to continue to provide for adequate liquidity.

RECOMMENDATION

The Executive Vice President and Chief Financial Officer recommends that the Trustees ratify an amendment to the terms of the Memorandum of Understanding ("MOU") between the State and NYPA that provides for a new and specific repayment plan for the \$103 million temporary asset transfer approved by the Trustees in 2009 and furnished to the State's general fund in July 2009.

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

RESOLUTION

RESOLVED, That the Trustees hereby approve and ratify the Amendment to Memorandum of Understanding,” dated as of April 24, 2014, which provides for, among other things, a revised schedule for the State’s return of the Authority’s \$103 million temporary asset transfer approved by the Trustees in 2009, as recommended in the attached memorandum of the President and Chief Executive Officer; and be it further

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

MEMORANDUM OF UNDERSTANDING

By and Between

THE STATE OF NEW YORK,
Acting by and through the Director of the Budget of the State of New York

and

POWER AUTHORITY OF THE STATE OF NEW YORK,
A corporate municipal instrumentality and political subdivision of the State of New York

Dated as of February 23, 2009

THIS MEMORANDUM OF UNDERSTANDING (the "MOU"), dated as of February 23, 2009, by and among the STATE OF NEW YORK, acting by and through the Director of the Budget of the State of New York (the "State") and the POWER AUTHORITY OF THE STATE OF NEW YORK, a corporate municipal instrumentality and political subdivision of the State ("NYPA"), is intended to provide a formal framework for the mutual understandings of the parties set forth herein.

WITNESSETH:

WHEREAS, the nation is facing an economic downturn that is severe and widespread as evidenced by the recent wave of unprecedented financial sector shocks that began in September 2008 and are continuing through today; and

WHEREAS, the financial and liquidity crisis has materially weakened the State's economy and in particular the financial services industry that is key to the State's tax revenue base; and

WHEREAS, as a result of the financial and liquidity crisis, the State is facing unprecedented budgetary challenges including significant projected reductions in State tax receipts that have resulted in projected budget gaps as of January 2009 of \$1.5 billion in Fiscal Year 2008-09, \$12.5 billion in Fiscal Year 2009-10, \$15.7 billion in Fiscal Year 2010-11, and \$17.2 billion in Fiscal Year 2011-12; and

WHEREAS, the State finds it necessary to explore a broad range of financial initiatives to close projected budget gaps for its 2008-09 and 2009-10 Fiscal Years; and

WHEREAS, NYPA has determined that it has certain funds described herein which it may transfer to the State as contemplated by this MOU; and

WHEREAS, NYPA, as a corporate municipal instrumentality and political subdivision of the State has indicated its desire to assist the State in addressing the current fiscal crisis;

NOW THEREFORE, and in recognition of the foregoing, the parties state their mutual understanding as follows:

ARTICLE I

DEFINITIONS

"**Asset Transfer**" means the temporary transfer by NYPA of the Available Monies to the State as described in this MOU.

"**Available Monies**" means collectively (a) \$103,000,000 of cash determined by NYPA to not be required for the purposes specified by Sections 503(1)(a)-(c) of NYPA's general bond resolution securing its outstanding bonds ("**Asset A**"), and (b) \$215,000,000 of cash presently on

deposit in NYPA's Spent Fuel Account which NYPA, pending the establishment by the federal government of a federal repository for nuclear waste and an operative, legal requirement to pay the funds in such Account, has reserved for such purpose. ("Asset B").

"**Executive Budget**" means the constitutionally mandated annual submission of the Governor of the State of New York to the New York State Legislature containing the Governor's recommended program, expressed in dollar terms, for a forthcoming Fiscal Year.

"**Fiscal Year**" means the fiscal year of the State of New York commencing on April 1 of each year, or such other period of time hereafter adopted by the State of New York as its fiscal year.

"**MOU**" means this Memorandum of Understanding dated as of February 23, 2009.

"**NYPA**" means the Power Authority of the State of New York, a corporate municipal instrumentality and political subdivision of the State with its principal office located at 30 South Pearl Street, Albany, New York 12207.

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

ARTICLE II

AVAILABLE NYPA ASSETS

Section 2.1. NYPA Resources. As a result of NYPA's operations, NYPA has established reserves and designated cash and investment accounts. NYPA has determined that it may transfer the Available Monies to the State as contemplated by this MOU. From time to time NYPA has made voluntary contributions to the State for use by the State for various purposes.

To assist the State in closing its budget gaps for the 2008-09 and 2009-10 Fiscal Years, NYPA hereby agrees to make an Asset Transfer to the State (i) of an amount equal to Asset A within 180 days of the enactment of the 2009-10 State budget, and (ii) of an amount equal to Asset B by March 27, 2009.

The implementation of the Asset Transfers by NYPA is being undertaken pursuant to the legislation attached as Appendix A and in reliance upon the action contemplated to be taken by the State set forth in Section 3.1 hereof.

ARTICLE III

SPECIAL COVENANT

Section 3.1. Appropriation Covenant. The State hereby agrees to include in the Executive Budget for each Fiscal Year commencing with the 2009-10 Fiscal Year and continuing, in the case of Asset A, through the 2014-15 Fiscal Year, and in the case of Asset B, through the 2017-18 Fiscal Year, as requested appropriations substantially in the form attached

hereto as Appendix B, an amount equal to any portion of either Asset Transfer that has not been returned to NYPA.

Subject to appropriation by the New York State Legislature, the State hereby agrees to return Asset A to NYPA not later than September 30, 2014, and agrees to return Asset B to NYPA not later than September 30, 2017. Any appropriation of monies for the return of an amount equal to or less than Asset A or Asset B to NYPA prior to September 30, 2014 and September 30, 2017, respectively, shall be made only upon a certification by the Director of the Budget, following a certification by NYPA to the Director of the Budget, that monies available to NYPA are not sufficient to meet NYPA's obligations with respect, (i) in the case of Asset A, to its operating or capital programs or to pay debt service on its debt obligations, provided that in no event shall such certification by NYPA exceed in the aggregate an amount equal to \$103,000,000; and (ii) in the case of Asset B, compliance with the Authority's payment obligations related to the transfer and disposal of nuclear spent fuel as required by federal or state statute, provided that in no event shall such certification by NYPA exceed in the aggregate an amount equal to \$215,000,000.

Notwithstanding the foregoing, prior to the return to NYPA of amounts equal to Asset B, the State will seek additional appropriations of monies for transfer to NYPA and may take other actions, which together will be sufficient, as determined by the Director of the Budget in consultation with NYPA, to enable NYPA to maintain the asset value on its financial statements at the current value of Asset B or at a higher amount.

ARTICLE IV

NOT A BORROWING

Section 4.1. Nature of Asset Transfer. In recognition of the fact that NYPA is a corporate municipal instrumentality and political subdivision of the State and a component unit of the State in the Comprehensive Annual Financial Report of the State prepared each year by the Office of the State Comptroller, the parties hereby agree that (A) the Asset Transfer contemplated by this MOU shall, to the maximum extent possible, be treated for accounting purposes as a temporary intra-governmental transfer of assets, and (B) the obligation of the State to return all or a portion of an amount equal to the Asset Transfer (i) shall be subject to annual appropriation by the State Legislature, (ii) shall not constitute a debt of the State within the meaning of any constitutional or statutory provision, and (iii) shall be deemed executory only to the extent of monies available to the State and no liability shall be incurred by the State beyond monies available for such purpose.

Section 4.2. No Payments of Interest. In accordance with the understandings set forth in Section 4.1 hereof, no payment of interest or other charges or consideration shall be due or payable by the State with respect to the Asset Transfer.

Section 4.3. No Service Contract. The Asset Transfer by NYPA, and any return to NYPA by the State of any amount representing all or a portion of the Asset Transfer, shall not be deemed to be a payment for services rendered by either the State or NYPA.

Section 4.4. Legislative Authorization. Nothing in this MOU shall preclude either party hereto from having legislation introduced in the New York Legislature relating to the Asset Transfer that is not inconsistent with the mutual understandings contained in this MOU.

ARTICLE V
MISCELLANEOUS

Section 5.1. Exculpatory Provisions. (A) No provision contained in this MOU shall constitute or give rise to or impose on any party hereto a pecuniary liability or a charge upon its general credit.

(B) Any agreements contained in this MOU of either the State or NYPA shall be deemed to be agreements of the State or NYPA and not of any member, director, officer, employee, or agent in his or her individual capacity, and no recourse shall be had for any claim hereunder against any member, director, officer, employee, or agent of the State or NYPA.

(C) The parties to this MOU have executed this document as indicated below as evidence of approval of the mutual understandings set forth herein.

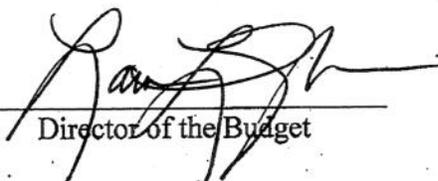
Section 5.2. No Third Party Beneficiaries. Nothing in this MOU shall be construed to confer upon or to give notice to any person or corporation other than the State and NYPA, of any right, remedy or claim under or by reason of this MOU.

Section 5.3. Section Headings. All section headings contained in this MOU are for convenience of reference only and are not intended to define or limit the scope of any provision of this MOU.

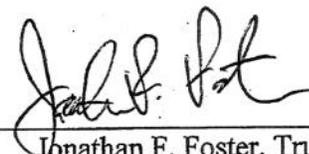
[Balance of page intentionally left blank]

Section 5.4. Governing Law. This MOU shall be construed and interpreted in accordance with, and shall be governed by, the laws of the State of New York.

STATE OF NEW YORK, acting by and through the
Director of the Budget of the State of New York

By 
Director of the Budget

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

By 
Jonathan F. Foster, Trustee

Appendix A

7 § 13-b. Section 11-a of part RR of chapter 57 of the laws of 2008,
8 relating to providing for the administration of certain funds and
9 accounts related to the 2008-2009 budget, is amended to read as follows:

10 § 11-a. Notwithstanding any provision of law to the contrary, the
11 power authority of the state of New York, as deemed feasible and advis-
12 able by its trustees, is authorized to make contributions to the state
13 treasury to the credit of the general fund as follows: for the fiscal
14 year commencing April 1, 2008, a total of [~~\$60,000,000~~] \$261,000,000,
15 not less than \$50,000,000 of which will be paid within thirty days of
16 the enactment of the state budget for such fiscal year, not less than
17 \$119,000,000 shall be paid by January 30, 2009 and \$182,000,000 shall be
18 paid by March 27, 2009; for the fiscal year commencing April 1, 2009, a

19 total of [~~\$35,000,000~~] \$210,000,000, not less than [~~\$25,000,000~~]
20 \$103,000,000 of which will be paid within [thirty] one hundred eighty
21 days of the enactment of the state budget for such fiscal year[; and for
22 the fiscal year commencing April 1, 2010, a total of \$35,000,000, not
23 less than \$25,000,000 of which will be paid within thirty days of the
24 enactment of the state budget for such fiscal year] and \$107,000,000
25 shall be paid prior to March 26, 2010.

Appendix A

12/09/08

1

73053-01-9

DRAFT LBDC

A BUDGET BILL submitted by the Governor
in accordance with Article VII of the Constitution

AN ACT to require appropriations in the executive budget to the
New York Power Authority

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

- 1 Section 1. Notwithstanding any other provision of law, the Governor
2 shall include an appropriation in a budget bill for each state fiscal
3 year that reflects the value of the assets transferred from the power
4 authority of the state of New York to the state of New York pursuant to
5 a memorandum of understanding between the power authority of the state
6 of New York and the state of New York relating to the transfer to the
7 state of New York of assets aggregating \$318,000,000 presently held in
8 certain accounts of the power authority of the state of New York. The
9 state comptroller shall encumber the amount so appropriated before the
10 end of the fiscal year for which such appropriation is made. If for any
11 of the fiscal years commencing during the period from April 1, 2009
12 until such time as the assets have been returned by the state of New
13 York to the power authority of the state of New York the Governor fails
14 to submit a budget bill containing an appropriation of such amount, such
15 amount appropriated to and encumbered during the preceding fiscal year
16 shall be payable to the authority on the last day of June of such year.
- 17 § 2. This act shall take effect immediately.

Appendix B

534

CONTINGENT AND OTHER APPROPRIATIONS

NEW YORK POWER AUTHORITY ASSET TRANSFER

STATE OPERATIONS AND AID TO LOCALITIES 2009-10

1	NEW YORK POWER AUTHORITY ASSET TRANSFER PROGRAM	318,000,000
2		-----
3		
4	General Fund / State Operations	
5	State Purposes Account - 003	
6		
7	For deposit to the appropriate account or	
8	accounts of the New York power authority	
9	pursuant to a plan submitted by the New	
10	York power authority and approved by the	
11	director of the budget. Notwithstanding	
12	section 40 of the state finance law, this	
13	appropriation shall remain in place until	
14	a subsequent appropriation is made	
15	available. The sum of \$103,000,000 is	
16	hereby appropriated to the New York power	
17	authority for deposit to the appropriate	
18	account or accounts. Such appropriation	
19	shall only be made available upon	
20	certification of the director of the	
21	budget, at the request of the New York	
22	power authority when and to the extent	
23	that the authority certifies to the	
24	director that the monies available to the	
25	authority are not sufficient to meet the	
26	authority's obligations with respect to	
27	its debt service or operating or capital	
28	programs	103,000,000
29	For deposit to the appropriate account or	
30	accounts of the New York power authority	
31	pursuant to a plan submitted by the New	
32	York power authority and approved by the	
33	director of the budget. Notwithstanding	
34	section 40 of the state finance law, this	
35	appropriation shall remain in place until	
36	a subsequent appropriation is made	
37	available. The sum of \$215,000,000 is	
38	hereby appropriated to the New York power	
39	authority for deposit to the appropriate	
40	account or accounts. Such appropriation	
41	shall only be made available upon	
42	certification of the director of the	
43	budget, at the request of the New York	
44	power authority when and to the extent	
45	that the authority certifies to the	
46	director that such monies are necessary to	
47	comply with the authority's expenses	
48	related to the transfer and disposal of	
49	nuclear spent fuel as required by federal	
50	or state statute	215,000,000
51		-----
52		

This AMENDMENT TO MEMORANDUM OF UNDERSTANDING, dated as of April ~~24~~, 2014 (“Amendment”), by and among the STATE OF NEW YORK, acting by and through the Director of the Budget of the State of New York (the “State”) and the POWER AUTHORITY OF THE STATE OF NEW YORK (“NYPA”), a corporate municipal instrumentality and political subdivision of the State (collectively, the “Parties”).

WHEREAS, on February 23, 2009, NYPA and the State entered into a Memorandum of Understanding (the “2009 MOU”), providing the framework for a temporary intra-governmental transfer of assets from NYPA to the State;

WHEREAS, as set forth in the 2009 MOU, NYPA had certain Available Monies referred to in the MOU as “Asset A” in the amount of \$103 million, and “Asset B” in the amount of \$215 million, and NYPA agreed to provide temporary asset transfers in amounts equal to Asset A, with such Asset A transfer rendered to the State in September, 2009 and Asset B, with such Asset B transfer rendered to the State in February 2009, in accordance with authorizing legislation the form of which is attached to the 2009 MOU as the first page of Appendix A;

WHEREAS, as further specified in the 2009 MOU, the State (1) agreed to include in the Executive Budget for each Fiscal Year commencing with the 2009-10 Fiscal Year an appropriation in the amount of Asset A through the 2014-15 Fiscal Year, and an appropriation in the amount of Asset B through the 2017-18 Fiscal Year, substantially in the form attached to the 2009 MOU as Appendix B (entitled in pertinent part “CONTINGENT AND OTHER APPROPRIATIONS NEW YORK POWER AUTHORITY ASSET TRANSFER”), and (2) included legislation in the Enacted Budget for the 2009-10 Fiscal Year, entitled “A BUDGET BILL submitted by the Governor in accordance with Article VII of the Constitution” the form of which is attached to the 2009 MOU as the second page of Appendix A (the “Article VII Bill”);

WHEREAS, commencing with the 2009-10 Fiscal Year and each year thereafter, the State has included in the Executive Budget the appropriation previously mentioned;

WHEREAS, the State agreed, subject to appropriation by the New York State Legislature, to return Asset A to NYPA no later than September 30, 2014 and to return Asset B to NYPA no later than September 30, 2017, provided however that the State agreed to return such assets to NYPA sooner under certain conditions as specified in the 2009 MOU; and

WHEREAS, the Parties now desire to modify the 2009 MOU to specify revised terms as provided for herein.

NOW, THEREFORE, and in recognition of the foregoing, the Parties state their mutual understandings as follows:

1. The text appearing under “ARTICLE III, SPECIAL COVENANT” of the 2009 MOU is deleted and replaced with the following text:

Section 3.1. Appropriation Covenant. The State hereby agrees to include in the Executive Budget for each Fiscal Year commencing with the 2014-

15 Fiscal Year and continuing, in the case of Asset A, through the 2018-19 Fiscal Year, and in the case of Asset B, through the 2017-18 Fiscal Year as requested appropriations substantially in the form attached hereto as Appendix B, an amount equal to any portion of either Asset Transfer that has not been returned to NYPA.

Subject to appropriation by the New York State Legislature, the State hereby agrees to return Asset A to NYPA in five (5) annual installments, which shall be made no later than September 30th of each of the following five State fiscal years (2014-15 through 2018-19) and in such amounts as set forth below:

State Fiscal Year 2014-15:	\$18,000,000
State Fiscal Year 2015-16:	\$21,000,000
State Fiscal Year 2016-17:	\$21,000,000
State Fiscal Year 2017-18:	\$21,000,000
State Fiscal Year 2018-19:	\$22,000,000

Subject to appropriation by the New York State Legislature, the State hereby agrees to return Asset B to NYPA not later than September 30, 2017.

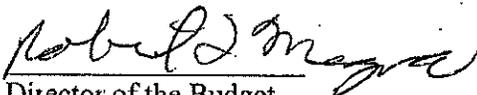
Any appropriation of monies for the return of any portion of Asset A prior to the installments provided for in this Article III, or Asset B prior to September 30, 2017, shall be made only upon a certification by the Director of the Budget, following a certification by NYPA to the Director of the Budget that monies available to NYPA are insufficient to meet NYPA's obligations with respect to, (i) in the case of Asset A, NYPA's operating or capital programs or to pay debt service on its debt obligations, provided that in no event shall such certification by NYPA exceed the unrepaid balance of Asset A, and (ii) in the case of Asset B, compliance with the Authority's payment obligations related to the transfer and disposal of nuclear spent fuel as required by federal or state statute or regulation, provided that in no event shall such certification by NYPA exceed in the aggregate an amount equal to \$215,000,000.

Notwithstanding the foregoing, prior to the return to NYPA of amounts equal to Asset B, the State will seek additional appropriations of monies for transfer to NYPA and may take other actions, which together will be sufficient, as determined by the Director of the Budget in consultation with NYPA, to enable NYPA to maintain the asset value on its financial statements at the current value of Asset B or at a higher amount.

2. The text appearing under "Appendix B" of the 2009 MOU is deleted and replaced with text substantially in the form attached hereto as Exhibit A.
3. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings given to them in the 2009 MOU.

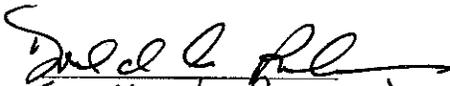
4. Except as expressly modified by or set forth in this MOU, the 2009 MOU shall remain unmodified and in full force and effect.
5. This Amendment shall be effective as of the date the fully executed Amendment is approved/ratified by NYPA's Board of Trustees.

STATE OF NEW YORK, acting by and through
the Director of the Budget of the State
of New York

By: 
Director of the Budget

Dated: 4/21/14

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

By: 
Executive Vice President & Chief Financial Officer

Dated: April 27, 2014

Exhibit A

Appendix B

MISCELLANEOUS -- ALL STATE DEPARTMENTS AND AGENCIES

NEW YORK POWER AUTHORITY ASSET TRANSFER

STATE OPERATIONS 20__ - __

For payment according to the following schedule:

	APPROPRIATIONS	REAPPROPRIATIONS
General Fund	318,000,000	0
	-----	-----
All Funds	318,000,000	0
	=====	=====

SCHEDULE

NEW YORK POWER AUTHORITY ASSET TRANSFER PROGRAM 318,000,000

General Fund
State Purposes Account - 10050

For deposit to the appropriate account or accounts of the New York power authority pursuant to a plan submitted by the New York power authority and approved by the director of the budget. Notwithstanding section 40 of the state finance law, this appropriation shall remain in place until a subsequent appropriation is made available. The sum of \$103,000,000 is hereby appropriated to the New York power authority for deposit to the appropriate account or accounts. Such appropriation shall be made available either: (i) pursuant to a repayment agreement submitted by the New York power authority and approved by the director of the budget, or (ii) upon certification of the director of the budget at the request of the New York power authority when and to the extent that the

authority certifies to the director that the monies available to the authority are not sufficient to meet the authority's obligations with respect to its debt service or operating or capital programs ... 103,000,000

For deposit to the appropriate account or accounts of the New York power authority pursuant to a plan submitted by the New York power authority and approved by the director of the budget. Notwithstanding section 40 of the state finance law, this appropriation shall remain in place until a subsequent appropriation is made available. The sum of \$215,000,000 is hereby appropriated to the New York power authority for deposit to the appropriate account or accounts. Such appropriation shall only be made available upon certification of the director of the budget, at the request of the New York power authority when and to the extent that the authority certifies to the director that such monies are necessary to comply with the authority's expenses related to the transfer and disposal of nuclear spent fuel as required by federal or state statute 215,000,000
