MINUTES OF THE MEETING
OF THE
GOVERNANCE COMMITTEE

March 29, 2016

Table of Contents

	Subject	Page No.	Exhibit
	Introduction	**2**	
1.	Adoption of the March 29, 2016 Proposed Meeting Agenda	3	
2.	**CONSENT AGENDA:**	**4**	
	a. Minutes of the Regular Meeting held on December 17, 2015	5	
	b. Procurement and Related Reports (January – December 2015)	6	2b-1 – 2b-7; 2b-7a; 2b-7b
	2b-1 Procurement Contracts Summary		
	2b-2 Disposal of Personal Property		
	2b-3 Supplier Diversity Program (SDP)		
	2b-4 Inventory Statistics		
	2b-5 Fossil Fuels Activity		
	2b-6 Corporate Finance Activity		
	2b-7 Introduction To and Summary of Procurement and Personal Property Disposal Guidelines		
	2b-7a Guidelines for Procurement Contracts		
	2b-7b Guidelines for the Disposal of Authority Personal Property		
	c. Real Estate Reports	8	2c-1 – 2c-3
	2c-1 Report of the Acquisition and Disposal of Real Property – Jan - Dec. 2015		
	2c-2 2016 Guidelines and Procedures for the Disposal of Authority Real Property		
	2c-3 2016 Guidelines and Procedures for the Acquisition of Authority Real Property		
	d. Ethics and Compliance Program and NERC Reliability Standards Compliance	9	
	e. Annual Review and Approval of Certain Authority Policies	16	2e-1 – 2e-14
	2e-1 Recruitment and Job Posting (EP 1.2); last revised 5/21/2015;		
	2e-2 Transfer or Re-Employment in Public Service (EP 1.9), last revised 10/27/2015;		
	2e-3 Salary Administration Policy (EP 2.1); last revised 7/07/2015;		
	2e-4 Salaried Non-Exempt and Facility-Based Exempt Overtime (EP 2.4), last revised 6/17/14;		

Subject	Page No.	Exhibit
2e-5 Employee Benefits Eligibility (EP 3.1), last revised 10/19/2015;		
2e-6 Vacation (EP 3.2), last revised 4/10/2015;		
2e-7 FMLA (EP 3.3), last revised 3/28/16;		
2e-8 Leaves of Absence (EP 3.4), last revised 7/29/13		
2e-9 Educational Assistance Program (EP 3.6), last revised 12/18/12		
2e-10 Relocation Benefits for New and Transferred Employees (EP 3.8); last revised 1/1/10;		
2e-11 Sick Time (EP 3.9), last revised 3/28/16;		
2e-12 Attendance & Flexible Hours (EP 4.6), last revised 3/01/14;		
2e-13 Reimbursement of Employee Meal Costs (CP 1.5), last revised 3/31/12;		
2e-14 Travel (CP 2-1); last revised 11/30/2015		
f. 2015 Annual Board of Directors Evaluation Pursuant to Sections 2800 and 2824 of the Public Authorities Law and Guidance of the Authorities Budget Office	17	2f-A
DISCUSSION AGENDA:	**18**	
3. Motion to Conduct an Executive Session	18	
4. Motion to Resume Meeting in Open Session	19	
5. Next Meeting	20	
6. Closing	21	

March 29, 2016

Minutes of the regular meeting of the New York Power Authority's Governance Committee held at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York, at approximately 8:00 a.m.

The following Members of the Governance Committee were present:

Trustee Anne M. Kress, Chair
Trustee Eugene L. Nicandri, Member
Trustee Anthony Picente, Jr., Member

John R. Koelmel - excused

Also in attendance were:

Gil Quiniones	President and Chief Executive Officer
Justin Driscoll	Executive Vice President and General Counsel
Edward Welz	Chief Operating Officer
Jennifer Faulkner	Senior Vice President – Internal Audit
Rocco Iannarelli	Senior Vice President – Corporate Affairs
Kristine Pizzo	Senior Vice President – Human Resources
Karen Delince	Vice President and Corporate Secretary
Joseph Gryzlo	Vice President and Chief Ethics and Compliance Officer
John Canale	Vice President – Procurement
Ruth Colon	Vice President – Enterprise Shared Services
Ethan Riegelhaupt	Vice President – Corporate Affairs
Peter Prunty	Director – Infrastructure
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Baughman	Senior Assistant Corporate Secretary
Jaiah Gottor	Lead Network Analyst – Infrastructure
Glen Martinez	Senior Network Analyst – Infrastructure

Chairperson Kress presided over the meeting. Corporate Secretary Delince kept the Minutes.

Introduction

Chairperson Kress welcomed committee members and Authority senior staff to the meeting. She said the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to Section B(4) of the Governance Committee Charter.

1. <u>Adoption of the Proposed Meeting Agenda</u>

Upon motion made by Trustee Nicandri and seconded by Trustee Picente, the Agenda for the meeting was adopted.

2. <u>CONSENT AGENDA</u>:

Upon motion made by Trustee Picente and seconded by Trustee Nicandri, the Consent Agenda and Reports provided by staff to members of the Governance Committee were approved.

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

Upon motion made and seconded, the Minutes of the Committee's Regular Meeting of September 29, 2015 were approved.

b. Procurement and Related Reports (January – December 2015)

The Vice President of Procurement submitted the following report:

"SUMMARY

This memorandum is to advise the Governance Committee of certain 2015 activities of the Procurement Division, including: procurement contract activity, disposal of personal property, Supplier Diversity Program activities and plant inventory statistics; as well as fossil fuels activities conducted by the Fuel Planning and Operations Group; and corporate finance activities conducted by the Treasury Group.

The Governance Committee is also requested to review and recommend for approval by the full Board of Trustees the revised Guidelines for Procurement Contracts and Guidelines for the Disposal of Authority Personal Property, respectively.

BACKGROUND

Pursuant to Subsection C.5 of the Authority's Governance Committee Charter relating to Reports, the Vice President – Procurement is required to report to the Committee at all regularly scheduled meetings and the Committee has the authority to require Procurement and other staff to prepare additional reports and to produce documents for Committee review.

The reported activities are governed by various State laws and regulations and are set forth in the attached Reports.

DISCUSSION

As more fully described in the individual reports attached hereto as Exhibits '2b-1' – '2b-6,' the Procurement Contract Report summarizes activity for procurements of $5,000 or greater that were active in 2015, as identified by the Authority's SAP Enterprise Resource Planning ('ERP') system. The Disposal of Personal Property Report lists all personal property (including Fleet-related) disposal transactions over $5,000 conducted during 2015. The Supplier Diversity Program Activity Report summarizes dollars awarded to New York State-certified Minority and Women-owned Business Enterprises ('MWBEs') as well as to Service-Disabled Veteran-Owned Businesses ('SDVOBs') based on reportable expenditures. The Plant Inventory Analysis lists current stock value and compares it to that of the previous year, with a brief explanation for any significant increase or decrease, where applicable. The Fossil Fuels and Corporate Finance Reports list the fuel- and finance-related transactions conducted by the Fuel Planning and Operations and Treasury work groups, respectively.

Pursuant to the Authority's implementation of the Public Authorities Accountability Act of 2005 ('PAAA'), as amended, the Authority's Governance Committee reviews the Guidelines for Procurement Contracts and the Guidelines for the Disposal of Authority Personal Property annually, and approves any changes to such Guidelines. These Guidelines have been amended as deemed advisable and necessary, and reviewed and approved by the full Board of Trustees annually, most recently on March 26, 2015. The Governance Committee is requested to review the revisions to the respective Guidelines (as set forth in the redlined copies attached hereto as Exhibits '2b-7a' and '2b-7b') and, if appropriate, to recommend adoption by the full Board at the annual meeting to be held on March 29, 2016.

FISCAL INFORMATION

There will be no financial impact on the Authority.

RECOMMENDATION

The Governance Committee is requested to review and approve the Procurement, Fossil Fuels and Corporate Finance Reports (attached hereto as Exhibits ‘2b-1’ through ‘2b-6’).

The Governance Committee is also requested to review the revised Guidelines (as set forth in the redlined copies attached hereto as Exhibits ‘2b-7a’ and ‘2b-7b’) and, if appropriate, to recommend adoption by the full Board at the annual meeting to be held on March 29, 2016.”

c. Real Estate Reports

"SUMMARY

This memorandum is to advise the Governance Committee of certain 2015 activities of the Real Estate Division regarding the acquisition and disposal of real property.

The Governance Committee is also requested to review and recommend for approval by the full Board of Trustees revised Guidelines and Procedures for the Disposal of Authority Real Property and Guidelines and Procedures for the Acquisition of Real Property by the Authority.

BACKGROUND

Pursuant to Subsection C.5 of the Authority's Governance Committee Charter relating to Reports, the Vice President – Procurement and the Director – Real Estate are required to report to the Committee at all regularly scheduled meetings, and the Committee has the authority to require Real Estate staff to prepare additional reports and to produce documents for Committee review. Due to recent staff reorganization, the Real Estate Division now reports to the Vice President – Enterprise Shared Services. The position of Director – Real Estate is currently vacant. The 2015 Real Estate reports are being submitted by the Vice President – Enterprise Shared Services.

The reported activities are governed by various State laws and regulations and are set forth in the attached Reports.

DISCUSSION

The Report of the Acquisition and Disposal of Real Property for the period January through December 2015 is attached hereto as Exhibit '2c-1.'

Pursuant to the Authority's implementation of the Public Authorities Accountability Act of 2005 ('PAAA'), as amended, the Authority's Governance Committee reviews the Guidelines and Procedures for the Disposal of Authority Real Property and the Guidelines and Procedures for the Acquisition of Real Property by the Authority annually, and approves any changes to such Guidelines. These Guidelines have been amended as deemed advisable and necessary, and reviewed and approved by the full Board of Trustees annually, most recently on March 25, 2015. The Governance Committee is requested to review the revisions to the respective Guidelines (as set forth in the redlined copies attached hereto as Exhibits '2c-2' – '2c-3' and, if appropriate, to recommend adoption by the full Board at the annual meeting to be held on March 29, 2016."

d. Ethics and Compliance Program and NERC Reliability Standards Compliance

"ETHICS and COMPLIANCE

SUMMARY

The Office of Ethics and Compliance ('E&C Office') advises NYPA's trustees, officers and employees on the legal, regulatory and NYPA Code of Conduct ethics and compliance standards relating to NYPA's employees and operations. It coordinates the investigation of allegations and concerns involving NYPA's assets and employees. This report highlights significant developments in NYPA's ethics and compliance program for the period December 17, 2015 to March 29, 2016.

BACKGROUND

The principal substantive issues arising under the NYS ethics laws and NYPA's Code of Conduct investigated or researched since the most recent Governance Committee report on December 17, 2015 include various requests to engage in outside activities and employment and issues concerning conflicts of interest, post-employment analyses, policy reviews, gifts inquiries and new hire 'reverse two-year-bar' employment restrictions questions.

The E&C Office provides annual training and Code of Conduct Certification to all trustees, officers and employees to reaffirm NYPA's commitment to prevailing ethics principles and raise awareness of the laws and regulations with which all NYS public employees are required to comply. Annual review of and certification to the NYPA Code of Conduct is implemented as an additional measure to reinforce acceptable business and professional conduct. The E&C Office also coordinates required training for designated employees to comply with the Federal Energy Regulatory Commission's ('FERC') Standards of Conduct relating to transmission and energy marketing functions and FERC Rules designed to prevent manipulation of energy markets.

DISCUSSION

Ethics Caseload

The E&C Office reviewed 66 cases since the last report to the Governance Committee and handled 220 inquiries in calendar year 2015. The case totals for 2015 included the following categories: appearances of impropriety; conflicts of interest; gifts questions; outside activities and outside employment reviews; re-employment assessments for retirees; post-employment questions, issues related to unwarranted privileges and evaluations involving appropriate use of NYPA assets. These cases originated from all NYPA headquarters and operating facilities, with a concentration from the White Plains Office. Ethics inquiries were made by various trustees, officers, bargaining unit and salaried employees. The widespread and consistent outreach from all NYPA locations and employee classifications is a strong indicator of the E&C Office's employee engagement efforts. In addition, employees are comfortable engaging the E&C Office in open dialogue and receive comprehensive feedback to their concerns or inquiries.

Selected Cases

Outside employment reviews and approvals since the last report to the Governance Committee included ownership of a remote answering service for doctors' offices and taxi services, two village Trustee positions, a National Guardsman, travel agency ownership, two engineering consulting businesses, an adjunct professor at New York University, a wood carving business and a private electrical business. All were approved with guidelines employees must follow to avoid conflicts of interest and appearances of impropriety. As required by NYS regulations, the E&C Office coordinated the approval of the NYS Joint Commission on Public

Ethics ('JCOPE') for outside employment sought by employees holding designated policy-making positions.

Uncompensated outside activities reviewed and approved included a senior executive and an entry level associate engineer who were recruited to offer industry advice to three colleges developing curriculum related to the energy industry and several requests to review membership in external professional organizations which may have a nexus to NYPA's business. As with compensated outside employment scenarios, these outside activities were also approved with guidelines to assist employees in avoiding any conflicts of interest or other violations of the NYS Public Officers Law and NYPA Code of Conduct.

The E&C Office also provided guidance to two employees recently hired from NYPA business partners. These and other employees are subject to the 'reverse two-year bar,' which restricts newly hired State employees from conducting business with their former private sector employers. The rationale for this restriction is to prevent the appearance that newly hired State employees may either give preferential treatment to or be unduly influenced by their former private sector employers. Both employees were interviewed and provided guidance directing them that they may not engage in NYPA business-related discussions or transactions with their former employers for a period of two years from their date of hire.

Internal Collaboration

The E&C Office has been increasingly asked to participate in functional reviews of existing policies and the development of new policies or procedures for the organization. It collaborates with the Business Controls Group and is a member of the Corporate Policy Review Committee. The E&C Office provided analyses and drafted governance documents on issues related to onboarding of new hire employees, knowledge management through the Powernet's Communities of Practice and Interest, updated motor vehicle, patent, staff augmentation, overtime meals, tuition reimbursement and securities trading and confidential information policies. It also advised Customer Energy Solutions and Corporate Communications on appropriate business card branding for the newly created NY Energy Manager positions, which are staffed by agency contractors who represent NYPA in the implementation of energy services programs to state agencies.

This heightened sensitivity of the need to include ethics and compliance reviews prior to adopting new or updated policies and procedures indicates that NYPA's internal ethical culture is becoming more robust and embedded throughout all levels of the organization.

In addition, the E&C Office has been asked to work with the Internal Audit Department as it develops the scope and implementation plans for the quarterly audits and assessments. The E&C office will provide historical case data applicable to the subject areas and update the auditors on corrective actions which have been implemented to enhance internal controls. Data provided may include information related to the proffering or disclosing of gifts with business partners, questions surrounding unwarranted privilege requests like endorsements and references to Project Sunlight submissions. While this collaboration is developing, leveraging the historical information maintained by the E&C Office will provide Internal Audit the benefit of increased knowledge to assess fraud potential and give the E&C Office an opportunity to embed an ethics review into each audit conducted.

Collaboration with the New York State Inspector General's Office and Other External Agencies

NYPA continues to collaborate with the NYS Inspector General's Office and other external agencies in providing requested documentation or information related to ongoing investigations with those agencies. NYPA received one complaint referral from the Inspector General during this reporting period involving an employee's claim that NYPA did not properly process her sick leave related to a workers compensation workplace injury. The E&C Office

coordinated an investigation of the complaint which was found to be unsubstantiated as NYPA provided all required information to the applicable external parties and is processing the employee's workers compensation claim in accordance with established protocols.

Training and Outreach

The E&C Office provides annual training to all employees. The training is delivered either via live, in-person sessions or electronically as a computer based program. In calendar year 2015, NYPA's Video Production Services Department produced a video containing training content focused on the NYS and NYPA Code of Conduct restrictions on outside activities and employment applicable to NYPA's employees. The video consisted of an edited portion of a prior presentation of the JCOPE Comprehensive Ethics Training course. This video was delivered to employees via the Learning Management System and was well-received by staff both for its relevant content and efficiency in time management.

The E&C Office continued to provide the two-hour JCOPE Comprehensive Ethics Training Course ('CETC') throughout calendar year 2015 to fulfill its mandate to educate all Trustees and employees who participate in the JCOPE Financial Disclosure program. The statutorily mandated Compliance Training Report was submitted to JCOPE on January 29, 2016, detailing those employees who received the required training in calendar year 2015.

The Public Integrity Reform Act of 2011 ('PIRA') requires follow-up training of those employees who have already completed the JCOPE's CETC within three years of original certification. This second JCOPE training is under development and is approximately 90 minutes. It is expected to be delivered to all NYPA employees as NYPA's annual training for calendar year 2016. This training is expected to be delivered in the third and fourth quarters of 2016, after receiving the training materials from JCOPE.

The E&C Office will be delivering a targeted survey to members of the Compliance Work Group to assess the effectiveness of the Ethics and Compliance programs. Results of the survey will be used to evaluate the responsiveness to inquiries and requests to collaborate and to improve internal processes and procedures to help better serve NYPA's customers.

Financial Disclosure

As required by the Public Officers Law, NYPA completed and submitted its annual Financial Disclosure filer documents to JCOPE in February. All employees whose base salaries exceed $91,821, exclusive of overtime or other benefits, or are designated as serving in 'policy-making positions' are required participants in the program.

Currently, there are 844 eligible participants in the Financial Disclosure program. Of the required participants, 256 have been granted either individual or title exemptions by JCOPE and are not required to submit an annual Financial Disclosure Statement. One hundred sixty-seven (167) of the remaining 588 participating employees have been designated as policy makers and may not apply for an exemption from the program.

JCOPE has implemented a new filing system for Financial Disclosure which will be housed on the NYS Office of General Services sponsored NY.GOV Online Services website. This website provides access to a number of statewide programs including the State's Learning Management System ('LMS'). Executive branch employees automatically obtain accounts shortly after their date of hire. NYPA employees and Trustees are not enrolled in this system upon their hire; NYPA anticipates JCOPE's guidance and assistance in registering its employees in this statewide database and advising filers how to complete their statutory requirement. Employees who have transferred service from another state agency may already have accounts established in the NY.GOV Online Services website.

The E&C Office is collaborating with JCOPE and will work with all affected staff to ensure that they have access to electronically file their Financial Disclosure Statements in a timely manner. The annual deadline for filing is May 15th. Should any issues arise with the electronic filing system, employees have the option to file a hard copy form.

'Project Sunlight'

Project Sunlight is a database maintained by the NYS Office of General Services to promote transparency and which allows members of the public access to information concerning meetings ('covered appearances') between NYPA's representatives and external parties under five qualifying categories, including procurement, rate-making and rule-making matters. NYPA submitted 248 appearances in calendar year 2013 (the first year of implementation), 167 entries in calendar year 2014 and 203 occurrences in 2015. The E&C Office maintains the Project Sunlight policy, frequently asked questions and internal reporting form on the NYPA PowerNet and conducts targeted business unit group training to reaffirm compliance with this statewide initiative.

RELIABILITY STANDARDS COMPLIANCE

SUMMARY

This report highlights important aspects of NYPA's reliability standards compliance management program for the period December 18, 2015 to March 8, 2016. A brief background statement is followed by discussion of specific reliability standards-related topics affecting the enterprise.

BACKGROUND

Background information related to the origin of the North American Electric Reliability Corporation ('NERC') mandatory standards for reliability and NYPA's obligations to demonstrate compliance with the standards has been presented in previous reports to the Governance Committee.

DISCUSSION

NERC Reliability Standards Compliance Enforcement Actions

During the reporting period, there were no new possible violations of the NERC Reliability Standards reported to the Northeast Power Coordinating Council ('NPCC').

Investigations of Possible Violations

During the reporting period, Technical Compliance initiated three (3) investigations of possible violations of the NERC Reliability Standards. The investigation teams determined that there were no possible violations of Reliability Standards associated with two (2) incidents; the remaining investigation is on-going. This internal process is viewed by the regulator as evidence that NYPA has a strong internal compliance program.

Risk-Based Evidence Management Program

Effective in late 2015, NPCC revamped the self-certification process to a risk-based model. The new process is referred to as the Guided Self-Certification program. This program will be administered to entities in the NPCC region in lieu of the previous annual self-certification program. In response, Technical Compliance has implemented a Risk-Based Evidence Management Program for identifying areas of risk and appropriate frequency for compliance evidence updates and evaluation for the NERC Reliability Standards applicable to NYPA. This

process ensures that NYPA's compliance program is in-line with NERC's risk-based Compliance Monitoring and Enforcement Program and the NPCC guided self-certification process. RSC has identified fifty-three (53) NERC Reliability Standards which evidence will be reviewed and updated in 2016.

Guided Self-Certification of Compliance

NYPA was not required to self-certify compliance for any of the NERC Reliability Standards applicable to NYPA during this reporting period. Technical Compliance has established a rigorous process to ensure that compliance evidence is updated before NYPA self-certifies compliance.

NERC Risk-Based Compliance Monitoring and Enforcement Program

In January, NYPA and NPCC held a conference call to review and discuss the draft NYPA Internal Controls Evaluation ('ICE') report. Based on this conference call, Technical Compliance submitted additional internal controls information regarding *EOP-004-2- Event Reporting* for NPCC to evaluate with the intent of further reducing NYPA's future Operations and Planning Standards audit scope. NPCC plans on finalizing the draft NYPA ICE report in March/April 2016 with a follow-up site visit tentatively planned for July 2016. Based on the draft results of NPCC's evaluation of NYPA's internal controls, the scope of the 2017 Operations and Planning Standards audit may be reduced by more than 90%.

Technical Compliance continues to work on developing internal control process flow diagrams for the NYPA core and standard-specific controls for NPCC's ICE. It is anticipated that draft ICE process flow diagrams for the standard-specific controls will be complete in April 2016.

Bulk Electric System (BES) Definition

As stated in earlier reports, the Federal Energy Regulatory Commission ('FERC') approved the new Bulk Electric System ('BES') definition and that NYPA has identified over 50 new BES elements that will be subject to the NERC reliability standards in July 2016. The new definition applies essentially to any transmission assets operated at or above 100 kV.

During the reporting period, NYPA continued to participate in meetings with the New York State Independent System Operator ('NYISO') and the other NY Transmission Owners to assess new state-wide functional registration and compliance management impacts and actions pursuant to the new BES definition.

During the reporting period, NYPA continued to engage the NYISO in discussions regarding NYPA's request of the NYISO to add some of NYPA's newly identified BES elements to its list of controlled assets for Transmission Operator ('TOP') compliance purposes. NYPA took a position that since it does not operate most of its newly identified BES assets, in a NERC functional model sense, that it will not be registered as a TOP. On March 3, 2016, after nearly three (3) years of attending meetings and negotiations with the NYISO and the other NY Transmission Owners, the Coordinated Functional Registration ('CFR') Agreement for management of the Transmission Operator and Transmission Planner functions for the new BES assets in New York that are now subject to the NERC Reliability Standards was signed.

The only obligation NYPA has under the agreement, since NYPA will not be a registered Transmission Operator, is to ensure that the Energy Control Center system operators are NERC certified; they currently are required to have this certification under a NYPA internal control. In addition, most of the Transmission Planner compliance obligations for NYPA's new BES assets were assigned to the NYISO. However, NYPA did need to register as a Transmission Planner for a few of the Transmission Planner requirements that are applicable to its assets. NYPA and the

NYISO are executing a separate MOU that clarifies the Transmission Planner responsibilities between NYPA and the NYISO. This agreement will be finalized before July 2016.

With these agreements, NYPA has avoided substantive non-recurring and recurring work to manage compliance with what could have been over 500 requirements under the Transmission Operator and Transmission Planner registrations.

The Moses-Alcoa 115 kV transmission lines and the Plattsburgh 115 kV capacitor banks 5 and 6 BES exclusion exception requests ('EER') completed the initial review stage and were moved to substantive review stage by NPCC. Discussions with NERC, NPCC, Alcoa and NYPA on the Moses-Alcoa 115 kV transmission lines EER has resulted in the temporary suspension of the EER to allow NPCC to evaluate the reliability impact of these and other transmission lines on the BES.

NYPA staff continued discussions with NY Transmission Owners to reach agreements that clarify the roles and responsibilities for compliance management for the Transmission Owner ('TO') standards related to NYPA assets operated and maintained by others.

NYPA signed a Memorandum of Understanding ('MOU') for this purpose with National Grid on March 7, 2016 pertaining to the NYPA Capacitor Bank located in the Edic Substation East. NYPA's discussions with these organizations also focused on reaching agreements, before April 2016, for managing compliance with the Version 5 Critical Infrastructure Protection ('CIP') cyber security standards for assets owned by NYPA but that reside in facilities owned by others.

Critical Infrastructure Protection Standards - Version 5 (V5)

During the reporting period, NYPA's CIP V5 implementation project team continued to execute the transition plan to achieve compliance with the new cyber security standards requirements before the enforcement date. FERC has granted the Trade Associations' request to delay CIP V5 implementation for High and Medium impact BES Cyber Systems until July 1, 2016, which brings CIP V5 implementation into alignment with the implementation date for CIP V6. The implementation date for Low Impact BES Cyber Systems remains April 1, 2017.

An assessment by NPCC's CIP V5 Outreach team was conducted on NYPA's approach for transitioning and they commended NYPA for the substantial progress that has been made to date.

The project implementation team is focusing on the completion of priority activities required for compliance with CIP requirements ahead of compliance objectives (cyber security best practices and initiatives) in the following areas:

- Updating of CIP policies and procedures;
- Identification and classification of all of BES Cyber Systems;
- Implementation of physical security controls; and
- Upgrades to the work management tools.

Following the completion of the above tasks, the team will start conducting Internal Readiness Assessments on NYPA's CIP V5 compliance posture transition. These efforts will continue beyond the initial CIP V5 standard July 1, 2016 enforcement date into 2017 and include the completion of the compliance objectives, addressing the remaining CIP V5 requirements by the April 1, 2017 enforcement date and other compliance program enhancements to achieve CIP compliance sustainability.

Physical Security Standard

As a result of information about an April 2013 coordinated physical attack on a Pacific Gas and Electric Corporation substation, several US Senators requested FERC and NERC to consider whether NERC should establish and enforce standards for physical security for critical electric facilities. As a result, NERC developed a new physical security standard (CIP-014-2 – Physical Security) which was approved by FERC on November 20, 2014 and became effective October 1, 2015.

The NYISO, acting as the independent third-party verifier under Requirement 2 of the CIP-014-2 Physical Security Standard, completed its review of the NYPA Transmission station/substation risk analysis and provided NYPA with a report on December 18, 2015. The NYISO confirmed that NYPA's transmission station/substation risk analysis is consistent with the agreed-upon study methodology and the NYISO's own results. NYPA Physical Security has completed the preliminary Threats and Vulnerability ('T&V') assessments for these Bulk Electric System assets."

e. Annual Review and Approval of Certain Authority Policies

"SUMMARY

The Trustees are requested to approve certain Authority policies as required by Section 2824 of the Public Authorities Law and Section 2 of Article II of the Authority's By-laws.

The Trustees are also requested to delegate to the President and Chief Executive Officer the authority to modify these policies, as necessary, except in the event that any powers, duties or obligations of the Trustees would be affected by such modification.

BACKGROUND AND DISCUSSION

Section 2824 of the Public Authorities Law requires the Authority's Trustees to, among other things, establish policies regarding the payment of salary, compensation and reimbursements to, and establish rules for the time and attendance of, the chief executive and senior management; and Section 2 of the Authority's By-laws requires the Authority's Trustees to review and approve annually the policies and procedures governing: (i) the salary, (ii) compensation, (iii) benefits and (iv) time and attendance of the chief executive and senior management.

The Authority's policies relating to salary, compensation, benefits and time and attendance of its employees, inclusive of the chief executive and all senior management, are attached as Exhibits '2e-1' through '2e-14' and respectively entitled:

2e-1 Recruitment and Job Posting (EP 1.2); last revised 5/21/2015;
2e-2 Transfer or Re-Employment in Public Service (EP 1.9), last revised 10/27/2015;
2e-3 Salary Administration Policy (EP 2.1); last revised 7/07/2015;
2e-4 Salaried Non-Exempt and Facility-Based Exempt Overtime (EP 2.4), last revised 6/17/14;
2e-5 Employee Benefits Eligibility (EP 3.1), last revised 10/19/2015;
2e-6 Vacation (EP 3.2), last revised 4/10/2015;
2e-7 FMLA (EP 3.3), last revised 3/28/16;
2e-8 Leaves of Absence (EP 3.4), last revised 7/29/13;
2e-9 Educational Assistance Program (EP 3.6), last revised 12/18/12;
2e-10 Relocation Benefits for New and Transferred Employees (EP 3.8); last revised 1/1/10;
2e-11 Sick Time (EP 3.9), last revised 3/28/16;
2e-12 Attendance & Flexible Hours (EP 4.6), last revised 3/01/14;
2e-13 Reimbursement of Employee Meal Costs (CP 1.5), last revised 3/31/12;
2e-14 Travel (CP2-1); last revised 11/30/2015

RECOMMENDATION

The Governance Committee is requested to review the revised policies (as set forth in the copies attached hereto as Exhibits '2e-1' thru '2e-14') and, if appropriate, to recommend adoption by the full Board at the annual meeting to be held on March 29, 2016."

f. 2015 Annual Board of Directors Evaluation Pursuant to Sections 2800 and 2824 of the Public Authorities Law and Guidance of the Authorities Budget Office

"SUMMARY

The Trustees are requested to approve the annual Board of Directors evaluation for 2015 and authorize the Corporate Secretary to submit this report to the Governor, legislative leaders, the State Comptroller and the Authorities Budget Office ('ABO') pursuant to Section 2800 of the Public Authorities Law, as amended by the Public Authorities Accountability Act of 2005 ('PAAA'), within 90 days of the close of the Authority's fiscal year.

BACKGROUND

The 2009 Public Authorities Reform Act requires that the board of every state and local public authority conduct an annual evaluation of its performance. Board member comments are protected from disclosure under Article 6 of the Public Officers Law, but the results of the assessment are to be provided to the ABO.

To the extent that the results of this evaluation demonstrate the need for the board to improve its performance, amend its practices or procedures, or clarify its expectations of board members, the board is expected to implement suitable corrective actions immediately.

DISCUSSION

The Trustees are requested to approve the 2015 Annual Board Evaluation (Exhibit '2f-A') and authorize the Corporate Secretary to submit this report to the Governor, legislative leaders, the State Comptroller and the ABO pursuant to Section 2800 of the Public Authorities Law, as amended by the PAAA, within 90 days of the close of the Authority's fiscal year. This report was reviewed by the Governance Committee at its meeting of March 26, 2015. The Trustees are also requested to approve the summary of the 2014 evaluation and authorize the Corporate Secretary to submit this evaluation summary to the Governor, legislative leaders, the State Comptroller and the ABO pursuant to Section 2800 of the Public Authorities Law, as amended by the PAAA, within 90 days of the close of the Authority's fiscal year.

FISCAL INFORMATION

There is no anticipated fiscal impact.

RECOMMENDATION

The Governance Committee is requested to review the board evaluation (Exhibit '2f-A') and, if appropriate, to recommend adoption by the full Board at the annual meeting to be held on March 29, 2016."

DISCUSSION AGENDA

3. Motion to Conduct an Executive Session

Madam Chair, I move that the Authority conduct an executive session pursuant to the Public Officers Law of the State of New York section §105 to discuss matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation. Upon motion made by Trustee Picente and seconded by Trustee Nicandri, an Executive Session was held.

4. <u>Motion to Resume Meeting in Open Session</u>

Madam Chair, I move to resume the meeting in Open Session. Upon motion made and seconded, the meeting resumed in Open Session.

5. <u>Next Meeting</u>

Chairperson Kress said the next regular meeting of the Governance Committee is to be held on Thursday, July 26, 2016 at a time to be determined.

Closing

Upon motion made and seconded, the meeting was adjourned by the Chair of the Committee at approximately 8:36 a.m.

Karen Delince
Corporate Secretary

March 29, 2016

EXHIBITS

For

March 29, 2016

Governance Committee

Meeting Minutes

Exhibit 2b-1
March 29, 2016

PROCUREMENT CONTRACTS SUMMARY
January - December 2015

In accordance with the Procurement Guidelines, "procurement contracts" are contracts for the acquisition of goods and/or services in the actual or estimated amount of $5,000 or more. Such goods and/or services are those necessary to support the Authority's White Plains office, facilities, operations and maintenance ("O&M") and capital projects, including but not limited to, goods and commodities, major electrical equipment, construction, maintenance work and other services.

The following is a summary of all procurement contracts including multi-year contracts awarded prior to December 31, 2015. These contracts have been active during 2015 and are $5,000 or greater in value. There are 2,387 such contracts with a total estimated value of more than $3.9 billion not including fossil fuel or corporate finance expenditures covered in Sections 2b-5 and 2b-6 of this report. Total expenditures in 2015 exceeded $473 million for these contracts.

The following is a breakdown of the total number of active contracts, excluding fossil fuel and corporate finance contracts, by contract type:

- 11% of these contracts are for Construction Services;
- 43% are for the purchase of Equipment and Commodities;
- 2% are for Architectural and Engineering Services;
- 2% are for Legal Services;
- 14% are for Personal Service contracts such as professional consulting services;
- 28% are for Non-Personal Service contracts such as maintenance, technicians, contracted personnel and repairs.

Based on the total value of the contracts included in this summary ($3.9 billion), approximately 98% of contracts (with a total contract value of approximately $3.8 billion), were competitively bid. In 2015, approximately 2% of contracts (with a total contract value of approximately $66 million), were sole/single-source awards, which included over $5.6 million in Minority- and Women-owned Business Enterprises (MWBEs), Service-Disabled Veteran-Owned Businesses (SDVOBs) and NYS Small Businesses contract awards. Sole/single-source awards also included, but were not limited to, the purchase of highly specialized spare parts and services from original equipment manufacturers, procurement of services on an emergency basis and proprietary sources.

On March 31, 2016, the "2015 Annual Report of Procurement Contracts" will be certified by the Authority's Chief Financial Officer and submitted to the Authorities Budget Office through the Public Authorities Reporting Information System (PARIS). Additionally, a verion of the "2015 Annual Report of Procurement Contracts" will also be submitted to various state entities, in accordance with § 2879 of the Public Authorities Law ("PAL").

Exhibit 2b-2
March 29, 2016

DISPOSAL OF PERSONAL PROPERTY
January – December 2015

2015 YTD Report of Disposal of Personal Property

Public Authorities Law ("PAL") § 2896, enacted as part of the Public Authorities Accountability Act of 2005 ("PAAA"), as amended by the Public Authorities Reform Act of 2009 ("PARA"), requires the Authority to prepare a report, not less frequently than annually, listing all Personal Property in excess of $5,000 in value that was disposed of during the reporting period. Furthermore, pursuant to Subsection C.5 of the Authority's Governance Committee Charter relating to Reports, the Vice President of Procurement is required to report to the Committee at all regularly scheduled meetings. To that end, the 2015 Annual Report of Disposal of Personal Property over $5,000 is attached. The description of the property, purchaser's name and price received by the Authority, as required by PAL § 2896, will be presented in the official 2015 Annual Report of Disposal of Personal Property for review and approval by the full Board of Trustees at their March 29, 2016 meeting, referenced in the Authority's § 2800 Annual Report and included in other filings with various State entities, in compliance with applicable law. The sale price and other additional data (such as fair market value, date of transaction, full address of purchaser, etc.) required by the Authorities Budget Office ("ABO") will be included in the 2015 Public Authorities Reporting Information System ("PARIS") Annual Report of Personal Property Disposal for submittal to the ABO by March 30, 2016.

FACILITIES – Fourth Quarter 2015 Activity

During the reporting period, there were two (2) Facility-related Personal Property Disposal transactions over $5,000 in value, as further set forth on page 1 of the attached Report. Both transactions were for the disposal / sale of scrap metals at the St. Lawrence/FDR Power Project; one was competitively bid by the Facility Property Disposal Coordinator ("PDC") through a Request for Quotations, resulting in payment to the Authority of $96,745.00 and the other was for the sale of scrap metals conducted under an existing competitively bid contract with Casella Waste Services, resulting in payment to the Authority of $5,168.00.

The Facilities "Price Received by the Authority" for these two transactions during October – December 2015 was $101,913.00.

FACILITIES – 2015 Annual Summary and Subtotal

Page 1 of the attached Report includes five (5) Personal Property Disposal transactions over $5,000 in value, conducted by or on behalf of the Property Disposal Coordinators ("PDCs") during the 2015 reporting year. Of this number, one was for the disposal of two transformers on behalf of the Niagara Project, resulting in payment to the Authority of $74,928.50; one was for the reclamation of used R-11 refrigerant at the Clark Energy Center, resulting in payment to the Authority of $7,254.00 and one transaction was for the sale of scrap metals at the Niagara Project, conducted under an existing competitively bid contract with Niagara Metals, resulting in payment to the Authority of $17,672.90, in addition to the two St. Lawrence scrap metal transactions totaling $101,913.00, as further described above.

The **2015 Annual Total "Price Received by the Authority" for these five Personal Property Disposal transactions over $5,000 conducted by or on behalf of the PDCs at the Facilities was $201,768.40.**

FLEET – Fourth Quarter 2015 Activity

There were no Fleet-related transactions during the 4th Quarter.

FLEET – 2015 Annual Summary and Subtotal

Pages 2-3 of the attached Report include 22 disposal transactions with a Sale Price over $5,000, conducted on behalf of the Authority's Fleet Operations Division in 2015. The Authority participated in one Fleet-related auction conducted by the firm Auctions International, Inc. (of Buffalo, NY) on June 20, 2015 at L&L Storage in Utica, NY. Such auction, which consisted of both a physical presence as well as an online component, resulted in the sale of a total of 62 units or lots comprising light duty vehicles, heavy duty trucks and special equipment. Of this number, there were 22 disposal transactions with a Sale Price over $5,000, which are listed on pages 2-3 of the attached Report. The auction "Sale Price" (Gross) for these 22 units or lots was $307,200.00, which resulted in a "Price Received by the Authority" (Net Amount) of $303,920.00 after transportation and other costs were deducted.

In summary, the **2015 Annual Fleet Total "Price Received by the Authority" for the 22 auction transactions over $5,000 was $303,920.00.**

Grand Total as of 12/31/15

As summarized on page 3 of the attached Report, the **2015 Grand Total "Price Received by the Authority" (Net Amount)** for all Personal Property in excess of $5,000 was **$505,688.40** [Sale Price (Gross) $508,968.40 less $3,280.00 (transportation and other costs, where applicable)]. (It should be noted that an additional $52,470.00 was received for the sale of 40 Fleet units with a value less than or equal to $5,000, which are therefore not included in the attached Report.)

POWER AUTHORITY OF THE STATE OF NEW YORK

2015 ANNUAL REPORT OF DISPOSAL OF PERSONAL PROPERTY OVER $5,000

DESCRIPTION	PURCHASER	SALE PRICE	PRICE RECEIVED by the Authority
TWO TRANSFORMERS AT NIAGARA PROJECT	TCI OF NY LLC	$ 74,928.50	$ 74,928.50
USED R-11 REFRIGERANT AT CLARK ENERGY CENTER	AIRGAS REFRIGERANTS INC	$ 7,254.00	$ 7,254.00
SCRAP METALS AT NIAGARA PROJECT	NIAGARA METALS LLC	$ 17,672.90	$ 17,672.90
SCRAP METALS AT ST LAWRENCE PROJECT	FIRST CLASS AIRE LLC	$ 96,745.00	$ 96,745.00
SCRAP METALS AT ST LAWRENCE PROJECT	CASELLA WASTE SERVICES	$ 5,168.00	$ 5,168.00
	SUBTOTAL:	$ 201,768.40	$ 201,768.40

POWER AUTHORITY OF THE STATE OF NEW YORK
2015 ANNUAL REPORT OF DISPOSAL OF PERSONAL PROPERTY OVER $5,000
FLEET OPERATIONS

DESCRIPTION	PURCHASER	SALE PRICE	Transportation and Other Fees	PRICE RECEIVED * by the Authority
1993 FELLER BUNCHER HYDRO-AX	PREMIER TREE SERVICE	$ 71,000.00	$ 200.00	$ 70,800.00
2002 JACOBSEN HR9016 MOWER	LAMONICA MOTOR SALES INC	$ 10,000.00	$ 150.00	$ 9,850.00
2003 CATERPILLAR LOADER	NORTHEAST HEAVY EQUIPMENT	$ 24,500.00	$ 160.00	$ 24,340.00
2003 JLG 660SJC MANLIFT	LEO CORMIER	$ 13,000.00	$ 160.00	$ 12,840.00
2004 FORD F350 UTILITY	SENECALS	$ 5,750.00	$ 140.00	$ 5,610.00
2004 TRAILEZE LOWBOY TRAILER	MARTIN SMITH	$ 11,000.00	$ 160.00	$ 10,840.00
2005 CHEVY K250 UTILITY	THE CAR STORE INC	$ 8,250.00	$ 140.00	$ 8,110.00
2006 CATERPILLAR IT38G LOADER	VILLAGE TRUCK SALES INC	$ 47,000.00	$ 200.00	$ 46,800.00
2006 CHEVY C350 PICKUP	THE CAR STORE INC	$ 5,200.00	$ 140.00	$ 5,060.00
2006 JACOBSEN T628 MOWER	BRAVO AUTO SALES INC	$ 5,400.00	$ 150.00	$ 5,250.00
2007 CHEVY TAHOE	COTRUPE AUTO SALES	$ 11,900.00	$ 140.00	$ 11,760.00
2007 FORD F350 PICKUP	SENECALS	$ 8,500.00	$ 140.00	$ 8,360.00
2008 FORD F350 PICKUP	LAMONICA MOTOR SALES INC	$ 11,000.00	$ 140.00	$ 10,860.00
2008 FORD F350 PICKUP	THE CAR STORE INC	$ 16,600.00	$ 140.00	$ 16,460.00
2008 FORD F350 UTILITY	SENECALS	$ 6,700.00	$ 140.00	$ 6,560.00
2008 FORD F550 PICKUP	VILLAGE TRUCK SALES INC	$ 7,250.00	$ 140.00	$ 7,110.00
2008 FORD F550 UTILITY	NORTHEAST HEAVY EQUIPMENT	$ 7,800.00	$ 140.00	$ 7,660.00
2009 DODGE DURANGO	GREGORY ORDON	$ 7,100.00	$ 140.00	$ 6,960.00
2009 DODGE DURANGO	LAMONICA MOTOR SALES INC	$ 6,500.00	$ 140.00	$ 6,360.00
2010 CHEVY TAHOE	BRAVO AUTO SALES INC	$ 6,750.00	$ 140.00	$ 6,610.00

* Sale Price less transportation and other costs

POWER AUTHORITY OF THE STATE OF NEW YORK
2015 ANNUAL REPORT OF DISPOSAL OF PERSONAL PROPERTY OVER $5,000
FLEET OPERATIONS

DESCRIPTION	PURCHASER	SALE PRICE	Transportation and Other Fees	PRICE RECEIVED * by the Authority
2010 CHEVY TAHOE	THE CAR STORE INC	$ 7,000.00	$ 140.00	$ 6,860.00
2012 CHEVY TAHOE	BRAVO AUTO SALES INC	$ 9,000.00	$ 140.00	$ 8,860.00
	FLEET SUBTOTAL:	$ 307,200.00	$ 3,280.00	$ 303,920.00
	+ SUBTOTAL Page 1:	$ 201,768.40	$ --	$ 201,768.40
	GRAND TOTAL:	$ 508,968.40	$ 3,280.00	$ 505,688.40

* Sale Price less transportation and other costs

Exhibit 2b-3
March 29, 2016

SUPPLIER DIVERSITY PROGRAM (SDP)
January – December 2015

In the last quarter ending December 31, 2015, NYPA awarded $15.4 million or 15.05% of our reportable expenditures to New York State-certified Minority- and Women-Owned Business Enterprises (MWBEs). From January through December 2015, the Authority awarded $53.6 million or 18% of our reportable expenditures to New York State-certified MWBEs. This includes both direct contracts and subcontracts, including construction and energy efficiency-related work. In April of 2015 the state-mandated MWBE goal increased from 20% to 30%. NYS MWBE administrative requirements continue to increase and impact program compliance.

It should also be noted that during calendar year 2015, Treasury's transactions with five (5) NYS-certified MWBE financial dealers totaled over $134 million in principal sales and purchases for the Authority. Additionally, a New York State-certified Service-Disabled Veteran-Owned Business (SDVOB) transacted over $10 million for the Authority in treasury transactions.

The Service-Disabled Veteran-Owned Business Act, was signed into law by Governor Andrew M. Cuomo on May 12, 2014. The Office of General Services ("OGS") SDVOB pilot began in January of 2015 to which the Authority was selected as a participant. In April of 2015 all New York State agencies and authorities became subject to the OGS-promulgated rules and regulations and the Authority is in full compliance. To date, the Authority has contracted over $1.4 million in business with such firms and SDVOB participation continues to increase. The FY 2015-2016 mandated goal was 6% of designated spend and through 2015, we have more than doubled that goal to achieve over 15% SDVOB utilization. The Authority has been acknowledged by OGS as one of the leading agencies in this effort. The 2016-2017 agency goal remains at 6 %. As the program evolves, target areas will be expanded to afford even greater procurement opportunities for the SDVOB community. The 6% SDVOB state-mandated agency goal is in addition to the 30% goals established pursuant to Article 15-A of the Executive Law with respect to procurements from NYS-certified Minority- and Women-owned Business Enterprises. These duel mandates creates goal challenges for both programs as they compete for the same and similar spending opportunities.

The Authority's on-barding initiatives and development of the interface with New York State Contracting System is progressing. Conclusion of this effort is expected in 2016.

The Authority will begin investigating the MWBE impact of integrating the New York State Canal Corporation with the Authority and its impact on our existing MWBE program. Determinations will be made with respect to whether the development of a Disadvantaged Business Enterprise (DBE) program is warranted. A DBE program is required where Federal dollars are expended for the procurement of goods and services. Federal MWBE Program requirements are independent and differ significantly from those of New York State with regard to legislation, reporting and compliance requirements. If it is determined that the Authority is subject to such requirements an entirely new DBE Program will need to be designed, developed, implemented and managed.

Exhibit 2b-4
March 29, 2016

INVENTORY STATISTICS
January - December 2015

Facility	2015	2014
Niagara	18,453,109[1]	20,675,397
St. Lawrence	12,902,035	11,914,250
Blenheim-Gilboa	8,929,006	8,639,162
Clark Energy Center	5,765,384	5,503,952
Poletti Project	8,484,836	8,057,633
Flynn Project	7,186,940[2]	13,649,111
500 MW Project	25,333,037	25,079,941
Total Stock Value	$ 87,054,347	$ 93,519,446

[1] Includes $2.0 million reduction for the spare dual voltage step-up transformer that is currently in service in RM Unit 05.
[2] Includes reduction for materials issued to support Flynn's 2015 major outage:
$1.3 million for Turbine Inner Casing Replacement, and
$5.2 million for Turbine Blades and Vanes

POWER AUTHORITY OF THE STATE OF NEW YORK
CORPORATE FINANCE ACTIVITY
JANUARY - DECEMBER 2015
REQUIRED BY N.Y. PUBLIC AUTHORITIES LAW, SECTION 2879

PROVIDER NAME	CONTRACT DESCRIPTION	TYPE	MOA	RNA	OPA	MWBE	BIDS	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2015	CONTRACT BALANCE	DATE OF CONTRACT	O\C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
Bank of New York (formely JPMorgan) 101 Barclay Street New York, NY 10286	Trustee/Paying Agent Services on Bonds	S	C	9	N			481,625	481,625	30,336	0	2/24/1998	O	*	
Bank of New York (formely JPMorgan) 101 Barclay Street New York, NY 10286	Trustee- ARTN	S	C	9	N			275,605	275,605	21,380	0	9/2/2003	O	3/1/2020	
Bank of New York (formerly JPMorgan) 101 Barclay Street New York, NY 10286	Trustee- Commercial Paper	S	C	9	N			183,402	183,402	16,517	0	10/2/2006	O	*	
Bank of Nova Scotia One Liberty Plaze, 26th Fl. New York, NY 10006	Revolving Line of Credit for ARTN	S	C	9	N		6	1,300,752	1,300,752	77,797	0	9/4/2007	C		9/1/2015
Barclays Capital (assigned from Lehman Bros.) ** 745 Seventh Avenue New York, NY 10019	Re-marketing Agent CP-1	S	C	9	N			1,661,015	1,661,015	123,854	0	7/14/1994	O	*	
Barclays Capital (assigned from Lehman Bros.) 745 Seventh Avenue New York, NY 10019	Re-marketing Agent CP-3	S	2	9	N			10,775	10,775	0	0	6/26/2008	O	*	
Citigroup 390 Greenwich Street New York, NY 10013	Re-marketing Agent CP-2	S	C	9	N			505,697	505,697	22,084	0	12/4/1997	O	*	
Goldman, Sachs & Co. 85 Broad Street New York, NY 10004-2456	Re-marketing Agent CP-2 and 3	S	C	9	N			1,037,200	1,037,200	20,204	0	12/4/1997	O	*	
Goldman, Sachs & Co. 85 Broad Street New York, NY 10004-2456	Re-marketing EMCP	S	C	9	N			905,954	905,954	45,718	0	3/4/2003	O	*	
Goldman, Sachs & Co. ** 85 Broad Street New York, NY 10004-2456	ART Notes Remarketing	S	C	9	N			2,342,473	2,342,473	69,478	0	5/15/1985	O	3/1/2020	
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Re-marketing Agent CP-2	S	C	9	N			245,992	245,992	12,402	0	6/28/2001	O	*	
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Re-marketing Agent CP-3	S	C	9	N			622,237	622,237	7,697	0	12/4/1997	O	*	
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Escrow Agent POCR/CASP & LMEI Funds	S	C	9	N			541,550	541,550	11,521	0	5/30/1996	O	*	
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Revolving Line of Credit 2011	S	C	9	N		2	12,875,276	12,875,276	79,612	0	1/20/2011	C		1/20/2015

POWER AUTHORITY OF THE STATE OF NEW YORK
CORPORATE FINANCE ACTIVITY
JANUARY - DECEMBER 2015
REQUIRED BY N.Y. PUBLIC AUTHORITIES LAW, SECTION 2879

PROVIDER NAME	CONTRACT DESCRIPTION	TYPE	MOA	RNA	OPA	MWBE	BIDS	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2015	CONTRACT BALANCE	DATE OF CONTRACT	O\C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Revolving Line of Credit 2015	S	C	9	N		2	5,719,333	2,075,131	2,075,131	3,644,202	1/15/2015	O	1/15/2017	
King & Spalding 1221 Avenue of the Americas New York, NY 10020	Attorney - Legal Services 2015 RCA	L	1	9	N			42,832	42,832	42,832	0	1/15/2015	C		1/15/2015
Morgan Stanley 1221 Avenue of the Americas New York, NY 10020	Re-marketing Agent CP-1	S	C	9	N		7	359,630	359,630	57,794	0	3/31/2009	O	*	
RBC Capital Markets ** 1211 Avenue of the Americas New York, NY 10036	Re-marketing Agent CP-1	S	C	9	N			579,515	579,515	107,845	0	7/14/1994	O	*	
	FINANCE TOTALS							29,690,864	26,046,662	2,822,203	3,644,202				

NOTES:

* Contract continues until terminated by NYPA or Counterparty upon specified notice

** Expense History only available from 1997

Exhibit 2b-7
March 29, 2016

Introduction to and Summary of Procurement and Personal Property Disposal Guidelines

Pursuant to the Authority's implementation of the Public Authorities Accountability Act of 2005 ("PAAA"), as amended, the Authority's Governance Committee reviews the Guidelines for Procurement Contracts ("Procurement Guidelines") and the Guidelines and Procedures for Disposal of Personal Property ("Personal Property Disposal Guidelines") annually and, if appropriate, recommends adoption by the full Board at the annual meeting (to be held on March 29, 2016).

PROCUREMENT GUIDELINES

In compliance with the applicable provisions of § 2879 of the Public Authorities Law ("PAL"), as amended, the Authority has established comprehensive Guidelines detailing its operative policy and instructions concerning the use, awarding, monitoring and reporting of procurement contracts. The Guidelines describe the Authority's process for soliciting proposals and awarding contracts. Topics detailed in the Guidelines include solicitation requirements, evaluation criteria, contract award process, contract provisions, change orders, Minority- and Women-owned Business Enterprise ("M/WBE") and Service-Disabled Veteran-Owned Business ("SDVOB") requirements, employment of former officers and reporting requirements. These Guidelines, approved by the Authority's Trustees, were initially implemented on January 1, 1990, and have been amended as deemed advisable and necessary, and reviewed and approved by the Board annually since that date, most recently on March 26, 2015.

Staff has reviewed the Procurement Guidelines and recommends a number of changes to make them more consistent with the law or to improve or clarify the Authority's procurement process. The most significant of such changes pertain to **Definitions, Solicitation Requirements, Evaluation of Proposals, Contract Provisions, and Contracting Decisions Involving Current or Former Employees**, as well as the **Service-Disabled Veteran-Owned Business ("SDVOB") program**, which are highlighted below:

- **DEFINITIONS** as set forth in Article 2 of the Procurement Guidelines:

  The following new definitions have been added:

  "Service-Disabled Veteran-Owned Business" ("SDVOB") is a business enterprise, including a sole proprietorship, partnership, limited liability company or corporation that is at least 51% owned by one or more service-disabled veterans; in which such ownership is real, substantial and continuing, and also has and exercises the authority to control independently the day-to-day business decisions of the enterprise; is a

Small Business and is certified by the New York State Office of General Services, as further set forth in Article 17-B of the Executive Law.

"Discretionary Purchase" is a procurement made below statutorily established monetary threshold amounts (e.g., not exceeding $200,000 for the purchase of commodities and/or services from Small Businesses or NYS-certified MWBE or SDVOB firms, and as further set forth in Sections 3.D and 3.K.5-7) and at the discretion of the Authority, without the need for a formal competitive bid process. For the purpose of determining whether a purchase is within the discretionary thresholds, the aggregate amount of all purchases of the same commodities and/or services to be made within the 12-month period commencing on the date of purchase, shall be considered. A change to or a renewal of a discretionary purchase shall not be permitted if the change or renewal would bring the reasonably expected aggregate amount of all purchases of the same commodities and/or services from the same provider within the 12-month period commencing on the date of the first purchase to an amount greater than $200,000, pursuant to State Finance Law § 163.

- **SOLICITATION REQUIREMENTS** include the use of **"MINI-BIDS,"** where applicable, as summarized below and more fully set forth in Section 3.F of the Procurement Guidelines:

  Certain Procurement Contracts established by the OGS or GSA require that authorized users conduct a "mini-bid" (i.e., an abbreviated supplemental competitive bid procurement process) among prequalified bidders identified in such established contracts. Certain other Procurement Contracts issued by the Authority (e.g., for on-call consulting or contracting services) may also utilize a mini-bid process, typically, in cases of a multiple award, where a contract is awarded to more than one bidder that meets the Authority's bid requirements, in order to satisfy multiple factors and needs as set forth in the bid document. Such mini-bids shall be conducted by the Authority's Procurement staff (or on behalf of the Authority by an Implementation Contractor) where applicable and practicable. Within a said multiple award group, work may be assigned to a specific firm without conducting a mini-bid, under certain circumstances, including but not limited to: where such firm possesses specialized expertise and is uniquely qualified to perform such work; where time constraints, emergency or other critical conditions exist or geographic location is of primary consideration in order to meet schedule requirements, respond to emergent issues or otherwise meet the Authority's needs; or when the work scope is below a specified monetary threshold. The decision to assign work without conducting a mini-bid shall typically be made jointly by the Procurement and initiating departments, and shall be documented for the procurement record.

- **EVALUATION OF PROPOSALS** may include a new Supplier Diversity Program factor, assessment of the bidder's **DIVERSITY PRACTICES, based on "BEST VALUE,"** as summarized below and more fully set forth in Sections 4.B and 4.D, respectively, of the Procurement Guidelines:

  Another Supplier Diversity Program factor to be considered in evaluating proposals may involve an assessment of the bidder's diversity practices, where applicable. Pursuant to Article 15-A of the Executive Law, diversity practices are the contractor's practices and policies with respect to utilizing NYS-certified MWBEs in contracts as subcontractors and suppliers, and entering into partnerships, joint ventures or other similar arrangements with NYS-certified MWBEs. A contractor's diversity practices may be assessed when: (1) a procurement is awarded on the basis of "Best Value" as described in Section 4.D [of the Procurement Guidelines] (but not when a procurement is awarded based upon "lowest price"); (2) the anticipated award is $250,000 or greater; and (3) such assessment is practicable, feasible and appropriate. Such assessment shall not permit the automatic rejection of a bid or procurement contract proposal based on lack of adherence to diversity practices.

  As a best practice, and pursuant to State Finance Law § 163, the Authority will be transitioning to a "Best Value" basis for awarding contracts for services to the offerer that optimizes quality, cost and efficiency, among responsive and responsible offerers. Such basis shall reflect, wherever possible, objective and quantifiable analysis and may also identify a quantitative factor for offerers that are Small Businesses or NYS-certified SDVOB or MWBE firms.

- **PROHIBITIONS RELATING TO VENDOR PREPARATION OF CONCEPTUAL STUDIES, DESIGNS OR SPECIFICATIONS AND AWARD OF FUTURE WORK, INCLUDING IMPLEMENTATION**, as summarized below and more fully set forth in Section 7.C of the Procurement Guidelines:

  ….. Furthermore, any firm, person or other entity retained by the Authority to provide conceptual studies, designs or specifications is prohibited from being awarded future phases of work, including implementation, related to the original work. The above restrictions shall not apply where…..3. There is no qualified response to the solicitation for future phases of work, including implementation; or 4. The originating Authority Business Unit determines in writing that the restrictions are not in the best interests of the Authority…..

- **CONTRACTING DECISIONS INVOLVING CURRENT OR FORMER AUTHORITY EMPLOYEES,** as summarized below and more fully set forth in new paragraph 9.B.3 of the Procurement Guidelines:

  Pursuant to the provisions of New York Public Officers Law § 73(8-b), notwithstanding the provisions of 1. and 2. above, a former Authority officer or employee may contract individually, or as a member or employee of a firm, corporation or association, to render services to the Authority, if, prior to engaging in such service, the President and Chief Executive Officer certifies in writing to the New York State Joint Commission on Public Ethics that such former officer or employee has expertise, knowledge or experience with respect to a particular matter which meets the Authority's needs and is otherwise unavailable at a comparable cost. Where approval of the contract is required under § 112 of the New York State Finance Law, the Comptroller shall review and consider the reasons for such certification. The New York State Joint Commission on Public Ethics must review and approve all such certifications.

- **SERVICE-DISABLED VETERAN-OWNED BUSINESS ("SDVOB") PROGRAM – NEW STATUTORY REQUIREMENTS**, as summarized below and more fully set forth in updated Section 3.I and new Article 11 of the Procurement Guidelines, respectively, pursuant to Article 17-B of the Executive Law and State Finance Law § 163:

  In order to further increase participation of service-disabled veterans in New York State's contracting opportunities, the Service-Disabled Veteran-Owned Business ("SDVOB") Act was signed into law on May 12, 2014. The SDVOB program provides for eligible Veteran business owners to become certified as a New York State Service-Disabled Veteran-Owned Business. The Division of Service-Disabled Veterans' Business Development within the New York State Office of General Services ("OGS") is responsible for certifying eligible SDVOBs, assisting agencies and authorities in complying with the law, and promoting SDVOB participation in the state's procurement activities. Under this program, contracts may be awarded on a non-competitive basis to NYS-certified SDVOBs for discretionary purchases not exceeding $200,000 in the aggregate. Alternately, contracts may be competitively bid exclusively among NYS-certified SDVOBs regardless of value, and advertised as such on the Contract Reporter website.

  The Authority also strives to foster the development of business opportunities for NYS-certified SDVOBs and to further increase participation by SDVOBs in Authority contracts, as set forth in Sections 2.L and 3.I of these Guidelines and pursuant to Article 17-B of the

Executive Law. One tool is the use of SDVOB discretionary purchasing, as further described in Sections 3.D, I and K of these Guidelines. Another tool authorized by the law is the use of set-asides, which permit the reservation in whole or in part of certain procurements by state agencies and authorities when more than one NYS-certified SDVOB is available and can provide the necessary goods or services to meet the Authority's form, function and utility. The same dollar limits apply to SDVOB contracts as those set forth for MWBEs in Article 10 of these Guidelines.

It may also be noted that non-substantive and stylistic changes have also been made throughout the document.

The Governance Committee is requested to review the revisions to the Procurement Guidelines (as set forth in the redlined copy attached hereto as Exhibit 2c-1) and, if appropriate, to recommend adoption by the full Board at the annual meeting to be held on March 29, 2016. The approved Guidelines will become effective on March 31, 2016 and will be posted on the Authority's internet website. On or before the 31st day of March, such Guidelines will also be filed with the Director of the Division of the Budget, the Department of Audit and Control, the Department of Economic Development, the Senate Finance Committee, the Assembly Ways and Means Committee and the Authorities Budget Office.

PERSONAL PROPERTY DISPOSAL GUIDELINES

In compliance with Public Authorities Law ("PAL") § 2896, enacted as part of the Public Authorities Accountability Act of 2005 ("PAAA") and amended by the Public Authorities Reform Act of 2009 ("PARA"), the Authority established and is required to annually review and approve Guidelines for the Disposal of Personal Property. For the purposes of these Guidelines, such Property may include, but is not limited to, Authority-owned materials, tools, equipment and vehicles regardless of value. The Personal Property Guidelines set forth the methodology detailing the Authority's policy regarding the use, award, monitoring and reporting of the disposal of Personal Property and designate a Contracting Officer responsible for the Authority's compliance with, and enforcement of, such Guidelines. The Guidelines were initially approved by the Trustees in March 2006 and have been amended as deemed advisable and necessary, and reviewed and approved annually since that date, most recently on March 26, 2015.

Staff has reviewed the Personal Property Disposal Guidelines and recommends several substantive changes. These changes are set forth in the redlined copy attached hereto as Exhibit 2c-2 and are proposed to improve internal controls with respect to personal property disposals based on staff's review and recommendations in conjunction with the ongoing Office of the State Comptroller Management Audit.

The Governance Committee is requested to review the revisions to the Personal Property Disposal Guidelines (as set forth in the redlined copy attached hereto as Exhibit 2c-2) and, if appropriate, to recommend adoption by the full Board of Trustees at the annual meeting to be held on March 29, 2016. The approved Guidelines will become effective on March 31, 2016 and will be posted on the Authority's internet website. On or before the 31st day of March, such Guidelines will also be filed with the State Comptroller, the Director of the Division of the Budget, the Commissioner of General Services, the State Legislature and the Authorities Budget Office.

Exhibit 2b-7a
March 29, 2016

GUIDELINES FOR PROCUREMENT CONTRACTS

1. PURPOSE

These Guidelines for Procurement Contracts ("Guidelines") set forth the policy of the Authority regarding the solicitation and awarding of procurement contracts. The provisions of Article 4-C of the Economic Development Law, §§ 2879 and 2879-a of the Public Authorities Law, Articles 15-A and 17-B of the Executive Law and §§ 139-j and 139-k of the State Finance Law were considered in developing these Guidelines. Departments and facilities may adopt further procedures to implement these Guidelines.

2. DEFINITIONS

A. "Procurement Contracts" are contracts for the acquisition of goods and/or services in the actual or estimated amount of $5,000 or more. Such goods and/or services are those necessary to support the Authority's White Plains office, facilities, operations and maintenance ("O&M") and capital projects, including but not limited to goods such as office supplies, major electrical equipment, construction and maintenance work and services as more fully described in Section 2.C below.

B. "Non-Procurement Contracts" include contracts for energy with or without environmental attributes included, capacity, ancillary services, transmission, distribution or related services in support of providing service to Authority customers; contracts for differences; financial hedge contracts (including but not limited to swaps, calls, puts or swap options) and credit rating services. In addition, Non-Procurement Contracts include direct placement of advertisements with radio, television, print and electronic media, periodicals, subscriptions, reference materials or professional research tools, written materials, fees or tuition associated with continuing education courses, training courses, conferences, seminars and symposiums, funding agreements, co-funding agreements, grants or memberships in various industry groups, professional societies or similar cooperative associations, or any cooperative projects and procurement activities conducted or sponsored by such organizations in which the Authority participates.

C. "Services Contracts" are Procurement Contracts for services of a consulting, professional or technical nature provided by outside consultants/contractors (individuals, partnerships or firms who are not and do not employ officers or employees of the Authority) for a fee or other compensation. Services Contracts comprise three specific types: Personal Services, Non-Personal Services and Construction. Personal Services include, but are not limited to: accounting, architectural, engineering, financial advisory, legal, public relations, planning,

management consulting, surveying, training (when specifically developed by consultant for the Authority) and construction management. Non-Personal Services include, but are not limited to: skilled or unskilled temporary personnel, including clerical office staff, technicians or engineers working under Authority supervision; maintenance, repairs, and printing services. Construction consists of craft labor and other services utilizing laborers and/or mechanics not otherwise considered Non-Personal Services.

> Note: Use of such services may be appropriate (1) when a consultant/contractor possesses special experience, background or expertise; (2) when there is insufficient Authority staff and retention of a consultant/contractor is more appropriate or economical than hiring additional permanent staff; (3) to provide independent external review or a second opinion; (4) to meet unusual schedule requirements or emergencies or (5) for a combination of these factors.

D. "Goods" include equipment, material and supplies of any kind. Procurement Contracts that include both equipment and services may be classified as "Equipment," where 60% or more of the total projected contract value will be for the purchase of equipment, material or supplies.

E. "Evaluation of Proposals," as further set forth in Section 4 below, includes as evaluating factors the Authority's consideration of a bidder's skill, judgment and business integrity.

F. "Contact" is any oral, written or electronic communication with the Authority under circumstances where a reasonable person would infer that the communication was intended to influence the procurement.

G. "Relative" is any person living in the same household as the Authority employee and any person who is a direct descendant of the Authority employee's grandparents or the spouse of such descendant, as referred to in Subsection 9.E.1 of these Guidelines.

H. "Minority- and Women-owned Business Enterprise" ("MWBE") is defined as any New York State-certified business enterprise at least 51% of which is owned by black persons, Hispanics, Native Americans, Asians, Pacific Islanders and/or women, and as further described in the Authority's Supplier Diversity Program Policy and Procedures and Executive Law Article 15-A, and pursuant to the definition found in Executive Law § 310.

I. "Small Business" (or Small Business Enterprise, "SBE"), pursuant to Executive Law § 310 and as used in these Guidelines, unless otherwise indicated, is a business that has a significant business presence (as defined at 5 NYCRR 140.1) in New York State, is independently owned and operated, not dominant in its field and employs not more than 300 people.

J. "Single Source" is a procurement in which the Authority, upon written findings setting forth material and substantial reasons, may award a contract (or amendment to a contract) to one offerer over another that can supply the goods or services.

K. "Sole Source" is a procurement in which only one offerer is capable of supplying the required goods or services.

L. "Service-Disabled Veteran-Owned Business" ("SDVOB") is a business enterprise, including a sole proprietorship, partnership, limited liability company or corporation that is at least 51% owned by one or more service-disabled veterans; in which such ownership is real, substantial and continuing, and also has and exercises the authority to control independently the day-to-day business decisions of the enterprise; is a Small Business and is certified by the New York State Office of General Services, as further set forth in Article 17-B of the Executive Law.

M. "Discretionary Purchase" is a procurement made below statutorily established monetary threshold amounts (e.g., not exceeding $200,000 for the purchase of commodities and/or services from Small Businesses or NYS-certified MWBE or SDVOB firms, and as further set forth in Sections 3.D and 3.K.5-7) and at the discretion of the Authority, without the need for a formal competitive bid process. For the purpose of determining whether a purchase is within the discretionary thresholds, the aggregate amount of all purchases of the same commodities and/or services to be made within the 12-month period commencing on the date of purchase shall be considered. A change to or a renewal of a discretionary purchase shall not be permitted if the change or renewal would bring the reasonably expected aggregate amount of all purchases of the same commodities and/or services from the same provider within the 12-month period commencing on the date of the first purchase to an amount greater than $200,000, pursuant to State Finance Law § 163.

3. SOLICITATION REQUIREMENTS

A. Preparation of the solicitation of proposals for Procurement Contracts is the joint responsibility of the White Plains Procurement Department, or the facilities' Procurement Departments, and the initiating department. Except as otherwise authorized by these Guidelines, a Request for Proposals ("RFP") or Request for Quotations ("RFQ") will be made available to a minimum of three providers and/or firms (if available) for purchases valued under $50,000 and a minimum of five providers and/or firms (if available) for purchases valued at $50,000 and greater, commensurate with the magnitude and nature of the goods and/or services, and the schedule for performance. Whenever possible and practicable, notification of the availability of an RFP and RFQ on the Authority's Procurement website should be sent to more than five providers.

B. Prospective bidders on Procurement Contracts may be prequalified by invitation. In such cases, proposals are requested only from those providers and/or firms whose prequalification submittals demonstrate sufficient ability and competence (including, but not limited to, the bidder's skill, judgment and business integrity) to supply the particular goods and/or perform the particular services required.

C. The Authority may withdraw any pending solicitation (including but not limited to RFPs and RFQs) at any time, for cause or no cause. Any person or entity submitting any responsive document to the Authority does so at its own cost or expense and will not be reimbursed by the Authority for the preparation of any responsive document, unless otherwise agreed to in writing and signed by an authorized Authority representative.

D. In order to promote the use of Minority- and Women-owned Business Enterprises ("MWBEs"), Service-Disabled Veteran-Owned Businesses ("SDVOBs") and Small Business Enterprises ("SBEs"), the Authority will solicit offers from such firms known to have experience in the type of goods and/or services to be provided, regardless of the type of contract. For the purpose of these Guidelines, the definitions of NYS-certified MWBE or SDVOB firms and SBEs are set forth in Sections 2.H, 2.L and 2.I, respectively.

To foster increased use of MWBEs, SDVOBs and SBEs, a single proposal may be sought, negotiated and accepted for discretionary purchases of goods and/or services not exceeding $200,000, in the aggregate including all amendments, from a NYS-certified MWBE or SDVOB firm or an SBE that offers a reasonable price for such goods and/or services. The award of such proposal requires the written approval of the Vice President of Procurement. Any subsequent alteration to the accepted proposal, including, but not limited to, change orders, amendments, or supplemental terms shall also necessitate the written approval of the Vice President of Procurement. Furthermore, the award of such procurement contracts will be noticed on the *Contract Reporter* website, as further set forth in Section 3.H.

E. It is the policy of New York State to promote the participation of and maximize the opportunities for New York State Business Enterprises and New York State residents in Procurement Contracts. The Authority will endeavor to promote such participation and to comply with the applicable statutory provisions. In furtherance of Public Authorities Law § 2879, the following definitions and actions apply:

1. "New York State Business Enterprise" is a business enterprise, including a sole proprietorship, partnership or corporation that offers for sale or lease or other form of exchange, goods sought by the Authority that are substantially manufactured, produced or assembled in New York State or services, excluding construction services, sought by the Authority that are substantially performed within New York State as further described in Public Authorities Law § 2879.

2. "New York State resident" is a person who maintains a fixed, permanent and principal home in New York State to which such person, whenever temporarily located, always intends to return as further described in Public Authorities Law § 2879.

3. "Foreign Business Enterprise" is a business enterprise, including a sole proprietorship, partnership or corporation, that offers for sale, lease or other form of exchange, goods sought by the Authority that are substantially produced outside New York State, or services other than construction services, sought by the Authority that are substantially performed outside New York State as further described in Public Authorities Law § 2879. For purposes of construction services, Foreign Business Enterprise is a business enterprise, including a sole proprietorship, partnership or corporation, which has its principal place of business outside New York State.

4. "Discriminatory Jurisdiction" is any country, nation, province, state or political subdivision thereof which employs a preference or price distorting mechanism to the detriment of, or otherwise discriminates against, a New York State Business Enterprise in the procurement of goods and/or services by the same or a non-governmental entity influenced by the same.

5. Pursuant to Public Authorities Law § 2879, the Authority shall not enter into a contract with a Foreign Business Enterprise which has its principal place of business in a Discriminatory Jurisdiction contained on the list prepared by the Commissioner of the New York State Department of Economic Development ("DED"). The provisions of this section may be waived by the Authority's President and CEO if the CEO determines in writing that it is in the best interests of the Authority to do so, as further set forth in the above-referenced law.

6. Pursuant to Public Authorities Law § 2879, the Authority will, where feasible, make use of the stock item specification forms of New York State manufacturers, producers and/or assemblers, as made available by the Commissioner of General Services, for any Procurement Contract for the purchase of goods.

F. Goods and/or services may be procured pursuant to Procurement Contracts let by any department, agency, officer, political subdivision or instrumentality of the State (e.g., the New York State Office of General Services ("OGS")) or Federal government (e.g., General Services Administration ("GSA")) or any city or municipality where the White Plains Procurement Department, or facility Procurement Departments, and the initiating department determine that a reasonable potential exists for cost savings or other benefits to the Authority and

have approved the specifications and proposed terms and conditions of such contract.

Certain Procurement Contracts established by the OGS or GSA require that authorized users conduct a "mini-bid" (i.e., an abbreviated supplemental competitive bid procurement process) among prequalified bidders identified in such established contracts. Certain other Procurement Contracts issued by the Authority (e.g., for on-call consulting or contracting services) may also utilize a mini-bid process, typically, in cases of a multiple award, where a contract is awarded to more than one bidder that meets the Authority's bid requirements, in order to satisfy multiple factors and needs as set forth in the bid document. Such mini-bids shall be conducted by the Authority's Procurement staff (or on behalf of the Authority by an Implementation Contractor) where applicable and practicable. Within a said multiple award group, work may be assigned to a specific firm without conducting a mini-bid, under certain circumstances, including but not limited to: where such firm possesses specialized expertise and is uniquely qualified to perform such work; where time constraints, emergency or other critical conditions exist or geographic location is of primary consideration in order to meet schedule requirements, respond to emergent issues or otherwise meet the Authority's needs; or when the work scope is below a specified monetary threshold. The decision to assign work without conducting a mini-bid shall typically be made jointly by the Procurement and initiating departments, and shall be documented for the procurement record.

G. Solicitations will include a scope of work that defines the goods required and/or the services to be performed; milestone dates; the Authority's Supplier Diversity Program and SDVOB requirements, if applicable; all other applicable Authority requirements and any special methods or limitations that the Authority chooses to govern the work. Telephone solicitation, usually for procurements valued at less than $50,000, may be used where time constraints do not permit issuance of an RFP, where issuance of an RFP is otherwise impracticable or for goods that are catalog items or do not require a detailed bill of materials or specification. All solicitations made by telephone shall be documented and made part of the Procurement Record.

H. For all Procurement Contracts with a value equal to or greater than $50,000 (except for those contracts noted below), the Authority will, prior to soliciting proposals, submit the following information to the Commissioner of the DED to be included on the New York State *Contract Reporter* website, (www.nyscr.ny.gov) (unless such posting would serve no useful purpose): (1) the Authority's name and address; (2) the solicitation number; (3) a brief description of the goods and/or services sought, the location where goods are to be delivered and/or services provided and the contract term; (4) the address where bids or proposals are to be submitted; (5) the due date for bids or proposals; (6) a description of any eligibility or qualification requirements or preferences; (7) a statement as to whether the contract requirements may be fulfilled by a subcontracting, joint venture or coproduction arrangement; (8) any other information deemed useful to potential

contractors; (9) the name, address, and phone number of the person to be contacted for additional information and (10) a statement as to whether the goods and/or services sought have, in the immediately preceding three-year period, been supplied by a Foreign Business Enterprise. Such information will be submitted to the DED Commissioner in accordance with the schedule set forth by the DED. The due date for bids or proposals will be a minimum of 15 business days after the date of publication of such notice on the *Contract Reporter* website, except where a shorter period is specifically authorized by law. For Procurement Contracts resulting from a Request for Proposal process, the Authority will submit the results of the bid opening, including the names of firms submitting proposals and the name/s of the awardee/s, for inclusion on the *Contract Reporter* website. For all other Procurement Contracts, the name of the awardee will be submitted.

This section 3.H does <u>not</u> apply to (i) Procurement Contracts awarded on an emergency basis as described below in Section 3.M, (ii) Procurement Contracts being rebid or re-solicited for substantially the same goods and/or services, within 45 business days after the original due date, and/or (iii) Procurement Contracts awarded to not-for-profit human services providers. (See Article 4-C, Economic Development Law)

Certain Procurement Contracts may require purchases: (1) on a spot market; (2) needed prior to the time limits for noticing on the Contract Reporter website or that do not lend themselves to the solicitation process. Such purchases are exempted from the noticing requirements of Article 4-C of the Economic Development Law subject to the approval of the Vice President of Procurement, and/or the head of the initiating department that does not complete its procurements through the Procurement Department. From time to time or where appropriate, generic notices may be published on the Contract Reporter website notifying potential bidders of such opportunities and soliciting qualification statements for consideration by the Authority.

Notwithstanding the foregoing, submittal of a notice / announcement of award for inclusion on the *Contract Reporter* website is required for Procurement Contracts with a value of $50,000 or more awarded on a sole source or single source basis, including such discretionary contracts not exceeding $200,000 awarded to Small Businesses or NYS-certified SDVOB or MWBE firms, or for the purchase of goods and/or technology that are recycled or remanufactured, or for the purchase of food, including milk and milk products that are grown, produced or harvested in New York State, and certain other Procurement Contracts exempt from the general advertising requirement for procurement contract bidding opportunities, in accordance with the afore-referenced law. Such notice shall specify the name of the awardee.

I. In order to further increase participation of service-disabled veterans in New York State's contracting opportunities, the Service-Disabled Veteran-Owned Business ("SDVOB") Act was signed into law on May 12, 2014. The SDVOB program

provides for eligible Veteran business owners to become certified as a New York State Service-Disabled Veteran-Owned Business. The Division of Service-Disabled Veterans' Business Development within the New York State Office of General Services ("OGS") is responsible for certifying eligible SDVOBs, assisting agencies and authorities in complying with the law, and promoting SDVOB participation in the state's procurement activities. Under this program, contracts may be awarded on a non-competitive basis to NYS-certified SDVOBs for discretionary purchases not exceeding $200,000 in the aggregate. Alternately, contracts may be competitively bid exclusively among NYS-certified SDVOBs regardless of value, and advertised as such on the *Contract Reporter* website.

J. Proposals for certain Services Contracts may also be solicited by competitive search, as follows:

For contracts where the scope of work cannot be well defined or quantified, or where selection requires evaluation of factors such as breadth and depth of experience in a unique or highly specialized field and suitability as an Authority representative, a "competitive search" will be conducted to determine which consultants are most qualified, for reasonable compensation terms, to perform the work. Depending on market conditions, at least five potential sources should be evaluated; if there are fewer than five sources, all sources should be evaluated. The White Plains Procurement Department or the appropriate facility Procurement Department will work with the initiating department to gather information from potential sources, that will include a description of the consultant/firm's qualifications, résumés of key personnel, past experience and proposed billing rates.

K. A Procurement Contract may be awarded on a Sole Source, Single Source, or other non-competitive basis where:

1. Compatibility of equipment, accessories or spare or replacement parts is the paramount consideration.
2. Services are required to extend or complement a prior procurement and it is impracticable or uneconomic to have a source other than the original source continue the work.
3. A sole supplier's item is needed for trial use or testing, or a proprietary item is sought for which there is only one source.
4. Other circumstances or work requirements exist that cause only one source to be available to supply the required goods and/or services.
5. The contract is awarded to a Small Business or to a NYS-certified SDVOB or MWBE firm for discretionary purchases not exceeding $200,000, pursuant to Section 3.D and as further set forth in Section 2.M.
6. The contract is for the discretionary purchase of goods and/or technology that are recycled or remanufactured, in an amount not

exceeding $200,000, as further set forth in Section 2.M and subject to the approvals stated in Section 3.D.

7. The contract is for the discretionary purchase of commodities that are food, including milk and milk products, which are grown, produced or harvested in New York State, in an amount not exceeding $200,000, as further set forth in Section 2.M and subject to the approvals stated in Section 3.D.
8. Purchases made on a Sole Source, Single Source, or other non-competitive basis are subject to Public Authorities Law § 2879-a, 2 NYCRR Part 206, entitled "Comptroller Approval of Contracts Made by State Authorities" ("Comptroller Regulations") and the State Authority Contract Manual.

L. Pursuant to Public Authorities Law § 2879-a, the Comptroller Regulations and the State Authority Contract Manual, the Authority may be required to submit certain contracts to the New York State Comptroller for approval that are awarded on a Sole Source, Single Source, or other non-competitive basis for the purchase of goods and/or services in an amount in excess of $1 million, and shall notify the successful bidder therefor. Such contracts or contract amendments shall not be valid and enforceable unless approved by the Comptroller or until 90 days have elapsed from such submission without action by the Comptroller, as further set forth in the referenced law and regulations.

M. Subject to the Authority's Expenditure Authorization Procedures ("EAPs"), and Public Authorities Law § 2879-a, the Comptroller Regulations and the State Authority Contract Manual, a Procurement Contract may be awarded without following the solicitation requirements that ordinarily apply (but using such competitive selection procedures as are practicable under the circumstances) where emergency conditions exist, such as:

1. A threat to the health or safety of the public or Authority employees or workers.
2. Proper functioning of the Authority facilities or construction or operating projects requires adherence to a schedule that does not permit time for an ordinary procurement solicitation.

N. Whenever an initiating department determines that a Procurement Contract should be awarded on a Single Source, Sole Source, or an emergency basis, the department head or other authorized equivalent per the EAPs will provide a written statement explaining the reasons therefor to the White Plains Procurement Department or the appropriate facility Procurement Department. The award of such Procurement Contracts, regardless of value, requires the written approval of the Vice President of Procurement, except as noted in Section 3.H.

O. Every potential Sole Source or Single Source contract with a value of $1 million or more must be approved by the President and CEO or the COO prior to processing by the Procurement Department.

P. In furtherance of Public Authorities Law § 2800, when a procurement is made on a non-competitive basis, and the price for goods or services purchased exceeds fair market value, prior to making the purchase, the Business Unit Head of the initiating department shall provide a detailed explanation of the justification for making the purchase and a certification shall be signed by the Chief Executive Officer and Chief Financial Officer of the Authority stating that they have reviewed the terms of such purchase and determined that it complies with applicable law and procurement guidelines. The following definition shall apply: "Fair Market Value" shall mean the estimated dollar amount that a willing buyer would pay to a willing seller for property in an arms-length transaction in the appropriate marketplace and under similar circumstances. Fair market value may be determined by internal appraisals, industry-recognized sources, or other methods of valuation generally accepted in the industry in which such property is utilized, as may be approved by the Vice President of Procurement or authorized designee.

Q. It is the policy of New York State to discourage improper communications intended to influence a governmental procurement. The Authority will endeavor to control such practices and will comply with the applicable statutory provisions. In furtherance of the State Finance Law §§ 139-j and 139-k, the following definitions shall apply:

1. A "Procurement Contract" is any contract or other agreement for a commodity, service, technology, public work, construction, revenue contract, the purchase, sale or lease of real property or an acquisition or granting of other interest in real property that is the subject of a governmental procurement, with an estimated annualized expenditure in excess of $15,000. Grants, contracts between the Authority and non-profit organizations pursuant to Article 11-B of the State Finance Law, intergovernmental agreements, railroad and utility force accounts, utility relocation project agreements or orders and eminent domain transactions are not Procurement Contracts.

2. The "Restricted Period" is the period of time commencing with the earliest written notice, advertisement or solicitation of a request for proposal, invitation for bids, or solicitation of proposals, or any other method for soliciting a response from bidders/contractors intending to result in a procurement contract with the Authority and ending with the final contract award.

3. The Authority shall designate a person or persons who may be contacted, with respect to each Authority procurement. The bidders/contractors or persons acting on their behalf, shall only contact the Authority's designated person or persons where a reasonable person would infer that the communication was intended to influence the procurement during the Restricted Period.

R. In furtherance of the Authority's commitment to ensure transparency and accountability of its operations, every member, officer or employee of the Authority who is contacted by a lobbyist is required to make a contemporaneous record of such contact, pursuant to Public Authorities Law § 2987 and as further set forth in the Authority's Corporate Policy regarding this matter.

S. Project Sunlight (Chapter 399, Part A, Section 4 of the Laws of 2011) requires the Authority to record in a database maintained by the New York State Office of General Services certain appearances between the Authority and individuals, firms or other entities (excluding elected officials and representatives of federal, state and local agencies and authorities) relating to the procurement of a contract, with a value of $25,000 or more, for real property, goods or services. Appearances are defined as an interaction through an in-person meeting or a video conference between covered individuals. Appearances related to emergency procurements and disposal of property through public auctions are excluded, as are appearances that take place during the formal "Restricted Period." Covered individuals at the Authority means an employee who has the power to exercise discretion in procurement matters or advises someone who exercises such discretion. A covered individual outside of the Authority means both "external" (e.g., a lobbyist) and "internal" (e.g., sales representative) representatives of an entity, individuals appearing on behalf of him/herself, advocacy groups or organizations or entities representing the interests or concerns of the organization or entity or of its members. All such appearances must be promptly reported to the Authority's Ethics and Compliance Office for recording in the Project Sunlight database.

4. EVALUATION OF PROPOSALS

A. Proposals will be evaluated using a fair and equitable comparison of all aspects of the proposals against the specifics of the solicitation and against each other, including an analysis of each offer that considers: the quality of the goods and/or the competence of the bidder (including, but not limited to, the bidder's skill, judgment and business integrity), the technical merit of the proposal and the price for which the goods and/or services are to be supplied.

In the event the price submitted by the bidder recommended to be awarded a contract exceeds the cost estimated, where a cost estimate is provided on the solicitation at the time of bidding, the initiating department will prepare a written explanation to be reviewed by the White Plains Procurement Department and/or the appropriate facility Procurement Department and appropriate managers as stipulated in the EAPs. The following options should be considered: (1) rejecting the bids, resoliciting proposals and/or modifying the scope of work; (2) revising the cost estimate and proceeding with the contract award and (3) negotiating with the low bidder(s), as determined by the Vice President of Procurement or equivalent(s) or designee, to reduce the price quoted. Factors to be considered in reaching the proper course of action include but are not limited to: the effects of a delay on both the schedule and the cost of the specific capital construction project or outage at an operating facility, the magnitude of the contract, available bidders, the ability to attract additional competition if the solicitation is reissued, and the accuracy of the original cost estimate. The recommended course of action and the reasons therefor must be fully documented in a memorandum for consideration by the appropriate level of management prior to approval and placed in the appropriate procurement file.

B. Factors to be considered in evaluating the goods and/or services to be supplied and/or the competence of the bidder are: previous experience (including applicable experience in New York State and evaluations from other clients for whom the bidder has provided goods and/or services); the abilities and experience of the personnel to be assigned to the Authority's work and the ability to provide any needed advanced techniques such as simulation and modeling; and overall, the bidder's skill, judgment and business integrity. The approach proposed in meeting the exact requirements of the scope of work will be given consideration in evaluating the technical merit of the proposal, together with a well-organized task structure, the ability to timely supply the goods and/or perform the proposed services and the ability to meet Supplier Diversity Program goals, if any. The need to purchase the goods from and/or subcontract performance of services to others will be evaluated as to their effects on cost, as well as quality, schedule and overall performance.

Another Supplier Diversity Program factor to be considered in evaluating proposals may involve an assessment of the bidder's diversity practices, where applicable. Pursuant to Article 15-A of the Executive Law, diversity practices are the contractor's practices and policies with respect to utilizing NYS-certified MWBEs in contracts as subcontractors and suppliers, and entering into partnerships, joint ventures or other similar arrangements with NYS-certified MWBEs. A contractor's diversity practices may be assessed when: (1) a procurement is awarded on the basis of "Best Value" as described in Section 4.D. (but *not* when a procurement is awarded based upon "lowest price"); (2) the anticipated award is $250,000 or greater; and (3) such assessment is practicable, feasible and appropriate. Such assessment shall not permit the automatic rejection of a bid or procurement contract proposal based on lack of adherence to diversity practices.

C. For Services Contracts (as defined in Section 2.C of these Guidelines), the technical merits of the proposals and the experience and capabilities of the bidders will be the primary factors in determining the individual or firm to be awarded the contract, provided that the price for performing such work is reasonable and competitive.

D. For Procurement Contracts other than Personal Services (as defined in Section 2.C of these Guidelines), the award should generally be made to the lowest-priced firm submitting a proposal that meets the commercial and technical requirements of the bid documents. (See also Section 4.F regarding award to "other than low bidder".)

As a best practice and pursuant to State Finance Law § 163, the Authority will be transitioning to a "Best Value" basis for awarding contracts for services to the offerer that optimizes quality, cost and efficiency, among responsive and responsible offerers. Such basis shall reflect, wherever possible, objective and quantifiable analysis and may also identify a quantitative factor for offerers that are Small Businesses or NYS-certified SDVOB or MWBE firms.

E. Pursuant to § 139-k of the State Finance Law, the Authority shall not award a Procurement Contract (as defined in Subsection 3.Q.1 of these Guidelines) to a bidder/contractor who fails to provide timely, accurate and complete responses to inquiries about past determinations of non-responsibility (unless awarding the contract is necessary to protect public property or public health or safety and the bidder/contractor is the only source capable of supplying the required article of procurement within the necessary timeframe.)

A bidder's/contractor's knowing and willful violation of the Authority's policy providing for certain procurement disclosures shall result in a determination of non-responsibility of such bidder/contractor pursuant to State Finance Law §§ 139-j and 139-k only.

More than one determination of non-responsibility due to violations of State Finance Law § 139-k in a four-year period shall render a bidder/contractor ineligible to submit bids for four years from the second determination of non-responsibility.

F. An award to "other than low bidder" can be made only with the approval of appropriate management as stipulated in the EAPs, and should be based on such a proposal providing a clear advantage to the Authority over the lower-priced proposal. Factors justifying an "other than low bidder" award may include, but are not limited to: improved delivery schedules that will reduce outages; longer warranty periods; improved efficiency over the usable life of the equipment; reduced maintenance costs; the bidders' financial resources or the ability to meet or exceed Supplier Diversity Program and SDVOB goals; and overall, the bidder's skill, judgment and business integrity.

G. The specifications set forth in any solicitation prepared under these Guidelines were based upon information available at the time of the preparation of the solicitation. Thus, the Authority may diverge from the specifications of any solicitation if, after review of the proposals responsive to such solicitation, the Authority deems it prudent in light of its experience, the circumstances of the solicitation and/or potential cost savings.

5. RECOMMENDATION OF AWARD

A. A recommendation for approval of a proposed award of a Procurement Contract is usually prepared in the form of a memorandum or e-mail by the department requiring the goods and/or services. The recommendation must include an evaluation of proposals as specified in Article 4 above, as well as proposed specific compensation terms that provide a clear breakdown of cost factors and methods of calculation, including, as applicable:

1. Lump sum and/or unit prices for equipment and construction work.

2. Hourly or daily rates for personnel.

3. Markups for payroll taxes, fringe benefits, overhead and fees, if the proposal is based on reimbursement of actual payroll costs.

4. Terms for reimbursement of direct out-of-pocket expenses, such as travel and living costs, telephone charges, services of others and computer services.

5. Provisions, if any, for bonus/penalty arrangements based on target person-hours and/or target schedule.

B. The recommendation will also review any substantive exceptions to commercial and technical requirements of a price inquiry, RFP, RFQ or bidding documents, including but not limited to payment terms, warranties and bond requirements, if any, as well as Supplier Diversity Program requirements, as applicable.

6. AWARD OF CONTRACT

A. Services Contracts to be performed for a period of more than 12 months are approved and reviewed annually by the Trustees. Services Contracts for a period of less than 12 months are approved by authorized designees in accordance with existing EAPs. Extending a contract for services with an initial duration of less than 12 months beyond 12 months will be approved by the Trustees at the request of the initiating department and will be reviewed by the Trustees annually. Extending a contract for services, that has previously been approved by the

Trustees, for a cumulative term of more than 12 months requires further Trustees' approval. Extending a contract, previously approved by the Trustees, for 12 months or less ("grace period") requires approval by the Vice President of the requesting department or other authorized equivalent or designee in accordance with existing EAPs and concurrence by the Vice President of Procurement.

B. For Services Contracts to be performed for a period of more than 12 months that must be awarded prior to the next quarterly Trustees' meeting, the initial contract will be issued for the entire intended term of the contract. Based on its total term and value, such contract must be approved in writing by the appropriate management as set forth in the EAPs. Such contract is subject to the Trustees' approval, at the next quarterly Trustees' meeting. If such approval is not granted, the contract will be terminated immediately.

C. A contract or contract task is deemed to be for services in excess of 12 months where the contract does not specify a definite term and the work will not be completed within 12 months, and any "continuing services" contract with no fixed term that provides for the periodic assignment of specific tasks or particular requests for services. This includes Trustee-approved contracts for architect/ engineering services with the original engineers of operating facilities, as well as the original supplier of steam supply systems or boilers and turbine generating equipment. Each task authorized under such contracts (which may be referred to as a "Change Order," "Purchase Order" or "Task Number") is considered a separate commitment and must be separately approved in accordance with the EAPs.

D. The term of a Personal Services contract is limited to a maximum of five (5) years, including any extensions.

E. When time constraints or emergency conditions require extending an existing contract with an initial duration of less than a year beyond a year, and the cumulative monetary change order value does not exceed the appropriate limit set forth in the EAPs, the Business Unit Head, with the prior concurrence of the Vice President of Procurement or equivalent(s) or designee, may authorize extending such contract, subject to the Trustees ratifying such action as soon as practicable.

F. When the total estimated contract value or the value of the extension exceeds the monetary limits set forth in the EAPs, interim approval by the President and Chief Executive Officer or Chief Operating Officer or equivalent(s) or designee is required, subject to the Trustees ratifying such action as soon as practicable.

G. When time constraints or emergency conditions require immediate commencement of services to be performed for a period of more than one year, and when the contract value exceeds the monetary approval limit for the President and Chief Executive Officer or Chief Operating Officer or equivalent(s), as set forth in the EAPs, the President and Chief Executive Officer or Chief Operating Officer or equivalent(s) or designee, with the prior concurrence of the Vice President of

Procurement or equivalent(s) or designee, may authorize in writing the commencement of such services. The initial compensation limitation may not exceed the authorization level for the President and Chief Executive Officer or equivalent(s) or Chief Operating Officer or equivalent(s) as set forth in the EAPs. Such contracts will be subject to the Trustees' approval, which will be solicited at their next scheduled Trustee meeting.

H. The White Plains Procurement Department or the facilities' Procurement Departments prepare the contract for execution by the Authority and the successful bidder. No work by the selected contractor will commence until the contract is executed by both parties, except that mutually signed letters of award or intent may initiate work prior to formal execution. Authority signatories of such letters must be authorized to approve contract awards pursuant to the EAPs.

I. Pursuant to Public Authorities Law § 2879, the Authority shall notify the Commissioner of Economic Development of the award of any Procurement Contract for the purchase of goods and/or services from a Foreign Business Enterprise (as defined in Subsection 3.E.3 of these Guidelines) in an amount equal to or greater than $1 million simultaneously with notifying the successful bidder therefor. The Authority shall not enter into the Procurement Contract for said goods and/or services until at least 15 days have elapsed from the notification of the award, except for a Procurement Contract awarded on an emergency or critical basis. The notification to the Commissioner shall include the name, address, telephone and facsimile number of the Foreign Business Enterprise, the amount of the proposed Procurement Contract and the name of the individual at the Foreign Business Enterprise or acting on behalf of same who is principally responsible for the proposed Procurement Contract.

7. CONTRACT PROVISIONS

A. The following standard forms of contracts are available from the White Plains Procurement Department: purchase order format (for standard procurements of goods and/or services); furnish-and-deliver format (for major equipment purchases); long form agreements (for consulting services) and maintenance agreement formats; contract work orders (for construction work of small magnitude); construction contracts (for major construction work) and furnish, deliver and install contracts (for specialized, major procurements where single responsibility is required for procurement and installation). These contract forms are intended to govern the purchase of goods and/or performance of services.

Authority departments proposing to initiate a Procurement Contract should review these forms to suggest any modifications and additions that may be required for the particular goods and/or services. Under no circumstances should contract forms be shown to proposed bidders without the prior approval of the Procurement

Department, which, along with the facilities' Procurement Departments, is solely responsible for requesting proposals.

B. The following types of provisions setting forth contractor responsibilities are to be contained in the standard forms of Procurement Contracts, except that any provisions listed below that are inapplicable or unnecessary because of the nature or duration of the work to be performed, the location(s) where the work is to be performed or the type of compensation being paid therefor, need not be included. Other provisions may be added as necessary and appropriate.

1. Schedule of Services or Specifications
2. Time of Completion
3. Compensation or Itemized Proposals
4. Relationship of Parties
5. Delays
6. Termination
7. Changes in the Work
8. Claims and Disputes
9. Warranty
10. Insurance
11. Records, Accounts, Inspection and Audit
12. Assignment
13. Notices
14. Indemnification
15. Governing Law
16. Proprietary Nature of Work
17. Testimony
18. MWBE requirements
19. SDVOB requirements
20. Entire Agreement

<u>Contract Attachments</u>

1. Compensation Schedule
2. Schedule of Services or Specifications
3. Appendix "A" (Miscellaneous Statutory Provisions)
4. Appendix "B" (Prompt Payment Provisions)
5. Appendix "C" (Minority- and Women-owned Business Enterprise (MWBE) Participation Goal Requirement)
6. Appendix "D" (Background Security Screening for Authority Contractors)
7. Appendix "E" (Omnibus Procurement Act of 1992 Requirements)
8. Appendix "F" (Computer Aided Design Requirements For New York Power Authority Drawings)
9. Appendix "G" (Equal Employment Opportunities Requirements)
10. Appendix "H" (Tax Law Requirements)

11. Appendix “I” (New York Power Authority (NYPA) North American Electric Reliability Corporation Critical Infrastructure Protection (NERC CIP) Cyber Access And/Or Unescorted Physical Access Training Requirements)
12. Appendix “J” (Bidder/Contractor Compliance with State Finance Law §§ 139-j and 139-k Providing for Certain Procurement Disclosures)
13. Appendix “K” (Additional State and Federal Provisions Required for American Recovery and Reinvestment Act (Pub. L. No. 111-5 Stat. 2009) (“ARRA”) Funded Projects) - inactive
14. Appendix “L” (DOE Federal Contract Provisions) - inactive
15. Appendix “M” (Use of Ultra Low Sulfur Diesel Fuel and Best Available Retrofit Technology (“BART”) for Heavy Duty Vehicles)
16. Appendix “N” (The New York State Iran Divestment Act of 2012 – Iranian Energy Sector Divestment)
17. Appendix “O” (Encouraging Use of New York State Businesses in Contract Performance) - inactive

C. If a vendor (firm, person or other entity) participates in the development or writing of the specifications for a procurement solicitation, such vendor shall not be permitted to bid on such procurement, either as a prime vendor or as a subcontractor at any level. Contracts for evaluation of offers for products or services shall not be awarded to a vendor that would then evaluate its own offers for products or services.

Furthermore, any firm, person or other entity retained by the Authority to provide conceptual studies, designs or specifications is prohibited from being awarded future phases of work, including implementation, related to the original work.

The above restrictions shall not apply where:

1. The vendor is the sole source or single source of the product or service;
2. More than one vendor has been involved in preparing the specifications for a procurement proposal;
3. There is no qualified response to the solicitation for future phases of work, including implementation; or
4. The originating Authority Business Unit determines in writing that the restrictions are not in the best interests of the Authority. Such originating Business Unit shall obtain the approval of the applicable Business Unit Head or equivalent(s), Vice President of Procurement or equivalent(s) or designee, Assistant General Counsel or equivalent(s) and President and Chief Executive Officer or designee or Chief Operating Officer or equivalent(s) to waive this restriction on a case-by-case basis.

8. CHANGE ORDERS

A. Change Orders to existing contracts are justified in the following cases:

1. To incorporate additional work related to the original scope, to delete work or to otherwise modify the original work scope;

2. To exercise options previously included in the original contract to perform additional work or to extend the contract term;

3. To accommodate emergency conditions, defined in Section 3.M herein, that require the immediate performance of work by a firm already under contract;

4. When rebidding would not be practical or in the best interests of the Authority's customers; and

5. To meet the Authority's Supplier Diversity and SDVOB Program goals in accordance with Executive Law Articles 15-A and 17-B, respectively.

B. All Change Orders must be approved in accordance with the Authority's EAPs, and should include specific schedules for completion of work at the earliest possible time.

C. Pursuant to Public Authorities Law § 2879-a, the Comptroller Regulations and the State Authority Contract Manual, the Authority may be required to submit certain Change Orders to the New York State Comptroller for filing or approval where the aggregate value of the contract as amended is in excess of $1 million and the original contract was awarded on the basis of a competitive procurement, but the modification was neither contemplated nor provided for in the solicitation for such competitive procurement.

9. CONTRACTING DECISIONS INVOLVING CURRENT OR FORMER EMPLOYEES

A. Former Authority officers and employees are eligible to be considered for direct engagement as contractors and/or consultants provided that they meet all criteria for contractors and/or consultants generally as specified in these Guidelines; their engagement is not barred by New York Public Officers Law § 73(8); they obtain an opinion by the New York State Joint Commission on Public Ethics that such engagement is permissible; and upon approval of the President and Chief Executive Officer.

B. Pursuant to the provisions of New York Public Officers Law § 73(8):

1. No Authority officer or employee is eligible, within a period of two years after the termination of Authority service to appear or practice before the Authority or receive compensation for any services rendered on behalf of any person, firm, corporation or association, in relation to any case, proceeding or application or other matter before the Authority.

2. No Authority officer or employee is eligible, at any time after the termination of Authority service, to appear, practice, communicate or otherwise render services before the Authority or any other state agency or receive compensation for any such services rendered on behalf of any person, firm, corporation or other entity in relation to any case, proceeding, application or transaction that such person was directly concerned with and personally participated in during his or her period of service, or which was under his or her active consideration.

3. Pursuant to the provisions of New York Public Officers Law § 73(8-b), notwithstanding the provisions of 1. and 2. above, a former Authority officer or employee may contract individually, or as a member or employee of a firm, corporation or association, to render services to the Authority, if, prior to engaging in such service, the President and Chief Executive Officer certifies in writing to the New York State Joint Commission on Public Ethics that such former officer or employee has expertise, knowledge or experience with respect to a particular matter which meets the Authority's needs and is otherwise unavailable at a comparable cost. Where approval of the contract is required under § 112 of the New York State Finance Law, the Comptroller shall review and consider the reasons for such certification. The New York State Joint Commission on Public Ethics must review and approve all such certifications.

C. No Authority employee who is involved in the award of Authority grants or contracts may ask any officer, director or employee of such current or prospective contractor or grantee to reveal: (a) the political party affiliation of the individual; (b) whether the individual or entity has made campaign contributions to any political party, elected official or candidate for elective office or (c) whether the individual voted for or against any political party, elected official or candidate for elective office.

D. No Authority employee may award or decline to award any grant or contract, or recommend, promise or threaten to do so because of a current or prospective grantee's or contractor's: (a) refusal to answer any inquiry prohibited by Section 9.C above or (b) giving or withholding or neglecting to make any contribution of money, service or any other valuable thing for any political purpose.

E. No Authority employee may take part in any contracting process or decision: (i) to a Relative; or (ii) to any entity in which the Authority employee or a Relative of such Authority employee owns or controls 10% or more of the stock of such entity (or 1% in the case of a corporation whose stock is regularly traded on an

established securities exchange); or serves as an officer, director or partner of that entity. If a contracting matter arises relating to this Section 9.E, then the employee must advise in writing his or her supervisor and the Office of Ethics and Compliance of the relationship, and must be recused from any and all discussions or decisions relating to the matter.

1. For purposes of this Section 9.E, the term "Relative" is defined in Definitions, Section 2.G of these Guidelines.

10. SUPPLIER DIVERSITY PROGRAM REQUIREMENTS

The Authority strives to continue to foster the development of business opportunities on Authority contracts for MWBEs. Article 15-A of the Executive Law established the NYS Office (now Division) of Minority and Women's Business Development ("DMWBD") that is responsible for developing rules and regulations for implementation of this statute, certifying MWBEs and reviewing and monitoring goal plans, compliance reports and contract provisions to be included in all non-construction contracts for more than $25,000 and construction contracts for more than $100,000. The definition of an MWBE is included in Section 2.H of these Guidelines. The Authority aims to solicit proposals from NYS-certified MWBEs that are qualified to perform the required work. In addition, specific goals may be included in certain contracts for consulting work, construction and procurement of goods and other services requiring the contractor/vendor to subcontract a portion of the work to NYS-certified MWBEs as required by law. Bidders' proposals will include a completed Utilization Plan Form for MWBEs and applicable EEO Forms, where required, and such bidders' failure to meet these requirements may be grounds for rejection of the proposal, or cancellation of the contract if a contractor did not make a good faith effort to meet its goals after contract award. MWBE Utilization Plans for Construction contracts valued at more than $100,000 shall also be posted on the Procurement website by the successful vendor within ten business days of contract signing.

Pursuant to § 2879 of the Public Authorities Law and as further set forth in the Authority's Supplier Diversity Program documents, the following guidelines apply:

1. Identify those areas or types of contracts for which MWBEs may best bid so as to promote and assist participation by such enterprises and facilitate a fair share of the awarding of contracts to such enterprises.
2. Provide notice, in addition to any other notice of procurement opportunities required by law, to professional and other organizations that serve MWBEs providing the types of services procured by the Authority.
3. Maintain lists of qualified NYS-certified MWBEs, including professional firms that have expressed an interest in doing business with the Authority and ensuring that such lists are updated regularly. The Authority shall also consult the lists of NYS-certified MWBEs maintained by the DED pursuant to Executive Law Article 15-A.

4. Establish appropriate goals for participation by MWBEs in procurement contracts awarded by the Authority and for the utilization of MWBEs as subcontractors and suppliers by entities having procurement contracts with the Authority. Statewide numerical participation target goals shall be established by the Authority based on the criteria set forth in Public Authorities Law § 2879.

5. Conduct procurements in a manner that will enable the Authority to achieve the maximum feasible portion of the goals established pursuant to Subdivision 4 of this Section and that eliminates barriers to participation by MWBEs in the Authority's procurements.

6. Designate one or more senior staff of the Authority to oversee the Authority's programs established to promote and assist participation by and utilization of NYS-certified MWBEs.

11. SERVICE-DISABLED VETERAN-OWNED BUSINESS ("SDVOB") PROGRAM REQUIREMENTS

The Authority also strives to foster the development of business opportunities for NYS-certified SDVOBs and to further increase participation by SDVOBs in Authority contracts, as set forth in Sections 2.L and 3.I of these Guidelines and pursuant to Article 17-B of the Executive Law. One tool is the use of SDVOB discretionary purchasing, as further described in Sections 3.D, I and K of these Guidelines. Another tool authorized by the law is the use of set-asides, which permit the reservation in whole or in part of certain procurements by state agencies and authorities when more than one NYS-certified SDVOB is available and can provide the necessary goods or services to meet the Authority's form, function and utility. The same dollar limits apply to SDVOB contracts as those set forth for MWBEs in Article 10 of these Guidelines.

Pursuant to Article 17-B of the Executive Law, the following guidelines apply:

1. Identify contracts where SDVOBs may best perform and/or where SDVOB goals are practical, feasible and appropriate for the purpose of increasing the utilization of SDVOB participation on Authority contracts.

2. Submit regular reports with respect to SDVOB Program activity, including but not limited to, utilization reporting and contract monitoring and compliance.

3. Achieve an overall goal of six percent for SDVOB participation on Authority contracts.

12. PROCUREMENT RECORD AND REPORTING

A. Procurement Record

The White Plains Procurement Department maintains records of Procurement Contracts. In addition to bid- and contract award-related documents for the goods provided and/or services performed, the Procurement Record includes, but is not limited to, documentation of the decisions made and the approach taken in the procurement process. Such records are transmitted to the Digital Warehouse for electronic storage and retrieval. At the facilities, such records are currently maintained and stored by the facilities' Procurement Departments.

B. Procurement Report

After the end of each calendar year, the Vice President of Procurement or equivalent(s) will prepare and submit an annual report to the Trustees for their approval that will include:

1. A copy of the Guidelines;
2. An explanation of the Guidelines and any amendments thereto since the last annual report;
3. A list of all Procurement Contracts entered into since the last annual report, including all contracts entered into with New York State Business Enterprises and the subject matter and value thereof and all contracts entered into with Foreign Business Enterprises and the subject matter and value thereof;
4. A list of fees, commissions or other charges paid;
5. A description of work performed, the contract number, the date of the contract and its duration, the name, address and NYS-certified MWBE designation of the awardees, the total amount of the contract, the amount spent on the contract during the reporting period and for the term of the contract to date and the status of open Procurement Contracts during the report year;
6. The type of contract (equipment, services, personal services or construction);
7. The method of awarding the contract (e.g., competitive bidding, Sole Source, Single Source or competitive search);
8. The reasons why any procurements with a value equal to or greater than $50,000 were not noticed in the Contract Reporter;
9. The number of bids received and
10. All referrals made and all penalties imposed, if any, pursuant to § 316 of the Executive Law.

C. Such annual report, as approved by the Trustees, shall be submitted to the New York State Division of the Budget within 90 days of the end of such calendar year, and copies thereof shall be distributed to the New York State Department of Audit

and Control, the DED, the New York State Senate Finance Committee, and the New York State Assembly Ways and Means Committee and any other entity as may be required by law. The annual procurement report is posted on the Authority's website and copies shall be made available to the public upon reasonable written request therefor.

D. State Finance Law §§ 139-j and 139-k

1. A statement describing the basis for a determination of a bidder's/contractor's non-responsibility (per State Finance Law §§ 139-j and 139-k only) and the Authority's decision not to award a bidder/contractor the Procurement Contract must be included in the procurement record.

2. The Authority shall notify the New York State Office of General Services of bidders/contractors who have been determined to be non-responsible bidders (per State Finance Law §§ 139-j and 139-k only) or debarred due to violations of § 139-j of the State Finance Law.

3. All forms entitled "Record of Contact" shall be included in the respective procurement record.

4. A statement describing the basis for a termination of a Procurement Contract for providing an intentionally false certification must be included in the procurement record.

E. The Authority may be called upon periodically to submit information regarding the procurement of goods and/or services to organizations implementing the PAAA or other statutes regulating the procurement of goods and services, such as the Authorities Budget Office through the Public Authorities Reporting Information System ("PARIS").

F. The Vice President of Procurement or equivalent(s) will also prepare Annual Goal Plans for the MWBE and SDVOB programs and will submit them by January 15 of each year to Empire State Development - Division of Minority and Women Business Development and the New York State Office of General Services - Division of Service-Disabled Veterans' Business Development, respectively. Quarterly Utilization / Activity Reports for each program will also be prepared and submitted to the aforementioned respective state entities by the 15th day of July, October, January and April.

13. THIRD PARTY RIGHTS: VALIDITY OF CONTRACTS

A. These Guidelines are intended for the guidance of officers and employees of the Authority only. Nothing contained herein is intended, nor should it be construed,

to confer on any person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof.

B. Nothing contained in these Guidelines alters or affects the validity of, modifies the terms of or impairs any contract or agreement entered into in violation of these Guidelines.

Exhibit 2b-7a
March 2~~6~~, 201~~5~~6

GUIDELINES FOR PROCUREMENT CONTRACTS

1. PURPOSE

These Guidelines for Procurement Contracts ("Guidelines") set forth the policy of the Authority regarding the solicitation and awarding of procurement contracts. The provisions of Article 4-C of the Economic Development Law, §§ 2879 and 2879-a of the Public Authorities Law, Articles 15-A and 17-B of the Executive Law and §§ 139-j and 139-k of the State Finance Law were considered in developing these Guidelines. Departments and facilities may adopt further procedures to implement these Guidelines.

2. DEFINITIONS

A. "Procurement Contracts" are contracts for the acquisition of goods and/or services in the actual or estimated amount of $5,000 or more. Such goods and/or services are those necessary to support the Authority's White Plains office, facilities, operations and maintenance ("O&M") and capital projects, including but not limited to goods such as office supplies, major electrical equipment, construction and maintenance work and services as more fully described in Section 2.C below.

B. "Non-Procurement Contracts" include contracts for energy with or without environmental attributes included, capacity, ancillary services, transmission, distribution or related services in support of providing service to Authority customers; contracts for differences; financial hedge contracts (including but not limited to swaps, calls, puts or swap options) and credit rating services. In addition, Non-Procurement Contracts include direct placement of advertisements with radio, television, print and electronic media, periodicals, subscriptions, reference materials or professional research tools, written materials, fees or tuition associated with continuing education courses, training courses, conferences, seminars and symposiums, funding agreements, co-funding agreements, grants or memberships in various industry groups, professional societies or similar cooperative associations, or any cooperative projects and procurement activities conducted or sponsored by such organizations in which the Authority participates.

C. "Services Contracts" are Procurement Contracts for services of a consulting, professional or technical nature provided by outside consultants/contractors (individuals, partnerships or firms who are not and do not employ officers or employees of the Authority) for a fee or other compensation. Services Contracts comprise three specific types: Personal Services, Non-Personal Services and Construction. Personal Services include, but are not limited to: accounting, architectural, engineering, financial advisory, legal, public relations, planning,

management consulting, surveying, training (when specifically developed by consultant for the Authority) and construction management. Non-Personal Services include, but are not limited to: skilled or unskilled temporary personnel, including clerical office staff, technicians or engineers working under Authority supervision; maintenance, repairs, and printing services. Construction consists of craft labor and other services utilizing laborers and/or mechanics not otherwise considered Non-Personal Services.

> Note: Use of such services may be appropriate (1) when a consultant/contractor possesses special experience, background or expertise; (2) when there is insufficient Authority staff and retention of a consultant/contractor is more appropriate or economical than hiring additional permanent staff; (3) to provide independent external review or a second opinion; (4) to meet unusual schedule requirements or emergencies or (5) for a combination of these factors.

D. "Goods" include equipment, material and supplies of any kind. Procurement Contracts that include both equipment and services may be classified as "Equipment," where 60% or more of the total projected contract value will be for the purchase of equipment, material or supplies.

E. "Evaluation of Proposals," as further set forth in Section 4 below, includes as evaluating factors the Authority's consideration of a bidder's skill, judgment and business integrity.

F. "Contact" is any oral, written or electronic communication with the Authority under circumstances where a reasonable person would infer that the communication was intended to influence the procurement.

G. "Relative" is any person living in the same household as the Authority employee ~~or~~and any person who is a direct descendant of the Authority employee's grandparents or the spouse of such descendant, as referred to in Subsection 9.E.1 of these Guidelines.

H. "Minority- and Women-owned Business Enterprise" ("MWBE") is defined as any New York State-certified business enterprise at least 51% of which is owned by black persons, Hispanics, Native Americans, Asians, Pacific Islanders and/or women, and as further described in the Authority's Supplier Diversity Program Policy and Procedures and Executive Law Article 15-A, and pursuant to the definition found in Executive Law § 310.

I. "Small Business" (or Small Business Enterprise, "SBE"), pursuant to Executive Law § 310 and as used in these Guidelines, unless otherwise indicated, is a business that has a significant business presence (as defined at 5 NYCRR 140.1) ~~is resident~~ in New York State, is independently owned and operated, not dominant in its field and employs not more than 300 people.

J. "Single Source" is a procurement in which the Authority, upon written findings setting forth material and substantial reasons, may award a contract (or amendment to a contract) to one offerer over another that can supply the goods or services.

K. "Sole Source" is a procurement in which only one offerer is capable of supplying the required goods or services.

L. "Service-Disabled Veteran-Owned Business" ("SDVOB") is a business enterprise, including a sole proprietorship, partnership, limited liability company or corporation that is at least 51% owned by one or more service-disabled veterans; in which such ownership is real, substantial and continuing, and also has and exercises the authority to control independently the day-to-day business decisions of the enterprise; is a Small Business and is certified by the New York State Office of General Services, as further set forth in Article 17-B of the Executive Law.

~~K.~~M. "Discretionary Purchase" is a procurement made below statutorily established monetary threshold amounts (e.g., not exceeding $200,000 for the purchase of commodities and/or services from Small Businesses or NYS-certified MWBE or SDVOB firms, and as further set forth in Sections 3.D and 3.K.5-7) and at the discretion of the Authority, without the need for a formal competitive bid process. For the purpose of determining whether a purchase is within the discretionary thresholds, the aggregate amount of all purchases of the same commodities and/or services to be made within the 12-month period commencing on the date of purchase shall be considered. A change to or a renewal of a discretionary purchase shall not be permitted if the change or renewal would bring the reasonably expected aggregate amount of all purchases of the same commodities and/or services from the same provider within the 12-month period commencing on the date of the first purchase to an amount greater than $200,000, pursuant to State Finance Law § 163.

3. SOLICITATION REQUIREMENTS

A. Preparation of the solicitation of proposals for Procurement Contracts is the joint responsibility of the White Plains Procurement Department, or the facilities' Procurement Departments, and the initiating department. Except as otherwise authorized by these Guidelines, a Request for Proposals ("RFP") or Request for Quotations ("RFQ") will be made available to a minimum of three providers and/or firms (if available) for purchases valued under $50,000 and a minimum of five providers and/or firms (if available) for purchases valued at $50,000 and greater, commensurate with the magnitude and nature of the goods and/or services, and the schedule for performance. Whenever possible and practicable, notification of the availability of an RFP and RFQ on the Authority's Procurement website should be sent to more than five providers.

B. Prospective bidders on Procurement Contracts may be prequalified by invitation. In such cases, proposals are requested only from those providers and/or firms whose prequalification submittals demonstrate sufficient ability and competence (including, but not limited to, the bidder's skill, judgment and business integrity) to supply the particular goods and/or perform the particular services required.

C. The Authority may withdraw any pending solicitation (including but not limited to RFPs and RFQs) at any time, for cause or no cause. Any person or entity submitting any responsive document to the Authority does so at its own cost or expense and will not be reimbursed by the Authority for the preparation of any responsive document, unless otherwise agreed to in writing and signed by an authorized Authority representative.

D. In order to promote the use of Minority- and Women-owned Business Enterprises ("MWBEs"), Service-Disabled Veteran-Owned Businesses ("SDVOBs") and Small Business Enterprises ("SBEs"), the Authority will solicit offers from such firms ~~MWBEs~~ known to have experience in the type of goods and/or services to be provided, regardless of the type of contract. For the purpose of these Guidelines, the definitions of ~~a~~ NYS-certified MWBE or SDVOB firms and SBEs are ~~is~~set forth in Sections 2.H, 2.L and 2.I, respectively.

To foster increased use of MWBEs, SDVOBs and SBEs, a single proposal may be sought, negotiated and accepted for discretionary purchases of goods and/or services not exceeding $200,000, in the aggregate including all amendments, from a NYS-certified MWBE or SDVOB firm or an SBE that offers a reasonable price for such goods and/or services. The award of such proposal requires the written approval of the Vice President of Procurement. Any subsequent alteration to the accepted proposal, including, but not limited to, change orders, amendments, or supplemental terms shall also necessitate the written approval of the Vice President of Procurement. Furthermore, the award of such procurement contracts will be noticed on the *Contract Reporter* website, as further set forth in Section 3.H.

E. It is the policy of New York State to promote the participation of and maximize the opportunities for New York State Business Enterprises and New York State residents in Procurement Contracts. The Authority will endeavor to promote such participation and to comply with the applicable statutory provisions. In furtherance of Public Authorities Law § 2879, the following definitions and actions apply:

1. "New York State Business Enterprise" is a business enterprise, including a sole proprietorship, partnership or corporation that offers for sale or lease or other form of exchange, goods sought by the Authority that are substantially manufactured, produced or assembled in New York State or services, excluding construction services, sought by the Authority that are substantially performed within New York State as further described in Public Authorities Law § 2879.

2. "New York State resident" is a person who maintains a fixed, permanent and principal home in New York State to which such person, whenever temporarily located, always intends to return as further described in Public Authorities Law § 2879.

3. "Foreign Business Enterprise" is a business enterprise, including a sole proprietorship, partnership or corporation, that offers for sale, lease or other form of exchange, goods sought by the Authority that are substantially produced outside New York State, or services other than construction services, sought by the Authority that are substantially performed outside New York State as further described in Public Authorities Law § 2879. For purposes of construction services, Foreign Business Enterprise is a business enterprise, including a sole proprietorship, partnership or corporation, which has its principal place of business outside New York State.

4. "Discriminatory Jurisdiction" is any country, nation, province, state or political subdivision thereof which employs a preference or price distorting mechanism to the detriment of, or otherwise discriminates against, a New York State Business Enterprise in the procurement of goods and/or services by the same or a non-governmental entity influenced by the same.

5. Pursuant to Public Authorities Law § 2879, the Authority shall not enter into a contract with a Foreign Business Enterprise which has its principal place of business in a Discriminatory Jurisdiction contained on the list prepared by the Commissioner of the New York State Department of Economic Development ("DED"). The provisions of this section may be waived by the Authority's President and CEO if the CEO determines in writing that it is in the best interests of the Authority to do so, as further set forth in the above-referenced law.

6. Pursuant to Public Authorities Law § 2879, the Authority will, where feasible, make use of the stock item specification forms of New York State manufacturers, producers and/or assemblers, as made available by the Commissioner of General Services, for any Procurement Contract for the purchase of goods.

F. Goods and/or services may be procured pursuant to Procurement Contracts let by any department, agency, officer, political subdivision or instrumentality of the State (e.g., the New York State Office of General Services ("OGS")) or Federal government (e.g., General Services Administration ("GSA")) or any city or municipality where the White Plains Procurement Department, or facility Procurement Departments, and the initiating department determine that a

reasonable potential exists for cost savings or other benefits to the Authority and have approved the specifications and proposed terms and conditions of such contract.

Certain Procurement Contracts established by the OGS or GSA require that authorized users conduct a "mini-bid" (i.e., an abbreviated supplemental competitive bid procurement process) among prequalified bidders identified in such established contracts. Certain other Procurement Contracts issued by the Authority (e.g., for on-call consulting or contracting services) may also utilize a mini-bid process, typically, in cases of a multiple award, where a contract is awarded to more than one bidder that meets the Authority's bid requirements, in order to satisfy multiple factors and needs as set forth in the bid document. Such mini-bids shall be conducted by the Authority's Procurement staff (or on behalf of the Authority by an Implementation Contractor) where applicable and practicable. Within a said multiple award group, work may be assigned to a specific firm without conducting a mini-bid, under certain circumstances, including but not limited to: where such firm possesses specialized expertise and is uniquely qualified to perform such work; where time constraints, emergency or other critical conditions exist or geographic location is of primary consideration in order to meet schedule requirements, respond to emergent issues or otherwise meet the Authority's needs; or when the work scope is below a specified monetary threshold. The decision to assign work without conducting a mini-bid shall typically be made jointly by the Procurement and initiating departments, and shall be documented for the procurement record.

G. Solicitations will include a scope of work that defines the goods required and/or the services to be performed; milestone dates; the Authority's Supplier Diversity Program and SDVOB requirements, if applicable; all other applicable Authority requirements and any special methods or limitations that the Authority chooses to govern the work. Telephone solicitation, usually for procurements valued at less than $50,000, may be used where time constraints do not permit issuance of an RFP, where issuance of an RFP is otherwise impracticable or for goods that are catalog items or do not require a detailed bill of materials or specification. All solicitations made by telephone shall be documented and made part of the Procurement Record.

H. For all Procurement Contracts with a value equal to or greater than $50,000 (except for those contracts noted below), the Authority will, prior to soliciting proposals, submit the following information to the Commissioner of the DED to be included on the New York State *Contract Reporter* website, (www.nyscr.ny.gov) (unless such posting would serve no useful purpose): (1) the Authority's name and address; (2) the solicitation number; (3) a brief description of the goods and/or services sought, the location where goods are to be delivered and/or services provided and the contract term; (4) the address where bids or proposals are to be submitted; (5) the due date for bids or proposals; (6) a description of any eligibility or qualification requirements or preferences; (7) a statement as to whether the contract requirements may be fulfilled by a subcontracting, joint venture or

coproduction arrangement; (8) any other information deemed useful to potential contractors; (9) the name, address, and phone number of the person to be contacted for additional information and (10) a statement as to whether the goods and/or services sought have, in the immediately preceding three-year period, been supplied by a Foreign Business Enterprise. Such information will be submitted to the DED Commissioner in accordance with the schedule set forth by the DED. The due date for bids or proposals will be a minimum of 15 business days after the date of publication of such notice on the *Contract Reporter* website, except where a shorter period is specifically authorized by law. For Procurement Contracts resulting from a Request for Proposal process, the Authority will submit the results of the bid opening, including the names of firms submitting proposals and the name/s of the awardee/s, for inclusion on the *Contract Reporter* website. For all other Procurement Contracts, the name of the awardee will be submitted.

This section 3.H does not apply to (i) Procurement Contracts awarded on an emergency basis as described below in Section 3.M, (ii) Procurement Contracts being rebid or re-solicited for substantially the same goods and/or services, within 45 business days after the original due date, and/or (iii) Procurement Contracts awarded to not-for-profit human services providers. (See Article 4-C, Economic Development Law)

Certain Procurement Contracts may require purchases: (1) on a spot market; (2) needed prior to the time limits for noticing on the Contract Reporter website or that do not lend themselves to the solicitation process. Such purchases are exempted from the noticing requirements of Article 4-C of the Economic Development Law subject to the approval of the Vice President of Procurement, and/or the head of the initiating department that does not complete its procurements through the Procurement Department. From time to time or where appropriate, generic notices may be published on the Contract Reporter website notifying potential bidders of such opportunities and soliciting qualification statements for consideration by the Authority.

Notwithstanding the foregoing, submittal of a notice / announcement of award for inclusion on the *Contract Reporter* website is required for Procurement Contracts with a value of $50,000 or more awarded on a sole source or single source basis, including such discretionary contracts not exceeding $200,000 awarded to Small Businesses or NYS-certified SDVOB or MWBE firms, or for the purchase of goods and/or technology that are recycled or remanufactured, or for the purchase of food, including milk and milk products that are grown, produced or harvested in New York State, and certain other Procurement Contracts exempt from the general advertising requirement for procurement contract bidding opportunities, in accordance with the afore-referenced law. Such notice shall specify the name of the awardee.

I. In order to further increase participation of service-disabled veterans in New York State's contracting opportunities, the Service-Disabled Veteran-Owned Business

("SDVOB") Act was signed into law on May 12, 2014. The SDVOB program provides for eligible Veteran business owners to become certified as a New York State Service-Disabled Veteran-Owned Business. The Division of Service-Disabled Veterans' Business Development within the New York State Office of General Services ("OGS") is responsible for certifying eligible SDVOBs, assisting agencies and authorities in complying with the law, and promoting SDVOB participation in the state's procurement activities. ~~The program is in development; the Authority has been selected to participate in a pilot SDVOB program and is complying with OGS-promulgated procedures and requirements.~~Under this program, contracts may be awarded on a non-competitive basis to NYS-certified SDVOBs for discretionary purchases not exceeding $200,000 in the aggregate. Alternately, contracts may be competitively bid exclusively among NYS-certified SDVOBs regardless of value, and advertised as such on the *Contract Reporter* website.

J. Proposals for certain Services Contracts may also be solicited by competitive search, as follows:

For contracts where the scope of work cannot be well defined or quantified, or where selection requires evaluation of factors such as breadth and depth of experience in a unique or highly specialized field and suitability as an Authority representative, a "competitive search" will be conducted to determine which consultants are most qualified, for reasonable compensation terms, to perform the work. Depending on market conditions, at least five potential sources should be evaluated; if there are fewer than five sources, all sources should be evaluated. The White Plains Procurement Department or the appropriate facility Procurement Department will work with the initiating department to gather information from potential sources, that will include a description of the consultant/firm's qualifications, résumés of key personnel, past experience and proposed billing rates.

K. A Procurement Contract may be awarded on a Sole Source, Single Source, or other non-competitive basis where:

1. Compatibility of equipment, accessories or spare or replacement parts is the paramount consideration.
2. Services are required to extend or complement a prior procurement and it is impracticable or uneconomic to have a source other than the original source continue the work.
3. A sole supplier's item is needed for trial use or testing, or a proprietary item is sought for which there is only one source.
4. Other circumstances or work requirements exist that cause only one source to be available to supply the required goods and/or services.
5. The contract is awarded to a Small Business or to a NYS-certified SDVOB or MWBE firm for discretionary purchases not exceeding

$200,000, pursuant to Section 3.D and as further set forth in Section 2.M.

6. The contract is for the discretionary purchase of goods and/or technology that are recycled or remanufactured, in an amount not exceeding $200,000, as further set forth in Section 2.M and subject to the approvals stated in Section 3.D.
7. The contract is for the discretionary purchase of commodities that are food, including milk and milk products, which are grown, produced or harvested in New York State, in an amount not exceeding $200,000, as further set forth in Section 2.M and subject to the approvals stated in Section 3.D.
8. Purchases made on a Sole Source, Single Source, or other non-competitive basis are subject to Public Authorities Law § 2879-a, 2 NYCRR Part 206, entitled "Comptroller Approval of Contracts Made by State Authorities" ("Comptroller Regulations") and the State Authority Contract Manual.

L. Pursuant to Public Authorities Law § 2879-a, the Comptroller Regulations and the State Authority Contract Manual, the Authority may be required to submit certain contracts to the New York State Comptroller for approval that are awarded on a Sole Source, Single Source, or other non-competitive basis for the purchase of goods and/or services in an amount in excess of $1 million, and shall notify the successful bidder therefor. Such contracts or contract amendments shall not be valid and enforceable unless approved by the Comptroller or until 90 days have elapsed from such submission without action by the Comptroller, as further set forth in the referenced law and regulations.

M. Subject to the Authority's Expenditure Authorization Procedures ("EAPs"), and Public Authorities Law § 2879-a, the Comptroller Regulations and the State Authority Contract Manual, a Procurement Contract may be awarded without following the solicitation requirements that ordinarily apply (but using such competitive selection procedures as are practicable under the circumstances) where emergency conditions exist, such as:

1. A threat to the health or safety of the public or Authority employees or workers.
2. Proper functioning of the Authority facilities or construction or operating projects requires adherence to a schedule that does not permit time for an ordinary procurement solicitation.

N. Whenever an initiating department determines that a Procurement Contract should be awarded on a Single Source, Sole Source, or an emergency basis, the department head ~~of the department~~or other authorized equivalent per the EAPs will provide a written statement explaining the reasons therefor to the White Plains Procurement Department or the appropriate facility Procurement Department. The award of such

Procurement Contracts, regardless of value, requires the written approval of the Vice President of Procurement, except as noted in Section 3.H.

O. Every potential Sole Source or Single Source contract with a value of $1 million or more must be approved by the President and CEO or the COO prior to processing by the Procurement Department.

P. In furtherance of Public Authorities Law § 2800, when a procurement is made on a non-competitive basis, and the price for goods or services purchased exceeds fair market value, prior to making the purchase, the Business Unit Head of the initiating department shall provide a detailed explanation of the justification for making the purchase and a certification shall be signed by the Chief Executive Officer and Chief Financial Officer of the Authority stating that they have reviewed the terms of such purchase and determined that it complies with applicable law and procurement guidelines. The following definition shall apply: "Fair Market Value" shall mean the estimated dollar amount that a willing buyer would pay to a willing seller for property in an arms-length transaction in the appropriate marketplace and under similar circumstances. Fair market value may be determined by internal appraisals, industry-recognized sources, or other methods of valuation generally accepted in the industry in which such property is utilized, as may be approved by the Vice President of Procurement or authorized designee.

Q. It is the policy of New York State to discourage improper communications intended to influence a governmental procurement. The Authority will endeavor to control such practices and will comply with the applicable statutory provisions. In furtherance of the State Finance Law §§ 139-j and 139-k, the following definitions shall apply:

1. ~~Pursuant to Article 11-B of the State Finance Law~~A~~a~~ "Procurement Contract" is any contract or other agreement for a commodity, service, technology, public work, construction, revenue contract, the purchase, sale or lease of real property or an acquisition or granting of other interest in real property that is the subject of a governmental procurement, with an estimated annualized expenditure in excess of $15,000. Grants, contracts between the Authority and non-profit organizations pursuant to Article 11-B of the State Finance Law, intergovernmental agreements, railroad and utility force accounts, utility relocation project agreements or orders and eminent domain transactions are not Procurement Contracts.

2. The "Restricted Period" is the period of time commencing with the earliest written notice, advertisement or solicitation of a request for proposal, invitation for bids, or solicitation of proposals, or any other method for soliciting a response from bidders/contractors intending to result in a procurement contract with the Authority and ending with the final contract award.

3. The Authority shall designate a person or persons who may be contacted, with respect to each Authority procurement. The bidders/contractors or persons acting on their behalf, shall only contact the Authority's designated person or persons where a reasonable person would infer that the communication was intended to influence the procurement during the Restricted Period.

R. In furtherance of the Authority's commitment to ensure transparency and accountability of its operations, every member, officer or employee of the Authority who is contacted by a lobbyist is required to make a contemporaneous record of such contact, pursuant to Public Authorities Law § 2987 and as further set forth in the Authority's Corporate Policy regarding this matter.

S. Project Sunlight (Chapter 399, Part A, Section 4 of the Laws of 2011) requires the Authority to record in a database maintained by the New York State Office of General Services certain appearances between the Authority and individuals, firms or other entities (excluding elected officials and representatives of federal, state and local agencies and authorities) relating to the procurement of a contract, with a value of $25,000 or more, for real property, goods or services. Appearances are defined as an interaction through an in-person meeting or a video conference between covered individuals. Appearances related to emergency procurements and disposal of property through public auctions are excluded, as are appearances that take place during the formal "Restricted Period." Covered individuals at the Authority means an employee~~individual at the Authority~~ who has the power to exercise discretion in procurement matters or advises someone who exercises such discretion. A covered individual outside of the Authority means both "external" (e.g., a lobbyist) and "internal" (e.g., sales representative) representatives of an entity, individuals appearing on behalf of him/herself, advocacy groups or organizations or entities representing the interests or concerns of the organization or entity or of its members. All such appearances must be promptly reported to the Authority's Ethics and Compliance Office for recording in the Project Sunlight database.

4. EVALUATION OF PROPOSALS

A. Proposals will be evaluated using a fair and equitable comparison of all aspects of the proposals against the specifics of the solicitation and against each other, including an analysis of each offer that considers: the quality of the goods and/or the competence of the bidder (including, but not limited to, the bidder's skill, judgment and business integrity), the technical merit of the proposal and the price for which the goods and/or services are to be supplied.

In the event the price submitted by the bidder recommended to be awarded a contract exceeds the cost estimated, where a cost estimate is provided on the solicitation at the time of bidding, the initiating department will prepare a written explanation to be reviewed by the White Plains Procurement Department and/or the appropriate facility Procurement Department and appropriate managers as stipulated in the EAPs. The following options should be considered: (1) rejecting the bids, resoliciting proposals and/or modifying the scope of work; (2) revising the cost estimate and proceeding with the contract award and (3) negotiating with the low bidder(s), as determined by the Vice President of Procurement or equivalent(s) or designee, to reduce the price quoted. Factors to be considered in reaching the proper course of action include but are not limited to: the effects of a delay on both the schedule and the cost of the specific capital construction project or outage at an operating facility, the magnitude of the contract, available bidders, the ability to attract additional competition if the solicitation is reissued, and the accuracy of the original cost estimate. The recommended course of action and the reasons therefor must be fully documented in a memorandum for consideration by the appropriate level of management prior to approval and placed in the appropriate procurement file.

B. Factors to be considered in evaluating the goods and/or services to be supplied and/or the competence of the bidder are: previous experience (including applicable experience in New York State and evaluations from other clients for whom the bidder has provided goods and/or services); the abilities and experience of the personnel to be assigned to the Authority's work and the ability to provide any needed advanced techniques such as simulation and modeling; and overall, the bidder's skill, judgment and business integrity. The approach proposed in meeting the exact requirements of the scope of work will be given consideration in evaluating the technical merit of the proposal, together with a well-organized task structure, the ability to timely supply the goods and/or perform the proposed services and the ability to meet Supplier Diversity Program goals, if any. The need to purchase the goods from and/or subcontract performance of services to others will be evaluated as to their effects on cost, as well as quality, schedule and overall performance.

Another Supplier Diversity Program factor to be considered in evaluating proposals may involve an assessment of the bidder's diversity practices, where applicable. Pursuant to Article 15-A of the Executive Law, diversity practices are the contractor's practices and policies with respect to utilizing NYS-certified MWBEs in contracts as subcontractors and suppliers, and entering into partnerships, joint ventures or other similar arrangements with NYS-certified MWBEs. A contractor's diversity practices may be assessed when: (1) a procurement is awarded on the basis of "Best Value" as described in Section 4.D. (but *not* when a procurement is awarded based upon "lowest price"); (2) the anticipated award is $250,000 or greater; and (3) such assessment is practicable, feasible and appropriate. Such assessment shall not permit the automatic rejection of a bid or procurement contract proposal based on lack of adherence to diversity practices.

C. For Services Contracts (as defined in Section 2.C of these Guidelines), the technical merits of the proposals and the experience and capabilities of the bidders will be the primary factors in determining the individual or firm to be awarded the contract, provided that the price for performing such work is reasonable and competitive.

D. For Procurement Contracts other than Personal Services (as defined in Section 2.C of these Guidelines), the award should generally be made to the lowest-priced firm submitting a proposal that meets the commercial and technical requirements of the bid documents. (See also Section 4.F regarding award to "other than low bidder".)

As a best practice and pursuant to State Finance Law § 163, the Authority will be transitioning to a "Best Value" basis for awarding contracts for services to the offerer that optimizes quality, cost and efficiency, among responsive and responsible offerers. Such basis shall reflect, wherever possible, objective and quantifiable analysis and may also identify a quantitative factor for offerers that are Small Businesses or NYS-certified SDVOB or MWBE firms.

E. Pursuant to § 139-k of the State Finance Law, the Authority shall not award a Procurement Contract (as defined in Subsection 3.Q.1 of these Guidelines) to a bidder/contractor who fails to provide timely, accurate and complete responses to inquiries about past determinations of non-responsibility (unless awarding the contract is necessary to protect public property or public health or safety and the bidder/contractor is the only source capable of supplying the required article of procurement within the necessary timeframe.)

A bidder's/contractor's knowing and willful violation of the Authority's policy providing for certain procurement disclosures shall result in a determination of non-responsibility of such bidder/contractor pursuant to State Finance Law §§ 139-j and 139-k only.

More than one determination of non-responsibility due to violations of State Finance Law § 139-k in a four-year period shall render a bidder/contractor ineligible to submit bids for four years from the second determination of non-responsibility.

F. An award to "other than low bidder" can be made only with the approval of appropriate management as stipulated in the EAPs, and should be based on such a proposal providing a clear advantage to the Authority over the lower-priced proposal. Factors justifying an "other than low bidder" award may include, but are not limited to: improved delivery schedules that will reduce outages; longer warranty periods; improved efficiency over the usable life of the equipment; reduced maintenance costs; the bidders' financial resources or the ability to meet or exceed Supplier Diversity Program and SDVOB goals; and overall, the bidder's skill, judgment and business integrity.

G. The specifications set forth in any solicitation prepared under these Guidelines were based upon information available at the time of the preparation of the solicitation. Thus, the Authority may diverge from the specifications of any solicitation if, after review of the proposals responsive to such solicitation, the Authority deems it prudent in light of its experience, the circumstances of the solicitation and/or potential cost savings.

5. RECOMMENDATION OF AWARD

A. A recommendation for approval of a proposed award of a Procurement Contract is usually prepared in the form of a memorandum or e-mail by the department requiring the goods and/or services. The recommendation must include an evaluation of proposals as specified in Article 4 above, as well as proposed specific compensation terms that provide a clear breakdown of cost factors and methods of calculation, including, as applicable:

1. Lump sum and/or unit prices for equipment and construction work.

2. Hourly or daily rates for personnel.

3. Markups for payroll taxes, fringe benefits, overhead and fees, if the proposal is based on reimbursement of actual payroll costs.

4. Terms for reimbursement of direct out-of-pocket expenses, such as travel and living costs, telephone charges, services of others and computer services.

5. Provisions, if any, for bonus/penalty arrangements based on target person-hours and/or target schedule.

B. The recommendation will also review any substantive exceptions to commercial and technical requirements of a price inquiry, RFP, RFQ or bidding documents, including but not limited to payment terms, warranties and bond requirements, if any, as well as Supplier Diversity Program requirements, as applicable.

6. AWARD OF CONTRACT

A. Services Contracts to be performed for a period of more than 12 months are approved and reviewed annually by the Trustees. Services Contracts for a period of less than 12 months are approved by authorized designees in accordance with existing EAPs. Extending a contract for services with an initial duration of less than 12 months beyond 12 months will be approved by the Trustees at the request of the initiating department and will be reviewed by the Trustees annually. Extending a contract for services, that has previously been approved by the

Trustees, for a cumulative term of more than 12 months requires further Trustees' approval. Extending a contract, previously approved by the Trustees, for 12 months or less ("grace period") requires approval by the Vice President of the requesting department or other~~an~~ authorized equivalent or designee in accordance with existing EAPs and concurrence by the Vice President of Procurement.

B. For Services Contracts to be performed for a period of more than 12 months that must be awarded prior to the next quarterly Trustees' meeting, the initial contract will be issued for the entire intended term of the contract. Based on its total term and value, such contract must be approved in writing by the appropriate management as set forth in the EAPs. Such contract is subject to the Trustees' approval, at the next quarterly Trustees' meeting. If such approval is not granted, the contract will be terminated immediately.

C. A contract or contract task is deemed to be for services in excess of 12 months where the contract does not specify a definite term and the work will not be completed within 12 months, and any "continuing services" contract with no fixed term that provides for the periodic assignment of specific tasks or particular requests for services. This includes Trustee-approved contracts for architect/ engineering services with the original engineers of operating facilities, as well as the original supplier of steam supply systems or boilers and turbine generating equipment. Each task authorized under such contracts (which may be referred to as a "Change Order," "Purchase Order" or "Task Number") is considered a separate commitment and must be separately approved in accordance with the EAPs.

D. The term of a Personal Services contract is limited to a maximum of five (5) years, including any extensions.

E. When time constraints or emergency conditions require extending an existing contract with an initial duration of less than a year beyond a year, and the cumulative monetary change order value does not exceed the appropriate limit set forth in the EAPs, the Business Unit Head, with the prior concurrence of the Vice President of Procurement or equivalent(s) or designee, may authorize extending such contract, subject to the Trustees ratifying such action as soon as practicable.

F. When the total estimated contract value or the value of the extension exceeds the monetary limits set forth in the EAPs, interim approval by the President and Chief Executive Officer or Chief Operating Officer or equivalent(s) or designee is required, subject to the Trustees ratifying such action as soon as practicable.

G. When time constraints or emergency conditions require immediate commencement of services to be performed for a period of more than one year, and when the contract value exceeds the monetary approval limit for the President and Chief Executive Officer or Chief Operating Officer or equivalent(s), as set forth in the EAPs, the President and Chief Executive Officer or Chief Operating Officer or equivalent(s) or designee, with the prior concurrence of the Vice President of

Procurement or equivalent(s) or designee, may authorize in writing the commencement of such services. The initial compensation limitation may not exceed the authorization level for the President and Chief Executive Officer or equivalent(s) or Chief Operating Officer or equivalent(s) as set forth in the EAPs. Such contracts will be subject to the Trustees' approval, which will be solicited at their next scheduled Trustee meeting.

H. The White Plains Procurement Department or the facilities' Procurement Departments prepare the contract for execution by the Authority and the successful bidder. No work by the selected contractor will commence until the contract is executed by both parties, except that mutually signed letters of award or intent may initiate work prior to formal execution. Authority signatories of such letters must be authorized to approve contract awards pursuant to the EAPs.

I. Pursuant to Public Authorities Law § 2879, the Authority shall notify the Commissioner of Economic Development of the award of any Procurement Contract for the purchase of goods and/or services from a Foreign Business Enterprise (as defined in Subsection 3.E.3 of these Guidelines) in an amount equal to or greater than $1 million simultaneously with notifying the successful bidder therefor. The Authority shall not enter into the Procurement Contract for said goods and/or services until at least 15 days have elapsed from the notification of the award, except for a Procurement Contract awarded on an emergency or critical basis. The notification to the Commissioner shall include the name, address, telephone and facsimile number of the Foreign Business Enterprise, the amount of the proposed Procurement Contract and the name of the individual at the Foreign Business Enterprise or acting on behalf of same who is principally responsible for the proposed Procurement Contract.

7. CONTRACT PROVISIONS

A. The following standard forms of contracts are available from the White Plains Procurement Department: purchase order format (for standard procurements of goods and/or services); furnish-and-deliver format (for major equipment purchases); long form agreements (for consulting services) and maintenance agreement formats; contract work orders (for construction work of small magnitude); construction contracts (for major construction work) and furnish, deliver and install contracts (for specialized, major procurements where single responsibility is required for procurement and installation). These contract forms are intended to govern the purchase of goods and/or performance of services.

Authority departments proposing to initiate a Procurement Contract should review these forms to suggest any modifications and additions that may be required for the particular goods and/or services. Under no circumstances should contract forms be shown to proposed bidders without the prior approval of the Procurement Department, which, along with the facilities' Procurement Departments, is solely responsible for requesting proposals.

B. The following types of provisions setting forth contractor responsibilities are to be contained in the standard forms of Procurement Contracts, except that any provisions listed below that are inapplicable or unnecessary because of the nature or duration of the work to be performed, the location(s) where the work is to be performed or the type of compensation being paid therefor, need not be included. Other provisions may be added as necessary and appropriate.

1. Schedule of Services or Specifications
2. Time of Completion
3. Compensation or Itemized Proposals
4. Relationship of Parties
5. Delays
6. Termination
7. Changes in the Work
8. Claims and Disputes
9. Warranty
10. Insurance
11. Records, Accounts, Inspection and Audit
12. Assignment
13. Notices
14. Indemnification
15. Governing Law
16. Proprietary Nature of Work
17. Testimony
18. MWBE requirements
~~17.~~19. SDVOB requirements
~~18.~~20. Entire Agreement

Contract Attachments

1. Compensation Schedule
2. Schedule of Services or Specifications
3. Appendix "A" (Miscellaneous Statutory Provisions)
4. Appendix "B" (Prompt Payment Provisions)
5. Appendix "C" (Minority- and Women-owned Business Enterprise (MWBE) Participation Goal Requirement)
6. Appendix "D" (Background Security Screening for Authority Contractors)
7. Appendix "E" (Omnibus Procurement Act of 1992 Requirements)
8. Appendix "F" (Computer Aided Design Requirements For New York Power Authority Drawings)

9. Appendix "G" (Equal Employment Opportunities Requirements)
10. Appendix "H" (Tax Law Requirements)
11. Appendix "I" (New York Power Authority (NYPA) North American Electric Reliability Corporation Critical Infrastructure Protection (NERC CIP) Cyber Access And/Or Unescorted Physical Access Training Requirements)
12. Appendix "J" (Bidder/Contractor Compliance with State Finance Law §§ 139-j and 139-k Providing for Certain Procurement Disclosures)
13. Appendix "K" (Additional State and Federal Provisions Required for American Recovery and Reinvestment Act (Pub. L. No. 111-5 Stat. 2009) ("ARRA") Funded Projects) - inactive
14. Appendix "L" (DOE Federal Contract Provisions) - inactive
15. Appendix "M" (Use of Ultra Low Sulfur Diesel Fuel and Best Available Retrofit Technology ("BART") for Heavy Duty Vehicles)
16. Appendix "N" (The New York State Iran Divestment Act of 2012 – Iranian Energy Sector Divestment)
17. Appendix "O" (Encouraging Use of New York State Businesses in Contract Performance) - inactive

C. If a vendor (firm, person or other entity) participates in the development or writing of the specifications for a procurement solicitation, such vendor shall not be permitted to bid on such procurement, either as a prime vendor or as a subcontractor at any level. Contracts for evaluation of offers for products or services shall not be awarded to a vendor that would then evaluate its own offers for products or services.

Furthermore, any firm, person or other entity retained by the Authority to provide conceptual studies, designs or specifications is prohibited from being awarded future phases of work, including implementation, related to the original work.

The above restrictions shall not apply where:

1. The vendor is the sole source or single source of the product or service;

2. More than one vendor has been involved in preparing the specifications for a procurement proposal;

~~2.~~3. There is no qualified response to the solicitation for future phases of work, including implementation; or

~~3.~~4. The originating Authority Business Unit determines in writing that the restrictions are not in the best interests of the Authority. Such originating Business Unit shall obtain the approval of the applicable Business Unit Head or equivalent(s), Vice President of Procurement or equivalent(s) or designee, Assistant General Counsel or equivalent(s) and President and Chief Executive Officer or designee or Chief Operating Officer or equivalent(s) to waive this restriction on a case-by-case basis.

8. CHANGE ORDERS

A. Change Orders to existing contracts are justified in the following cases:

1. To incorporate additional work related to the original scope, to delete work or to otherwise modify the original work scope;

2. To exercise options previously included in the original contract to perform additional work or to extend the contract term;

3. To accommodate emergency conditions, defined in Section 3.M herein, that require the immediate performance of work by a firm already under contract;

4. When rebidding would not be practical or in the best interests of the Authority's customers; and

5. To meet the Authority's Supplier Diversity and SDVOB Program goals in accordance with Executive Law Articles 15-A and 17-B, respectively.

B. All Change Orders must be approved in accordance with the Authority's EAPs, and should include specific schedules for completion of work at the earliest possible time.

C. Pursuant to Public Authorities Law § 2879-a, the Comptroller Regulations and the State Authority Contract Manual, the Authority may be required to submit certain Change Orders to the New York State Comptroller for filing or approval where the aggregate value of the contract as amended is in excess of $1 million and the original contract was awarded on the basis of a competitive procurement, but the modification was neither contemplated nor provided for in the solicitation for such competitive procurement.

9. CONTRACTING DECISIONS INVOLVING CURRENT OR FORMER EMPLOYEES

A. Former Authority officers and employees are eligible to be considered for direct engagement~~employment~~ as contractors and/or consultants provided that they meet all criteria for contractors and/or consultants generally as specified in these Guidelines; their engagement~~employment~~ is not barred by New York Public Officers Law § 73(8); they obtain an opinion by the New York State Joint Commission on Public Ethics~~Integrity~~ that such engagement~~employment~~ is permissible; and upon approval of the President and Chief Executive Officer.

B. Pursuant to the provisions of New York Public Officers Law § 73(8):

1. No Authority officer or employee is eligible, within a period of two years after the termination of Authority service to appear or practice before the Authority or receive compensation for any services rendered on behalf of any person, firm, corporation or association, in relation to any case, proceeding or application or other matter before the Authority.

2. No Authority officer or employee is eligible, at any time after the termination of Authority service, to appear, practice, communicate or otherwise render services before the Authority or any other state agency or receive compensation for any such services rendered on behalf of any person, firm, corporation or other entity in relation to any case, proceeding, application or transaction that such person was directly concerned with and personally participated in during his or her period of service, or which was under his or her active consideration.

~~2.~~3. Pursuant to the provisions of New York Public Officers Law § 73(8-b), notwithstanding the provisions of 1. and 2. above, a former Authority officer or employee may contract individually, or as a member or employee of a firm, corporation or association, to render services to the Authority, if, prior to engaging in such service, the President and Chief Executive Officer certifies in writing to the New York State Joint Commission on Public Ethics that such former officer or employee has expertise, knowledge or experience with respect to a particular matter which meets the Authority's needs and is otherwise unavailable at a comparable cost. Where approval of the contract is required under § 112 of the New York State Finance Law, the Comptroller shall review and consider the reasons for such certification. The New York State Joint Commission on Public Ethics must review and approve all such certifications.

C. No Authority employee who is involved in the award of Authority grants or contracts may ask any officer, director or employee of such current or prospective contractor or grantee to reveal: (a) the political party affiliation of the individual; (b) whether the individual or entity has made campaign contributions to any political party, elected official or candidate for elective office or (c) whether the individual voted for or against any political party, elected official or candidate for elective office.

D. No Authority employee may award or decline to award any grant or contract, or recommend, promise or threaten to do so because of a current or prospective grantee's or contractor's: (a) refusal to answer any inquiry prohibited by Section 9.C above or (b) giving or withholding or neglecting to make any contribution of money, service or any other valuable thing for any political purpose.

E. No Authority employee may take part in any contracting process or decision ~~involving the payment of more than $1,000~~: (i) to a Relative; or (ii) to any entity in which the Authority employee or a Relative of such Authority employee owns

or controls 10% or more of the stock of such entity (or 1% in the case of a corporation whose stock is regularly traded on an established securities exchange); or serves as an officer, director or partner of that entity. If a contracting matter arises relating to this Section 9.E, then the employee must advise in writing his or her supervisor and the Office of Ethics and Compliance of the relationship, and must be recused from any and all discussions or decisions relating to the matter.

1. For purposes of this Section 9.E, the term "Relative" is defined in Definitions, Section 2.G of these Guidelines.

10. SUPPLIER DIVERSITY PROGRAM REQUIREMENTS

The Authority strives to continue to foster the development of business opportunities on Authority contracts for MWBEs. Article 15-A of the Executive Law established the NYS Office (now Division) of Minority and Women's Business Development ("DMWBD") that is responsible for developing rules and regulations for implementation of this statute, certifying MWBEs and reviewing and monitoring goal plans, compliance reports and contract provisions to be included in all non-construction contracts for more than $25,000 and construction contracts for more than $100,000. The definition of an MWBE is included in Section 2.H of these Guidelines. The Authority aims to solicit proposals from NYS-certified MWBEs that are qualified to perform the required work. In addition, specific goals may be included in certain contracts for consulting work, construction and procurement of goods and other services requiring the contractor/vendor to subcontract a portion of the work to NYS-certified MWBEs as required by law. Bidders' proposals will include a completed Utilization Plan Form for MWBEs and applicable EEO Forms, where required, and such bidders' failure to meet these requirements may be grounds for rejection of the proposal, or cancellation of the contract if a contractor did not make a good faith effort to meet its goals after contract award. MWBE Utilization Plans for Construction contracts valued at more than $100,000 shall also be posted on the Procurement website by the successful vendor within ten business days of contract signing.

Pursuant to § 2879 of the Public Authorities Law and as further set forth in the Authority's Supplier Diversity Program documents, the following guidelines apply:

1. Identify those areas or types of contracts for which MWBEs may best bid so as to promote and assist participation by such enterprises and facilitate a fair share of the awarding of contracts to such enterprises.
2. Provide notice, in addition to any other notice of procurement opportunities required by law, to professional and other organizations that serve MWBEs providing the types of services procured by the Authority.
3. Maintain lists of qualified NYS-certified MWBEs, including professional firms that have expressed an interest in doing business with the Authority and ensuring that such lists are updated regularly. The Authority shall also

consult the lists of NYS-certified MWBEs maintained by the DED pursuant to Executive Law Article 15-A.

4. Establish appropriate goals for participation by MWBEs in procurement contracts awarded by the Authority and for the utilization of MWBEs as subcontractors and suppliers by entities having procurement contracts with the Authority. Statewide numerical participation target goals shall be established by the Authority based on the criteria set forth in Public Authorities Law § 2879.

5. Conduct procurements in a manner that will enable the Authority to achieve the maximum feasible portion of the goals established pursuant to Subdivision 4 of this Section and that eliminates barriers to participation by MWBEs in the Authority's procurements.

6. Designate one or more senior staff of the Authority to oversee the Authority's programs established to promote and assist participation by and utilization of NYS-certified MWBEs.

11. SERVICE-DISABLED VETERAN-OWNED BUSINESS ("SDVOB") PROGRAM REQUIREMENTS

The Authority also strives to foster the development of business opportunities for NYS-certified SDVOBs and to further increase participation by SDVOBs in Authority contracts, as set forth in Sections 2.L and 3.I of these Guidelines and pursuant to Article 17-B of the Executive Law. One tool is the use of SDVOB discretionary purchasing, as further described in Sections 3.D, I and K of these Guidelines. Another tool authorized by the law is the use of set-asides, which permit the reservation in whole or in part of certain procurements by state agencies and authorities when more than one NYS-certified SDVOB is available and can provide the necessary goods or services to meet the Authority's form, function and utility. The same dollar limits apply to SDVOB contracts as those set forth for MWBEs in Article 10 of these Guidelines.

Pursuant to Article 17-B of the Executive Law, the following guidelines apply:

1. Identify contracts where SDVOBs may best perform and/or where SDVOB goals are practical, feasible and appropriate for the purpose of increasing the utilization of SDVOB participation on Authority contracts.

2. Submit regular reports with respect to SDVOB Program activity, including but not limited to, utilization reporting and contract monitoring and compliance.

3. Achieve an overall goal of six percent for SDVOB participation on Authority contracts.

12. PROCUREMENT RECORD AND REPORTING

A. Procurement Record

The White Plains Procurement Department maintains records of Procurement Contracts.~~,~~ In addition to bid- and contract award-related documents for the goods provided and/or services performed, the Procurement Record includes, but is not limited to, documentation of the decisions made and the approach taken in the procurement process. Such records are transmitted to the Digital Warehouse for electronic storage and retrieval. ~~including bidders' names, the selection processes used and the status of existing contracts, including goods provided and/or services performed and fees earned, billed and paid.~~ At the facilities, such records are currently maintained and stored ~~will be kept~~ by the facilities' Procurement Departments.

B. Procurement Report

After the end of each calendar year, the Vice President of Procurement or equivalent(s) will prepare and submit an annual report to the Trustees for their approval that will include:

1. A copy of the Guidelines;
2. An explanation of the Guidelines and any amendments thereto since the last annual report;
3. A list of all Procurement Contracts entered into since the last annual report, including all contracts entered into with New York State Business Enterprises and the subject matter and value thereof and all contracts entered into with Foreign Business Enterprises and the subject matter and value thereof;
4. A list of fees, commissions or other charges paid;
5. A description of work performed, the contract number, the date of the contract and its duration, the name, address and NYS-certified MWBE designation of the awardees, the total amount of the contract, the amount spent on the contract during the reporting period and for the term of the contract to date and the status of open Procurement Contracts during the report year;
6. The type of contract (equipment, services, personal services or construction);
7. The method of awarding the contract (e.g., competitive bidding, Sole Source, Single Source or competitive search);
8. The reasons why any procurements with a value equal to or greater than $50,000 were not noticed in the Contract Reporter;
9. The number of bids received and
10. All referrals made and all penalties imposed, if any, pursuant to § 316 of the Executive Law.

C. Such annual report, as approved by the Trustees, shall be submitted to the New York State Division of the Budget within 90 days of the end of such calendar year, and copies thereof shall be distributed to the New York State Department of Audit and Control, the DED, the New York State Senate Finance Committee, and the New York State Assembly Ways and Means Committee and any other entity as may be required by law. The annual procurement report is posted on the Authority's website and copies shall be made available to the public upon reasonable written request therefor.

D. State Finance Law §§ 139-j and 139-k

1. A statement describing the basis for a determination of a bidder's/contractor's non-responsibility (per State Finance Law §§ 139-j and 139-k only) and the Authority's decision not to award a bidder/contractor the Procurement Contract must be included in the procurement record.

2. The Authority shall notify the New York State Office of General Services of bidders/contractors who have been determined to be non-responsible bidders (per State Finance Law §§ 139-j and 139-k only) or debarred due to violations of § 139-j of the State Finance Law.

3. All forms entitled "Record of Contact" shall be included in the respective procurement record.

4. A statement describing the basis for a termination of a Procurement Contract for providing an intentionally false certification must be included in the procurement record.

E. The Authority may be called upon periodically to submit information regarding the procurement of goods and/or services to organizations implementing the PAAA or other statutes regulating the procurement of goods and services, such as the Authorities Budget Office through the Public Authorities Reporting Information System ("PARIS").

F. The Vice President of Procurement or equivalent(s) will also prepare Annual Goal Plans for the MWBE and SDVOB programs and will submit them by January 15 of each year to Empire State Development - Division of Minority and Women Business Development and the New York State Office of General Services - Division of Service-Disabled Veterans' Business Development, respectively. Quarterly Utilization / Activity Reports for each program will also be prepared and submitted to the aforementioned respective state entities by the 15th day of July, October, January and April.

13. THIRD PARTY RIGHTS: VALIDITY OF CONTRACTS

A. These Guidelines are intended for the guidance of officers and employees of the Authority only. Nothing contained herein is intended, nor should it be construed, to confer on any person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof.

B. Nothing contained in these Guidelines alters or affects the validity of, modifies the terms of or impairs any contract or agreement entered into in violation of these Guidelines.

Exhibit 2b-7b
March 29, 2016

GUIDELINES

FOR THE

DISPOSAL OF NEW YORK POWER AUTHORITY

PERSONAL PROPERTY

INDEX

Article	Description	Page
I.	PURPOSE……..	1
II.	DEFINITIONS……..	1-2
III.	OBJECTIVE……..	2-3
IV.	TRANSACTIONS NOT COVERED…….....	3
V.	DESIGNATION OF PROPERTY DISPOSAL COORDINATORS…….…….....	3-4
VI.	DISPOSAL OF AUTHORITY PERSONAL PROPERTY…….....	4-12
VII.	CENTRALIZED DISPOSAL……...	12-13
VIII.	DECENTRALIZED DISPOSAL…….....	13-14
IX.	PARTIES PROHIBITED FROM BIDDING……...	14-15
X.	EVALUATION OF PROPOSALS; AWARD OF CONTRACT…….....	15-17
XI.	AUTHORIZATION LEVELS AND SIGNING AUTHORITY…….	17-19
XII.	OTHER METHODS FOR DISPOSAL OF PERSONAL PROPERTY……..	19-21
XIII.	METHODS OF PAYMENT…….....	21
XIV.	REPORTING REQUIREMENTS……..	21-22
	ATTACHMENTS A - C	

GUIDELINES FOR THE DISPOSAL OF NEW YORK POWER AUTHORITY PERSONAL PROPERTY

I. PURPOSE

These Guidelines for the Disposal of New York Power Authority Personal Property (hereinafter "Guidelines"), which comply with Title 5-A, Article 9 of the Public Authorities Law, establish the Authority's policy and instructions regarding the use, award, monitoring and reporting of the disposal of personal property. In addition, the Guidelines designate a Contracting Officer who is responsible for the Authority's compliance with, and enforcement of, the Guidelines.

II. DEFINITIONS

A. "Contracting Officer" shall mean the officer or employee of the Authority who shall be appointed by resolution of the Authority's Board of Trustees to be responsible for the disposition of personal property. The "Contracting Officer" is hereby designated to be the Vice President – Procurement, or equivalent(s). The Authority's Contracting Officer shall not be responsible for compliance for dispositions of the Authority's personal property conducted by another state entity authorized to dispose of the Authority's personal property under the Public Authorities Accountability Act ("PAAA") or as otherwise authorized by law.

B. "Dispose" or "disposal" shall mean transfer of title or any other beneficial interest in personal property in accordance with these Guidelines.

C. "Property" shall mean personal property owned by the Authority regardless of value, and any other interest in such Property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party. For the purposes of these Guidelines, Property may include, but is not limited to, materials, tools, equipment, or vehicles.

D. "Fair Market Value" shall mean the estimated dollar amount that a willing buyer would pay to a willing seller for the Property in an arms-length transaction in the appropriate marketplace and under similar circumstances. Fair Market Value may be determined by consulting industry-recognized sources, contacting original suppliers, depreciation analysis, appraisals, fair market valuations by public auction or other methods of valuation generally accepted in the industry in which such Property is utilized, as may be approved by the Contracting Officer or authorized designee.

E. "Relative" is defined in Subsection X.G.1 of these Guidelines.

III. OBJECTIVE

The objective of these Guidelines is to identify those Authority personnel responsible for authorizing the disposal of Property owned by the Authority and to ensure that the Authority receives fair and reasonable value for such Property. The transfer or sale of Property shall be accounted for in accordance with the Authority's Corporate Accounting Policy No. CAP 4.3 "Accounting for Materials and Supplies

Inventory," and the Authority's procedures for the disposal of Property implementing these Guidelines.

IV. TRANSACTIONS NOT COVERED

These Guidelines do not apply to any of the following transactions:

1. Disposal of real property interests;
2. Exchange of Property with other utilities or power plant owners, where such owners will provide an identical or in-kind replacement;
3. Transfer/re-deployment of Property from one Authority facility to another Authority facility.

V. DESIGNATION OF PROPERTY DISPOSAL COORDINATORS

A. The Contracting Officer shall be responsible for the Authority's compliance with, and enforcement of, the Guidelines, including through development and implementation of internal controls (such as written procedures and supporting tools).

B. The individual responsible for disposal of Property greater than $5,000 at the Authority's facilities will be the Director – Site Purchasing & Materials Management ("DSP&MM"). For purposes of Property disposal, the DSP&MM reports directly to the Contracting Officer or authorized designee.

C. The Manager - Purchasing/Warehouse at each facility acts as the local Property Disposal Coordinator, who is responsible for Property disposal less than or equal to $5,000 and assists the DSP&MM with all other disposals at his or her facility

or location ("Facility PDC"). The Facility PDC reports to the DSP&MM.

D. The Contracting Officer or authorized designee will designate one or more individuals from the White Plains Office Procurement Division to be the Property Disposal Coordinator(s) for the White Plains and other corporate offices ("WPO PDC"). For purposes of Property disposal, the WPO PDC(s) will confer, interface with and report to the Contracting Officer or authorized designee.

E. The Director of Fleet Operations ("DFO") or equivalent(s) or authorized designee is responsible for the disposal of vehicles and rolling equipment. The DFO reports directly to the Vice President – Enterprise Shared Services or equivalent, or authorized designee.

F. If appropriate, the responsible Facility PDC should confer (by oral or written communication) with the DSP&MM and the WPO PDC(s) should confer (by oral or written communication) with the Contracting Officer or authorized designee to determine if a "centralized" sale of Property, as outlined in Article VII, is appropriate. If agreed, the responsible Facility or WPO PDC (collectively hereinafter referred to as "PDC") should arrange for shipment of the Property to be sold from the site to the sale location. If a centralized sale is not appropriate, the responsible PDC should proceed in accordance with the "decentralized" procedures, as outlined in Article VIII.

VI. DISPOSAL OF AUTHORITY PERSONAL PROPERTY

Except for Disposals pursuant to Article VII, Article XII and Subsection VI.A.4 of

these Guidelines, whenever practicable, the responsible PDC shall solicit proposals from qualified bidders, to purchase the Property to be disposed of, and will maintain records of such solicitations. The PDC should use "Attachment A" attached hereto or an appropriate substitute for solicitations under this Article VI.

A. **DISPOSAL METHODS FOR PERSONAL PROPERTY**

1. For the purposes of these Guidelines, disposal methods may include, but are not limited to: sale (directly to the Buyer, through a third party, negotiation, advertised public auction that permits full and free competition consistent with the value and nature of the property or on any other centralized basis that achieves the same level of competition); return to the original equipment manufacturer or to the source; trade-ins or disposals as part of a competitive procurement; or disposal through the New York State Office of General Services ("OGS"). Provided, however, that no disposition of any Property, which because of its unique nature or the unique circumstances of the proposed transaction is not readily valued by reference to an active market for similar Property, shall be made unless an appraisal of the value of such Property has been made by an independent appraiser and included in the record of the transaction. The Authority's Environment, Health and Safety Division should be consulted, on a case-by-case basis, regarding disposal of items that may be considered hazardous waste.

2. Solicitation via telephone, e-mail and/or direct mailings may be used where the estimated Fair Market Value of the Property to be disposed of does not exceed $15,000. All bids must be submitted in writing on the forms or an appropriate substitute and in the manner prescribed by this procedure and by the date and time (the "Bid Due Date") included in the solicitation.

3. All Disposals of Authority Property in excess of $15,000 shall be made after publicly advertising for bids except as provided in Subsection 4 below, using the following process:

   a. the appropriate advertisement for bids (Attachment "B" or an appropriate substitute) shall be made at such time prior to the Disposal, through such methods, and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the Property. This may include advertisements in one or more of the following publications, depending on the nature of the Property: local newspapers in the geographic area of the facility where the sale is taking place, trade journals, regional or nationwide publications (if the market for such sale is regional or nationwide), the New York State Contract Reporter, internet services or other communication outlets as appropriate;

   b. all bids must be submitted in writing on the forms or an appropriate substitute and in the manner prescribed by these guidelines and by the Bid Due Date included in the solicitation;

c. where the value of the Property exceeds $5,000, all bid amounts shall be posted to the Authority's internet website or publically disclosed at the time and place of the sale; and

d. the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforms to the bid solicitation and is most advantageous to the Authority, price and other factors considered; however, any bid may be rejected when in the public interest to do so at the Authority's sole discretion.

4. Disposals of Property may be negotiated or made by public auction without regard to Subsection 3 of this Section, but subject to obtaining such competition as is feasible under the circumstances, if:

a. the Property involved has qualities separate from the utilitarian purpose of such Property, such as artistic quality, antiquity, historical significance, rarity or other quality of similar effect that would tend to increase its value, or if the Property is to be disposed of in such quantity that, if it were Disposed of under Subsection 3 of this Section, would adversely affect the state or local market for such Property, and the estimated Fair Market Value of such Property and other satisfactory terms of disposal may be obtained by negotiation;

b. bid prices after advertising therefore are not reasonable, either as to all or part of the Property, or have not been independently arrived at in open competition;

c. the Disposal will be to the state or any political subdivision, and the estimated Fair Market Value of the Property and other satisfactory terms of Disposal are obtained by negotiation;

d. under those circumstances permitted by Subsection 6 of this Section;

e. if the estimated or actual fair market value of the property does not exceed $15,000; or

f. such action is otherwise authorized by law.

5. An explanatory statement shall be prepared of the circumstances of each Disposal by negotiation of any Property which has an estimated Fair Market Value in excess of fifteen thousand dollars ($15,000). In addition, an explanatory statement shall be prepared of the circumstances of each Disposal by negotiation of any Property disposed of by exchange, regardless of value. Each such statement shall be transmitted to the Commissioner of General Services, the State Legislature, the State Comptroller, the Director of the Division of the Budget and the Authorities Budget Office, not less than ninety days in advance of such Disposal, and a copy thereof shall be preserved in the Authority's files.

6. a. No Property owned or otherwise in the control of the Authority may be disposed or otherwise alienated for less than its Fair Market Value except if:

(i) the transferee is a government or other public entity, and the terms and conditions of the transfer require that the

ownership and use of the Property will remain with the government or any other public entity;

(ii) the purpose of the transfer is within the purpose, mission or governing statute of the Authority; or

(iii) in the event the Authority seeks to transfer Property for less than its Fair Market Value to other than a governmental entity, which Disposal would not be consistent with the Authority's mission, purpose or governing statutes, the Authority shall provide written notification thereof to the Governor, the Speaker of the Assembly, and the Temporary President of the Senate, and such proposed transfer shall be subject to denial by the Governor, the Senate or the Assembly. Denial by the Governor shall take the form of a signed certification by the Governor. Denial by either House of the Legislature shall take the form of a resolution by such House. The Governor and each House of the Legislature shall take any such action within sixty days of receiving notification of such proposed transfer during the months of January through June, provided that if the Legislature receives notification of a proposed transfer during the months of July through December, the Legislature may take any such action within sixty days of January first of the following year. If no such resolution or certification is performed within sixty

days of such notification of the proposed transfer to the Governor, Senate and Assembly, the Authority may effectuate such transfer provided, however, that with respect to a below-market transfer by the Authority that is not within the purpose, mission or governing statute of the Authority, if the governing statute provides for the approval of such transfer by the executive and legislative branches of the political subdivision in which the Authority resides, and if the transfer is of Property obtained by the Authority from that political subdivision, then such approval shall be sufficient to permit the transfer.

b. In the event a below Fair Market Value Property transfer is proposed, the following information must be provided to the Authority's Board of Trustees and the public:

(i) a full description of the Property;

(ii) an appraisal of the Fair Market Value of the Property and any other information establishing the Fair Market Value sought by the Board of Trustees;

(iii) a description of the purpose of the transfer and a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer, including but not limited to the kind, number, location, wages or salaries of jobs created or preserved as required by the transfer, the benefits, if any, to

the communities in which the Property is situated as are required by the transfer;

(iv) a statement of the value to be received compared to the Fair Market Value;

(v) the names of any private parties participating in the transfer and, if different than the statement required by subparagraph (iv) of this Subsection, a statement of the value to the private party; and

(vi) the names of other private parties who have made an offer for such Property, the value offered and the purpose for which the Property was sought to be used.

c. Before approving the Disposal of any Property for less than Fair Market Value, the Board of Trustees shall consider the information described in paragraph b of this Subsection and make a written determination that there is no reasonable alternative to the proposed below-market transfer that would achieve the same purpose of such transfer.

7. In cases where a Disposal of Property is made without competitive bidding and where the proposed contract price for the Property disposed of is less than Fair Market Value, a detailed explanation of the justification for making the Disposal without competitive bidding shall be prepared, and a certification shall be signed by the Chief Executive Officer and Chief Financial Officer of the Authority stating that they

have reviewed the terms of such Disposal and have determined that it complies with applicable law and these Guidelines.

B. **DISPOSAL OPTIONS IF NO BIDS OR NO ACCEPTABLE BIDS ARE RECEIVED**

The appropriate PDC shall confer with the DSP&MM and the Contracting Officer or authorized designee to decide (i) if re-soliciting is feasible; (ii) if shipment to a third-party contractor for Disposal would result in higher-priced proposals; (iii) if disposal by other methods would be appropriate; and/or (iv) if the Fair Market Value estimate requires review or adjustment, where:

1. the solicitation pursuant to Section VI.A does not produce any bids to purchase the Property;
2. in the opinion of the Authority, the bids are not arrived at independently;
3. all bids are not reasonable in accordance with Section X.C; or
4. all bids received are less than the Authority's Fair Market Value estimate.

VII. CENTRALIZED DISPOSAL

A. Subject to the approval of the Contracting Officer or authorized designee and in accordance with Article VI of these Guidelines, in either the initial document authorizing the disposal or through a subsequent communication, Property may

be disposed of using any of the following methods:

1. Shipment of the material to a third-party vendor(s), selected by competitive bidding, which, pursuant to these Guidelines, will market the material for sale or dispose of such material in accordance with environmental and any other Authority requirements.
2. Consolidation of such Property at one of the Authority's facilities or an offsite warehouse for the purpose of conducting a sale managed by Authority staff, possibly with the assistance of an outside contractor.
3. Participation in public auctions provided the advertisement for bids through such methods permits full and free competition consistent with the value and nature of the property, as may be conducted through an independent auctioneer, online auction service, or another utility.

VIII. DECENTRALIZED DISPOSAL

A. The Regional Manager, Project Manager, or head of a Department or Division requiring disposal of Property which he or she believes to be disposable, will submit to the responsible PDC a written description of the material, with the original price (if known), and estimate of the Property's Fair Market Value (if available). If practical, a photograph of the material or equipment in question should be provided. Such submission shall be made to the responsible PDC for the location where the Property is located.

B. If the responsible PDC, in conference with either the DSP&MM or the Contracting Officer or authorized designee, as appropriate, determines that

other Authority facilities may have an interest in the Property, a notice should be sent to the other Authority facilities advising of its availability and requesting a response within a specified time frame. A record of the notice will be maintained by the responsible PDC. In the event that the responsible PDC and either the DSP&MM or the Contracting Officer or authorized designee, as appropriate, determine there is no interest in such material at other Authority facilities, a written explanation should be prepared by the PDC to that effect and maintained in the file for that transaction.

C. If no response to the notice is received, the responsible PDC will solicit bids for the purchase of such Property in accordance with these Guidelines.

IX. PARTIES PROHIBITED FROM BIDDING

A. All current and former employees of the Authority and relatives of such employees or third parties acting on behalf of such employees shall not be eligible to bid for the purchase of Authority Property and are prohibited from subsequently acquiring it in any manner. Each bidder will be required, as part of his or her bid, to certify, by signing Attachment "A," that he or she is not a current or former employee of the Authority, is not related to any current or former employee of the Authority and is not acting on behalf of a current or former employee of the Authority or a relative of any such employee. No bid will be accepted unless accompanied by such certification.

B. The term "related to" as used in paragraph A above means the relationship of spouse, child, parent, sister, brother, grandparent, grandchild, aunt, uncle, cousin, niece, nephew, stepchild, stepparent, stepsister, stepbrother, mother-

in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law or son-in-law.

X. EVALUATION OF PROPOSALS; AWARD OF CONTRACT

A. Following the receipt of proposals for the Property, the responsible PDC shall evaluate the proposals submitted and determine whether the highest of such proposals is reasonable, given the estimated Fair Market Value of the Property.

B. If the responsible PDC determines that the highest bid received is reasonable, the responsible PDC shall recommend to the Responsible Officer(s) or designee, as hereinafter defined in Article XI, that such bid be accepted, and upon the written approval of the Responsible Officer(s) or designee, the sale shall be made to the person offering such proposal. After obtaining all necessary approvals in accordance with Article XI "Authorization Levels," a Sales Agreement appended hereto ("Attachment C") must be executed by the responsible Authority staff member and by the successful bidder prior to completion of the transaction. (See Section XI.C.)

C. If either (a) the responsible PDC determines that the highest bid is not reasonable or (b) the Responsible Officer(s) or designee decline(s) to authorize the sale, the Property will, except as provided in paragraph D below, be retained for future disposal in accordance with these Guidelines. Factors to be considered in determining whether a bid is reasonable include, but are not limited to: adequacy of the estimate of the Fair Market Value, anticipated improved future market conditions, potential for other means of

disposal or redeployment, financial viability of the bidder, and condition of the Property.

D. Notwithstanding any determination by the responsible PDC, the Responsible Officer(s) or designee, with the review and approval of the Contracting Officer, may direct the sale of the Property to the person or firm submitting the highest bid.

E. No Authority employee who is involved in the award of Authority grants or contracts, may ask any officer, director or employee of such current or prospective contractor or grantee to reveal: (a) the political party affiliation of the individual; (b) whether the individual or entity has made campaign contributions to any political party, elected official, or candidate for elective office; or (c) whether the individual voted for or against any political party, elected official or candidate for elective office.

F. No Authority employee may award or decline to award any grant or contract, or recommend, promise or threaten to do so because of a current or prospective grantee's or contractor's: (a) refusal to answer any inquiry prohibited by Section E above or (b) giving or withholding or neglecting to make any contribution of money, service or any other valuable thing for any political purpose.

G. No Authority employee may take part in any contracting decision involving the payment of $1,000 or more: (i) to a Relative; or (ii) to any entity in which a Relative owns or controls 10% or more of the stock of such entity (or 1% in the case of a corporation whose stock is regularly

traded on an established securities exchange); or serves as an officer, director or partner of that entity. If a contracting matter arises relating to this Section G, then the employee must advise his or her supervisor of the relationship, and must be recused from any and all discussions or decisions relating to the matter.

1. For purposes of this Section G, the term "Relative" shall mean any person living in the same household as the Authority employee or any person who is a direct descendant of the Authority employee's grandparents or the spouse of such descendant.

XI. AUTHORIZATION LEVELS AND SIGNING AUTHORITY

A. For the purposes of these Guidelines, the Responsible Officer(s) or designee will in each case review the appropriateness of the Fair Market Value estimate and the recommendation for contract award for disposal of the Property. Responsible Officers or designee are designated as follows:

1. The Board of Trustees, if the Fair Market Value of the Property is greater than $1,000,000 or if the Disposal is for less than Fair Market Value in accordance with paragraph VI.A.6; or
2. The President or the Chief Operating Officer or equivalent(s), if the Fair Market Value of the Property is up to $1,000,000; or
3. The Executive Vice President and Chief Financial Officer or equivalent(s), if the Fair Market Value of the Property is up to $750,000; or
4. For Fleet-related transactions, the Senior Vice President – Human

Resources and Enterprise Shared Services or equivalent(s), if the Fair Market Value of the Property is up to $750,000; or

5. The Vice President – Procurement or equivalent(s), if the Fair Market Value of the Property is up to $500,000; or
6. For Fleet-related transactions, the Vice President – Enterprise Shared Services or equivalent(s), if the Fair Market Value of the Property is up to $500,000; or
7. The DSP&MM, if the Fair Market Value of the Property is up to $100,000; or
8. For Fleet-related transactions, the Director – Fleet Operations, if the Fair Market Value of the Property is up to $100,000; or
9. The responsible PDC, if the Fair Market Value of the Property is $5,000 or less.

B. For public auctions or similar centralized disposals, such authorization should be obtained prior to submitting Property to auction based on the estimated Fair Market Value of the Property.

1. For purposes of these Guidelines, the Director - Fleet Operations ("DFO") or equivalent(s) and DSP&MM are authorized to sign Disposal Sales Agreements based upon the provisions of Section XI.A above whereby the DFO is authorized to sign fleet-related sales agreements and the DSP&MM may sign both fleet and non-fleet sales agreements.

C. For decentralized disposals, such authorization should be obtained prior to signing of Sales Agreement or award of contract, in accordance with the Authorization Levels set forth in Section XI.A. Sales Agreements for individual disposal transactions through a decentralized sale should be signed in accordance with the limits set forth in the Authority's Expenditure Authorization Procedures – Attachment C.

D. The foregoing provisions of this section shall not apply to the sale of energy and fuel. Such authorization shall be governed by the transaction authorization limits for energy and energy-related financial transactions, as adopted by the Authority's Board of Trustees.

XII. OTHER METHODS FOR DISPOSAL OF PERSONAL PROPERTY

A. Disposals as Part of a Competitive Procurement

These Guidelines are not intended to restrict disposals as part of a competitive procurement, including trade-ins, where the procurement is competitively bid and awarded in accordance with the Authority's Guidelines for Procurement Contracts and Fair Market Value can be obtained for the Property. Any such proposed disposal must be included as part of the solicitation of bids for the procurement. The solicitation must also include an estimated Fair Market Value of the Property or minimum bid amount. The disposal or trade-in value must be stated in the proposals from bidders. When disposing of Property as part of a competitive procurement, the Authority may consider the cost difference between the accepted

proposal and the next lowest responsive proposal as part of the consideration for the disposal of the Property.

B. **Return to the Original Equipment Manufacturer ("OEM") or to the Source**

For Property with a Fair Market Value of $15,000 or less, return of materials to the OEM or the source is permissible provided that the Authority receives full value for any materials equal to the price paid by the Authority or the estimated Fair Market Value of the Property. In the event a re-stocking fee is charged by the OEM or the source, the DSP&MM or the Contracting Officer or authorized designee, as appropriate, shall be consulted to determine if such a re-stocking fee is reasonable and if there are other opportunities for sale of such material. Approval of all such returns to the OEM or the source when a re-stocking fee is charged, must be in accordance with the Authorization Levels delineated in Section XI.A.

C. **Disposal through the New York State Office of General Services (OGS)**

The Authority may utilize OGS for Disposal of Authority-owned Property including on-line disposal methods offered by OGS. In addition, in accordance with New York State law, surplus computers and related accessories, surplus office furniture, and other equipment may, with the approval of the Contracting Officer or authorized designee, be transferred to OGS for disposition, in the case of computers and accessories to school districts located near Authority offices or operating facilities, or in the case

of office furniture and office equipment, to other state entities. Disposal of these items in this manner represents the best value to New York State in lieu of attempted re-sale of such materials.

XIII. METHODS OF PAYMENT

The proceeds from the sale of Property in the form of cash or a certified check made payable to the Authority must be forwarded to the Authority's Treasurer by the Facility PDCs and to the Authority's Controller's Office by the DSP&MM and WPO PDC(s). In certain cases involving a transfer of Property to other state agencies or authorities, the performance of documented services to the Authority equal to or greater in value to the Fair Market Value of the Property, will serve as payment for such Property. The authorization limits of Article XI shall apply to such transactions.

XIV. REPORTING REQUIREMENTS

A. The Authority shall publish, not less frequently than annually, a report of all Property having a FMV in excess of $5,000 that was disposed of during the reporting period, including the full description, price (if any) received and the name of the purchaser for all such Property disposed of by the Authority during such period. Such report shall be prepared in conjunction with the report required by the Authority's "Guidelines for the Disposal of New York Power Authority Real Property."

B. Such report, as approved by the Board of Trustees, shall be submitted to the State Comptroller, the Director of the Division of the Budget, the

Commissioner of General Services, the State Legislature and the Authorities Budget Office.

C. These Guidelines, as approved by the Trustees, shall be reviewed and approved annually by the Authority's Board of Trustees. On or before the thirty-first day of March in each year, the Authority shall file with the State Comptroller a copy of the Guidelines most recently reviewed and approved by the Board of Trustees, including the name of the Authority's designated Contracting Officer. At the time of filing such Guidelines with the Comptroller, the Authority shall also post such Guidelines on the Authority's internet website and maintain such Guidelines on the website.

D. For disposal by negotiation of Property over $15,000, Property of any value related to the disposal of Real Property by exchange, or Property where part of the consideration received is Real Property, an explanatory statement shall be prepared and submitted to the parties as set forth in Subsection VI.A.5.

E. The Authority's Governance Committee meets at least three times per year. Staff from the Business Services Business Unit, or equivalent(s), prepare and present ongoing reports regarding disposals of personal property and real property.

F. The Authority may be called upon periodically to submit information regarding the Disposal of Personal Property to organizations implementing the PAAA or other statutes regulating the disposal of Property, such as the Authorities Budget Office through the Public Authorities Reporting Information System ("PARIS").

BID SHEET

The following personal property is available for sale "AS IS, WHERE IS" and the Power Authority gives no warranty whatsoever as to its condition.

LUMP SUM BID AMOUNT* $_____

Subject to all terms and conditions set forth on the reverse hereof, the undersigned offers and agrees to purchase the above-described personal property at the bid amount indicated.

_____	_____
Signature	Company Name
_____	_____
Name (Printed)	Street Address
_____	_____
Date	City, State, Zip Code
_____	_____
FAX number	Telephone number

* All sales are subject to New York State Sales Tax and Compensating Use Tax unless the Purchaser furnishes the Authority with an exemption certificate.

PERSONAL PROPERTY SALE
SALE NO. _____
NEW YORK POWER AUTHORITY
(ADDRESS OF PROJECT)
Telephone: ( ) _____
FAX: ( ) _____

Subject to the terms and conditions stated below, bids will be received on the personal property, either by mail, fax or hand delivery at the (Location) _____ no later than (Date) _____ _____.

The personal property is available for inspection, by appointment, at the (Project) _____ _____. For an appointment, please contact the Property Disposal Coordinator, (Name) _____ _____ at (Telephone no.) _____.

Successful bidders will be required to pay by certified check, on notice from the Authority that the bid has been accepted, and remove the personal property from the Authority's premises within ten (10) calendar days after receipt of notice of award.

Envelopes containing bids submitted by mail should be marked on the outside to indicate that a bid on Sale No. ____ is enclosed.

Current and former employees of the Power Authority or relatives of such employees or third parties acting on behalf of such employees or relatives are ineligible to bid and are prohibited from subsequently acquiring such personal property in any manner.

1. **INSPECTION.** Bidders are invited, urged and cautioned to inspect the personal property being sold prior to submitting a bid. The personal property will be available for inspection at the time and place specified above. In no case will failure to inspect constitute grounds for the withdrawal of a bid after opening.

2. **CONDITION OF PROPERTY.** All personal property listed is offered for sale "AS IS, WHERE IS". The Authority does not in any way warrant the fitness of the personal property for any particular use or its merchantability and disclaims any other representations or warranties, express or implied, including, but not limited to, quality, character, performance or condition of the personal property or any of its component parts, assemblies, or accessories.

3. **CONSIDERATION OF BIDS.** Bids must be submitted in writing on the form provided by the Authority (see reverse side) and shall be submitted on all items listed. The Authority reserves the right to reject any and all bids, to waive technical defects in bids and to award sale of the items as may be in the best interest of the Authority.

4. **PAYMENT.** The Purchaser agrees to pay for the awarded personal property in accordance with the prices quoted in his/her bid. Payment of the full purchase price must be made within the time allowed for removal, and prior to the release of any personal property to the Purchaser.

5. **NEW YORK STATE SALES AND COMPENSATING USE TAX.** All sales will be subject to New York State Sales and Compensating Use Tax unless the Purchaser furnishes the Authority with an exemption certificate.

ADVERTISEMENT FOR PROPOSALS

The following described personal property, shall be sold "AS IS, WHERE IS" by the New York Power Authority ("the Authority").

1. Sealed bids are invited for the above, which will be available for inspection by inquiry at the (Location/Building)_____ at the ___(Project and Address)_____ between the hours of _____ a.m. to __ p.m. on __(Date/s)_____. Bids must be submitted on the Authority's bid form, which can be obtained by calling (Telephone no.)_____. No bid will be accepted unless it is on such form. Bids shall be accepted on or before ____ p.m. on (Date) .

2. Current and former employees of the Authority or relatives of such employees or third parties seeking to act on behalf of such employees or relatives shall be ineligible to bid.

3. Successful bidders, on notice from the Authority, shall be required to pay by certified check and shall promptly remove the personal property from the Authority's property.

4. The Authority reserves the right to reject any and all bids.

PERSONAL PROPERTY
SALES AGREEMENT

_____, the Buyer, and the Power Authority of the State of New York ("the Authority"), agree as follows:

1) The personal property identified herein is sold by the Authority and purchased by Buyer "AS IS, WHERE IS" at the price(s) shown, plus any applicable sales tax.

2) **THE AUTHORITY DOES NOT IN ANY WAY WARRANT THE FITNESS OF THE PERSONAL PROPERTY FOR ANY PARTICULAR USE OR ITS MERCHANTABILITY AND DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED INCLUDING, BUT NOT LIMITED TO, THE QUALITY, CHARACTER, PERFORMANCE, OR CONDITION OF THE PERSONAL PROPERTY OR ANY OF ITS COMPONENT PARTS, ASSEMBLIES, OR ACCESSORIES.**

3) The Buyer warrants that he/she/it is not a current or former Authority employee, is not related to an Authority employee and did not bid on behalf of an Authority employee. Buyer is aware that Authority employees and their family members are precluded from subsequently receiving, or acquiring, in whole or in part, by any manner including gift, sale, loan or lease, the personal property acquired by the Buyer pursuant to this sale. The term "related to" as used in this paragraph means the relationships of spouse, child, parent, sister, brother, grandparent, grandchild, aunt, uncle, cousin, niece, nephew, stepchild, stepparent, stepsister, stepbrother, mother-in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law, or son-in-law. The Authority reserves the right to invoke any available legal or equitable remedy in the event of a breach by the Buyer of his or her warranty under this paragraph, including but not limited to, rescinding the sale and recovering the property sold and all costs associated with the sale and the rescission of said sale.

4) The Buyer shall indemnify and hold harmless the Authority and all of its officers, agents and employees from any loss, damage, remedial or response cost, liability or expense, on account of damage or contamination to property and injuries, including death, to all persons, including Buyer's employees, or any third parties, arising or in any manner growing out of the sale of any personal property or the performance of any work under this agreement and shall defend at its own expense any suits or other proceedings brought against the Authority and its officers, agents and employees, or any of them, on account thereof, and pay all expenses and satisfy all judgments which may be incurred by or rendered against them or any of them in connection therewith.

5) Except for disposals by public auction, the Buyer shall remove the personal property from the Authority's premises by _____ at Buyer's expense. The Buyer shall make payment upon delivery by certified check payable to the New York Power Authority.

Description of Personal Property:

Selling Price: _____

Executed this _____ day of _____, 20 _____.

Buyer (Print or Type):

_____

_____

_____

Seller:

Power Authority of the State of New York

123 Main Street

White Plains, New York 10601

_____
Authorized Signature

_____
Authorized Signature

_____
Full Name (Printed)

_____
Title

_____
Title

PRIVACY LAW NOTIFICATION

SECTION 94(1)(d) OF THE NEW YORK PUBLIC OFFICERS LAW REQUIRES THIS NOTICE TO BE PROVIDED WHEN COLLECTING PERSONAL INFORMATION FROM POTENTIAL PURCHASERS OF AUTHORITY PROPERTY.

This information is requested pursuant to Article 5, Title I of the Public Authorities Law. The principal purpose for which the information is collected is to assist the Power Authority of the State of New York in the sale of Authority personal property in accordance with Section 96(1) of the Personal Privacy Protection Law, particularly subdivisions (b), (e) and (f).

Failure to provide the requested information may result in ineligibility for participation in a program, sale or benefit provided by the Authority.

This information will be maintained by Fleet Operations, at the Power Authority of the State of New York, Clark Energy Center located at 6520 Glass Factory Road, Marcy, N.Y. 13403, (315) 724-8186 or, when appropriate, by the Procurement Department at the Corporate office or at one of the Authority facilities.

Exhibit 2b-7b
March 2~~9~~6, 201~~5~~6

GUIDELINES

~~AND~~

~~PROCEDURES~~

FOR THE

DISPOSAL OF NEW YORK POWER AUTHORITY

PERSONAL PROPERTY

INDEX

Article	Description	Page
I.	PURPOSE	1
II.	DEFINITIONS	1-2
III.	OBJECTIVE	2-3
IV.	TRANSACTIONS NOT COVERED	3
V.	DESIGNATION OF PROPERTY DISPOSAL COORDINATORS	3-4
VI.	~~PROCEDURES FOR~~ DISPOSAL OF AUTHORITY PERSONAL PROPERTY	5~~4~~-12
VII.	CENTRALIZED DISPOSAL	12-13
VIII.	DECENTRALIZED DISPOSAL	13-14
IX.	PARTIES PROHIBITED FROM BIDDING	14-15
X.	EVALUATION OF PROPOSALS; AWARD OF CONTRACT	15~~4~~-17
XI.	AUTHORIZATION LEVELS AND SIGNING AUTHORITY	17-19~~8~~
XII.	OTHER METHODS FOR DISPOSAL OF PERSONAL PROPERTY	19-21~~0~~
XIII.	METHODS OF PAYMENT	~~20~~-21
XIV.	REPORTING REQUIREMENTS	22~~1~~-23~~2~~
	ATTACHMENTS A - C	

GUIDELINES ~~AND PROCEDURES~~ FOR THE DISPOSAL OF NEW YORK POWER AUTHORITY PERSONAL PROPERTY

I. PURPOSE

These Guidelines ~~and Procedures~~ for the Disposal of New York Power Authority Personal Property (hereinafter "Guidelines"), which comply with Title 5-A, Article 9 of the Public Authorities Law, establish ~~the procedures that detail~~ the Authority's policy and instructions regarding the use, award, monitoring and reporting of the disposal of personal property. In addition, the Guidelines designate a Contracting Officer who is responsible for the Authority's compliance with, and enforcement of, the Guidelines.

II. DEFINITIONS

A. "Contracting Officer" shall mean the officer or employee of the Authority who shall be appointed by resolution of the Authority's Board of Trustees to be responsible for the disposition of personal property. The "Contracting Officer" is hereby designated to be the Vice President – Procurement, or equivalent(s). The Authority's Contracting Officer shall not be responsible for compliance for dispositions of the Authority's personal property conducted by another state entity authorized to dispose of the Authority's personal property under the Public Authorities Accountability Act ("PAAA") or as otherwise authorized by law.

B. "Dispose" or "disposal" shall mean transfer of title or any other beneficial interest in personal property in accordance with these Guidelines.

C. "Property" shall mean personal property owned by the Authority ~~with a~~regardless of value, ~~in excess of $5,000,~~ and any other interest in such ~~p~~Property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party. For the purposes of these Guidelines, ~~personal p~~Property may include, but is not limited to, materials, tools, equipment, or vehicles.

D. "Fair Market Value" shall mean the estimated dollar amount that a willing buyer would pay to a willing seller for the Property in an arms-length transaction in the appropriate marketplace and under similar circumstances. Fair Market Value may be determined by consulting industry-recognized sources, contacting original suppliers, depreciation analysis, appraisals, fair market valuations by public auction or other methods of valuation generally accepted in the industry in which such Property is utilized, as may be approved by the Contracting Officer or authorized designee.

E. "Relative" is defined in Subsection X.G.1 of these Guidelines.

III. OBJECTIVE

The objective of these Guidelines is to identify those Authority personnel responsible for authorizing the disposal of Property owned by the Authority and to ensure that the Authority receives fair and reasonable value for such Property. The transfer or sale of Property shall be accounted for in accordance with the Authority's

Corporate Accounting Policy No. CAP 4.3 ~~dated 7/27/11, Revision 3~~ "Accounting for Materials and Supplies Inventory," ~~and any revisions thereto~~and the Authority's procedures for the disposal of Property implementing these Guidelines.

IV. TRANSACTIONS NOT COVERED

These Guidelines do not apply to any of the following transactions:

1. Disposal of real property interests;
2. Exchange of Property with other utilities or power plant owners, where such owners will provide an identical or in-kind replacement;
3. Transfer/re-deployment of Property from one Authority facility to another Authority facility.

V. DESIGNATION OF PROPERTY DISPOSAL COORDINATORS

A. The Contracting Officer shall be responsible for the Authority's compliance with, and enforcement of, the Guidelines, including through development and implementation of internal controls (such as written procedures and supporting tools).

B. The individual responsible for disposal of ~~all~~ Property greater than $5,000 at the Authority's ~~-~~facilities will be the Director – Site Purchasing & Materials Management ("DSP&MM"). For purposes of Property disposal, the DSP&MM reports directly to the Contracting Officer or authorized designee.

C. The Manager - Purchasing/Warehouse ~~from~~ at each facility ~~will be~~acts as the local Property Disposal Coordinator, who is responsible for Property disposal

less than or equal to $5,000 and assists the DSP&MM with all other disposals at ~~for~~ his or her facility or location ("Facility PDC"). The Facility PDC reports to the DSP&MM.

D. The Contracting Officer or authorized designee will designate one or more individuals from the White Plains Office Procurement Division to be the Property Disposal Coordinator(s) for the White Plains and other~~, Albany and New York~~ corporate offices ("WPO PDC"). For purposes of Property disposal, the WPO PDC(s) will confer, interface with and report to the Contracting Officer or authorized designee.

E. The Director of Fleet Operations ("DFO") or equivalent(s) or authorized designee is responsible for the disposal of vehicles and rolling equipment. The DFO reports directly to the ~~Senior~~ Vice President – Enterprise Shared Services or equivalent, or authorized designee.

F. If appropriate, the responsible Facility PDC should confer (by oral or written communication) with the DSP&MM and the WPO PDC(s) should confer (by oral or written communication) with the Contracting Officer or authorized designee to determine if a "centralized" sale of Property, as outlined in Article VII, is appropriate. If agreed, the responsible Facility or WPO PDC (collectively hereinafter referred to as "PDC") should arrange for shipment of the Property to be sold from the site to the sale location. If a centralized sale is not appropriate, the responsible PDC should proceed in accordance with the "decentralized" procedures, as outlined in Article VIII.

VI. ~~PROCEDURES FOR~~ DISPOSAL OF AUTHORITY PERSONAL PROPERTY

Except for Disposals pursuant to Article VII, Article XII and Subsection VI.A.4 of these Guidelines, whenever practicable, the responsible PDC shall solicit proposals from qualified bidders, to purchase the Property to be disposed of, and will maintain records of such solicitations. The PDC should use "Attachment A" attached hereto or an appropriate substitute for solicitations under this Article VI.

A. DISPOSAL METHODS FOR PERSONAL PROPERTY

1. For the purposes of these Guidelines, d~~D~~isposal methods may include, but are not limited to: sale (directly to the Buyer, through a third party, negotiation, ~~well-~~advertised public auction that permits full and free competition consistent with the value and nature of the property or on any other centralized basis that achieves the same level of competition); return to the original equipment manufacturer or to the source; trade-ins or disposals as part of a competitive procurement; or disposal through the New York State Office of General Services ("OGS"). Provided, however, that no disposition of any Property, which because of its unique nature or the unique circumstances of the proposed transaction is not readily valued by reference to an active market for similar Property, shall be made unless an appraisal of the value of such Property has been made by an independent appraiser and included in the record of the transaction. The Authority's

Environment, Health and Safety Division should be consulted, on a case-by-case basis, regarding disposal of items that may be considered hazardous waste.

2. Solicitation via telephone, e-mail and/or direct mailings may be used where the estimated Fair Market Value of the Property to be disposed of ~~is greater than $5,000 but~~ does not exceed $15,000. All bids must be submitted in writing on the forms or an appropriate substitute and in the manner prescribed by this procedure and by the date and time (the "Bid Due Date") included in the solicitation.

3. All Disposals of Authority Property in excess of $15,000 shall be made after publicly advertising for bids except as provided in Subsection 4 below, using the following process:

   a. the appropriate advertisement for bids (Attachment "B" or an appropriate substitute) shall be made at such time prior to the Disposal, through such methods, and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the Property. This may include advertisements in one or more of the following publications, depending on the nature of the Property: local newspapers in the geographic area of the facility where the sale is taking place, trade journals, regional or nationwide publications (if the market for such sale is regional or nationwide), the New York State Contract Reporter, internet services or other communication outlets as appropriate;

b. all bids must be submitted in writing on the forms or an appropriate substitute and in the manner prescribed by thi~~es~~es ~~procedure~~ guidelines and by the Bid Due Date included in the solicitation;

c. ~~all bids~~ where the value of the Property exceeds $5,000, all bid amounts shall be ~~publicly disclosed, at the time and place stated in the solicitation or by~~ posted~~ing~~ to the Authority's internet website or publically disclosed at the time and place of the sale; and

d. the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforms to the bid solicitation and is most advantageous to the Authority, price and other factors considered; however, any bid may be rejected when in the public interest to do so at the Authority's sole discretion.

4. Disposals of Property may be negotiated or made by public auction without regard to Subsection 3 of this Section, but subject to obtaining such competition as is feasible under the circumstances, if:

a. the Property involved has qualities separate from the utilitarian purpose of such Property, such as artistic quality, antiquity, historical significance, rarity or other quality of similar effect that would tend to increase its value, or if the Property is to be disposed of in such quantity that, if it were Disposed of under Subsection 3 of this Section, would adversely affect the state or local market for such Property, and the estimated Fair Market Value of such Property and other satisfactory terms of disposal may be obtained by negotiation;

b. bid prices after advertising therefore are not reasonable, either as to all or part of the Property, or have not been independently arrived at in open competition;

c. the Disposal will be to the state or any political subdivision, and the estimated Fair Market Value of the Property and other satisfactory terms of Disposal are obtained by negotiation;

d. under those circumstances permitted by Subsection 6 of this Section;

e. if the estimated or actual fair market value of the property does not exceed $15,000; or

f. such action is otherwise authorized by law.

5. An explanatory statement shall be prepared of the circumstances of each Disposal by negotiation of any Property which has an estimated Fair Market Value in excess of fifteen thousand dollars ($15,000). In addition, an explanatory statement shall be prepared of the circumstances of each Disposal by negotiation of any Property disposed of by exchange, regardless of value. Each such statement shall be transmitted to the Commissioner of General Services, the State Legislature, the State Comptroller, the Director of the Division of the Budget and the Authorities Budget Office, not less than ninety days in advance of such Disposal, and a copy thereof shall be preserved in the Authority's files.

6. a. No Property owned or otherwise in the control of the Authority may be disposed or otherwise alienated for less than its Fair Market Value except if:

(i) the transferee is a government or other public entity, and the terms and conditions of the transfer require that the ownership and use of the Property will remain with the government or any other public entity;

(ii) the purpose of the transfer is within the purpose, mission or governing statute of the Authority; or

(iii) in the event the Authority seeks to transfer Property for less than its Fair Market Value to other than a governmental entity, which Disposal would not be consistent with the Authority's mission, purpose or governing statutes, the Authority shall provide written notification thereof to the Governor, the Speaker of the Assembly, and the Temporary President of the Senate, and such proposed transfer shall be subject to denial by the Governor, the Senate or the Assembly. Denial by the Governor shall take the form of a signed certification by the Governor. Denial by either House of the Legislature shall take the form of a resolution by such House. The Governor and each House of the Legislature shall take any such action within sixty days of receiving notification of such proposed transfer during the months of January through June, provided that if the Legislature receives notification of a proposed transfer during the months of July through December, the Legislature may take any such

action within sixty days of January first of the following year. If no such resolution or certification is performed within sixty days of such notification of the proposed transfer to the Governor, Senate and Assembly, the Authority may effectuate such transfer provided, however, that with respect to a below-market transfer by the Authority that is not within the purpose, mission or governing statute of the Authority, if the governing statute provides for the approval of such transfer by the executive and legislative branches of the political subdivision in which the Authority resides, and if the transfer is of Property obtained by the Authority from that political subdivision, then such approval shall be sufficient to permit the transfer.

b. In the event a below Fair Market Value Property transfer is proposed, the following information must be provided to the Authority's Board of Trustees and the public:

(i) a full description of the Property;

(ii) an appraisal of the Fair Market Value of the Property and any other information establishing the Fair Market Value sought by the Board of Trustees;

(iii) a description of the purpose of the transfer and a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer, including but not limited to the

kind, number, location, wages or salaries of jobs created or preserved as required by the transfer, the benefits, if any, to the communities in which the Property is situated as are required by the transfer;

(iv) a statement of the value to be received compared to the Fair Market Value;

(v) the names of any private parties participating in the transfer and, if different than the statement required by subparagraph (iv) of this Subsection, a statement of the value to the private party; and

(vi) the names of other private parties who have made an offer for such Property, the value offered and the purpose for which the Property was sought to be used.

c. Before approving the Disposal of any Property for less than Fair Market Value, the Board of Trustees shall consider the information described in paragraph b of this Subsection and make a written determination that there is no reasonable alternative to the proposed below-market transfer that would achieve the same purpose of such transfer.

7. In cases where a Disposal of Property is made without competitive bidding and where the proposed contract price for the Property disposed of is less than Fair Market Value, a detailed explanation of the justification for making the Disposal without competitive bidding shall

be prepared, and a certification shall be signed by the Chief Executive Officer and Chief Financial Officer of the Authority stating that they have reviewed the terms of such Disposal and have determined that it complies with applicable law and these Guidelines.

B. **DISPOSAL OPTIONS IF NO BIDS OR NO ACCEPTABLE BIDS ARE RECEIVED**

The appropriate PDC shall confer with the DSP&MM and the Contracting Officer or authorized designee to decide (i) if re-soliciting is feasible; (ii) if shipment to a third-party contractor for Disposal would result in higher-priced proposals; (iii) if disposal by other methods would be appropriate; and/or (iv) if the Fair Market Value estimate requires review or adjustment, where:

1. the solicitation pursuant to Section VI.A does not produce any bids to purchase the Property;
2. in the opinion of the Authority, the bids are not arrived at independently;
3. all bids are not reasonable in accordance with Section X.C; or
4. all bids received are less than the Authority's Fair Market Value estimate.

VII. CENTRALIZED DISPOSAL

A. Subject to the approval of the Contracting Officer or authorized designee and in

accordance with Article VI of these Guidelines, in either the initial document authorizing the disposal or through a subsequent communication, Property may be disposed of using any of the following methods:

1. Shipment of the material to a third-party vendor(s), selected by competitive bidding, which, pursuant to these Guidelines, will market the material for sale or dispose of such material in accordance with environmental and any other Authority requirements.
2. Consolidation of such Property at one of the Authority's facilities or an offsite warehouse for the purpose of conducting a sale managed by Authority staff, possibly with the assistance of an outside contractor.
3. Participation in public auctions provided the advertisement for bids through such methods permits full and free competition consistent with the value and nature of the property, as may be conducted through an independent auctioneer, online auction service, or another utility.

VIII. DECENTRALIZED DISPOSAL

A. The Regional Manager, Project Manager, or head of a Department or Division requiring disposal of Property which he or she believes to be ~~surplus~~disposable, will submit to the responsible PDC a written description of the material, with the original price (if known), and estimate of the Property's Fair Market Value (if available). If practical, a photograph of the material or equipment in question should be provided. Such submission shall be made to the responsible PDC for the location where the Property is

located.

B. If the responsible PDC, in conference with either the DSP&MM or the Contracting Officer or authorized designee, as appropriate, determines that other Authority facilities may have an interest in the Property, a notice should be sent to the other Authority facilities advising of its availability and requesting a response within a specified time frame. A record of the notice will be maintained by the responsible PDC. In the event that the responsible PDC and either the DSP&MM or the Contracting Officer or authorized designee, as appropriate, determine there is no interest in such material at other Authority facilities, a written explanation should be prepared by the PDC to that effect and maintained in the file for that transaction.

C. If no response to the notice is received, the responsible PDC will solicit bids for the purchase of such Property in accordance with these ~~procedures~~ ~~G~~guidelines ~~described in Article VI~~.

IX. PARTIES PROHIBITED FROM BIDDING

A. All current and former employees of the Authority and relatives of such employees or third parties acting on behalf of such employees shall not be eligible to bid for the purchase of Authority Property and are prohibited from subsequently acquiring it in any manner. Each bidder will be required, as part of his or her bid, to certify, by signing Attachment "A," that he or she is not a current or former employee of the Authority, is not related to any current or former employee of the Authority and is not acting on behalf of a current or former employee of the Authority or a relative of any such

employee. No bid will be accepted unless accompanied by such certification.

B. The term "related to" as used in paragraph A above means the relationship of spouse, child, parent, sister, brother, grandparent, grandchild, aunt, uncle, cousin, niece, nephew, stepchild, stepparent, stepsister, stepbrother, mother-in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law or son-in-law.

X. EVALUATION OF PROPOSALS; AWARD OF CONTRACT

A. Following the receipt of proposals for the Property, the responsible PDC shall evaluate the proposals submitted and determine whether the highest of such proposals is reasonable, given the estimated Fair Market Value of the Property.

B. If the responsible PDC determines that the highest bid received is reasonable, the responsible PDC shall recommend to the Responsible Officer(s) or designee, as hereinafter defined in Article XI, that such bid be accepted, and upon the written approval of the Responsible Officer(s) or designee, the sale shall be made to the person offering such proposal. After obtaining all necessary approvals in accordance with Article XI "Authorization Levels," a Sales Agreement appended hereto ("Attachment C") must be executed by the responsible Authority staff member and by the successful bidder prior to completion of the transaction. (See Section XI.C.)

~~D.~~C. If either (a) the responsible PDC determines that the highest bid is not reasonable or (b) the Responsible Officer(s) or designee decline(s) to

authorize the sale, the Property will, except as provided in paragraph D below, be retained for future disposal in accordance with these Guidelines. Factors to be considered in determining whether a bid is reasonable include, but are not limited to: adequacy of the estimate of the Fair Market Value, anticipated improved future market conditions, potential for other means of disposal or redeployment, financial viability of the bidder, and condition of the Property.

~~F.~~D. Notwithstanding any determination by the responsible PDC, the Responsible Officer(s) or designee, with the review and approval of the Contracting Officer, may direct the sale of the Property to the person or firm submitting the highest bid.

~~G.~~E. No Authority employee who is involved in the award of Authority grants or contracts, may ask any officer, director or employee of such current or prospective contractor or grantee to reveal: (a) the political party affiliation of the individual; (b) whether the individual or entity has made campaign contributions to any political party, elected official, or candidate for elective office; or (c) whether the individual voted for or against any political party, elected official or candidate for elective office.

~~H.~~F. No Authority employee may award or decline to award any grant or contract, or recommend, promise or threaten to do so because of a current or prospective grantee's or contractor's: (a) refusal to answer any inquiry prohibited by Section E above or (b) giving or withholding or neglecting

to make any contribution of money, service or any other valuable thing for any political purpose.

~~I.~~G. No Authority employee may take part in any contracting decision involving the payment of $1,000 or more: (i) to a Relative; or (ii) to any entity in which a Relative owns or controls 10% or more of the stock of such entity (or 1% in the case of a corporation whose stock is regularly traded on an established securities exchange); or serves as an officer, director or partner of that entity. If a contracting matter arises relating to this Section G, then the employee must advise his or her supervisor of the relationship, and must be recused from any and all discussions or decisions relating to the matter.

1. For purposes of this Section G, the term "Relative" shall mean any person living in the same household as the Authority employee or any person who is a direct descendant of the Authority employee's grandparents or the spouse of such descendant.

XI. AUTHORIZATION LEVELS AND SIGNING AUTHORITY

A. For the purposes of these Guidelines, the Responsible Officer(s) or designee will in each case review the appropriateness of the Fair Market Value estimate and the recommendation for contract award for disposal of the Property. Responsible Officers or designee are designated as follows:

1. The Board of Trustees, if the Fair Market Value of the Property is greater than $1,000,000 or if the Disposal is for less than Fair Market

Value in accordance with paragraph VI.A.6; or

2. The President or the Chief Operating Officer or equivalent(s), if the Fair Market Value of the Property is up to $1,000,000; or

3. The Executive Vice President and Chief Financial Officer or equivalent(s), if the Fair Market Value of the Property is up to $~~500~~750,000; or

4. For Fleet-related transactions, the Senior Vice President – Human Resources and Enterprise Shared Services or equivalent(s), if the Fair Market Value of the Property is up to $750,000; or

5. The Vice President – Procurement or equivalent(s), if the Fair Market Value of the Property is up to $500,000; or

~~1.~~6. For Fleet-related transactions, the ~~Senior~~ Vice President – Enterprise Shared Services or equivalent(s), ~~–~~if the Fair Market Value of the Property is up to $500,000; or

~~2. The Vice President – Procurement or equivalent(s), if the Fair Market Value of the Property is up to $250,000; or~~

7. The DSP&MM, if ~~–~~the Fair Market Value of the Property is up to $10~~5~~0,000; or

~~3.~~8. For Fleet-related transactions, the Director – Fleet Operations, if the Fair Market Value of the Property is up to $100,000; or

~~4.~~9. The responsible PDC~~, with the prior written approval of either the DSP&MM or the Contracting Officer or authorized designee, as~~

~~appropriate, ,~~ if the Fair Market Value of the Property is $5,000 or less.

B. For public auctions or similar centralized disposals, such authorization should be obtained prior to submitting Property to auction based on the estimated Fair Market Value of the Property.

1. For purposes of these Guidelines, the Director - Fleet Operations ("DFO") or equivalent(s) and DSP&MM are authorized to sign Disposal Sales Agreements based upon the provisions of Section XI.A above whereby the DFO is authorized to sign fleet-related sales agreements and the DSP&MM may sign both fleet and non-fleet sales agreements.

C. For decentralized disposals, such authorization should be obtained prior to signing of Sales Agreement or award of contract, in accordance with the Authorization Levels set forth in Section XI.A. Sales Agreements for individual disposal transactions through a decentralized sale should be signed in accordance with the limits set forth in the Authority's Expenditure Authorization Procedures – Attachment C.

D. The foregoing provisions of this section shall not apply to the sale of energy and fuel. Such authorization shall be governed by the transaction authorization limits for energy and energy-related financial transactions, as adopted by the Authority's Board of Trustees.

XII. OTHER METHODS FOR DISPOSAL OF PERSONAL PROPERTY

A. **Disposals as Part of a Competitive Procurement**

These Guidelines are not intended to restrict disposals as part of a competitive procurement, including trade-ins, where the procurement is competitively bid and awarded in accordance with the Authority's Guidelines for Procurement Contracts and Fair Market Value can be obtained for the Property. Any such proposed disposal must be included as part of the solicitation of bids for the procurement. The solicitation must also include an estimated Fair Market Value of the Property or minimum bid amount. The disposal or trade-in value must be stated in the proposals from bidders. When disposing of Property as part of a competitive procurement, the Authority may consider the cost difference between the accepted proposal and the next lowest responsive proposal as part of the consideration for the disposal of the Property.

B. **Return to the Original Equipment Manufacturer ("OEM") or to the Source**

For Property with a Fair Market Value of $15,000 or less, return of materials to the OEM or the source is permissible provided that the Authority receives full value for any materials equal to the price paid by the Authority or the estimated Fair Market Value of the Property. In the event a re-stocking fee is charged by the OEM or the source, the DSP&MM or the Contracting Officer or authorized designee, as appropriate, shall be consulted to determine if such a re-stocking fee is reasonable and if there are other opportunities for sale of such material. Approval of all such returns to the

OEM or the source when a re-stocking fee is charged, must be in accordance with the Authorization Levels delineated in Section XI.A.

C. **Disposal through the New York State Office of General Services (OGS)**

The Authority may utilize OGS for Disposal of Authority-owned Property including on-line disposal methods offered by OGS. In addition, in accordance with New York State law, surplus computers and related accessories, surplus office furniture, and other equipment may, with the approval of the Contracting Officer or authorized designee, be transferred to OGS for disposition, in the case of computers and accessories to school districts located near Authority offices or operating facilities, or in the case of office furniture and office equipment, to other state entities. Disposal of these items in this manner represents the best value to New York State in lieu of attempted re-sale of such materials.

XIII. METHODS OF PAYMENT

The proceeds from the sale of Property in the form of cash or a certified check made payable to the Authority must be forwarded to the Authority's Treasurer by the Facility PDCs and to the Authority's Controller's Office by the DSP&MM and WPO PDC(s). In certain cases involving a transfer of Property to other state agencies or authorities, the performance of documented services to the Authority equal to or greater in value to the Fair Market Value of the Property, will serve as payment for such Property. The authorization limits of Article XI shall apply to such transactions.

XIV. REPORTING REQUIREMENTS

A. The Authority shall publish, not less frequently than annually, a report of all Property having a FMV in excess of $5,000 that was disposed of during the reporting period, including the full description, price (if any) received and the name of the purchaser for all such Property disposed of by the Authority during such period. Such report shall be prepared in conjunction with the report required by the Authority's "Guidelines ~~and Procedures~~ for the Disposal of New York Power Authority Real Property."

B. Such report, as approved by the Board of Trustees, shall be submitted to the State Comptroller, the Director of the Division of the Budget, the Commissioner of General Services, the State Legislature and the Authorities Budget Office.

C. These Guidelines, as approved by the Trustees, shall be reviewed and approved annually by the Authority's Board of Trustees. On or before the thirty-first day of March in each year, the Authority shall file with the State Comptroller a copy of the Guidelines most recently reviewed and approved by the Board of Trustees, including the name of the Authority's designated Contracting Officer. At the time of filing such Guidelines with the Comptroller, the Authority shall also post such Guidelines on the Authority's internet website and maintain such Guidelines on the website.

D. For disposal by negotiation of Property over $15,000, Property of any value related to the disposal of Real Property by exchange, or Property where part

of the consideration received is Real Property, an explanatory statement shall be prepared and submitted to the parties as set forth in Subsection VI.A.5.

E. The Authority's Governance Committee meets at least three times per year. Staff from the Business Services Business Unit, or equivalent(s), prepare and present ongoing reports regarding disposals of personal property and real property.

F. The Authority may be called upon periodically to submit information regarding the Disposal of Personal Property to organizations implementing the PAAA or other statutes regulating the disposal of Property, such as the Authorities Budget Office through the Public Authorities Reporting Information System ("PARIS").

BID SHEET

The following personal property is available for sale "AS IS, WHERE IS" and the Power Authority gives no warranty whatsoever as to its condition.

LUMP SUM BID AMOUNT* $_____

Subject to all terms and conditions set forth on the reverse hereof, the undersigned offers and agrees to purchase the above-described personal property at the bid amount indicated.

_____	_____
Signature	Company Name
_____	_____
Name (Printed)	Street Address
_____	_____
Date	City, State, Zip Code
_____	_____
FAX number	Telephone number

* All sales are subject to New York State Sales Tax and Compensating Use Tax unless the Purchaser furnishes the Authority with an exemption certificate.

PERSONAL PROPERTY SALE
SALE NO. _____
NEW YORK POWER AUTHORITY
(ADDRESS OF PROJECT)
Telephone: ( ) _____
FAX: ( ) _____

Subject to the terms and conditions stated below, bids will be received on the personal property, either by mail, fax or hand delivery at the (Location) _____ no later than (Date) _____ _____.

The personal property is available for inspection, by appointment, at the (Project) _____ _____. For an appointment, please contact the Property Disposal Coordinator, (Name) _____ _____ at (Telephone no.) _____.

Successful bidders will be required to pay by certified check, on notice from the Authority that the bid has been accepted, and remove the personal property from the Authority's premises within ten (10) calendar days after receipt of notice of award.

Envelopes containing bids submitted by mail should be marked on the outside to indicate that a bid on Sale No. ____ is enclosed.

Current and former employees of the Power Authority or relatives of such employees or third parties acting on behalf of such employees or relatives are ineligible to bid and are prohibited from subsequently acquiring such personal property in any manner.

1. **INSPECTION.** Bidders are invited, urged and cautioned to inspect the personal property being sold prior to submitting a bid. The personal property will be available for inspection at the time and place specified above. In no case will failure to inspect constitute grounds for the withdrawal of a bid after opening.

2. **CONDITION OF PROPERTY.** All personal property listed is offered for sale "AS IS, WHERE IS". The Authority does not in any way warrant the fitness of the personal property for any particular use or its merchantability and disclaims any other representations or warranties, express or implied, including, but not limited to, quality, character, performance or condition of the personal property or any of its component parts, assemblies, or accessories.

3. **CONSIDERATION OF BIDS.** Bids must be submitted in writing on the form provided by the Authority (see reverse side) and shall be submitted on all items listed. The Authority reserves the right to reject any and all bids, to waive technical defects in bids and to award sale of the items as may be in the best interest of the Authority.

4. **PAYMENT.** The Purchaser agrees to pay for the awarded personal property in accordance with the prices quoted in his/her bid. Payment of the full purchase price must be made within the time allowed for removal, and prior to the release of any personal property to the Purchaser.

5. **NEW YORK STATE SALES AND COMPENSATING USE TAX.** All sales will be subject to New York State Sales and Compensating Use Tax unless the Purchaser furnishes the Authority with an exemption certificate.

ADVERTISEMENT FOR PROPOSALS

The following described personal property, shall be sold "AS IS, WHERE IS" by the New York Power Authority ("the Authority").

1. Sealed bids are invited for the above, which will be available for inspection by inquiry at the (Location/Building) _____ at the ___(Project and Address) _____ between the hours of _____ a.m. to __ p.m. on __(Date/s) _____. Bids must be submitted on the Authority's bid form, which can be obtained by calling (Telephone no.) _____. No bid will be accepted unless it is on such form. Bids shall be accepted on or before ____ p.m. on (Date) .

2. Current and former employees of the Authority or relatives of such employees or third parties seeking to act on behalf of such employees or relatives shall be ineligible to bid.

3. Successful bidders, on notice from the Authority, shall be required to pay by certified check and shall promptly remove the personal property from the Authority's property.

4. The Authority reserves the right to reject any and all bids.

PERSONAL PROPERTY
SALES AGREEMENT

_____, the Buyer, and the Power Authority of the State of New York ("the Authority"), agree as follows:

1) The personal property identified herein is sold by the Authority and purchased by Buyer "AS IS, WHERE IS" at the price(s) shown, plus any applicable sales tax.

2) **THE AUTHORITY DOES NOT IN ANY WAY WARRANT THE FITNESS OF THE PERSONAL PROPERTY FOR ANY PARTICULAR USE OR ITS MERCHANTABILITY AND DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED INCLUDING, BUT NOT LIMITED TO, THE QUALITY, CHARACTER, PERFORMANCE, OR CONDITION OF THE PERSONAL PROPERTY OR ANY OF ITS COMPONENT PARTS, ASSEMBLIES, OR ACCESSORIES.**

3) The Buyer~~Bidder~~ warrants that he/she/it is not a current or former Authority employee, is not related to an Authority employee and did not bid on behalf of an Authority employee. Buyer~~Bidder~~ is aware that Authority employees and their family members are precluded from subsequently receiving, or acquiring, in whole or in part, by any manner including gift, sale, loan or lease, the personal property acquired by the Buyer~~Bidder~~ pursuant to this sale. The term "related to" as used in this paragraph means the relationships of spouse, child, parent, sister, brother, grandparent, grandchild, aunt, uncle, cousin, niece, nephew, stepchild, stepparent, stepsister, stepbrother, mother-in-law, father-in-law, sister-in-law, brother-in-law, daughter-in-law, or son-in-law. The Authority reserves the right to invoke any available legal or equitable remedy in the event of a breach by the Buyer~~Bidder~~ of his or her warranty under this paragraph, including but not limited to, rescinding the sale and recovering the property sold and all costs associated with the sale and the rescission of said sale.

4) The Buyer shall indemnify and hold harmless the Authority and all of its officers, agents and employees from any loss, damage, remedial or response cost, liability or expense, on account of damage or contamination to property and injuries, including death, to all persons, including Buyer's employees, or any third parties, arising or in any manner growing out of the sale of any personal property or the performance of any work under this agreement and shall defend at its own expense any suits or other proceedings brought against the Authority and its officers, agents and employees, or any of them, on account thereof, and pay all expenses and satisfy all judgments which may be incurred by or rendered against them or any of them in connection therewith.

5) Except for disposals by public auction, the Buyer shall remove the personal property from the Authority's premises by _____ at Buyer's expense. The Buyer shall make payment upon delivery by certified check payable to the New York Power Authority.

Description of Personal Property:

Selling Price: _____

Executed this _____ day of _____, 20 _____.

Buyer (Print or Type):

_____

_____

_____

Seller:

Power Authority of the State of New York

123 Main Street

White Plains, New York 10601

_____
Authorized Signature

_____
Authorized Signature

_____
Full Name (Printed)

_____
Title

_____
Title

PRIVACY LAW NOTIFICATION

SECTION 94(1)(d) OF THE NEW YORK PUBLIC OFFICERS LAW REQUIRES THIS NOTICE TO BE PROVIDED WHEN COLLECTING PERSONAL INFORMATION FROM POTENTIAL PURCHASERS OF AUTHORITY PROPERTY.

This information is requested pursuant to Article 5, Title I of the Public Authorities Law. The principal purpose for which the information is collected is to assist the Power Authority of the State of New York in the sale of Authority personal property in accordance with Section 96(1) of the Personal Privacy Protection Law, particularly subdivisions (b), (e) and (f).

Failure to provide the requested information may result in ineligibility for participation in a program, sale or benefit provided by the Authority.

This information will be maintained by Fleet Operations, at the Power Authority of the State of New York, Clark Energy Center located at 6520 Glass Factory Road, Marcy, N.Y. 13403, (315) 724-8186 or, when appropriate, by the Procurement Department at the Corporate office or at one of the Authority facilities.

Exhibit 2c-1
March 29, 2016

ACQUISITION AND DISPOSAL OF REAL PROPERTY
January - December 2015

Section 2896 of the Public Authorities Law (PAL) requires a report setting out all real property transactions of the Authority over a given reporting period. Such report shall consist of a list and full description of all real property disposed of during such period. The report shall contain the price received by the Authority and the name of the purchaser. There is no monetary threshold, so all disposals regardless of value need to be reported. In addition, acquisitions and leasing transactions are also included in this report. All acquisitions and dispositions reported herein were approved by the Authority's Trustees and/or are consistent with current Trustee-approved Expenditure Authorization Procedures. The reporting period is January 1 – December 31, 2015.

I. ACQUISITIONS

1.) Acquisitions by Deed or Easement:

New York State Electric & Gas Corporation- Acquisition of a temporary easement for the purposes of constructing certain electric transmission facilities and improvements at Authority's Fraser Substation in the Town of Delhi, County of Delaware from New York State Electric & Gas Corporation on January 19, 2015. There was no consideration for this transaction.

David and Karen Killian- Acquisition of a permanent easement for cutting, trimming, and removing trees and brush in the Town of New Haven, County of Oswego (Map No. OSN-453, Parcel No. 453) from David and Karen Killian on August 3, 2015. The consideration was $985.00. The easement was recorded on August 24, 2015.

Thomas Woznica- Acquisition of a permanent easement for cutting, trimming, and removing trees and brush in the Town of Cicero, County of Onondaga (Map No. OCI-1449, Parcel No. 1449) from Thomas Woznica on October 19, 2015. The consideration was $16,200. The easement was recorded on December 4, 2015.

2.) Danger Tree Permits:

During this reporting period, the Authority acquired 133 danger tree permits. These rights allow the Authority to eliminate dangerous vegetation which is critical to the safe operation of the New York State transmission grid. The transmission facilities covered by these danger tree permits include the Niagara-Adirondack, Fitz-Edic, Moses-Willis, and Gilboa-New Scotland.

II. DISPOSITIONS

1.) Dispositions by Deed or Easement:

Niagara University - Conveyance of 13.1 acres in the City of Niagara Falls, Niagara County to Niagara University (Map No. 337-C, Parcel No. 3265). The consideration was $1.00. The deed was recorded on February 12, 2015. The transfer satisfies a Niagara Power Project relicensing commitment and was authorized by the Authority's Board of Trustees on May 22, 2007.

Paul and Lucille Izzo - Conveyance of 7.4 acres of surplus land (Map No. 18-C, Parcels 522-A and 522-B) in the Town of Gilboa, Schoharie County to Paul and Lucille Izzo on April 23, 2015. The consideration was $12,000, which was the appraised value. This transaction was authorized by the Authority's Board of Trustees in their meeting of March 26, 2015. The deed was recorded on May 7, 2015.

City of Niagara Falls - Conveyance of 48.65 acres to the City of Niagara Falls (Map No. 1305, Parcel No. 1305) on February 20, 2015. The deed was recorded on May 14, 2015. The consideration for this transaction was $1.00. This transfer satisfies a Niagara Power Project relicensing commitment and was authorized by the Authority's Board of Trustees in their meeting of May 22, 2007.

Rochester Gas & Electric Corporation - Conveyance of 16.78 acres of surplus land (Parcel No. 2001) in the Town of Henrietta, Monroe County to Rochester Gas & Electric Corporation on June 12, 2015. The consideration for this transaction was $60,000, and the appraised value was $45,000. The conveyance was authorized by the Authority's Board of Trustees on December 16, 2014.

2.) Land Use Permits:

During this reporting period, the real estate group issued 32 land use permits for use of the Authority's real property, both fee-owned and held by easement:

LAND USE PERMITS			
Permit No.	**Town/ Issue Date**	**Permittee**	**Purpose**
CEC-15-95P	Russia 2/23/15	Adirondack Foothills Rotary, Inc.	Utilize NYPA's boat launch on the Hinckley Reservoir from February 21- February 28th, for a fishing tournament on the 28th.
ICP-15-179P	Queens 9/10/15	Terra Cotta LLC	Perform gauging of groundwater monitoring wells and carry out geotechnical borings via barge drilling.
MS-15-129P	New Windsor 4/29/15	Central Hudson Gas & Electric Corporation	Construct and install a permanent access road across the Authority ROW.
MS-15-141P	Franklin 8/11/15	Constitution Pipeline Company, LLC	Install and operate a 30" diameter natural gas pipeline on or across portions of Authority ROW.
MS-15-146P	Oneonta 6/1/15	Jeffery Barnes	Haul stone and related materials across the Authority ROW.
MS-15-177P	Hamptonburgh 9/4/15	Central Hudson Gas & Electric Corporation	Replace a 40' utility pole with a 45' utility pole.

NATL-14-4P	Marcy 2/13/15	Joseph Proulx	Construct and install a 12’ x 600’ driveway for a residential home and a 2” underground water line, sewer line, and electrical services.
NATL-14-23P	Camden 2/23/15	Orlando Gerena	Construct and install a 1,350' wire weld fence.
NATL-15-166P	Genesee 6/25/15	Alabama Ledge Wind Farm, LLC	Operate and maintain existing wind measuring equipment on the Authority’s Batavia Communications Tower.
NATL-15-167P	Henrietta 7/16/15	Rochester Gas & Electric Corporation	Access to perform soil boring investigations and other environmental tests.
NATL-15-183P	Clay 11/3/15	COR Verplank Road Company	Construct, install, and maintain access drives for residential apartments.
NATL-15-196P	Marcy 12/3/15	Wendy Gregory	Install a stone base drive for a future residence located off the right of way.
NATL-15-202P	Henrietta 12/4/15	Henrietta Hill and Gully Riders Snowmobile Club	Operate and maintain a seasonal snowmobile trail.
NPP-00-2P-A1	Niagara Falls 11/5/15	City of Niagara Falls	Construct, install, operate, maintain, repair a hiking and biking trail.
NPP-14-17P	Niagara Falls 9/4/15	Niagara Active Volunteer Fire Company	Access to carry out occasional training exercises and/or practice drills on an ongoing basis.
NPP-15-39P	Lewiston 4/13/15	Ernest Hasely	Access for growing and harvesting agricultural crops.
NPP-15-114P	Niagara Falls 6/18/15	New York State Office of Parks, Recreation and Historic Preservation	Construct and maintain a Park Police Station on Power Authority property.
NPP-15-142P	Buffalo 5/20/15	Erie Canal Harbor Development Corporation	Establish and operate a bike ferry at the First Buffalo Marina.
NPP-15-163P	Niagara Falls 6/29/15	Gabriel the Archangel, LLC	Expand a parking lot and relocate a fiberglass sign.
NPP-15-180P	Lewiston 11/13/15	National Fuel Gas Distribution Corporation	Construct, maintain, and inspect an existing 8’’ gas pipeline.
NPP-15-201P	Niagara Falls 11/24/15	Niagara Falls Bridge Commission	Temporary positioning of a crane on Authority land in support of Permittee’s investigation of erosion under Permittee’s Bridge.
SLPP-15-79P	Ogdensburg 2/18/15	Adirondack Raptors	Banding snowy owls through a US Fish and Wildlife Service-sponsored research project called Project Snowstorm.
SLPP-15-154P	Massena 7/13/15	Alcoa, Inc.	Perform environmental sampling to comply with the Environmental Protection Agency’s record of decision.
SLPP-15-169P	Waddington 7/7/15	Majestic Fireworks Inc.	Access to Ogden Island to set up and display fireworks for Homecoming weekend.
SLPP-15-172P	Louisville 10/15/15	Patrick and Carolyn Dowdle	Install, maintain, operate underground electric lines.
SLPP-15-174P	Waddington 7/17/15	Village of Waddington	Access to Whittaker Park for the Village’s “Party in the Park” event.

SLPP-15-190P	Massena 11/5/15	Special Olympics New York, Inc.	Access Authority's Frank S. McCullough, Jr. Hawkins Point Visitor Center for the Special Olympics Polar Plunge.
SLPP-15-197P	Saranac 12/18/15	New York State Electric & Gas Corporation	Install a spill prevention and oil containment control system at the Saranac Substation.
WPO-14-3P	White Plains 1/14/15	Cablevision Lightpath, Inc.	Place and maintain communications equipment at the Authority's premises located at 123 Main Street, White Plains.
WPO-15-58P	White Plains 4/30/15	Office of the Westchester County District Attorney	Use of 1,506 square feet of rentable office space of Authority's premises located at 123 Main Street, White Plains.
WPO-15-59P	White Plains 4/30/15	Office of the Westchester County District Attorney	Use of 3,052 square feet of rentable office space of Authority's premises located at 123 Main Street, White Plains.

III. MISCELLANEOUS TRANSACTIONS

Great Lakes Towing Company

During this reporting period, NYPA entered into a three-year license agreement with the Great Lakes Towing Company re-authorizing said firm to utilize dock space on Authority property in the City of Buffalo for mooring 2 tugboats. The License commenced August 1, 2015 and expires July 31, 2018 and includes an additional three- year option term. The monthly payment for the fixed term is $787.50.

Niagara University

During this reporting period, NYPA entered into an Entry Site Work Permit Agreement with Niagara University to allow NYPA to conduct maintenance of the Monteagle Trail and for the storage of equipment and materials. This Permit expired on August 31, 2015.

The City of Utica and the Utica Zoological Society

During this reporting period, NYPA entered into an agreement with the City of Utica and the Utica Zoological Society to conduct environmental testing and related work to assess the feasibility of constructing a visitor's center on the Zoo premises. This agreement was executed on September 24, 2015 and will expire on September 24, 2017.

Niagara University

During this reporting period, NYPA entered into a 5-year agreement with Niagara University authorizing said organization to perform certain additional grounds maintenance and landscaping work on property owned by NYPA in Niagara Falls, New York. This agreement was executed on August 18, 2015 and will expire on August 18, 2020.

Buffalo River Fest Park, LLC

During this reporting period, NYPA entered into a 3-year agreement with Buffalo River Fest Park, LLC re-authorizing said organization to operate and maintain the "Mutual Riverfront Park" in Buffalo, New York. This agreement was executed on June 24, 2015 and will expire December 31, 2017.

IV. LEASING

1.) Landlord Leases:

Community Mutual Savings Bank
During this reporting period NYPA Real Estate extended an existing lease for 7,334 rentable square feet for the purpose of office space located on the 7th floor of the Authority's 123 Main Street Building in White Plains, New York. The term of this lease extension was from May 1, 2015- July 31, 2015. The tenant has now vacated the building.

Westchester Philharmonic
During this reporting period NYPA Real Estate extended an existing lease for 1,650 square feet of office space on the 9th floor of the Authority's 123 Main Street Building in White Plains, New York. The term of this lease extension is from January 1, 2015- December 31, 2021.

Camille's Sidewalk Café
Entered into a 5-year operating agreement with a 5-year renewal option to provide cafeteria services on the main floor of the Authority's 123 Main Street Building in White Plains, New York.

2.) Tenant Leases:

Fuller Road Management Corporation
During this reporting period, Real Estate staff successfully negotiated and finalized the terms of a ten-year lease for approximately 5,600 square feet of space in the ZEN Building on the campus of the SUNY Polytechnic in Albany, New York. This space is for the offices of the NYS Energy Manager. The initial annual rent is $112,000, with annual increases of 3%. This lease commences on August 24, 2015.

Wheatfield Business Park, LLC
During this reporting period, NYPA Real Estate terminated a lease for warehouse space located at the Wheatfield Business Park in Wheatfield, New York. This lease ended on April 30, 2015.

Fuller Road Management Corporation
During this reporting period, NYPA Real Estate executed a lease amendment with Fuller Road Management Corporation to revise parking terms with respect to the existing offices for the New York Energy Manager, located on the campus of SUNY Polytechnic in Albany, New York.

Empire State Development Corporation
During this reporting period NYPA Real Estate terminated a lease for office space located at 95 Perry Street in Buffalo, New York. This lease ended on January 31, 2015.

V. ST. LAWRENCE RELICENSING

1.) St. Lawrence Lands Program:

On October 31, 2001, the Authority filed an application for a new license, pursuant to Sections 4(e) and 15 of the Federal Power Act for the continued operation and maintenance of the 912 megawatt (MW) St. Lawrence/FDR Power Project. On February 6, 2003, the Authority filed a "Comprehensive Accord" (Settlement Agreement). On October 23, 2003, the Federal Energy Regulation Commission (hereinafter "FERC") issued an "Order Approving Settlement Agreements, Dismissing Complaint and Issuing New License" in which FERC *inter alia* approved the Settlement Agreement.

As part of the Settlement Agreement, the Authority agreed to several changes to the Project boundary. These proposed changes removed approximately 1,340 acres from the Project. Approximately 599 acres of the removed lands are intended to be conveyed either to adjoining landowners or to the affected local municipality, if interested. For all conveyed lands, the Authority retains flowage and access easements, to provide necessary rights to traverse conveyed lands for Project-related activities.

DEEDS FILED						
NYPA Surplus Map No.	**NYPA Surplus Parcel No.**	**Current Owner Name**	**Acreage**	**Appraisal Value**	**Filing Date**	**Town**
1205C	8726,8727	Timothy T. Brady	1.44	$3,540.00	1/21/2015	Waddington
1178C	8520	John R. Boyce	.21	$3,150.00	6/3/2015	Louisville
1132C	8578	Donald F. Smith	.02	$100.00	6/3/2015	Louisville
1174C	8464	Jordi Parisian and Virginia Gettmann	.24	$3,600.00	8/18/2015	Louisville
1175C	8465	Douglas and Nancy Ackley	.29	$4,350.00	8/18/2015	Louisville
1177C	8506	Karen Singleton	.15	$2,250.00	9/17/2015	Louisville
1149C	8227	David McBath and Cheryl Thisse	.03	$300.00	9/17/2015	Waddington
1177C	8499	The Norman and Lisa Austin Family Trust	.23	$3,300.00	9/24/2015	Louisville
1179C	8539	Kathy Green and Shawna Cecot	.11	$1,300.00	9/24/2015	Louisville
1167C	8184	Richard K. and Mary A. Magnusson	.16	$2,700.00	10/21/2015	Waddington
1179C	8532	Charles E. Durant	.10	$1,500.00	10/21/2015	Louisville
1173C	8434	James F. and Brenda R. Kozsan	.20	$3,000.00	10/21/2015	Louisville
1174C	8449	Thomas W. Post	.23	$3,450.00	10/21/2015	Louisville
1174C	8458	Thomas A. Portolese and Linda M. Rochefort	.13	$1,950.00	10/7/2015	Louisville

During this period 14 deeds were finalized and recorded in the County Clerk's office. To date, 523 of the 599 acres have been conveyed. Of the approximately 520 private parcels to be conveyed, approximately 451 transactions have been completed. The remaining properties have been offered to the landowners or municipalities as agreed. In the majority of these cases the

landowners or municipalities have indicated that they do not wish to acquire the properties in question.

Exhibit 2c-2
March 29, 2016

GUIDELINES

AND

PROCEDURES

FOR THE

DISPOSAL OF NEW YORK POWER AUTHORITY

REAL PROPERTY

INDEX

Article	Description	Page
I.	PURPOSE……..... ……...	1
II.	DEFINITIONS…….....	1
III.	COMPLIANCE OVERVIEW…….……	2
IV.	DUTIES OF THE DIRECTOR OF REAL ESTATE……..	3
V.	PROCEDURES FOR THE DISPOSITION OF AUTHORITY REAL PROPERTY……..	4
VI.	AUTHORITY REAL PROPERTY REPORTS…….....	8
VII.	APPROVAL OF GUIDELINES BY THE AUTHORITY'S BOARD…….....	9

GUIDELINES AND PROCEDURES FOR THE DISPOSAL OF NEW YORK POWER AUTHORITY REAL PROPERTY

I. PURPOSE

The purpose of these Guidelines and Procedures for the Disposal of Real Property ("Guidelines"), which comply with Title 5-A, Article 9 of the Public Authorities Law, is to establish the procedures that detail the Authority's policy and instructions regarding the disposal of real property. In addition, the Guidelines designate a Contracting Officer who is responsible for the Authority's compliance with, and enforcement of, the Guidelines.

II. DEFINITIONS

2.1 "Contracting Officer" shall mean the officer or employee of the Authority who shall be appointed by resolution of the Authority's Trustees to be responsible for enforcement of the Guidelines for the Disposal of Real Property. The "Contracting Officer" is hereby designated to be the Vice President – Enterprise Shared Services, or equivalent(s) or designee.

2.2 "Dispose" or "Disposal" shall mean transfer of title or any other beneficial interest in real property in accordance with these Guidelines. Disposal does not include a release of an easement, Permit or Transfer of Jurisdiction.

2.3 "Fair Market Value" shall mean the estimated dollar amount that a willing buyer would pay to a willing seller for the Real Property in an arms-length transaction in the appropriate marketplace and under similar circumstances.

2.4 "Permits" shall mean permits issued by the Authority that grant revocable privileges to use or access real property under the jurisdiction of the Authority. Permits may be issued where the real property is not presently required for Authority purposes, but held for future use in carrying out its corporate purposes. Permits do not transfer a beneficial interest in real property. Permits are revocable, in part to assure availability upon demand of the real property for Authority purposes.

2.5 "Real Property" shall mean real property, including land, tenements and hereditaments owned by the Authority, and any other interest in such real property, to the extent that such interest may be conveyed to another person or entity for any purpose, excluding an interest securing a loan or other financial obligation of another party.

2.6 "Relative" shall mean any person living in the same household as the Authority employee or any person who is a direct descendant of the Authority employee's grandparents or the spouse of such descendant.

2.7 "Transfers of Jurisdiction" shall mean transactions pursuant to Public Lands Law §3(4) and which are between the Authority and other State governmental entities where jurisdiction over Real Property is transferred and reassigned on such terms and conditions as the Authority and the New York State Office of General Services deem proper, but the title to the Real Property remains in the name of the People of the State of New York.

III. COMPLIANCE OVERVIEW

The Public Authorities Accountability Act ("PAAA") requires the Authority to establish policy guidelines to accomplish the following:

3.1 Maintain inventory controls and accountability systems for all Real Property under the Authority's control.

3.2 Periodically inventory Authority Real Property to determine which Real Property shall be disposed of.

3.3 Dispose of Authority Real Property interests in accordance with the PAAA.

3.4 Prepare annual reports of Real Property Disposal transactions.

IV. DUTIES OF THE DIRECTOR OF REAL ESTATE

4.1 The Director of Real Estate or equivalent(s) or designee shall maintain adequate inventory controls and accountability systems for all Real Property under the Authority's control.

4.2 The Director of Real Estate or equivalent(s) or designee shall periodically inventory Authority Real Property to determine which Authority Real Property shall be Disposed of and shall prepare a report identifying such Real Property for Disposal.

4.3 The Director of Real Estate or equivalent(s) or designee shall produce for publishing written reports of such Real Property as set forth in Article VI of these Guidelines.

4.4 The Director of Real Estate or equivalent(s) or designee shall arrange for the Disposal of any Real Property identified for Disposal by the Authority in accordance with these Guidelines and the Authority's Expenditure Authorization Procedures and as soon as reasonably practical under the circumstances.

V. PROCEDURES FOR THE DISPOSITION OF AUTHORITY REAL PROPERTY

5.1 The Authority may Dispose of Real Property for not less than the Fair Market Value of such Real Property by sale, exchange, or transfer, for cash, credit or other property, without warranty, and upon such other terms and conditions as the Contracting Officer deems proper under the provisions of the PAAA and as implemented by these Guidelines. Fair Market Value of the Authority Real Property subject to Disposal shall be established by independent appraisal as appropriate and consistent with the intent of the PAAA. Such appraisal documents shall be included in the record of the Real Property Disposal transaction.

5.2 Except as set forth in Section 5.3 of the Guidelines, any Disposal of Real Property shall only be made after publicly advertising for bids in accordance with the following:

5.2.1 the advertisement for bids shall be made at such time prior to the Disposal or contract, through such methods, and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the Real Property;

5.2.2 all bids shall be publicly disclosed at the time and place stated in the advertisement; and

5.2.3 the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Authority, price and other factors considered; provided, that all bids may be rejected when it is in the public interest to do so.

5.3.a The Disposal of Authority Real Property may be negotiated or made by public auction without regard to Section 5.2 but subject to obtaining such competition as is feasible under the circumstances, if:

1. the Fair Market Value of the Real Property does not exceed fifteen thousand dollars ($15,000.00); or

2. bid prices after advertising therefore are not reasonable, either as to all or some part of the Real Property, or have not been independently arrived at in open competition; or

3. the Disposal will be to the state or any political subdivision, and the estimated Fair Market Value of the Real Property and other satisfactory terms of Disposal are obtained by negotiation; or

4. under those circumstances permitted by Section 5.3; or

5. such action is otherwise authorized by law.

5.3.b.1 No Real Property owned, leased or otherwise in the control of the Authority may be sold, leased, or otherwise alienated for less than its Fair Market Value except if:

a. the transferee is a government or other public entity, and the terms and conditions of the transfer require that the ownership and use of the Real Property will remain with the government or any other public entity;

b. the purpose of the transfer is within the purpose, mission or governing statute of the Authority; or

c. in the event the Authority seeks to transfer Real Property for less than its Fair Market Value to other than a governmental entity, which Disposal would not be consistent with the Authority's mission, purpose or governing statutes, the Authority shall provide written notification thereof to the Governor, the Speaker of the Assembly, and the Temporary President of the Senate, and such proposed transfer shall be subject to denial by the Governor, the Senate, or the Assembly. Denial by the Governor shall take the form of a signed certification by the Governor. Denial by either House of the Legislature shall take the form of a resolution by such House. The Governor and each House of the Legislature shall take any such action within sixty days of receiving notification of such proposed transfer during the months of January through June, provided that if the Legislature receives notification of a proposed transfer during the months of July through December, the Legislature may take any such action within sixty days of January first of the following year. If no such resolution or certification is performed within sixty days of such notification of the proposed transfer to the Governor, Senate, and Assembly, the Authority may effectuate such transfer.

5.3.b.2. In the event a below Fair Market Value Real Property transfer is proposed, the following information must be provided to the Authority’s Board of Trustees and the public:

a. a full description of the Real Property;

b. an appraisal of the Fair Market Value of the Real Property and any other information establishing the Fair Market Value sought by the Authority's Board of Trustees;

c. a description of the purpose of the transfer, and a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer, including but not limited to the kind, number, location, wages or salaries of jobs created or preserved as required by the transfer, the benefits, if any, to the communities in which the Real Property is situated as are required by the transfer;

d. a statement of the value to be received compared to the Fair Market Value;

e. the names of any private parties participating in the transfer, and if different than the statement required by subparagraph (iv) of this paragraph, a statement of the value to the private party; and

f. the names of other private parties who have made an offer for such Real Property, the value offered, and the purpose for which the Real Property was sought to be used.

5.3.b.3. Before approving the Disposal of any Real Property for less than Fair Market Value, the Authority's Board of Trustees shall consider the information described in Paragraph 5.3.b.2 and make a written determination that there is no reasonable alternative to the proposed below-market transfer that would achieve the same purpose of such transfer.

5.4 An explanatory statement detailing the Disposal by negotiation of Authority Real Property subject to the PAAA as set forth in Section 5.3 shall be made for any Disposal of:

5.4.1 Real Property with a Fair Market Value in excess of one hundred thousand dollars ($100,000.00) except that Real Property Disposed of by lease or exchange shall only be subject to 5.4.2 of this Section 5.4;

5.4.2 Real Property Disposed of by lease if the fair annual rent over the term of the lease is in excess of fifteen thousand dollars ($15,000.00); and

5.4.3 Any Real Property or real and related personal property Disposed of by exchange, regardless of value, or any property any part of the consideration is for Real Property:

5.5 Each explanatory statement prepared in accordance with Section 5.4 above shall be transmitted to the State Comptroller, the Director of the Division of the Budget, the Commissioner of General Services, the State Legislature and the State Authorities Budget Office not less than 90 days in advance of such Disposal, and a copy shall be kept by the Authority.

5.6 In the Authority's discretion, when it shall be deemed advantageous to the Authority and the State, the Authority may enter into an agreement with the Office of the Commissioner of General Services ("OGS") under which OGS may Dispose of the Authority's Real Property under terms and conditions agreed to by the Authority and the OGS. In Disposing of any such Real Property of the Authority, the OGS shall be bound by the relevant provisions of the PAAA.

5.7 The Director of Real Estate or equivalent(s) or designee shall provide all relevant documentation to the Environmental Division for the purposes of determining, if applicable, whether the Disposal of Real Property is in compliance with the State Environmental Quality Review Act, and for whether it adheres to the American Society of Testing and Material's guidelines for Environmental Site Assessments, if applicable.

5.8 No Authority employee who is involved in the award of Authority grants or contracts, may ask any purchaser(s), grantor(s), lessor(s) or officer(s), director(s) or employee(s) of such current or prospective purchaser(s), contractor(s) or grantee(s) to reveal: (a) the political party affiliation of the individual; (b) whether the individual or entity has made campaign contributions to any political party,

elected official, or candidate for elective office; or (c) whether the individual voted for or against any political party, elected official or candidate for elective office.

5.9 No Authority employee may award or decline to award any grant or contract, or recommend, promise or threaten to do so because of a current or prospective grantee's or contractor's: (a) refusal to answer any inquiry prohibited by Section 5.8 above or (b) giving or withholding or neglecting to make any contribution of money, service or any other valuable thing for any political purpose.

5.10 No Authority employee may take part in any contracting decision involving the payment of more than $1,000: (i) to a Relative; or (ii) to any entity in which a Relative owns or controls 10% or more of the stock of such entity (or 1% in the case of a corporation whose stock is regularly traded on an established securities exchange); or serves as an officer, director or partner of that entity. If such situation arises, the employee must advise his or her supervisor of the relationship, and must be recused from any and all discussions or decisions relating to the matter.

5.11 Public Authorities Law Section 2879-a establishes a framework for the Office of the State Comptroller ("OSC") to review and approve certain Public Authority contracts.

5.11.1. Any contract in excess of $1,000,000 that is to be awarded by a state authority 1) to a "single source" or "sole source", or pursuant to any other means of procurement that is not competitive, **or** 2**)** where the monies to be paid in whole or in part have been appropriated by the state to the state authority for such

contractual expenditure ("eligible contract"), must be reported in advance of execution to the OSC. Upon execution, all such eligible contracts must be filed with the OSC within 60 days.

5.11.2. If the OSC has previously identified a contract or category of contract as "reviewable" ("reviewable contract)", such contract must include language stating that it is subject to OSC approval and the executed contract submitted to the OSC for review. If the OSC does not act to disapprove the contract within 90 days, the contract is valid.

VI. AUTHORITY REAL PROPERTY REPORTS

6.1 The Director of Real Estate or equivalent(s) or designee shall publish the following reports in accordance with these Guidelines:

6.1.1 Pursuant to Section 2800 of the Public Authorities Law, the Director of Real Estate shall furnish a report for incorporation in the Authority's annual report which is distributed to the Governor, the Chairman and Ranking Minority Member of the Senate Finance Committee, the Chairman and Ranking Minority Member of the Assembly Ways and Means Committee, the State Comptroller and the State Authorities Budget Office. This report shall include (a) a listing of all Real Property having an estimated Fair Market Value greater than fifteen thousand dollars ($15,000.00) that the Authority Disposed of during such reporting period and the name of the purchaser of the Real Property and the price paid by the purchaser for the Real Property, and (b) a description of the total amounts of Real Property sold without competitive bidding, including (i) the nature of the Real Property, (ii) the names of the counterparties, and (iii) where the price for the Real Property sold is less than Fair Market Value, a detailed explanation of the justification for making the sale without competitive bidding, and a certification by the Authority's Chief Executive Officer and Chief Financial Officer that they have reviewed the terms of such sale and determined that it complies with applicable law.

6.1.2 Pursuant to Public Authorities Law § 2896(3)(a), the Director of Real Estate or equivalent(s) or designee shall prepare for distribution to the State Comptroller, the Director of the Division of the Budget, the

Commissioner of General Services, the State Legislature and the State Authorities Budget Office, an annual report listing all real property of the Authority, which report shall include a list and description of all Real Property Disposed of during the fiscal reporting period. Regarding Disposals, this annual report shall include the price received by the Authority and the name of the purchaser of the Real Property.

6.2 The Authority may be called upon periodically to submit information regarding the Disposal of Real Property to organizations implementing the PAAA or other statutes regulating the Disposal of Real Property.

6.3 The Authority's Governance Committee meets at least three times per year and staff from HR and Enterprise Shared Services or the equivalent(s) may prepare and present ongoing reports regarding the Disposal of Real Property.

VII. APPROVAL OF GUIDELINES BY THE AUTHORITY'S BOARD

7.1 The Guidelines shall be annually reviewed and approved by the Authority's Trustees. On or before the thirty-first day of March in each year, the Authority shall file with the State Comptroller a copy of the most recently reviewed and approved Guidelines, including the name of the Authority's designated Contracting Officer. At the time of filing such Guidelines with the State Comptroller, the Authority shall also post such Guidelines on its internet website.

Exhibit ~~"A"~~2c~~d~~ 2
March ~~26~~29, ~~2015~~2016

GUIDELINES

AND

PROCEDURES

FOR THE

DISPOSAL OF NEW YORK POWER AUTHORITY

REAL PROPERTY

INDEX

Article	Description	Page
I.	PURPOSE……..... ……...	1
II.	DEFINITIONS…….....	1
III.	COMPLIANCE OVERVIEW…….……	2
IV.	DUTIES OF THE DIRECTOR OF REAL ESTATE……..	3
V.	PROCEDURES FOR THE DISPOSITION OF AUTHORITY REAL PROPERTY……..	4
VI.	AUTHORITY REAL PROPERTY REPORTS…….....	8
VII.	APPROVAL OF GUIDELINES BY THE AUTHORITY'S BOARD…….....	9

GUIDELINES AND PROCEDURES FOR THE DISPOSAL OF NEW YORK POWER AUTHORITY REAL PROPERTY

I. PURPOSE

The purpose of these Guidelines and Procedures for the Disposal of Real Property ("Guidelines"), which comply with Title 5-A, Article 9 of the Public Authorities Law, is to establish the procedures that detail the Authority's policy and instructions regarding the disposal of real property. In addition, the Guidelines designate a Contracting Officer who is responsible for the Authority's compliance with, and enforcement of, the Guidelines.

II. DEFINITIONS

2.1 "Contracting Officer" shall mean the officer or employee of the Authority who shall be appointed by resolution of the Authority's Trustees to be responsible for enforcement of the Guidelines for the Disposal of Real Property. The "Contracting Officer" is hereby designated to be the Vice President – ~~Procurement~~Enterprise Shared Services, or equivalent(s) or designee.

2.2 "Dispose" or "Disposal" shall mean transfer of title or any other beneficial interest in real property in accordance with these Guidelines. Disposal does not include a release of an easement, Permit or Transfer of Jurisdiction.

2.3 "Fair Market Value" shall mean the estimated dollar amount that a willing buyer would pay to a willing seller for the Real Property in an arms-length transaction in the appropriate marketplace and under similar circumstances.

2.4 "Permits" shall mean permits issued by the Authority that grant revocable privileges to use or access real property under the jurisdiction of the Authority. Permits may be issued where the real property is not presently required for Authority purposes, but held for future use in carrying out its corporate purposes. Permits do not transfer a beneficial interest in real property. Permits are revocable, in part to assure availability upon demand of the real property for Authority purposes.

2.5 "Real Property" shall mean real property, including land, tenements and hereditaments owned by the Authority, and any other interest in such real property, to the extent that such interest may be conveyed to another person or entity for any purpose, excluding an interest securing a loan or other financial obligation of another party.

2.6 "Relative" shall mean any person living in the same household as the Authority employee or any person who is a direct descendant of the Authority employee's grandparents or the spouse of such descendant.

2.7 "Transfers of Jurisdiction" shall mean transactions pursuant to Public Lands Law §3(4) and which are between the Authority and other State governmental entities where jurisdiction over Real Property is transferred and reassigned on such terms and conditions as the Authority and the New York State Office of General Services deem proper, but the title to the Real Property remains in the name of the People of the State of New York.

III. COMPLIANCE OVERVIEW

The Public Authorities Accountability Act ("PAAA") requires the Authority to establish policy guidelines to accomplish the following:

3.1 Maintain inventory controls and accountability systems for all Real Property under the Authority's control.

3.2 Periodically inventory Authority Real Property to determine which Real Property shall be disposed of.

3.3 Dispose of Authority Real Property interests in accordance with the PAAA.

3.4 Prepare annual reports of Real Property Disposal transactions.

IV. DUTIES OF THE DIRECTOR OF REAL ESTATE

4.1 The Director of Real Estate or equivalent(s) or designee shall maintain adequate inventory controls and accountability systems for all Real Property under the Authority's control.

4.2 The Director of Real Estate or equivalent(s) or designee shall periodically inventory Authority Real Property to determine which Authority Real Property shall be Disposed of and shall prepare a report identifying such Real Property for Disposal.

4.3 The Director of Real Estate or equivalent(s) or designee shall produce for publishing written reports of such Real Property as set forth in Article VI of these Guidelines.

4.4 The Director of Real Estate or equivalent(s) or designee shall arrange for the Disposal of any Real Property identified for Disposal by the Authority in accordance with these Guidelines and the Authority's Expenditure Authorization Procedures and as soon as reasonably practical under the circumstances.

V. PROCEDURES FOR THE DISPOSITION OF AUTHORITY REAL PROPERTY

5.1 The Authority may Dispose of Real Property for not less than the Fair Market Value of such Real Property by sale, exchange, or transfer, for cash, credit or other property, without warranty, and upon such other terms and conditions as the Contracting Officer deems proper under the provisions of the PAAA and as implemented by these Guidelines. Fair Market Value of the Authority Real Property subject to Disposal shall be established by independent appraisal as appropriate and consistent with the intent of the PAAA. Such appraisal documents shall be included in the record of the Real Property Disposal transaction.

5.2 Except as set forth in Section 5.3 of the Guidelines, any Disposal of Real Property shall only be made after publicly advertising for bids in accordance with the following:

5.2.1 the advertisement for bids shall be made at such time prior to the Disposal or contract, through such methods, and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the Real Property;

5.2.2 all bids shall be publicly disclosed at the time and place stated in the advertisement; and

5.2.3 the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Authority, price and other factors considered; provided, that all bids may be rejected when it is in the public interest to do so.

5.3.a The Disposal of Authority Real Property may be negotiated or made by public auction without regard to Section 5.2 but subject to obtaining such competition as is feasible under the circumstances, if:

1. the Fair Market Value of the Real Property does not exceed fifteen thousand dollars ($15,000.00); or

2. bid prices after advertising therefore are not reasonable, either as to all or some part of the Real Property, or have not been independently arrived at in open competition; or

3. the Disposal will be to the state or any political subdivision, and the estimated Fair Market Value of the Real Property and other satisfactory terms of Disposal are obtained by negotiation; or

4. under those circumstances permitted by Section 5.3; or

5. such action is otherwise authorized by law.

5.3.b.1 No Real Property owned, leased or otherwise in the control of the Authority may be sold, leased, or otherwise alienated for less than its Fair Market Value except if:

a. the transferee is a government or other public entity, and the terms and conditions of the transfer require that the ownership and use of the Real Property will remain with the government or any other public entity;

b. the purpose of the transfer is within the purpose, mission or governing statute of the Authority; or

c. in the event the Authority seeks to transfer Real Property for less than its Fair Market Value to other than a governmental entity, which Disposal would not be consistent with the Authority's mission, purpose or governing statutes, the Authority shall provide written notification thereof to the Governor, the Speaker of the Assembly, and the Temporary President of the Senate, and such proposed transfer shall be subject to denial by the Governor, the Senate, or the Assembly. Denial by the Governor shall take the form of a signed certification by the Governor. Denial by either House of the Legislature shall take the form of a resolution by such House. The Governor and each House of the Legislature shall take any such action within sixty days of receiving notification of such proposed transfer during the months of January through June, provided that if the Legislature receives notification of a proposed transfer during the months of July through December, the Legislature may take any such action within sixty days of January first of the following year. If no such resolution or certification is performed within sixty days of such notification of the proposed transfer to the Governor, Senate, and Assembly, the Authority may effectuate such transfer.

5.3.b.2. In the event a below Fair Market Value Real Property transfer is proposed, the following information must be provided to the Authority's Board of Trustees and the public:

a. a full description of the Real Property;

b. an appraisal of the Fair Market Value of the Real Property and any other information establishing the Fair Market Value sought by the Authority's Board of Trustees;

c. a description of the purpose of the transfer, and a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer, including but not limited to the kind, number, location, wages or salaries of jobs created or preserved as required by the transfer, the benefits, if any, to the communities in which the Real Property is situated as are required by the transfer;

d. a statement of the value to be received compared to the Fair Market Value;

e. the names of any private parties participating in the transfer, and if different than the statement required by subparagraph (iv) of this paragraph, a statement of the value to the private party; and

f. the names of other private parties who have made an offer for such Real Property, the value offered, and the purpose for which the Real Property was sought to be used.

5.3.b.3. Before approving the Disposal of any Real Property for less than Fair Market Value, the Authority's Board of Trustees shall consider the information described in Paragraph 5.3.b.2 and make a written determination that there is no reasonable alternative to the proposed below-market transfer that would achieve the same purpose of such transfer.

5.4 An explanatory statement detailing the Disposal by negotiation of Authority Real Property subject to the PAAA as set forth in Section 5.3 shall be made for any Disposal of:

5.4.1 Real Property with a Fair Market Value in excess of one hundred thousand dollars ($100,000.00) except that Real Property Disposed of by lease or exchange shall only be subject to 5.4.2 of this Section 5.4;

5.4.2 Real Property Disposed of by lease if the fair annual rent over the term of the lease is in excess of fifteen thousand dollars ($15,000.00); and

5.4.3 Any Real Property or real and related personal property Disposed of by exchange, regardless of value, or any property any part of the consideration is for Real Property:

5.5 Each explanatory statement prepared in accordance with Section 5.4 above shall be transmitted to the State Comptroller, the Director of the Division of the Budget, the Commissioner of General Services, the State Legislature and the State Authorities Budget Office not less than 90 days in advance of such Disposal, and a copy shall be kept by the Authority.

5.6 In the Authority's discretion, when it shall be deemed advantageous to the Authority and the State, the Authority may enter into an agreement with the Office of the Commissioner of General Services ("OGS") under which OGS may Dispose of the Authority's Real Property under terms and conditions agreed to by the Authority and the OGS. In Disposing of any such Real Property of the Authority, the OGS shall be bound by the relevant provisions of the PAAA.

5.7 The Director of Real Estate or equivalent(s) or designee shall provide all relevant documentation to the Environmental Division for the purposes of determining, if applicable, whether the Disposal of Real Property is in compliance with the State Environmental Quality Review Act, and for whether it adheres to the American Society of Testing and Material's guidelines for Environmental Site Assessments, if applicable.

5.8 No Authority employee who is involved in the award of Authority grants or contracts, may ask any purchaser(s), grantor(s), lessor(s) or officer(s), director(s) or employee(s) of such current or prospective purchaser(s), contractor(s) or grantee(s) to reveal: (a) the political party affiliation of the individual; (b) whether the individual or entity has made campaign contributions to any political party,

elected official, or candidate for elective office; or (c) whether the individual voted for or against any political party, elected official or candidate for elective office.

5.9 No Authority employee may award or decline to award any grant or contract, or recommend, promise or threaten to do so because of a current or prospective grantee's or contractor's: (a) refusal to answer any inquiry prohibited by Section 5.8 above or (b) giving or withholding or neglecting to make any contribution of money, service or any other valuable thing for any political purpose.

5.10 No Authority employee may take part in any contracting decision involving the payment of more than $1,000: (i) to a Relative; or (ii) to any entity in which a Relative owns or controls 10% or more of the stock of such entity (or 1% in the case of a corporation whose stock is regularly traded on an established securities exchange); or serves as an officer, director or partner of that entity. If such situation arises, the employee must advise his or her supervisor of the relationship, and must be recused from any and all discussions or decisions relating to the matter.

5.11 Public Authorities Law Section 2879-a establishes a framework for the Office of the State Comptroller ("OSC") to review and approve certain Public Authority contracts.

5.11.1. Any contract in excess of $1,000,000 that is to be awarded by a state authority 1) to a "single source" or "sole source", or pursuant to any other means of procurement that is not competitive, **or** 2) where the monies to be paid in whole or in part have been appropriated by the state to the state authority for such

contractual expenditure ("eligible contract"), must be reported in advance of execution to the OSC. Upon execution, all such eligible contracts must be filed with the OSC within 60 days.

5.11.2. If the OSC has previously identified a contract or category of contract as "reviewable" ("reviewable contract)", such contract must include language stating that it is subject to OSC approval and the executed contract submitted to the OSC for review. If the OSC does not act to disapprove the contract within 90 days, the contract is valid.

VI. AUTHORITY REAL PROPERTY REPORTS

6.1 The Director of Real Estate or equivalent(s) or designee shall publish the following reports in accordance with these Guidelines:

6.1.1 Pursuant to Section 2800 of the Public Authorities Law, the Director of Real Estate shall furnish a report for incorporation in the Authority's annual report which is distributed to the Governor, the Chairman and Ranking Minority Member of the Senate Finance Committee, the Chairman and Ranking Minority Member of the Assembly Ways and Means Committee, the State Comptroller and the State Authorities Budget Office. This report shall include (a) a listing of all Real Property having an estimated Fair Market Value greater than fifteen thousand dollars ($15,000.00) that the Authority Disposed of during such reporting period and the name of the purchaser of the Real Property and the price paid by the purchaser for the Real Property, and (b) a description of the total amounts of Real Property sold without competitive bidding, including (i) the nature of the Real Property, (ii) the names of the counterparties, and (iii) where the price for the Real Property sold is less than Fair Market Value, a detailed explanation of the justification for making the sale without competitive bidding, and a certification by the Authority's Chief Executive Officer and Chief Financial Officer that they have reviewed the terms of such sale and determined that it complies with applicable law.

6.1.2 Pursuant to Public Authorities Law § 2896(3)(a), the Director of Real Estate or equivalent(s) or designee shall prepare for distribution to the State Comptroller, the Director of the Division of the Budget, the

Commissioner of General Services, the State Legislature and the State Authorities Budget Office, an annual report listing all real property of the Authority, which report shall include a list and description of all Real Property Disposed of during the fiscal reporting period. Regarding Disposals, this annual report shall include the price received by the Authority and the name of the purchaser of the Real Property.

6.2 The Authority may be called upon periodically to submit information regarding the Disposal of Real Property to organizations implementing the PAAA or other statutes regulating the Disposal of Real Property.

6.3 The Authority's Governance Committee meets at least three times per year and staff from ~~Business Services – Real Estate~~HR and Enterprise Shared Services or the equivalent(s) may prepare and present ongoing reports regarding the Disposal of Real Property.

VII. APPROVAL OF GUIDELINES BY THE AUTHORITY'S BOARD

7.1 The Guidelines shall be annually reviewed and approved by the Authority's Trustees. On or before the thirty-first day of March in each year, the Authority shall file with the State Comptroller a copy of the most recently reviewed and approved Guidelines, including the name of the Authority's designated Contracting Officer. At the time of filing such Guidelines with the State Comptroller, the Authority shall also post such Guidelines on its internet website.

Exhibit 2c-3
March 29, 2016

GUIDELINES

AND

PROCEDURES

FOR THE

ACQUISITION OF REAL PROPERTY

BY THE NEW YORK POWER AUTHORITY

INDEX

Article	Description	Page
I.	PURPOSE…….….....	1
II.	DEFINITIONS…….….....	1-2
III.	COMPLIANCE OVERVIEW…….….....	2
IV.	DUTIES OF THE DIRECTOR OF REAL ESTATE ….....	2-3
V.	ETHICAL CONSIDERATIONS……....……..	3-4
VI.	ACQUISITION REPORTS BY AUTHORITY….....	4-5

GUIDELINES AND PROCEDURES FOR THE ACQUISITION OF REAL PROPERTY BY THE NEW YORK POWER AUTHORITY

I. PURPOSE

1.1 These Guidelines and Procedures for the Acquisition of Real Property ("Guidelines"), which comply with Title 2, Article 9 of the Public Authorities Law, establish the procedures that detail the Authority's policy and instructions regarding the acquisition of real property. In addition, the Guidelines designate a contracting officer who is responsible for the Authority's compliance with, and enforcement of, the Guidelines.

II. DEFINITIONS

2.1 "Contracting Officer" shall mean the officer or employee of the Authority who shall be responsible for enforcement of the Guidelines for the acquisition of real property. The "Contracting Officer" is hereby designated to be the Vice President - Enterprise Shared Services, or the equivalent(s), or designee.

2.2 "Acquisition" or "Acquire" shall mean to obtain title to or any other beneficial interest in real property in accordance with applicable statutes and these Guidelines.

2.3 "Fair Market Value" shall mean the estimated dollar amount that a willing buyer would pay to a willing seller for the Real Property in an arms-length transaction in

the appropriate marketplace and under similar circumstances.

2.4 "Real Property" shall mean real property, including land, tenements and hereditaments owned by the Authority, and any other interest in such real property, to the extent that such interest may be conveyed to another person or entity for any purpose, excluding an interest securing a loan or other financial obligation of another party.

2.5 "Relative" is any person living in the same household as the Authority employee or any person who is a direct descendant of the Authority employee's grandparents or the spouse of such descendant, as referred to in Article 5 of these Guidelines.

III. COMPLIANCE OVERVIEW

3.1 These Guidelines are being adopted consistent with the Public Authorities Accountability Act ("PAAA").

3.2. The Authority may Acquire Real Property through purchase, eminent domain, state transfers of jurisdiction, lease and by other legal means.

3.3 The Authority's New York statutory authority for land acquisition includes, without limitation, the Public Authorities Law, the Real Property Law, the Public Lands Law, the Eminent Domain Procedure Law and the Highway Law, as amended.

IV. DUTIES OF THE DIRECTOR OF REAL ESTATE

4.1 The Director of Real Estate or the equivalent(s) or designee will maintain adequate inventory controls and accountability systems for all Real Property under the Authority's control.

4.2 Real Property to be Acquired by the Authority will be in support of existing operating and transmission facilities or in support of new initiatives being pursued by the Authority. The Director of Real Estate or the equivalent(s) or designee will, in consultation with the other appropriate Authority staff (by oral or written communication), determine what Lands are necessary or convenient for Acquisition by the Authority.

4.3 The compensation for and the procedure for such Acquisition must be consistent with these Guidelines and the Authority's Real Estate Expenditure Authorization Procedures as amended.

4.4 The Director of Real Estate or the equivalent(s) or designee will arrange for the transfer or Acquisition of any Real Property identified for Acquisition by the Authority in accordance with these Guidelines and the Authority's Real Estate Expenditure Authorization Procedures and as soon as reasonably practical under the circumstances.

4.5 The Director of Real Estate or the equivalent(s) or designee will provide all relevant

documentation to the Authority's Environmental Division to determine whether the Acquisition of Real Property is in compliance with the State Environmental Quality Review Act, and whether it adheres to the American Society of Testing and Material's Guidelines for Environmental Site Assessments, if applicable.

4.6 Public Authorities Law Section 2879-a establishes a framework for the Office of the State Comptroller ("OSC") to review and approve certain Public Authority contracts.

4.6.1. Any contract in excess of $1,000,000 that is to be awarded by a state authority 1) to a "single source" or "sole source", or pursuant to any other means of procurement that is not competitive, **or** 2**)** where the monies to be paid in whole or in part have been appropriated by the state to the state authority for such contractual expenditure ("eligible contract"), must be reported in advance of execution to the OSC. Upon execution, all such eligible contracts must be filed with the OSC within 60 days.

4.6.2. If the OSC has previously identified a contract or category of contract as "reviewable" ("reviewable contract)", such contract must include language stating that it is subject to OSC approval and the executed contract submitted to the OSC for review. If the OSC does not act to disapprove the contract within 90 days, the contract is valid.

V. ETHICAL CONSIDERATIONS

5.1 No Authority employee who is involved in the Acquisition of Real Property, may ask any purchaser, grantor, lessor or officers, directors or employees of such current or prospective purchaser, grantor or lessor to reveal: (a) the political party affiliation of the individual; (b) whether the individual or entity has made campaign contributions to any political party, elected official, or candidate for elective office; or (c) whether the individual voted for or against any political party, elected official or candidate for elective office.

5.2 No Authority employee may take part in any Acquisition decision involving the payment of more than $1,000: (i) to a Relative; or (ii) to any entity in which a Relative owns or controls 10% or more of the stock of such entity (or 1% in the case of a corporation whose stock is regularly traded on an established securities exchange); or serves as an officer, director or partner of that entity. If such situation arises, the employee must advise his or her supervisor of the relationship, and must be recused from any and all discussions or decisions relating to the matter.

VI. ACQUISITION REPORTS BY THE AUTHORITY

6.1 The Director of Real Estate or equivalent(s) or designee shall publish the following reports in accordance with these Guidelines:

6.1.1 Pursuant to Section 2800 of the Public Authorities Law, the Director of Real Estate shall furnish a report for incorporation in the Authority's annual report which is distributed to the Governor, the Chairman and Ranking Minority Member of the Senate Finance Committee, the Chairman and Ranking Minority Member of the Assembly Ways and Means Committee, the State

Comptroller and the State Authorities Budget Office. This report shall include (a) a listing of all Real Property having an estimated Fair Market Value greater than fifteen thousand dollars ($15,000.00) that the Authority Acquired during such reporting period and the name of the seller of the Real Property and the price paid by the Authority for the Real Property, and (b) a description of the total amounts of Real Property purchased without competitive bidding, including (i) the nature of the Real Property, (ii) the names of the counterparties, and (iii) where the price for the Real Property purchased exceeds Fair Market Value, a detailed explanation of the justification for making the purchase without competitive bidding, and a certification by the Authority's Chief Executive Officer and Chief Financial Officer that they have reviewed the terms of such purchase and determined that it complies with applicable law.

6.1.2 The Authority may be called upon periodically to submit information regarding the Acquisition of Real Property to organizations implementing the PAAA or other statutes regulating the Acquisition of Real Property, such as the Authority Budget Office through the Public Authorities Reporting System ("PARIS").

6.1.3 The Authority's Governance Committee meets at least three times per year and staff from HR and Enterprise Shared Services or the equivalent may, upon request, prepare and present ongoing reports regarding the Acquisition of Real Property.

Exhibit ~~"B"~~2c~~d~~-3
March ~~26~~29, ~~2015~~2016

GUIDELINES

AND

PROCEDURES

FOR THE

ACQUISITION OF REAL PROPERTY

BY THE NEW YORK POWER AUTHORITY

INDEX

Article	Description	Page
I.	PURPOSE…….….....	1
II.	DEFINITIONS…….….....	1-2
III.	COMPLIANCE OVERVIEW…….….....	2
IV.	DUTIES OF THE DIRECTOR OF REAL ESTATE ….....	2-3
V.	ETHICAL CONSIDERATIONS……...……..	3-4
VI.	ACQUISITION REPORTS BY AUTHORITY….....	4-5

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PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

Policy Title: Recruitment and Job Posting

Policy Number:	EP 1.2 Rev.14
Revision Date	05/21/2015
Approved By:	Kristine Pizzo Senior Vice President, Human Resources
Executive Owner:	Barbara Coles Director, Recruiting
Content Owner:	Barbara Coles Director, Recruiting

The Content Owner partners with the attorney assigned to his/her department/workgroup to write and review the policy.

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Revision Date	Revision	Description/Modification	Revision Section(s)	Author
05/21/2015	14	Changed revision numbering from 0 to 12 and from 1 to 13	Revision History Table	Barbara Coles Director, Recruiting
3/04/2015	13	Font change. Minor editorial changes Changed title from Senior Vice President of Enterprise Shared Services to Senior Vice President of Human Resources	All Throughout Cover Page, 5.1.2, 5.2.7, 5.3.2, 5.3.3	Barbara Coles Director, Recruiting
12/01/2014	12	Converting to new format, there were 11 prior revisions of this Policy	N/A	Barbara Coles

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1 PURPOSE AND SCOPE

The goal of the job posting policy is to ensure that employees are made aware of and have the opportunity to apply for open Full-time, Part-time and Provisional salaried positions either before or concurrent with the Authority's consideration of external candidates for employment. However, there may be exceptions to this process, for example, if a qualified internal candidate or temporary employee from the hiring department or Business Unit has been identified. Under such circumstances, authorization must be obtained in writing from the Senior Vice President of Human Resources or his/her designee, and the President and CEO.

2 APPLICABILITY

2.1 The job posting program makes information available to Authority employees, regarding Full-time, Part-time and Provisional salaried openings throughout the organization, including the requirements for each job.

2.2 The New York Power Authority considers all internal (with the exception of current members of the Board of Trustees) and external applicants for employment, in accordance with all applicable Federal, State and local laws governing non-discrimination in employment in every location in which it maintains offices or facilities. The Authority also provides reasonable accommodation to individuals with a disability in accordance with applicable law.

3 INITIALISMS (ACRONYMS) AND DEFINITIONS

Relatives - Refers to spouse, domestic partner, parents, children, sisters, brothers, sisters-in-law, brothers-in-law, parents-in-law, sons/daughters-in-law, aunts, uncles, nieces, nephews, cousins, and grandparents by blood relationship or by marriage or family members residing in the same household.

4 RESPONSIBILITY

Responsibility and oversight of this policy resides with the approver unless otherwise noted here in.

5 POLICY IMPLEMENTATION

5.1 Job Posting

5.1.1 To be eligible to apply for a posted position an applicant must:

a) Meet the position requirements and qualifications stated in the Posting
b) Be capable of performing the essential functions of the job, with or

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without reasonable accommodation;

c) Have a job performance that is acceptable within the guidelines of the Authority's prevailing performance management system;

d) Have been in their current position for at least 12 months.

5.1.2 Salaried vacancies below the senior management level are generally posted on the *Powernet* and the Authority's website (www.nypa.jobs). If a qualified internal candidate or temporary employee from the hiring department or Business Unit has been identified, an exception may be made with the approval of the Senior Vice President of Human Resources or his/her designee, and the President and CEO.

5.1.3 Salaried positions covered under this policy, which are not expected to be filled within the work group, department or Business Unit, will be posted on the *Powernet* and the Authority's website for at least ten working days, however, external recruitment efforts may commence simultaneous with the posting.

5.1.4 All members of the Board of Trustees are prohibited from seeking paid employment at NYPA while serving on the Board of Trustees. All trustees shall sign a certification acknowledging their understanding and commitment to follow this requirement.

5.1.5 Offers of employment are contingent upon successful completion of pre-employment requirements, which include a comprehensive background investigation for all potential new hires and possible other candidate screening (i.e., aptitude test, drug screening, etc.) as the Authority deems appropriate.

5.1.6 Within three business days of employment, new employees must prove identity and eligibility to work in the United States by providing original documents established as criteria by the Immigration and Reform Control Act to their HR representative. If an employee is unable to present the required documents within the three business days, they may not work or continue rendering services to the Authority.

5.2 Internal Job Application Process

5.2.1 During the posting period, interested employees can apply via the Powernet.

5.2.2 If an employee interviews for a position at another NYPA location, he/she may be eligible for reimbursement for travel related expenses. If offered, and the employee

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accepts the position, he/she may be eligible for reimbursement of certain relocation costs. Please refer to EP 3.8 – Relocation Benefits for New and Transferred Employees. Employees should discuss these issues and options with their HR representative during the interview process.

5.2.3 Employees are encouraged to notify their supervisor when they are selected for an interview. However, employees are not expected to disclose that they are applying for a position if they are not selected for an interview. Employees being considered for a position should expect hiring managers to request and review performance information and evaluations while making a hiring decision and consult with an internal applicant's current supervisor.

5.2.4 Applying for an internal position does not guarantee an interview. Hiring managers will strive to interview those with the experience and qualifications that most closely match the requirements of the position. Internal candidates who are not selected will be notified.

5.2.5 Position transfer dates are determined in consultation with current supervisors. The business unit heads along with the managers of both the vacating and receiving departments must agree on a transfer date to ensure that such transfer occurs within four weeks after an offer has been accepted. The status of current work assignments and available back-up resources will be taken into consideration when determining the transfer date.

5.2.6 All changes in pay will be consistent with the guidelines established by the Compensation Program. The salary offered for the new position will be determined primarily based on the employee's qualifications for the new position and internal equity within the department or work group. Employees may choose to accept or decline offers without negative repercussions in their current position.

5.2.7 Special conditions may arise when an exception to this policy is appropriate. Under such circumstances, authorization must be obtained from the Senior Vice President of Human Resources or his/her designee.

5.3 Employment of Employee Relatives

5.3.1 Disclosure of relationships required as follows:

a) Individuals seeking employment with the Authority must inform the

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Authority's HR Representative, in writing, if they have a relative (as that term is defined above in Section 3) currently working at the Authority when applying for employment. The applicant must disclose the name of the relative, the familial relationship, title or position held by the employee, as well as the site or location at which the relative works.

b) Employees must inform their supervisor and the Vice President and Chief Ethics & Compliance Officer when a relative is transferred, demoted or promoted to a position where either the relative or the employee will have personnel decision related responsibilities, or supervisory responsibilities over their relative. The employee must disclose the name of the relative, the familial relationship, title and position held by the employee, as well as the site or location at which the relative works.

c) Employees must inform their supervisor and the Vice President and Chief Ethics & Compliance Officer when another employee becomes their relative and where either person will have personnel decision related responsibilities or supervisory responsibilities over the other person. In such instances, both employees must disclose the name of the relative, the familial relationship, title and position, as well as the site or location at which they work.

5.3.2 Employees and trustees may not take part in any hiring or employment decision relating to their relatives. Relatives of active employees or trustees will not be employed on a permanent or temporary basis unless authorization is granted by the Senior Vice President of Human Resources or his/her designee, and the President and CEO. Such authorization may be granted under circumstances where the candidate is the most qualified for the position. The circumstances for which an authorization is sought must be in writing.

5.3.3 The Authority will not consider employment applications, promotions or transfers for individuals whose employment, promotion or transfer would result in a supervisory relationship between them and a relative or one where a conflict of interest may exist or later arise. Exceptions to these guidelines require authorization of the Senior Vice President of Human Resources or his/her designee, as well as the Vice President and Chief Ethics & Compliance Officer. Any such request must be in writing.

5.3.4 If current employees become relatives after starting employment with the Authority, then such relatives must not be in a direct line of supervision or have any

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personnel related responsibilities that could affect each other. In the event this occurs, the Authority may transfer the employee or take any other employment action necessary to eliminate the conflict of interest. Any questions concerning such change in status should be directed to the Authority's Vice President and Chief Ethics & Compliance Officer.

5.4 Prohibition against Consideration of Politics in Employment

5.4.1 The Authority expressly prohibits employees involved in recruiting, interviewing or hiring or making promotional, disciplinary or other employment decisions relating to NYPA employees, from asking any such applicant or employee to reveal: (a) the political party affiliation of the applicant; (b) whether the applicant has made campaign contributions to any political party, elected official, or candidate for elective office; or (c) whether the candidate voted for any elected official or candidate for elective office.

5.4.2 The provisions of paragraph 5.4.1 shall not apply to circumstances where such inquiry is necessary for the proper application of State law or approved state authority or New York State public authority rules, policies or practices (e.g., inquiring about party affiliation where State law limits the number of members of a State board who can be from the same party).

6 PENALTIES

Any employee who knowingly violates the provisions of this Policy will be subject to appropriate disciplinary action up to and including termination.

7 REFERENCES

EP 3.8 Relocation Benefits for New and Transferred Employees

8 POLICY REVIEW AND EXPIRATION

This policy will be reviewed on March 4, 2016

9 ATTACHMENTS

N/A

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

Signature

5-21-15

Date

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 NYPA DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

Policy Title: Transfer or Re-Employment in Public Service

Policy Number:	EP 1.9 Rev.6
Revision Date	10/27/2015
Approved By:	Kristine Pizzo Senior Vice President, Human Recourses
Executive Owner:	Karina Saslow Director, Total Compensation & HRIS
Content Owner:	Brenda Verdesi Manager, Benefits

The Content Owner partners with the attorney assigned to his/her department/workgroup to write and review the policy.

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 NYPA DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

Revision Date	Revision	Description/Modification	Revision Section(s)	Author
10/27/2015	6	Correction to Direct Transfer Retiree Benefits total years of eligible service	5.1	Karina Saslow Director, Total Compensation & HRIS
10/19/2015	5	Converting to new format. There were 4 prior revisions of this policy. Clarification of eligibility and new service requirements for retiree benefits. Addition of application.	N/A 2, 3, 5, 9	Brenda Verdesi Manager, Benefits

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 NYPA DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

1 PURPOSE AND SCOPE

This policy provides guidelines pertaining to the potential transfer of vacation and sick leave accruals and retention of hire date for employees reemployed by New York Power Authority (NYPA) or who directly transferred from New York State service, as defined below.

2 APPLICABILITY

Eligible Employees include any non-union NYPA Employees. This policy does not apply to Temporary Employees, as defined in EP 3.1.

Eligible Service may be considered for Employees who directly transfer from other eligible New York State Service within one year of their termination from such service (referred to as Direct Transfers) or, former NYPA Employees who are re-employed by the Authority (referred to as Rehires).

For purposes of service credit, this policy does not apply to the New York State and Local Retirement System or the Voluntary Defined Contribution Plan.

3 INITIALISMS (ACRONYMS) AND DEFINITIONS

New York State (NYS) Service: Includes Executive, Legislative, or Judicial branches, a Civil Division thereof, or a NYS Public Benefit Corporation service with respect to retirements.

Civil Division: For the purpose of administering this policy, a civil division shall be a city, county, town, or village that participates in the New York State and Local Retirement Systems. A civil division shall not include a school district or BOCES.

NYS Public Benefit Corporation: For the purpose of administering this policy only, a NYS Public Benefit Corporation shall be limited to those identified in the OSC Guide to Financial Operations, Chapter XVI, Section 3.F.

Boards of Cooperative Educational Services (BOCES): New York State shared educational programs and services that partner with districts to provide a broad range of services to help meet the evolving educational needs of students.

4 RESPONSIBILITY

Responsibility and oversight of this policy resides with the approver unless otherwise noted here in.

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5 POLICY IMPLEMENTATION

5.1 Rehires\Direct Transfers

Vacation and sick leave accruals, service credit and retiree benefit eligibility will apply as stated in the following table:

Service Credit / Employee Type	Rehired (less than 1 year)	Rehired (greater than 1 year)	Direct Transfer within 1 year
Date of Hire	Retain original NYPA hire date	Reset to NYPA rehire date	Retain previous employer hire date
Vacation/Sick Leave/Service Awards	Credit for prior NYPA service	No credit for prior NYPA service	Credit for previous employer service
Service Requirement for Retiree Benefits (Hired\rehired prior to January 1, 2016)	10 years of NYPA service	10 years of NYPA service; at least 5 must be since rehire date	10 years of eligible service; at least 3 must be with NYPA
Service Requirement for Retiree Benefits (Hired\rehired on\after January 1, 2016)	15 years of NYPA service	15 years of NYPA service; at least 5 must be since rehire date	15 years of eligible service; at least 5 must be with NYPA

5.2 Section 211 or 212 Exemption

Employees hired by the Authority pursuant to either Section 211 or 212 of the New York State Social Security and Retirement Law qualify for retiree benefits provided those employees hired/rehired before January 1, 2016 complete 10 years of service, and those employees hired on or after January 1, 2016 complete 15 years of service. These employees are not eligible for any prior service credit.

5.3 Transition

Eligible Employees have six months from their date of hire with the Authority to submit a Prior Service Request Form (located on the Powernet under Human Resources\Benefits\Benefit Forms\Miscellaneous) to Corporate Benefits in WPO, and apply for an adjustment in their date of employment and service credits. Retrospective adjustment of benefits shall be made where applications are approved.

6 VIOLATIONS

N/A

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 NYPA DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

7 REFERENCES

EP 3.1 Salaried Employee Categories and Eligibility for Benefits

8 POLICY REVIEW AND EXPIRATION

This policy will be reviewed every year by the anniversary of the revision date, or sooner if business needs require.

9 ATTACHMENTS

N/A

Senior Vice President, Human Resources

10-27-15

Date

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 NYPA DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

Policy Title: Salary Administration

Policy Number:	EP 2.1 Rev.18
Revision Date	07/07/2015
Approved By:	Kristine Pizzo Senior Vice President, Human Resources
Executive Owner:	Karina Saslow Director Total Compensation & HRIS
Content Owner:	Christopher Gillard Compensation Specialist

The Content Owner partners with the attorney assigned to his/her department/workgroup to write and review the policy.

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 NYPA DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

Revision Date	Revision	Description/Modification	Revision Section (s)	Author
07/07/2015	18	Updated document to the new format. This policy had 17 prior revisions under the old format.	N/A	Christopher Gillard Compensation Specialist
		• New Organizational Roles updated (SVP, Human Resources)	Throughout	
		• Clarification of Lump Sum payments being pensionable	5.1.5	
		• Clarification of leave of absence and merit timing	5.1.6	
		• Update on in-place promotion requirements,	5.2.3a	
		• Removal of compa-ratio limits and addition of guidance on positioning pay in range.	5.2.1	
		• Clarification of >10% increases and potential for spreading it over period of time.	5.2.2	
		• Expanded definition of market and equity adjustments • Clarification of lateral moves. • Addition of FLSA statement	5.3.3 & 5.3.4 5.5 6	

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1 PURPOSE AND SCOPE

1.1 This policy governs salary administration for eligible salaried employees as defined in section 2 below.

1.2 This policy describes the New York Power Authority's (NYPA) competitive pay program and provides guidelines in which to recognize and reward different degrees of performance through salary changes within budget limits.

2 APPLICABILITY

This policy applies to all full-time, part-time, and provisional exempt and non-exempt NYPA employees, as defined in the Salaried Employee Categories and Eligibility for Benefits policy (EP 3.1).

3 INITIALISMS (ACRONYMS) AND DEFINITIONS

Base Rate of Pay Bargaining Unit Employee - the negotiated hourly rate for the job, excluding any other payments granted to an employee such as premiums and overtime.

FLS - First Line Supervisor

NYPA - New York Power Authority

4 RESPONSIBILITY

4.1 All types of actions described in this policy, including the effective date of the salary action, require the approval of the Business Unit Head, the Senior Vice President Human Resources or his/her designee, and the President and CEO or his/her designee. All requests require a summary of the reason for selection, change in role and responsibilities, succession planning actions and/or relevant information justifying the action.

4.2 Any salary action varying from the guidelines of this policy requires documentation, justification, and majority approval from the Compensation Committee and the President and CEO. The justification must contain a detailed explanation for the request . Requests that are insufficient will be returned for further justification or denied.

a) The Compensation Committee requires a minimum of three participants. It is made up of the Business Unit Heads that report directly to the President and CEO, excluding the Business Unit Head directly involved in the request and the Senior Vice President Human Resources.

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4.3 Any action affecting the hiring of or promotion to Vice President or higher also requires notification to the Governance Committee.

4.4 The Trustees and the Governance Committee will receive a quarterly report of all salary actions implemented in the prior quarter.

5 POLICY IMPLEMENTATION

5.1 Annual Merit Increase

5.1.1 Annual Merit increases are intended to provide recognition and reward for performance within the parameters of NYPA's annual salary budget. However, neither an annual salary budget nor an annual Performance Plus assessment is a guarantee that a salary adjustment will occur.

5.1.2 An employee's Performance Plus rating summarizing his/her annual performance will be taken into consideration for Annual Merit purposes and ensures that an employee is considered for a salary adjustment.

5.1.3 Eligibility:

a) Only employees who receive a Performance Plus rating of Partially Achieved Expectations or better (see Performance Plus Instructions on the PowerNet for ratings definitions), are eligible for an Annual Merit increase.

b) No Annual Merit increase will be given to employees who earn a Performance Plus rating of Did Not Meet Expectations.

c) Employees whose date of hire is within the six months prior to the Annual Merit increase effective date will not be eligible for that years' increase.

5.1.4 Timing:

Annual Merit increases will generally be effective in the third quarter. In the case of employees on approved leaves of absence, the effective date of increases may be adjusted (see section 5.1.6).

5.1.5 General Guidelines:

a) Base salaries of employees who earn a Performance Plus rating of Achieved Expectations or Partially Achieved Expectations can reach the maximum of the grade range for their job but cannot exceed it. Should an employee's base salary reach the maximum of the grade range or beyond, recommendations to go over must have appropriate approvals as specified in section 4.2. If the maximum of the grade range is exceeded by the recommended salary increase, then the portion of the increase in excess of the maximum will be granted in the

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form of a pensionable lump sum payment which does not become part of base pay and must be re-earned each year.

b) Base salaries of employees who earn a Performance Plus rating of Exceeds Expectations may exceed the maximum of the grade range by 4%. If the recommended salary increase exceeds 4% above maximum, then the portion of the increase in excess of the maximum will be granted in the form of a pensionable lump sum payment which does not become part of base pay and must be re-earned each year.

c) If an employee is under the minimum of the grade range for his/her job and has a performance plus rating of Achieved Expectations or better, an adjustment to minimum will be given prior to the Merit increase, unless a plan is already in place to progress them to the minimum of the range.

5.1.6 Approved Leaves of Absence:

a) Performance Assessments — Annual performance assessments should be based on performance in the previous assessment year, regardless of the length of time the employee was on approved leave.

b) Effective Date of Salary Increase - is determined upon the employee's return to work. If the employee returns from an approved leave of three months or less, the Merit increase will be effective retroactive to the common Merit Increase date. If the approved leave is longer than three months, the Merit Increase will be effective on the date the employee returns to work, unless proscribed by any other policy, state or federal law.

c) In either situation, the amount of the increase will not be affected by the leave.

5.2 Promotional Increases

5.2.1 A promotion may include an increase in salary of up to 10%. This increase typically places the employee's salary in the grade range of the new position. An employee's position in a grade range should reflect proficiency for the expectations of the level of the role. The lower third is entry range, people new to the field, less skilled performers. Median range are skilled performers/experienced for the level of work defined. Upper third range are consistent top performers and critical skill/experts.

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5.2.2 When a 10% promotional increase does not bring the employee's salary to the minimum of the new grade range, or creates equity concerns (see section 5.3) the employee may receive an additional salary increase with approval of the Compensation Committee (see section 4.2). Increases over 10% may result in the increase being spread out over a defined period of time and based on continued performance of Achieved Expectations or better.

5.2.3 Types of Promotions:

a) In place promotion: In place promotions are based on defined essential knowledge, skills, and abilities for a certain level of work. An individual needs to demonstrate their ability to meet these requirements and management needs to provide a business need for this level of work. A Job hierarchy needs to be in place for an in-place promotion to be implemented. In place promotions for the upcoming year will be planned for in the merit planning cycle. They will be implemented in the following year on common dates determined and announced at the beginning of the year.

b) Re-evaluated position: When a business need drives a change in work or a reorganization results in a job having expanded responsibilities and increased level of competency, a job analysis should be requested by the Business Unit Head and forwarded to the Human Resources Compensation Group in order to assess supporting a higher grade range. (see section 5.4.3).

c) Organizational Promotion (backfill or new role): Employee is assigned a different job, in order to fill an open or newly created position with expanded responsibilities at a grade higher than the employee's current position.

5.3 Market / Equity Adjustments

5.3.1 Upon the recommendation of the Human Resources Compensation group, an adjustment to base salary may be permitted to achieve internal and/or market equity.

5.3.2 Only employees who earn a Performance Plus rating of Achieved Expectations or better are eligible for a market or equity adjustment.

5.3.3 External Market adjustments are reviews of NYPA job grade ranges and average salaries to market rates. These are reviewed during the annual merit planning cycle. If a Business Unit head approves, a review may be conducted outside of the annual cycle to review a job hierarchy's positioning.

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5.3.4 Internal Equity adjustments are reviews of peer groups (e.g., same grade and geographic region or same grade, job family and geographic region) to review consideration of comparable pay. Overall, an equity review is conducted once a year after each annual salary cycle. Equity is also taken into consideration when making salary recommendations.

5.4 Re-evaluation of Job Content

5.4.1 Each Business Unit head, or their designee, is responsible for ensuring that salaried jobs in their organization have accurate and up-to-date descriptions. Substantive changes in the primary responsibilities, scope and/or minimum qualifications must be communicated to the Human Resources Compensation group. Based on the revised description, the Compensation group, with the input of management, reviews and evaluates the job against both the marketplace and internal comparable positions.

5.4.2 Recommendation for changes to any job based on the evaluation are coordinated with and approved by the respective Business Unit Head(s) for departments in which the job exists.

5.4.3 An evaluation may result in a change in grade. If a job is re-evaluated upward due to a significant change in job content, consideration may be given to granting a promotional increase as previously defined and outlined in Section 5.2.3 b.

5.4.4 Employees whose positions are re-evaluated and downgraded and whose salaries are greater than 4% above the maximum of the new grade range may have their salaries reduced to 4% above the maximum of the new grade range.

5.5 Lateral Transfer

5.5.1 A lateral transfer occurs when an employee moves from one job to another which has the same grade number but may be in a different pay structure (I, U, X, A)

5.5.2 Generally, additional compensation will not be granted in the case of lateral transfers within the same grade and structure. Additional compensation may be considered in the case of lateral transfers within the same grade but higher structure.

5.5.3 Moves that are part of a development plan or program, or job changes that are part of a specific work project may be considered for additional compensation.

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5.6 Demotions

5.6.1 A demotion may occur as the result of inadequate employee performance which leads to the employee being assigned to a new job that is one or more grades below the current grade.

5.6.2 Employees demoted as a result of inadequate performance and whose salaries are above the maximum of the new grade range may have their salaries reduced to no more than the maximum of the new grade range.

5.7 FLS Differential

To prevent inequities between bargaining unit employees, or equivalent jobs in non-union facilities, and their supervisors, FLS jobs shall generally be paid a minimum five percent (5%) above the annual base rate of pay of the highest paid supervised bargaining unit employee (or equivalent job). This differential applies only to those FLS who achieve an annual Performance Plus rating of Achieved Expectations or better for their prior year's performance.

5.8 Timing of Salary Actions

5.8.1 The Human Resources Compensation group will review in -place promotions, market or equity adjustments, and grade re-evaluations as indicated above during the first three quarters of the calendar year. These transactions will be frozen during the annual merit increase cycle.

5.8.2 Organizational promotions, demotions and reorganization requests will be acted upon at any time during the year.

5.8.3 With the exception of the annual merit increase, at least six months must elapse between any salary actions, inclusive of date of hire.

5.9 Sign-On & Retention

Special incentives for the purpose of attracting or retaining staff may be recommended and require the approvals specified in section 4.2.

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5.10 Incentive Pay

5.10.1 An incentive is a lump sum award paid in recognition of the extraordinary achievement of an individual or a group, on special projects or in unique situations that are critical to NYPA.

5.10.2 An incentive plan may be developed upon the recommendation of the Business Unit Head accountable for the results, the Senior Vice President Human Resources, and the President and CEO or his/her designee.

5.10.3 An incentive plan may be developed:

a) Before the start of a project, based on a pre-determined set of measures associated with the project goals and announced to those employees who are eligible, or
b) After exemplary completion of an extraordinary project that evolved during a given year.

5.10.4 Criteria for such an award must include extraordinary tangible benefits to NYPA such as reduced costs or increased revenue.

6 VIOLATIONS

Fair Labor Standards Act

Under the Fair Labor Standards Act, NYPA pays exempt employees on a salary basis and does not intend to make any deductions from these salaries which are prohibited. Any employee who believes an improper deduction may have occurred should raise the issue and bring supporting documentation, if any, to the attention of the Payroll Department as soon as practicable after the deduction occurs. Payroll will then work with the Human Resources Compensation group and should it be determined that an improper deduction in fact occurred, the employee will be reimbursed for that amount. Complaints may also be communicated via the Employee Concerns Line [1-877-TEL-NYPA]

7 REFERENCES

EP: 3.1 Salaried Employee Categories and Eligibility for Benefits

8 POLICY REVIEW AND EXPIRATION

This policy will be reviewed every year on the anniversary of the revision date, or sooner if business needs require.

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 NYPA DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

9 ATTACHMENTS

N/A

Senior Vice President, Human Resources

7/7/15

Date

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED DISCLAIMERS WHERE YOU WILL FIND A STATEMENT, WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

SALARIED NON-EXEMPT AND FACILITY-BASED EXEMPT OVERTIME

1.1 This policy provides for the payment of overtime to eligible Authority employees (see *Eligible Employees* below). It permits the Authority to:

a) comply with the Fair Labor Standards Act;

b) provide additional compensation to certain exempt positions for ensuring the safe and efficient generation and transmission of electricity during specified overtime events;

c) provide some relief for pay compression between bargaining unit employees and first line supervisors; and

d) manage overtime costs.

1.2 Eligible overtime is scheduled, authorized and approved time worked in excess of the normal workweek, under predetermined conditions related to specific Authority or facility requirements, priorities, special projects, or to maintain safe operating conditions.

1.3 Responsibilities:

a) A Business Unit Head, Regional or General Manager, or their designee will establish the event (Section 1.2) for which overtime will be paid, and will be accountable for the direction, authorization and administration of overtime as covered by this policy.

b) The Controller or designee will provide periodic reports of overtime paid including year-to-date totals. The Business Unit Head, Regional or General Manager, or their designee will reconcile these reports against authorizations required by this policy and promptly notify the Controller or designee in writing of any discrepancies that require correction.

c) The Business Unit Head is responsible for the prudent use of overtime within the parameters established by the approved O&M Budget.

1.4 Eligible Employees:

a) All salaried non-exempt employees are eligible for non-exempt overtime as required by the wage and hour laws of the Fair Labor Standards Act, as enforced by the U.S. Department of Labor

b) Facility-based salaried exempt employees are those employees whose work location of record in SAP is not White Plains or Albany. Headquarters salaried exempt employees are those whose work location of record in SAP is White Plains or Albany.

c) First Line Supervisors — salaried exempt employees with a job category of Supervisor at the facilities whose job is to supervise union employees or the equivalent at non-union facilities, may be eligible for exempt overtime compensation.

d) Salaried exempt individual contributor employees at the facilities in grades up through 09 (I/U/X) may be eligible for exempt overtime compensation. Salaried exempt individual contributor employees working in the Trading room on a 24/7 shift, salaried exempt individual contributor Fuel Buyer positions supporting the Traders, and salaried exempt individual contributor Transmission System Operators working at the Energy Control Center (ECC), may be eligible for exempt overtime compensation despite location or grade.

e) Headquarters salaried exempt employees, physically working at a facility as part of a specified temporary work project, and who are in grades 01 through 09 (I/U/X) may be eligible for exempt overtime compensation.

f) Salaried exempt employees in grades 10 (I/U) and above are not eligible for overtime compensation under any circumstances other than First Line Supervisors as noted in 1.4(c), and the Buyers, those in the Trading room, and the System Operators at the ECC, as noted in 1.4 (d).

Non-Exempt Overtime

2.1 A non-exempt employee is one whose job duties do not meet the established tests for exemption under certain wage and hour laws of the Fair Labor Standards Act, as enforced by the U.S. Department of Labor.

2.2 On those occasions when it is necessary for non-exempt employees to work in excess of their basic workweek [see Attendance and Flexible Hours policy (EP: 4.6)], all additional time worked must be directed and authorized in advance in accordance with Sections 1.2 and 1.3(a).

2.3 Notwithstanding the requirements of Section 2.2 above, under the Fair Labor Standards Act, all non-exempt employees who work in excess of their basic workweek must record and be paid for all time worked.

2.4 The rate of pay for non-exempt employees is as follows:

a) Straight time for up to 40 hours in a workweek.

b) 1 ½ times the straight time equivalent hourly rate of the annualized salary for those hours worked beyond 40 hours in a workweek. Payment for time worked on a scheduled holiday will be paid at 1 ½ times the equivalent hourly rate.

2.5 Generally, time spent traveling on company business will not be counted as hours worked for overtime computation purposes.

2.6 For non-exempt employees, work time spent as a required or assigned participant in any training program, lecture, meeting or workshop, will be paid at the applicable rate of pay (Section 2.4) for that time period.

Additional detail on non-exempt overtime reporting is available on the PowerNet under Human Resources - Compensation

Exempt Overtime

3.1 An exempt employee is one whose job duties meet the established tests for exemption under certain wage and hour laws of the Fair Labor Standards Act, as enforced by the U.S. Department of Labor.

3.2 Time worked in excess of the normal workweek at an employee's discretion will not be compensated. For eligible salaried exempt employees, all paid overtime must be approved in advance in accordance with Sections 1.2 and 1.3(a).

a) For exempt employees on 12 hour shifts, overtime is any time outside the regularly scheduled shift, regardless of the number of hours in the shift. If the scheduled rotation results in greater than 40 hours per week over the course of the year (e.g. 3 day on/3 day off continuous rotation), then the additional hours over the regular 2080 will be built in overtime.

b) Trading hours with another employee should result in an equal number of hours and the new hours become part of the regular schedule. For schedule rotations that include an "E-week" of four 8 hour shifts, the employee's schedule can be modified to backfill for shifts as needed, and all hours greater than 32 for the week would be paid as overtime.

3.3 For salaried exempt employees in, or temporarily acting in, First Line Supervisor positions, approved overtime will be paid at 1 ½ times the hourly equivalent of the exempt employee's salary for hours of ***actual supervision*** of NYPA bargaining unit employees, or the equivalent. Similarly, Transmission System Operators and Day Ahead Traders approved overtime will be paid at 1 ½ times the hourly equivalent of their exempt salary for hours performing their primary duty. Any other overtime hours, if approved, will be paid at a straight time rate.

3.4 Eligible individual contributor employees may be paid for all hours worked, in accordance with Section 1.2. Approved overtime will be paid at the straight time hourly equivalent of the exempt employee's salary.

3.5 Exempt employees who are preapproved to work during a scheduled holiday will be paid at 1 ½ times the hourly rate for First Line Supervisors, and 1 times the hourly rate for non-supervisory employees for actual hours worked in addition to their normal straight time pay for the holiday.

3.6 Eligible employees temporarily assigned to work at a facility will assume the basic workweek of the facility and their rate of pay for overtime purposes will be determined on that basis.

Approval and Time Records

4.1 For eligible salaried exempt employees, an Overtime Approval form must be completed stating the employee's name, period of time for which the overtime has been requested and approved, a brief description of the task, and the employee's basic workweek hours . These must be reviewed and approved (signed) by a Business Unit Head and/or Regional or General Manager, or designee, as appropriate. These records are retained by the applicable department or facility.

4.2 When a salaried exempt employee is temporarily assigned to an operating facility the time record should be approved by either the Business Unit Head or Regional or General Manager, or designee, as appropriate.

4.3 Payment for authorized overtime under the guidelines of this policy, where practicable, will be charged to the operating budget where the work is performed. The approved time report must clearly indicate the appropriate facility program code number to charge.

4.4 Payment to a salaried exempt employee for overtime that has not been specifically directed or authorized by those delegated the responsibility by this policy, will not be permitted under any circumstances. Issues with unauthorized non-exempt overtime will be addressed through the performance management process. [See Section 2 regarding treatment of non-exempt employees.]

4.5 This policy supersedes all prior policies and procedures regarding overtime for exempt and non-exempt personnel.

Vice President, Human Resources

6/18/14

Date

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 NYPA DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

Policy Title: Salaried Employee Categories and Eligibility for Benefits

Policy Number:	EP 3.1 Rev.8
Revision Date	10/19/2015
Approved By:	Kristine Pizzo Senior Vice President, Human Recourses
Executive Owner:	Karina Saslow Director Total, Compensation & HRIS
Content Owner:	Brenda Verdesi Manager, Benefits

The Content Owner partners with the attorney assigned to his/her department/workgroup to write and review the policy.

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Revision Date	Revision	Description/Modification	Revision Section (s)	Author
10/19/2015	8	Converting to new format. There were 7 prior revisions of this policy.	N/A	Brenda Verdesi Manager, Benefits
		Clarification of Categories	3	
		Update of Eligibility for Medical Benefits to comply with provisions of the Patient Protection and Affordable Care Act	3.1	
		Update of Eligibility for Retirement Benefits	5.2	
		Reference to EP 1.9	7	

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 NYPA DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

1 PURPOSE AND SCOPE

This policy defines the various categories of non-union Authority employees and the benefits available to each category. Classification of exemption status is determined based on the job requirements in accordance with the Fair Labor Standards Act, as enforced by the U.S. Department of Labor.

2 APPLICABILITY

This policy applies to all non-union Authority employees.

3 INITIALISMS (ACRONYMS) AND DEFINITIONS

3.1 **Full-time Authority Employee** – An employee who works at least 37½ or 40 hours per week as determined by the Business Unit or Department.

a) Transitional Employee – A full-time Authority employee with a written development plan designed to prepare that employee to fill an anticipated vacancy in another Authority position within a designated time-frame.

3.2 **Part-time Authority Employee** – An employee who has worked full-time for a minimum of one year, and whose status has changed from full-time to part-time without a break in service (employment with the Authority has not been terminated); and who works a minimum of 20 hours per week but less than 37½ or 40 hours (as applicable).

3.3 **Provisional Employee** – Employed on a full-time basis (37 ½ or 40 hours per week) for a specific project or assignment for a period that is expected to last at least one year but not more than three years, and who is paid directly by the Authority.

3.4 **Temporary Employees** – Employed for a period of not more than one year (from date of hire) unless approval to extend employment for an additional period is received from headquarters Human Resources Department Head and the Budget Department.

a) Full-time Temporary Employee – employed on a full-time basis (37 ½ or 40 hours/week) for a specific position or assignment, and who is paid directly by the Authority.

b) Part-time Temporary Employee – employed on a part-time basis (minimum of 20 hours/week but less than 37½ or 40 hours/week) for a specific position or assignment, and who is paid directly by the Authority.

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c) Temporary Intern – employed on a full-time or part-time basis for a specific position or assignment, not to exceed six months in a given calendar year, and who is paid by the Authority.

d) Developmental Intern – employed on a full-time or part-time basis while enrolled in an accredited college or university in a curriculum related to the temporary assignment at the Authority. Additional guidelines apply to Developmental Interns under the Human Resources Developmental Intern Program.

e) Cooperative ("Co-op") – employed on a full-time basis while enrolled full-time at an accredited college or university in a work/study or cooperative education curriculum and who receives credits towards his/her course of study.

f) Returning Retiree – employees who have retired from the Authority and are rehired as a temporary employee to transition work or perform a specific project based on their unique experience, knowledge or skills, for a period not to exceed one year.

i. Any requests to hire a NYPA retiree (including NYPA retirees who have suspended their pensions) must be approved by the President & Chief Executive Officer, Business Unit Head, SVP-Human Resources and VP and Chief Ethics & Compliance Officer. The justification and the request for approval must contain documentation of the need to obtain the services of that individual and indicate that the returning retiree's compensation (i) will be set at her or his most recent Authority hourly rate of pay [no benefits] and (ii) will not exceed the applicable annual earnings limitation contained in the New York State Retirement and Social Security Law (NYSRSSL) or other applicable laws.

4 RESPONSIBILITY

Responsibility and oversight of this policy resides with the approver unless otherwise noted here in.

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 NYPA DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

5 POLICY IMPLEMENTATION

5.1 Benefits

Employees are eligible for the following benefits based on their category as defined in Section 3. For more detailed information about the applicable employee benefits as listed above, please refer to the FlexAbility Guidebook and Benefits Handbook on the PowerNet.

Flexibility Benefits				
	Full-time	**Part-time**	**Provisional**	**Temporary**
Medical	Eligible	Eligible	Eligible	If determined to be a "full-time equivalent" under the regulations of the Patient Protection and Affordable Care Act (PPACA), eligible as required by Federal Law
Dental; Vision; Hearing; Group Legal, Flexible Spending Accounts, Accidental Death& Dismemberment Insurance; Accident Expense Plan; Cancer Protection Plan	Eligible	Eligible	Eligible	Not Eligible
Employee, Spouse, Child Life Insurance	Eligible	Eligible – Employee life insurance is based on pro-rated pay	Not Eligible	Not Eligible
Long Term Disability Insurance	Eligible	Eligible – based on pro-rated pay	Not Eligible	Not Eligible

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Long Term Care	Closed to new participants	Closed to new participants	Closed to new participants	Not Eligible
Flex Credits	Eligible	Eligible – based on a reduced flat amount	Eligible – based on a reduced flat amount	Not Eligible
Other Benefits				
	Full-time	**Part-time**	**Provisional**	**Temporary**
Educational Assistance Program	Eligible	Eligible – pro-rated based on the number of hours worked per week	Not Eligible	Not Eligible
Employee Assistance Program	Eligible	Eligible	Eligible	Eligible
Vacation Leave	Eligible	Eligible – pro-rated per EP 3.2	Eligible – per EP 3.2	Not Eligible
Sick Leave	Eligible	Eligible – pro-rated per EP 3.9	Eligible – per EP 3.9	Not Eligible
Holidays	Eligible	Eligible – if work less than a full day (as applicable to their respective job location) are eligible for compensation for holidays based on the number of hours worked per day. However, if an employee works less than a full week, and a holiday falls on a day an employee is not scheduled to work, he/she will not be paid for that day.	Eligible – except for holidays that fall on a day not schedule to work per EP 5.1.2.d	Not Eligible – unless work on a holiday

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Retirement Benefits				
	Full-time	**Part-time**	**Provisional**	**Temporary**
Employees' Savings Plan	Eligible	Eligible	Eligible	Not Eligible
Deferred Compensation Plan	Eligible	Eligible	Eligible	Eligible
New York State & Local Retirement System or Voluntary Defined Contribution Plan (for certain Tier 6 employees)	Mandatory Membership	Optional Membership – service credit is pro-rated based on the number of hours worked per week	Mandatory Membership	Optional Membership if period of employment is less than one year. Membership is mandatory for a full-time temporary employment that exceeds one year.

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5.2 Eligibility for Benefits in Retirement

In order to continue benefits in retirement employees must meet specified service requirements and terminate employment with the Authority and immediately collect a pension from the NYS and Local Retirement System (NYSLRS provision does not apply to Tier 6 employees that enroll in the VDC).

Employees who were rehired or were direct transfers are required to complete service requirements under EP 1.9

	Salaried Employee Hired/Rehired Before 01/01/2016		**Employee Hired/Rehired on or After 01/01/2016**
	Employee Retires on or before 01/01/2019	**Employee Retires after 1/1/2019**	
Retirement Eligibility*	10 Years of service	10 Years of service	15 Years of service
Retiree Contribution to Medical Coverage**	No contribution to any medical plan	No contribution if enrolled in the NYPA Plan. If enrolled in another plan, your contribution is 50 percent of the difference between the active employee contribution to the NYPA PPO Plan and the plan you enrolled in.	Retiree contribution is 50% of the active employee contribution

* The retirement eligibility refers to medical, life insurance, and Medicare Part B reimbursement benefits.

**The "active contribution" will be based on your enrollment (e.g. single or family coverage).

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6 VIOLATIONS

N/A

7 REFERENCES

EP 1.9 Transfer or Re-Employment in Public Service

EP 3.2 Vacation

EP 3.9 Sick Leave

8 POLICY REVIEW AND EXPIRATION

This policy will be reviewed every year by the anniversary of the revision date, or sooner if business needs require.

9 ATTACHMENTS

N/A

Senior Vice President, Human Resources

10-19-15

Date

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 NYPA DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

Policy Title: Vacation

Policy Number:	EP 3.2 Rev.12
Revision Date	04/10/2015
Approved By:	Kristine Pizzo Senior Vice President, Human Resources
Executive Owner:	Karina Saslow Director, Total Compensation & HRIS
Content Owner:	Brenda Verdesi Manager, Benefits

The Content Owner partners with the attorney assigned to his/her department/workgroup to write and review the policy.

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Revision Date	Revision	Description/Modification	Revision Section (s)	Author
04/10/2015	12	Converting to new format. There were 11 prior revisions of this Policy.	N/A	Brenda Verdesi Manager,Benefits

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1 PURPOSE AND SCOPE

Because NYPA recognizes the importance of vacation time in providing the opportunity for rest, recreation, and personal activities, the Authority grants annual paid vacations to its full-time, part-time, and provisional salaried employees (see EP 3.1, Salaried Employee Categories and Eligibility for Benefits Policy, for employee category definitions).

2 APPLICABILITY

See Section 5.1 Eligibility for Vacation

3 INITIALISMS (ACRONYMS) AND DEFINITIONS

N/A

4 RESPONSIBILITY

Responsibility and oversight of this policy resides with the approver unless otherwise noted here in.

5 POLICY IMPLEMENTATION

5.1 Eligibility for Vacation

5.1.1 Full time salaried employees are credited with vacation days as follows:

a) Employees are credited with 20 vacation days on January 1 of each year.

b) In an employee's first year of Authority employment, vacation days are credited on a pro-rated basis (rounded up to the nearest half day), based on the employee's date of employment (1/12th of 20 vacation days, or 1 2/3 days for each month of service). For example, if employment began in April, the employee receives 15 vacation days for the year. If employment began in December, the employee receives two vacation days.

c) Employees who have 11 or more years of eligible NYPA service will be credited with an additional ½ vacation day on January 1 immediately after they attain 11 years of eligible service. (See EP 1.9, Transfer or Re-Employment in Public Service, for transferred time eligibility criteria.) For each succeeding year of service, another ½ day will be credited on the following January 1st of each year until a maximum of 25 days per year is credited upon the January 1st after reaching 20 years of service.

d) Employees who are on a medical leave and receiving full pay will receive full vacation credits on January 1. Employees on sick leave at half-pay or a leave of

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absence without pay or long term disability on January 1, will not receive vacation days until they return to work, at which point the days will be credited on a pro rated basis for the full months worked during the year. Employees who go out on a medical leave or a leave of absence without pay after receiving their vacation days on January 1, and remain employees, will keep the vacation days that were granted on January 1.

5.1.2 Vacation days for part time salaried Authority employees are credited on a pro rated basis based on the assigned number of hours worked per week. If part-time employees become full time during the year, their vacation days for the year will be adjusted on a pro rated basis.

5.1.3 Provisional salaried employees, employed on January 1, are credited with 10 vacation days per year for their first two full years of employment, and 15 vacation days in their third year. In the first calendar year of provisional employment, vacation will be pro-rated for each month of service.

5.2 Vacation Usage

5.2.1 New employees may use vacation time immediately with the approval of their supervisor (see Section 5.4 (d)*)

5.2.2 Employees may use vacation days in full or half-day increments. However, supervisors may allow employees to offset partial vacation days with flexible scheduling, allowing them to make up time by working extra hours on other days. Supervisors may also grant very limited time off without using vacation time if the absence is so brief that it does not affect getting assigned work completed.

5.2.3 Excessive requests for time off, or taking vacation time without prior approval, should be handled by supervisors as performance problems in accordance with EP 4.2, Performance Improvement Policy.

5.2.4 Once employees have submitted their resignation, vacation usage is subject to their supervisor's approval. However, employees must physically be at work on their last day of employment.

*(Some Business Units, Sites or Departments may require the vacation request in writing.)

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5.3 Vacation Carryover

Regardless of how many vacation days employees are credited with at the beginning of the year, no more than 40 vacation days may be carried over from year to year. For example, on December 31 an employee has the maximum vacation accumulation (40 days) and is credited with an additional 20 days on January 1, the employee's total balance would be 60 days on January 1. If by December 31 of that year the employee still has more than 40 days of accumulated vacation time, the vacation balance will be reduced to 40 days. However, due to extenuating circumstances, individual exceptions to this limitation on carryover of vacation days may be approved by the respective Business Group and Business Unit/Department Heads with concurrence from the Human Resources Department Head or their designee. Any such request must be forwarded to the Human Resources Department Head no later than January 10th of the year in which the vacation accumulation exceeds the 40-day maximum.

5.4 Pay in Lieu of Vacation

Payment in lieu of accumulated vacation, not exceeding a maximum of 40 days, may be made for employees who have completed at least six months of service under the following conditions:

a) When employees resign, provided they give the Authority at least two weeks' written notice.

b) When employees' services are terminated by the Authority.

c) When employees resign, are terminated or retire, they will receive payment for the current year's accumulated vacation on a pro-rated basis (1/12th of yearly vacation days for each month of service). This will be added to any days that were carried over from the prior year, up to a maximum vacation payment of 40 days. If employees have already used more than the equivalent of 1/12th of their yearly vacation days for each month of service, payments for those days must be repaid to the Authority (to the extent possible, payment will be withheld from the employee's final paycheck).

d) When employees resign or are terminated prior to six months of service, they are not eligible for payment of vacation days, and payment for any vacation time taken within the first six months of employment must be repaid to the Authority (to the extent possible, payment will be withheld from the employee's final paycheck).

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e) In the event of death, payment for unused vacation will be made to the beneficiary as named in the employee's group life insurance policy.

5.5 Vacation Buy-Back Program

5.5.1 If a vacation buy-back is offered and announced by Human Resources, employees will be advised of the amount of vacation they are allowed to "buy-back" at that time.

5.5.2 When the announcement is made by Human Resources, request forms must be sent to Payroll with the specified deadline dates. Requests received after the announcement deadline date will not be honored or processed.

5.5.3 The vacation "buy-back" check will be issued separately from the regular bi-weekly paychecks. In addition to taxes, Employees' Savings Plan (401(k) plan) and Deferred Compensation Plan (457 plan) deductions, if applicable, will be withheld from the check. Employees' Savings Plan or Retirement System loan repayments will not be deducted from the check.

5.5.4 The vacation "buy-back" payment does not constitute salary as defined by the Retirement and Social Security Law. Therefore, Tier 3 or Tier 4 contributions, if applicable, will not be deducted from the vacation buy-back check, nor will the buy-back be reported to the Retirement System as wages. Therefore, the value of the "buy-back" will not be included in the calculation of an employee's Final Average Salary.

6 VIOLATION

N/A

7 REFERENCES

7.1 EP 1.9, Transfer or Re-Employment in Public Service
7.2 EP 3.1, Salaried Employee Categories and Eligibility for Benefits Policy
7.3 EP 4.2, Performance Improvement Policy

8 POLICY REVIEW AND EXPIRATION

This policy will be reviewed every year by the anniversary of the revision date, or sooner if business needs require.

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED EP 0.0 NYPA DISCLAIMERS WHERE YOU WILL FIND A STATEMENT WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

9 ATTACHMENTS

N/A

Senior Vice President, Human Resources

4-10-15

Date

Printed copies are not controlled.
For the latest revision of this document, refer to the Policy and Procedure PowerNet Site.
Records will be retained in accordance with NYPA's approved records retention schedules and/or in compliance with all applicable legal requirements pertaining to NYPA.

Family and Medical Leave Act (FMLA)

Note: Revision # should be listed in descending order starting with most recent version at the top.

Revision Date(For BCG Use Only)	Revision #	Description/Modification	Revision Section (s)	Author
3/28/2016	14	Uploaded information to a new format. This policy had thirteen (13) revisions under the old format.	N/A	Karina Saslow, Director, Total Compensation & HRIS
		Updated titles & HR designees	Various sections	
		Contingent workers are not eligible	2.3	
		Management Employees - FML leave covers Domestic Partners	Various sections	
		Management Employees - revised Employee Medical Leave to use all accrued sick days, except 5 days, then employee receives salary continuation at full pay for remainder of FMLA	5.2	
		Redefined Newborn and Adoption Leaves into new Parental Leave category	Various sections	
		Changed the word Salaried to Management	Various sections	
		Added Intermittent Leave to Parental Leave for Management Employees	Various sections	
		Replace Parental Leave 10 sick day cap with use all accrued sick time for Management Employees	5.3	

		Clarified that all references to FMLA time period are 12 weeks, not 3 months. Reasonable Accommodations can be requested for Leaves beyond 12 weeks Clarified that fraudulent activity may be subject to disciplinary action up to and including termination of employment	Various sections Various sections 6	

Please refer to Employee Policy EP 0.0 NYPA DISCLAIMERS where you will find a statement which pertains to all Employee Policies including this one.

1 PURPOSE AND SCOPE

This policy applies to all employees at all NYPA sites and offices and provides guidelines for qualifying leaves under the Family and Medical Leave Act ("FMLA"). The Notice to Employees of Rights under the FMLA (WHD Publication 1420) ("Notice") is fully incorporated into this policy. The policies and guidelines stated in this FMLA policy shall be subject to such other terms and conditions as are provided in the FMLA and its regulations.

2 APPLICABILITY

2.1 To be eligible for FMLA leave, an employee must have been employed directly by the Authority for at least 12 months and must have worked at least 1,250 hours during the previous 12 months.

2.2 Contingent workers whose compensation is paid directly by a third party, who are not paid directly through the Company's payroll system, or who are classified by the Company as consultants and/or independent contractors, are not eligible for or entitled to participate in or receive benefits under any benefit plan, policy, or practice offered by the Authority, its parents, affiliates, subsidiaries, or successors.

2.3 In all cases, qualifying time absent will be applied toward the maximum 12-week FMLA time period. The use of sick time, vacation, floating holiday, salary continuation, no pay, or Workers Compensation does not alter the status of the leave as FMLA leave, nor does it extend any Authority provided job security periods.

2.4 The majority of this policy applies to both Management and employees covered under a Collective-Bargaining Agreement. However, the following provisions of this policy only apply to Management unless otherwise noted: Domestic Partners; intermittent Parental Leave; Section, 5.3.7; 5.4.4; 5.7.1; 5.7.2; 5.9.2; 5.9.4; 5.11.1; 5.11.2. Bargaining Unit employees are directed to their Human Resources Facilities Manager and the applicable Collective Bargaining Agreement or Benefit book.

3 INITIALISMS (ACRONYMS) AND DEFINITIONS

Type of Leaves Covered Under the FMLA

Employee Medical Leave ("EML") (see Section 5.3) – An employee's "serious health condition" that renders an employee unable to perform the functions of his or her position are eligible for EML., EML may be work related or non-work related and includes any time taken to recover from childbirth.

Family Medical Leave ("FML") (see Section 5.3) – To care for an employee's spouse/Domestic Partner, child, or parent (not parent-in-law) who suffers from a "serious health condition".

Parental Leave ("PL") (see Section 5.4) – To care for a newborn child or newly adopted or newly placed foster care child.

Military Family Leave ("MFL") (see Section 5.5) – To care for a spouse/Domestic Partner, child, parent or next of kin of a covered service member.

Qualifying Exigency Military Family Leave ("QEL") (see Section 5.6) – To take care of certain qualifying exigencies arising when a spouse/Domestic Partner, parent, or child has been called to, or is on, active duty in the National Guard or Reserves.

Other Initialisms and Definitions

Designated Human Resources Representative (HR) – The NYPA representative responsible for overseeing and approving FMLA leaves at each site.

Domestic Partner – Applies to Management employees only. An employee must satisfy and have on file NYPA's Domestic Partner Benefits eligibility documentation (even if not subscribed to NYPA Domestic Partner benefits).

Management – Refers to NYPA non-bargaining unit employees

4 RESPONSIBILITY

Responsibility and oversight of this policy resides with the approver unless otherwise noted here in.

5 POLICY IMPLEMENTATION

5.1 Eligibility

Eligible employees may receive up to a total of 12 weeks of FMLA leave in a 12-month period calculated as the 12-month period measured forward from the date of an employee's first FMLA leave usage. However, Military Family Leave qualifies eligible employees to receive up to a combined total (with any other FMLA leave) of 26 weeks in a single 12-month period.

5.2 Notification/Certification

5.2.1 When the need for FMLA leave is foreseeable, an employee should notify his/her supervisor and Designated Human Resources Representative (HR) at least 30 days in advance of the start date of the intended leave, or as soon as it is foreseeable. When the approximate timing of the need for leave is not foreseeable, an employee must provide notice to his/her supervisor and HR as soon as practicable based on the facts and circumstances of the particular case. Absent unusual circumstances, an employee will be expected to comply with his/her site/department's normal procedures for requesting leave and calling in absences. Failure to follow such procedures may result in a delay or denial of FMLA protection.

5.2.2 FMLA leaves can only be approved by a Designated HR Representative. Once approved, FMLA leave is applied retroactively to the first day of absence.

5.2.3 The applicable fully completed Certification of Health Care Provider form or Certification of Serious Injury or Illness of Covered Service member ("Certifications"), signed by a health care provider, is required for all types of FMLA leave other than Qualifying Exigency Military Family Leave, which has its own separate form and requirements. Parental Leave may require different documentation (see Section 5.4).

5.2.4 It is the employee's responsibility to see that the applicable Certification is completed, and returned to the Authority within 15 calendar days from the date that the employee receives the Certification form from HR.

5.2.5 If the Certification is incomplete or insufficient, the Authority will notify the employee and provide him/her up to seven calendar days to remedy any deficiencies. After this opportunity to remedy deficiencies has passed, a HR, or management official may contact the health care provider for purposes of limited clarification or authentication of the Certification. Under no circumstances may the employee's direct supervisor contact the employee's health care provider. In addition, in those situations where NYPA seeks to speak to the health care provider directly to obtain or discuss medical information related to the Certification, the employee must need to provide his/her doctor a HIPAA authorization allowing NYPA to do so.

5.2.6 The employee's request for FMLA leave may be denied in the event that an employee fails to: a) provide a Certification, b) timely remedy deficiencies in a Certification, or c) to provide a HIPAA authorization when requested as necessary for his/her health care provider to provide medical information directly to the Authority.

5.2.7 Recertification of the need for FMLA leave may be required at various intervals, but generally not more than every 30 days, unless the Certification indicates that the minimum duration of the condition is more than 30 days, there is a change in circumstances or return to work date, an extension of leave is requested, or other circumstances cast doubt on the continuing validity of the leave.

5.3 Employee Medical Leave ("EML") and Family Medical Leave ("FML")

5.3.1 When an employee has been absent from work for more than five (5) consecutive business days due to a "serious health condition," or when it appears that an employee will not be returning to work for a lengthy or undetermined amount of time due to a "serious health condition," he/she may be eligible for an Employee Medical Leave ("EML") under the FMLA.

5.3.2 If more than five (5) business days (consecutive or intermittent) are needed to care for the "serious health condition" of a spouse/Domestic Partner, child, or parent (not parent-in-law), an employee may be eligible for Family Medical Leave ("FML") under the FMLA.

5.3.3 When the absences exceed this five day period for a "serious health condition," the employee or their manager should provide notification to HR, at which point the FMLA process will be initiated for eligible employees.

5.3.4 EML and FML may be taken on a consecutive, intermittent or reduced work schedule basis as provided by the health care provider on the Certification.

5.3.5 EML or FML leave on an intermittent basis is leave which can be taken in fifteen (15) minute increments, on a non-regular basis, because of a single qualifying reason. Leave on a reduced schedule is leave which reduces the number of working hours in a basic work week or workday for a period of time. If an employee needs leave intermittently or on a reduced leave schedule for planned medical treatment, then the employee must make a reasonable effort to schedule the treatment so as not to unduly disrupt the Authority's operations.

5.3.6 Management employees on approved EML must exhaust all accrued sick time, except 5 days, which can be saved for future use. Management employees on EML can then receive salary continuation to cover the remainder of their EML leave. For part-time or provisional management employees that are less than full-time and on EML, salary continuation will be paid on a prorated basis based on their weekly work schedule.

Salary continuation is **only** available for Management employees on approved EML and not any other type of FMLA Leave. Eligible management employees on approved EML will then be placed on salary continuation (see Sick Leave Policy EP: 3.9), or on no pay status if not eligible. Salary continuation for EML is only available during a qualifying FMLA period and cannot exceed 12 weeks.

Bargaining unit employees who qualify for EML or FML, must first exhaust all accrued sick time before electing to use vacation time or leave without pay.

5.3.7 Management employees that qualify for FML must first exhaust all accrued sick time (with the exception of 5 sick days, which can be saved for future use). After sick time is exhausted, employees may then request and utilize any accrued vacation or accrued floating holidays. Management employees on an FML are not eligible to receive salary continuation.

5.3.8 After three consecutive months of EML, and after all required accrued sick leave and salary continuation has been exhausted, a Management employee may be eligible for benefit payments under the Long-Term Disability ("LTD") benefits. (See Sick Leave Policy EP: 3.9). Employees covered under a Collective Bargaining Agreement ("CBA") may be entitled to short and/or long term disability benefits. Such employees should contact HR and refer to their applicable Collective Bargaining Agreement and Benefit book for information on their benefits.

5.3.9 Employees returning to work from an EML must provide HR with written medical documentation verifying their ability to return to work and fitness for duty. This should be provided at the earliest practicable time **before** returning to work. An employee will not be allowed back to work without sufficient written medical documentation.

5.4 Parental Leave ("PL")

5.4.1 An employee may take Parental Leave ("PL") to care for a newborn or for the adoption of a child under the FMLA within one year after birth or the adoption. Any time taken to recover from child birth should be taken as EML. The care for a newborn with a "serious health condition" should be taken as FML.

5.4.2 An employee may take Parental Leave in connection with travel for and placement of a child for adoption or foster care within one year of initial placement in the home, or adoption, whichever comes first. Documentation from an agency or attorney verifying such placement of a child must be submitted to HR within 15 business days or as soon as practicable.

5.4.3 Parental Leave may be taken as consecutive or intermittent in full day increments only. Intermittent PL is only available to Management employees. Employees must make a reasonable effort to schedule Parental Leave in advance so as not to disrupt unduly the Authority's operations.

5.4.4 Management employees must first utilize all accrued sick time (with the exception of 5 sick days, which can be saved for future use) (see EP: 3.9 Sick Leave). Employees may then request to utilize any accrued vacation, accrued floating holidays, or take the remainder of the leave without pay. Management employees on PL are not eligible to receive salary continuation.

5.4.5 If both parents of a healthy newborn or a newly placed foster or adopted child work for the Authority, only one parent is entitled to these types of FMLA leave for each qualifying occurrence. However, both parents will be allowed leave for travel necessary for placement of a child for adoption or foster care.

5.4.6 Employees returning to work from a PL must notify HR as soon as practicable **before** returning to work.

5.5 Military Family Leave ("MFL")

5.5.1 Military Family Leave ("MFL") provides eligible employees unpaid leave to care for a covered family member who has incurred a serious injury or illness in the line of duty as a covered service member while on covered active duty in the Armed Forces.

5.5.2 A covered family member is a spouse/Domestic Partner, son, daughter, parent or next of kin. A covered service member is a person either in the military or a veteran for up to five years after he or she leaves military service, even if the injury did not manifest itself until the service member became a veteran.

5.5.3 An employee who is a covered family member may take up to 26 weeks of leave during a single 12-month period to care for the covered service member. This 26-week period is the maximum amount of leave that may be taken in combination with any other FMLA-qualifying leaves in a single 12-month period beginning with the employee's first day out.

5.5.4 Such leaves may be on a consecutive basis, intermittent or a reduced schedule basis, as detailed by the health care provider on the Certification.

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5.5.5 Employees must utilize accrued sick time first until sick leave accruals are exhausted. Employees may then request and utilize any accrued floating holidays (Management only), vacation or other accrued paid time off (see Section 5.8.6 below) or be placed on no-pay status.

5.5.6 In all cases, time absent, whether paid or not, will be applied toward the applicable 26-week FMLA time period.

5.6 Qualifying Exigency Military Family Leave ("QEL")

5.6.1 An employee who is a spouse/Domestic Partner, son, daughter, or parent of a covered service member called to, or on, covered active duty in regular or reserve components of the Armed Forces during a deployment of the service member to a foreign country may take up to 12 workweeks of leave during any 12 month period for a "qualifying exigency."

5.6.2 Reasonable documentation of family relationship may be required.

5.6.3 A "qualifying exigency" is limited to the following: a) short notice deployment; b) attending certain military events and related activities; c) arranging for alternative childcare and school activities; d) addressing financial and legal arrangements; e) counseling; f) rest and recuperation; g) attending post-deployment activities; and h) additional activities that arise out of active duty, provided that the employer and employee agree, including agreement on time and duration of the leave.

5.6.4 Leaves for Qualifying Exigencies shall be unpaid, unless the employee requests and is given permission to use accrued vacation time, floating holidays (Management only) or other accrued time off (excluding sick time).

5.6.5 In all cases, time absent, whether paid or not, will be applied toward the applicable 12-week FMLA time period.

5.7 Job Security for Management Employees While on FMLA or Extended Medical Leave

5.7.1 When a Management employee is absent from work on any qualified consecutive FMLA leave, other than Military Family Leave, their position will only be held open for a period of 12 weeks beginning on the first day of absence for the first FMLA leave within a 12-month period, even if the employee has accumulated sick and/or vacation leave that extends beyond that 12 week period.

5.7.2 If a department intends to fill a Management position held by someone on FMLA leave (other than qualifying Military Family Leave) at any time after the expiration of the 12 week job security period, the employee's supervisor must notify site/headquarters HR and the employee of this intent.

5.7.3 For all FMLA leaves other than Military Family Leave, any extended leave beyond the 12 weeks FMLA and job security period up to, but not exceeding, six months must be approved by the employee's Business Unit head or Regional Manager in conjunction with HR and the Affirmative Action Officer, prior to informing the employee of the approval of the extension. Reasonable accommodations will be considered according to CP 1-11. By approving the extension, the Authority will attempt to maintain the availability of a position, but not

necessarily the same position, for the agreed upon leave period. In these circumstances, there is no guarantee that the employee's current position will remain open. The Authority will attempt to place the employee in a similar (or lesser) position for which they are qualified at the time of return. A position will not be created. If the employee is unable to return to work at the conclusion of six months, the employee will be advised that his/her continued employment has been terminated.

5.7.4 When an employee is absent from work on a qualifying Military Family Leave, their position will be held open for a period of up to six months beginning on the first day of absence for the first FMLA leave within a 12-month period, even if the employee has accumulated sick and/or vacation leave that extends beyond that six month period. If the employee is unable to return to work at the conclusion of six months, the employee will be advised that his/her employment has been terminated.

5.7.5 Extensions of leave beyond the six month period will be considered on an individual basis. Such a request must be made in writing and can only be approved by the Human Resources Department Head. Such requests should be made as soon as practicable before the end of the six-month period and must include information from the health care provider about the employee's current medical status, expected return to work dates as well as any return to work conditions or limitations. Any remaining accrued sick leave will also be taken into consideration in reviewing the request for an extension of the leave. For extensions of Military Family Leave beyond the six month period, the military member's current medical status and the employee's expected return to work date must be provided.

5.8 Workers' Compensation

5.8.1 If an employee is out on a Workers' Compensation leave for a health condition which also qualifies as an FMLA leave, it will be treated concurrently as an FMLA leave.

5.8.2 In such cases, employees have the option of applying unused accrued sick and/or vacation time to their first three months of absence from work. The employee must complete a "Use of Vacation/Sick Accruals" form (provided by HR) to make their election, which is irrevocable. If the employee chooses to apply sick/vacation time towards a Workers' Compensation/FMLA leave and the Workers' Compensation claim is found to be compensable, sick/vacation time will be credited back to the employee on a prorated basis in a proportionate manner based on the amount of the award and the amount of sick/vacation time used or other Collective Bargaining Agreement contractual language.

5.9 Payroll Status While on FMLA Leave

5.9.1 Depending on the particular type of leave and an employee's individual circumstances, an employee may be eligible for income while on a FMLA leave through sick leave, salary continuation for Management employees only, vacation leave, short term disability for bargaining unit employees, and/or long term disability, or all or part of a FMLA leave may be unpaid.

5.9.2 Management employees: If an employee works on a part-time schedule prior to going out on FMLA leave, and is receiving compensation while on that leave, they will be paid based on the days they work on their part-time schedule.

5.9.3 An employee on an FMLA leave who wants to use their accrued vacation time to cover any part of that leave must make a request to HR. Without notification, accrued vacation time will not be automatically applied.

5.9.4 Management employees: Holidays will be fully paid only if an employee is on a full-pay status (using sick or vacation leave or floating holiday) on the business day prior to the holiday. Employees on unpaid status on the day prior to a holiday will not be paid for the holiday.

5.9.5 Bargaining unit employees: Holidays will be fully paid if during the calendar week in which such holiday occurs the employee has been on paid status at least two full days and all absences from work on the employee's remaining regularly scheduled work days during that week are approved in writing by the supervisor in accordance with the applicable Collective Bargaining Agreement. Employees on unpaid status prior to the calendar week of the holiday will not be paid for the holiday.

5.10 Deductions and Credits

5.10.1 Applicable benefits and associated payroll deductions (taxes, flexible benefit credits, benefit deductions, Powerflex, waive coverage stipend, NYS Retirement System contributions, Voluntary Defined Contribution Plan contributions, Employees' Savings Plan contributions, Deferred Compensation Plan contributions, loans, Liberty Mutual insurance, other insurance, etc.) will continue while an employee is out on any qualified FMLA leave and is still receiving compensation from NYPA.

5.10.2 Deductions are prioritized by the Payroll Department. Any questions concerning the priority of deductions should be addressed to the Payroll Department and/or HR.

5.10.3 Benefits while on a no pay status – Employees have the following options:

a. An employee can pay their applicable contributions to the Authority monthly during their leave on an after-tax basis. Management employees contact HR to make payment arrangements. Bargaining unit employees should contact the HR Department for appropriate no pay status form; or

b. An employee can arrange with HR and Payroll to pay back any missed deductions when he/she returns to work. Deductions will be doubled per pay period until all of the missed deductions have been made up. Powerflex deductions must be paid in the same calendar year; or

c. The Authority's obligation to maintain benefits coverage ceases if the contribution is more than 30 days late. The Authority must give 15 days' notice to the employee prior to the termination of benefits.

Bargaining Unit employees' payments will be based on their benefit elections and applicable contractual contribution.

5.11 Benefits Coverage Period

5.11.1 Management employee's benefits will continue for 6 months (from first day of absence) as long as an employee pays the required employee contributions while they are out on leave.

5.11.2 A Management employees: Benefits will cease once the employee has been absent for six months from their first day of absence, even if their leave is approved to be extended beyond six months under the provisions of Section 5.7.5. If the employee has 10 or more years of service with the Authority and is collecting long-term disability payments (see the Employee Benefits Handbook for Management Employees for LTD eligibility criteria), their medical coverage will be continued at a cost to them. The cost will be based on flex credits, minus the cost of the medical plan.

5.11.3 Bargaining unit employees should contact HR and refer to their applicable Collective Bargaining Agreement and Benefit book for benefit coverage period during leaves.

6 VIOLATIONS

Employees attempting to obtain, or obtaining, FMLA leave by fraudulent means, shall be denied the utilization of paid time for time out of work, the restoration of their job or any other job at the Authority and may be subject to disciplinary action up to and including termination of employment.

7 REFERENCES

7.1 1-11 Reasonable Accommodation Policy
7.2 Benefit Handbook
7.3 EP 3.9 Sick Leave Policy
7.4 Collective Bargaining Agreement or Benefit book

8 POLICY REVIEW AND EXPIRATION

This document will be reviewed and updated as business needs require. However, a mandatory review will be required on the anniversary date of the approved document.

Revision Cycle: Every Year

9 ATTACHMENTS

N/A

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LEAVES OF ABSENCE

1.1 This policy provides the requirements for a salaried Authority employee to take one of the following leaves of absence: leave due to death in the family, military leave, leave for jury duty, or personal leave without pay. (Information about leaves of absence covered by the Family and Medical Leave Act is found in EP: 3.3.)

Leaves Due To Death In The Family

2.1 The Authority provides three days of paid leave when there is a death in an employee's immediate family. Temporary Employees (as defined in Section 2.1 (e) of EP: 3.1) are not eligible for such paid leave.

2.2 Immediate family is defined as an employee's spouse, mother, father, stepmother, stepfather, brother, brother's spouse, sister, sister's spouse, child, child's spouse, stepchild, grandparents, grandchildren; or an employee's spouse's mother, father, brother, sister, children, or grandparents. For these purposes "spouse" will include domestic partners who have satisfied NYPA's Domestic Partner Benefits eligibility (even if not subscribed to NYPA Domestic Partner medical benefits). Refer to the Flexability Plan Overview of Employee Handbook or the HR intranet site.

2.3 If an employee will be absent due to the death of an immediate family member he/she must notify his/her supervisor as soon as possible.

2.4 The employee's time, indicating the reason for the absence must be entered in the time entry system and the appropriate documentation must be submitted to the employee's supervisor. Vacation leave or a floating holiday is to be used when the deceased is someone other than immediate family (as listed in Section 2.2), or if an employee intends to take more than the three days provided for in this policy.

2.5 Leave due to death in the immediate family is paid at an employee's base salary for the number of days absent (up to three days).

Military Leave

3.1 If an employee (as defined in Section 2.1 (a), (b), (c) and (d) of EP: 3.1) is a member of the National Guard or the Organized Reserve Forces of the United States he/she will be allowed up to 30 workdays leave of absence per calendar year with full pay for military service.

3.2 Documentation of appropriate military orders must be provided prior to the commencement of the leave, with as much advance notice as possible.

3.3 Upon return from leave, the Payroll Department must receive a copy of the appropriate military orders.

3.4 Authorized military leave is paid at an employee's base salary.

3.5 Special circumstances may apply to employees who are activated in connection with serving in the military under a U.S. Declaration of War or Congressional Authorization of Force or for employees who are Emergency Service Volunteers who are certified by the American Red Cross as disaster volunteers. For more details contact your local Human Resources office.

Leave For Jury Duty

4.1 The Authority provides a full-time, part-time or provisional salaried employee (as defined in EP: 3.1) with a paid leave of absence for the time needed to fulfill jury duty service. Temporary salaried employees, cooperatives and interns are entitled to minimum benefits for a leave of absence due to jury duty as required by law.

4.2 If an employee is summoned and required to serve on jury duty, he/she must advise his/her supervisor of the jury duty summons as soon as possible.

4.3 The employee is expected to report to work to the extent reasonably practicable when jury duty requires only part of the day.

4.4 Upon return from jury duty the employee must furnish his/her supervisor with a copy of the jury duty summons, or similar documentation.

4.5 Employees are paid for all days served on jury duty at their base salary in effect upon commencement of leave.

Pay Status Of Authority Employee Subpoenaed As A Witness

5.1 If an employee is subpoenaed to testify in a judicial or administrative proceeding as a witness on a matter arising out of his/her responsibilities at the Authority, or if an employee appears in a judicial or administrative proceeding at the request of the Authority, he/she will be paid at his/her base salary.

5.2 In all other circumstances, e.g., when an employee appears as a witness in a matter unrelated to the Authority or for activities outside the scope of his/her Authority

responsibilities, vacation time must be charged for any absence in connection with that appearance.

Personal Leave Without Pay

6.1 A leave of absence, other than a medical leave or a Family and Medical Leave Act ("FMLA") leave, (see EP: 3.3), to pursue personal interests will be considered on an individual basis as long as the absence will not adversely affect his/her department's work goals and needs.

6.2 If an employee is seeking to take a personal leave without pay he/she must submit a written request to his/her supervisor indicating the reason for the leave, the date the leave is expected to commence and the expected length of the leave. If the supervisor and the Business Group, Unit/Department Head, or Regional/Plant Manager (approval level based on Business Group Head discretion), approves a request, approval from the Human Resources Department Head must be received before the employee is notified that the request has been granted. Requests for such leave should be forwarded to Employee Relations at headquarters or the Facility Manager of Human Resources for site staff so approval can be obtained from the Human Resources Department Head.

6.3 Before an employee is placed on personal leave without pay, he/she must exhaust all accumulated vacation leave credits, unless special exemption has been granted by the Human Resources Department Head. Accumulated sick leave credits may not be used for personal leave purposes.

6.4 Job security while on personal leave without pay will be considered by the respective department, in consultation with Employee Relations based on the individual circumstances (i.e., length of leave, reasons, etc.).

6.5 A member of the Employee Relations staff at headquarters or the Facility Manager - Human Resources at the sites will provide direction about the personal leave without pay. All benefits, with the exception of long-term disability and New York State Retirement System service credit (which require active payroll status), will continue for a personal leave without pay of 30 days or less. The employee will be required to pay his/her employee contributions during a personal leave without pay of 30 days or less. If a personal leave without pay is granted for a period of more than 30 days, all benefits, with the exception of long-term disability and New York State Retirement System service credit, can be continued if the employee pays the full cost of the benefits. Arrangements can be made to continue benefits by making contributions on a post-tax basis.

6.6 Long-term disability insurance coverage will cease at the commencement of an approved personal leave without pay, but will resume upon the employee's return from leave. New York State Retirement System participation will continue; but the employee will not earn

service credit during the period of the leave. Service credit will resume upon an employee's return from leave.

6.7 If an employee is on personal leave without pay on January 1, he/she will receive sick and vacation leave credits on a pro-rated basis upon his/her return to work. If an employee receives sick and vacation leave credits on January 1, and commences a Personal Leave without pay after that date, he/she keeps the sick and vacation leave that was credited on January 1.

6.8 When an employee is on personal leave without pay, he/she will not receive holiday pay if a holiday occurs during the leave.

6.9 Before an employee's return from an approved personal leave without pay, the supervisor must notify the Employee Relations Unit of Human Resources at headquarters or the Facility Manager - Human Resources, so that the necessary payroll and benefits transactions can be initiated to return the employee to active status (the employee cannot return to work at his/her discretion).

Paid Volunteer Time (PVT)

7.1 In order to support the efforts of full-time, salaried employees (as defined in Section 2.1 (a) of EP: 3.1) who give their time to communities and charitable organizations, the Authority provides two days of paid volunteer time (PVT) annually.

7.2 Employees must be actively at work to participate.

7.3 One day may be used for an individual volunteer activity and one day may be used for a team (of Authority employees) volunteer project. Or, both days may be used for team volunteer projects.

Volunteer activities/projects include, but are not limited to, park cleanup, fundraising walks, food drives, blood drives, disaster recovery assistance, and building/repairing affordable housing. The activities/projects can support local, national or international charities.

7.4 Employees may request to use PVT in full days or half days. PVT hours must be used during normal business hours. PVT will be paid at an employee's normal rate of pay, and is not subject to overtime rates or any other expenses that are associated with such leave. Unused PVT may not be carried over to the next calendar year.

7.5 If an employee is seeking to take a PVT day, he/she must submit a request form to his/her supervisor and Human Resources, indicating the organization he/she will be volunteering

for, the type of activity, and the date of the PVT. Human Resources will confer with the Chief Ethics and Compliance Officer to conduct a conflict of interest analysis consistent with the Authority's Ethics Code of Conduct. If the analysis results in a finding of compliance with the Code of Ethics, the request will be approved. Supervisors/Managers will approve requests on an individual basis as long as the absence will not adversely affect his/her department's work goals and needs. An employee is not authorized to take a PVT day unless he/she has obtained approvals from Supervisor/Manager, Human Resources and the Chief Ethics and Compliance Officer.

7.6 The organization must have an IRS designation of a 501(c) (3) or be recognized as tax-deductible under Section 170(c) of the Internal Revenue Code. All charities must also be vetted in accordance with the U.S. Patriot Act.

7.7 The Authority cannot approve requests for certain activities/projects, including but not limited to:

- pose a potential conflict of interest for the Authority;
- are not aligned with the Code of Conduct or our corporate values;
- may involve the Authority in controversial issues;
- pose safety or security risks to employees (e.g. clean-up work at a disaster site; construction or remodeling work not under the supervision of a trained professional; or any type of volunteer activity not under the supervision of an eligible charity);
- consist of fundraisers for individuals rather than registered charities;
- benefit charities with the sole purpose of providing support to a named individual or a named family;
- influence legislation or involve electing candidates to public office;
- involve religious programs of churches, temples, mosques, or other sectarian organizations;
- are programs offered by clubs, fraternities/sororities, or membership associations; or
- involvement in schools for attendance at social or sporting events.

Vice President, Human Resources

7/30/13

Date

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EDUCATIONAL ASSISTANCE PROGRAM

Purpose

1.1 The Authority is committed to helping its salaried employees pursue professional growth and development and encourages the use of the Educational Assistance Program for courses leading to an undergraduate or graduate degree or a certificate program that is of mutual benefit to employees and the Authority.

Eligibility

2.1 The Educational Assistance Program is available to full-time or part-time salaried Authority employees and transitional employees, who maintain a performance rating of "achieved expectations" or better. Generally, employees who receive a performance rating of "partially achieved" or "did not meet expectations" are not eligible to receive benefits under this program. (However, there may be instances when supervisors determine that the overall performance of employees with a rating of "partially achieved expectations" may have sufficiently improved to allow them to receive benefits under this program (see section 8.4 for additional details). Provisional and temporary employees, including cooperative employees and developmental interns, are not eligible for the Educational Assistance Program. (See EP: 3.1, Salaried Employees' Eligibility for Benefits, for definitions of employee categories.)

2.2 Eligibility for the Educational Assistance Program ends upon termination or separation from employment as a NYPA employee. Courses started prior to an employee's employment date or while on a leave, or courses that are completed after an employee's termination or separation from employment, are not eligible for reimbursement (see section 3.1 and 8.5 for additional details). Courses started prior to an approved FMLA medical leave are eligible for reimbursement at the discretion of an employee's immediate supervisor (see section 8.5 for additional details).

2.3 School attendance will be at times other than an employee's normal working hours.

Reimbursement to the Authority

3.1 All benefits under this Policy are contingent upon the employee's continued employment with the Authority for a continuous period of at least one year for undergraduate degree programs and two years for graduate programs, such period to begin from the employee's last payment towards a degree or certificate program either in process or earned. If the employee leaves NYPA's employment before the end of the commitment period (for a reason

other than a reduction in force), the employee agrees to repay in full all monies expended by NYPA on behalf of the employee in connection with the applicable degree program.

Eligible Institutions and Programs

4.1 In order to be covered by the Educational Assistance Program, the degree or certificate program must be obtained from a regionally accredited educational institution. On-line or distance educational course work (course work taken via the internet) from a regionally accredited educational institution may be reimbursable pending review and approval by an employee's immediate supervisor or Department Head/Business Unit Head or Regional Managers at the facilities, Business Group Head and Corporate Human Resources. Fees for proficiency examinations (CLEP for example) are reimbursable only if employees pass the examination and college credit is granted. Fees for review courses are reimbursable only if the course is completed in full and employees obtain a completion certificate. (Employees will be reimbursed for the same or similar review course only once.) A certificate program means an advanced program sponsored by a college or university leading to the award of a specialized certificate. It does not include stand-alone courses such as Dale Carnegie and others. Courses that are not part of a degree or certificate program are not covered by the Educational Assistance Program. The costs for approved courses are covered by individual Business Unit budgets.

Approval

5.1 At Headquarters (WPO, Albany Office), the degree or certificate program must first be approved by an employee's immediate supervisor, the Business Unit/Department Head and the Business Group head in accordance with this policy. Approved requests should be forwarded to Human Resources for final determination of eligibility for the Educational Assistance Program. At all other facilities, the degree or certificate program must be approved by an employee's Department Head and Regional Manager in accordance with this policy. Approved requests should be forwarded to site Human Resources for final determination of eligibility for the Educational Assistance Program.

5.2 Approval for educational assistance is contingent upon a careful review that the degree or certificate program supports or improves skills required for (1) the employee's current position or (2) a potential future assignment with the Authority. The degree or certificate program should also be in line with the employee's NYPA career development objectives. Supervisors who approve an educational assistance program application should include the skills the employee will learn in the degree or certificate program in the Developmental Plan section of the employee's Performance Plus Document ("PPD"), and measure the application of those skills on the job in the Performance Assessment Summary section of the employee's PPD.

5.3 If the degree or certificate program is aimed at a new career field, there must be a reasonable expectation that job opportunities will exist in the new field within the Authority, and that

the employee will qualify for those opportunities. A reasonable expectation, however, is not a guarantee that a position will be available at the time the degree or certificate program is completed. Therefore, reimbursement for tuition and fees will be at half the financial level of reimbursement for undergraduate degrees. At Headquarters, the Business Group Head where this expected opportunity will exist is also required to approve the proposed degree or certificate program. At all other sites, the Regional Manager where this expected opportunity will exist and Human Resources will be required to approve the proposed degree or certificate program.

Reimbursement for Expenses

6.1 Employees are responsible for payment of tuition and eligible required fees when registering for courses at eligible institutions. Tuition and eligible fees will be reimbursed only after successful completion of the course(s) at a minimum grade level of "C" or its equivalent or a "P" in a pass/fail course (limited to two courses per degree curriculum) and provided employees are employed by NYPA at the time the course is completed. If requested, Human Resources will provide a school with verification of an employee's eligibility for the program. For employees that are approved for Educational Assistance after September 1, 2012, reimbursements are limited to one reimbursement per season. Seasons are defined as Spring, Summer I, Summer II, Fall and Winter.

6.2 For undergraduate courses, the Authority will reimburse 100% of tuition, books, lab and computer fees, and mandatory course registration fees up to a maximum reimbursement of $2,000 per season (as defined above). For undergraduate or graduate courses aimed at a new career field, the Authority will reimburse 100% of tuition, books, lab and computer fees, and mandatory course registration fees up to a maximum reimbursement of $1,000 per season.

6.3 For graduate courses related to an employee's current career field, the Authority will reimburse 100% of tuition, books, lab and computer fees, mandatory course registration fees, and thesis/dissertation supplies up to a maximum benefit of $3,000 per season.

6.4 Ancillary fees that may be required by the educational institution (either mandatory or optional), including but not limited to fees for application, late registration, student activities, health care services, student licensing, matriculation, graduation or diploma are not reimbursable. Parking fees are not reimbursable. Applications for non-routine items not mentioned in this paragraph must be submitted to Human Resources for consideration.

Initial Application Process

7.1 Employees must submit an initial Application for Educational Assistance to their immediate supervisor at least 30 days before the registration period. The application must include a copy of the degree or certificate program curriculum. Applications for review courses must be accompanied by a description of the course. Late applications, if accompanied by a written

explanation, will be considered on a case-by-case basis. Updated course curriculum may be requested on occasion.

7.2 At Headquarters, an employee's immediate supervisor, Business Unit/Department Head and Business Group Head must approve a request for educational assistance. Approved requests should be forwarded to Human Resources for final determination of an employee's eligibility for the program at least two weeks prior to registration. At the sites, Department Heads and Regional Managers must approve an employee's educational assistance requests. Approved requests should be forwarded to the local Human Resources Department for final determination of an employee's eligibility for the program at least two weeks prior to registration. Rejected requests will be returned with the reason for disapproval.

7.3 If an employee transfers to a new degree or certificate program or school, or transfers to a new Business Unit/Department within the Authority, a new Application for Educational Assistance must be approved.

Reimbursement Process

8.1 If the degree or certificate program is approved, in order to receive reimbursement, a completed Educational Assistance Program Request for Reimbursement Form must be submitted to Human Resources, along with the following items, no later than thirty (30) working days following receipt of evidence of satisfactory course completion:

- an itemized bursar's receipt for tuition and eligible fees paid;
- a grade report, official transcript or certification of completion of the course(s) documenting a grade of "C" or better, or a "P" in a pass/fail course(s);
- a sales receipt with book titles and prices itemized by the bookstore;
- original documentation indicating completion of a review course, if applicable;
- original documentation from school itemizing necessary supplies for a graduate level thesis/dissertation and an original sales receipt for the supplies, if applicable;
- copy of degree after completion of course curriculum.

8.2 Employees who receive financial aid, such as a scholarship, grant or reimbursement from any alternate source must report it and the amount on the Educational Assistance Program Request for Reimbursement Form. This amount will be deducted before computing the allowable reimbursement. Employees who fail to report amounts of financial aid or any other type of reimbursement on the reimbursement form, will be liable for return of the reimbursement award, and face possible exclusion from future Educational Assistance Program eligibility. Any falsification or misrepresentation of information will result in the denial of educational assistance.

8.3 If approved, employees will receive their reimbursement in a subsequent paycheck. Original documents will not be returned.

8.4 Generally, employees are not eligible for reimbursement for courses started after they receive a performance rating of "partially achieved expectations" or "did not meet expectations". Courses started prior to receiving a rating of "partially achieved expectations" or "did not meet expectations" will be reimbursed. Employees will be eligible for reimbursement once again for courses started after they achieve and maintain a performance rating of at least "achieved expectations" or in instances when supervisors determine that the performance of employees with a rating of "partially achieved expectations" has sufficiently improved.

8.5 Courses started prior to an employee's employment date, or while on a non-FMLA medical leave or a personal leave without pay, are not eligible for reimbursement. Courses that are completed after an employee's termination, or while on a non-FMLA medical leave or personal leave without pay, are not eligible for reimbursement.

8.6 Courses started prior to an approved FMLA medical leave are eligible for reimbursement at the discretion of an employee's immediate supervisor. Courses started during an approved FMLA medical leave are not eligible for reimbursement.

Tax Consequences

9.1 For undergraduate and graduate level courses, the IRS allows the first $5,250 in employer-provided educational assistance in a calendar year to be considered as non-taxable income. Educational assistance above $5,250 per year may qualify for "favorable tax treatment" as a working condition fringe benefit, as defined in IRS Publication 15-B Employer's Tax Guide to Fringe Benefits. Requests for favorable tax treatment will be forwarded to the Law Department and when necessary, will confer with the Accounting Department to determine if the educational assistance qualifies for exclusion as a working condition benefit.

9.2 While the Authority may initially determine that an employee's educational assistance reimbursement is not taxable income, the Internal Revenue Service's decision is controlling in such circumstances and the Authority disclaims any responsibility for additional taxes, assessments, fines, or penalties imposed by the IRS. Employees are advised to consult with their own qualified tax professional, if they have tax questions.

Vice President, Human Resources

1/24/13
Date

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RELOCATION BENEFITS FOR NEW AND TRANSFERRED EMPLOYEES

1.1 This policy applies to those employees who have been offered relocation benefits by the Director of Compensation and Benefits or his/her designee or the Facility Manager of Human Resources (for site employees). Relocation benefits may be provided to eligible employees based on the Recruiting Location Guidelines (Attachment 1) utilized by Human Resources. Relocation benefits may be offered to an employee who: (1) meets the IRS distance test described below and other criteria as specified in IRS Publication 521- Moving Expenses, (2) meets all other criteria within EP 3.8, <u>and</u> (3) is either:

(a) a full-time, salaried employee or union employee (other than a temporary or provisional employee) who meets all other criteria and is transferring to an exempt salaried position at the request of the Authority (no minimum grade required), or who applies for a posted exempt salaried position and is hired from one Authority facility to another, for a period that is expected to last one year or longer;

(b) newly hired from outside the Authority as an exempt, full-time, salaried employee (other than a temporary or provisional employee) at any Authority location for a period that is expected to last one year or longer;

(c) a provisional employee who is offered full-time exempt salaried employment with the Authority, with benefits subject to certain limitations (see 6.1).

Please contact the Corporate Controller's group regarding assignments of less than one year. The Corporate Controller's group provides the most up-to-date information regarding per diem rates and associated issues.

1.2 This policy shall be applicable only if relocation benefits are extended by the Director of Compensation and Benefits or his/her designee or the Facility Manager of Human Resources at the facilities to the transferred employee at the time the transfer is formally approved or authorized by the Human Resources Department, or to the new employee at the time an official offer of employment is extended by an Employment Administrator in the White Plains Office or the Facility Manager of Human Resources at the facilities.

1.3 The Director of Compensation and Benefits or his/her designee shall have sole discretion in determining whether an employee or new hire otherwise meeting the requirements specified herein may be offered relocation benefits.

1.4 If relocation benefits are offered to a newly hired employee, the policy shall be distributed and explained to the employee at the time the offer of employment is officially extended by an Employment Administrator or the Facility Manager of Human Resources at the facilities.

1.5 If relocation benefits are offered to a transferring employee, the policy shall be distributed to and fully explained to the employee by the respective Site Human Resources Representative or the Director of Compensation and Benefits or his/her designee in the White Plains Office. This should be done for employees who are contemplating a transfer from one site to another **before** the offer is accepted. A transferred employee has the option of choosing either the Relocation Benefits as outlined in this policy or a $12,000.00 stipend, grossed up for tax purposes. If Relocation Benefits are being offered, the staffing authorization for a transferee or a new hire must include this information. **If a transferred employee chooses the Relocation Benefits outlined in this policy and owns a house, appraisals must be conducted prior to the transfer being accepted.** The average of two appraisals will be used to determine the fair market value of the property. In the event that the two appraisals vary by more than 10%, a third appraisal may be conducted at the request of the transferring employee and the three appraisals will then be used to determine the average anticipated sale price of the property. These appraisals will be coordinated by the Director of Compensation and Benefits or his/her designee.

1.6 A new employee has the option of choosing either the Relocation Benefits outlined in this policy or a $12,000.00 stipend. If the new hire chooses the stipend option, the above mentioned gross-up is **not** applicable, and the lump-sum will be taxed.

IRS Distance Test

2.1 According to the IRS Distance Test, the new main job location must be at least 50 miles further from the employee's former home than his/her prior job location. For example, if the prior work or job assignment was three miles from the employee's former home, the new work or job assignment must be at least 53 miles from the former home. If the IRS should change this distance test, the one in effect at the time of relocation shall apply.

a) In determining whether or not a relocation candidate meets the IRS distance requirement, the Rand McNally Standard Highway Mileage Guide, and/or the American Automobile Association, and/or reputable online mapping resources will be consulted.

b) The distance between two points is the shortest of the more commonly traveled routes between those points. The distance test does not apply to the location of the new home.

c) In determining whether a provisional employee who is offered employment on a full-time basis meets the distance requirement for the purposes of this policy, NYPA will treat prior job location for purposes of the distance test as the job prior to the NYPA provisional assignment.

2.2 In determining if an employee is in compliance with the distance test NYPA does not determine and is not responsible for tax implications. The relocating employee is advised to consult with his/her own tax advisor.

Financial Controls & Tax Implications

3.1 This policy must be applied with attention to the most cost-effective and economic means. Therefore, only those expenses incurred in accordance with the Authority's guidelines and procedures which are in the opinion of the Corporate Human Resources Department to be reasonable and cost effective, will be reimbursed under this policy.

Note:

a) The Authority does not reimburse any New York State sales tax. To avoid being charged New York State sales tax the relocating employee should submit a State of New York Exemption Certificate to the vendor. Exemption Certificates are available from the WPO Benefits Department, Facility Manager of Human Resources, or the Corporate Travel Department. (It is the responsibility of the relocating employee to obtain and utilize the Exemption Certificate).

b) The employee is eligible for up to two days off with pay to conduct the move of his/her household goods. Paid time off must receive prior approval of the employee's immediate supervisor.

c) Reimbursement for covered expenses is limited to the first **six months** of employment or transfer from one Authority facility to another.

3.2 Expenses reimbursed under this policy are includible in an employee's gross income. An employee may be able to offset some or all of the expenses reimbursed under this policy by itemizing his/her moving expense deductions. **The employee is advised to consult his/her own tax advisor.**

3.3 If the employee is responsible for any tax liability associated with the relocation, the tax liability is outlined in IRS Publication 521 - Moving Expenses, which is provided to the eligible employee along with the Policy. The Authority will withhold taxes on all amounts reimbursed under this policy in accordance with the Internal Revenue Code and IRS regulations and Authority Accounting Procedure AP 85-01, Employee Relocation Expense Reimbursements.

3.4 If any reimbursements for transferred employees under this policy are considered taxable income, such reimbursements shall be subject to an appropriate gross-up to provide compensation for the employees' additional local, state and federal tax obligations.

3.5 The newly hired employee shall be solely responsible for all taxes payable on the amounts received pursuant to this policy and the Authority shall not provide additional compensation for any such tax liability in the form of a gross up, indemnity, or otherwise. **The employee is advised to consult his/her own tax advisor.**

Exceptions

4.1 The Authority recognizes that extenuating circumstances may necessitate a deviation from this policy. A deviation will be deemed an exception to the policy. For an exception to be considered, detailed written justification as to the need, as well as an indication of which comparably valued reimbursable expense(s) the employee is willing to surrender to offset the cost of the exception, is required. If the employee is not willing to surrender a reimbursable expense(s) of comparable value, the exception will be denied.

4.2 The justification/expense-offset indication must be sent to the Director of Compensation and Benefits or his/her designee in the White Plains Office for review; it will then be determined whether the request for exception is approved or denied. **Exceptions above and beyond the provided benefits under policy 3.8 will be charged to the department to which the employee is being hired/transferred.**

4.3 Any exception to this policy, other than outlined in sections 4.1 and 4.2, will require detailed written justification as to the business need. The justification must be sent to the Director of Compensation and Benefits in the White Plains Office for review and recommendation to the Human Resources Department Head or his/her designee who determines whether the request for exception is approved or denied.

The following items as described below may be reimbursed under this policy:

House Hunting

5.1 Reimbursable house hunting trips must not exceed three trips or a maximum of six days of house hunting (three trips maximum, i.e., three two-day trips or two three-day trips).

5.2 Transferred employees must conduct house-hunting trips within the first three months of the employees' transfer date to the new position. The transferred employee will be granted up to three days off with pay for house hunting to locate a new residence. Scheduling of these paid days off is subject to prior approval of the employee's supervisor.

5.3 New employees must conduct house-hunting trips within the first three months of employment with the Authority. House hunting trips must be conducted on the new employee's own time.

5.4 Air or train travel reimbursement for house hunting must be approved by the Director of Compensation and Benefits or his/her designee at headquarters or the Facility Manager of Human Resources with concurrence from the Director of Compensation and Benefits prior to incurring the expense.

5.5 **To obtain the best possible lodging and transportation rates for house hunting trips, the employee must make all travel arrangements through the Authority's Travel Department. If the Travel Department is not used, the employee will not be reimbursed.**

5.6 Arrangements with the Travel Department for lodging and transportation during the house hunting trips are the responsibility of the employee unless other arrangements are made with the Benefits Representative in the White Plains Office or the Facility Manager of Human Resources. During house hunting, occupation of more than one hotel room must be approved by the Benefits Representative prior to incurring expenses.

5.7 An employee will be reimbursed through the use of a Relocation Expense Statement with itemized receipts for the following reasonable travel and living expenses which may be incurred by the employee and spouse during the search for a new residence near the facility:

a) Travel by personal car at the Authority established rate per mile which includes the mileage traveled to and from the area of the new work site, or in connection with authorized air or train travel to and from the airport/station; **use of a rental vehicle for house hunting will be applied towards the employee's miscellaneous expense allowance.**

b) Fees for tolls and parking expenses incurred in connection with house hunting and travel by personal car, or in connection with authorized air or train travel to and from the airport/station;

c) Travel by air or train with prior approval provided that reservations are made through the Authority's Travel Department to obtain the best possible fare.

d) Reasonable meal expenses for breakfast, lunch and dinner, for the employee and his/her spouse may be reimbursed (providing house hunting does not take place during the interim living period); and must not exceed the daily maximum allowance as specified in the Corporate Accounting Policy (1.5).

e) Reasonable lodging expenses. The Authority issued AMEX charge card should be used for this expense. If the employee does not have an Authority issued AMEX charge card, a personal credit card may be used.

Interim Living Expenses

6.1 Reimbursement for interim living expenses will be provided for the employee who has been transferred or begun new employment and must live in temporary lodging at the new location. Interim living expenses should begin as close to the employees start date as possible. **Provisional employees who are hired on a full-time basis are not entitled to interim living expenses as detailed in 6.1 – 6.7.**

6.2 Interim living expenses will be reimbursed to the employee for a maximum of three months, which should be taken during the first six months of employment or transfer from one Authority facility to another. Any day in which the employee submits living expenses during their move to the new residence or when moving their household goods, will be included in the three month maximum if the move is conducted within the Interim Living period. Any expenses incurred for moving to the new residence and/or movement of household goods beyond the six-month maximum time period will not be reimbursed.

6.3 A lump sum gross amount of $3,250 per month downstate (WPO and POL) and $2,500 per month upstate (B-G, CEC, NIA, and STL) will be provided for employee's interim living expenses. An employee will be reimbursed this lump sum amount by submitting a Relocation Expense Statement at the end of each month. No receipts are required; however, in the Explanation section on the Relocation Expense Statement the period of time for which reimbursement is being requested must be indicated. Expenses for a partial month will be pro-rated. Interim living expenses will not be paid for time beyond the earlier date of delivery of household goods or occupying the new home. Under no circumstances will interim living expenses exceed three months.

6.4 It is the responsibility of the employee to make any interim living and transportation arrangements.

6.5 Travel, tolls, and parking expenses incurred during the commute to and from work during the interim living period are at the employee's own expense.

6.6 The following will be covered by the appropriate monthly lump sum:

a) Charge for a hotel or rental fees;
b) Charge for laundry;
c) Charges for local and long distance telephone calls;
d) Expenses for meals.

6.7 The employee may be reimbursed for trips home every other weekend or holidays when the family still resides at the former residence. If the employee elects to make a trip home by personal car, mileage will be reimbursed in accordance with the Authority's Travel Policy, CP: 2.1. If the employee elects to travel home by air or train, the fare, which must be arranged by the Authority's Travel Department, and parking and tolls connected with the travel will be reimbursed. Reimbursement will not be made beyond the three-month interim living period.

Moving to New Residence

7.1 The employee will be reimbursed when itemized receipts are furnished through the use of a Relocation Expense Statement for the following covered expenses for the employee and his/her family which may be incurred during the actual move from the time the old residence is vacated until the arrival at the new residence. Actual dates of vacating the old residence and arrival at the new residence, should be clearly indicated on the Relocation Expense Statement:

a) The reasonable charge for meals. There is a daily maximum allowance specified in the Corporate Accounting Policy (1.5). Meals submitted under the relocation policy as a qualified expense, or if a lump-sum or stipend is provided to the employee, may not be reimbursed as a business expense under any other Authority policy.

b) The reasonable charge for a hotel room. Hotel rates **must** be discussed with the Benefits Representative in the White Plains Office or the Facility Manager of Human Resources for approval prior to incurring expenses. While moving to the new location, occupancy of more than one room per family **must** be approved by the Benefits Representative in the White Plains Office prior to incurring expenses;

c) Travel for up to two personal vehicles at the Authority established rate per mile while traveling from the old residence to the new residence. In no instance will mileage for travel of more than two personal vehicles be paid by the Authority; The Authority does not reimburse for transport of vehicles by commercial van line.

d) Tolls for a maximum of two personal vehicles;

e) Any day used for moving to the new residence will be included in the three months allocated for interim living.

Movement of Household Goods

8.1 The employee may elect to have his or her household goods moved from the old residence to the new residence either by a commercial van line or through a self-move using a rental vehicle.

8.2 If a commercial van line is used, the employee must use the services of one of the current moving companies with whom the Authority has contracted. A moving company will be assigned on a rotational basis.

8.3 Shipment of household goods by a commercial van line will be limited to the move from the location of the former primary residence to the location of the new primary residence.

8.4 The following items will be covered expenses which may be incurred in a commercial van line move:

1. linehaul charges;
2. insurance charges - declared value;
3. cost of containers;
4. charges for packing and basic unpacking;
5. shipment of appliances and servicing; (third party fees - services provided by an individual or company other than the assigned moving company will not be reimbursed).

8.5 The following items are **not** covered in a commercial van line move:

1. extra pick-up/delivery;
2. automobiles, boats, or any other recreational or lawn vehicles
3. frozen food, and/or perishable goods;
4. swing sets, pool tables, lumber/building materials, or any other cumbersome items;
5. storage and associated costs;
6. crates and/or crating charges.

Movement of any other unusual, cumbersome or dangerous items will be subject to prior approval by the Benefits Representative in the White Plains Office with concurrence from the Director of Compensation and Benefits.

8.6 The employee who elects a self-move may be reimbursed for the following items through use of a Relocation Expense Statement when itemized receipts are furnished:

1. rental of the vehicle;
2. cost of containers and equipment for packing;
3. insurance coverage;
4. rental of a tow bar for a personal vehicle;
5. gas used during rental of a vehicle;
6. servicing of appliances.

8.7 In no event will an employee be reimbursed for any labor involved during the course of a self-move, (i.e., to help load the vehicle).

Miscellaneous Relocation Expenses

9.1 Employees will be reimbursed through the use of a Relocation Expense Statement with itemized receipts for miscellaneous expenses which may be incurred by the employee when relocating to the new location that are not otherwise listed as covered expenses in this policy, not to exceed $1,500 for new hires or $1,800 for transferees.

9.2 Proof of payment will be required in order to be reimbursed for these expenses (i.e., cancelled check and invoice).

9.3 Items that would be reimbursed may include, but are not limited to:

a) Expenses incurred for disconnecting and reconnecting of appliances, if done by a third party and separate from commercial van line charges;

b) Installation charge for telephone service at new residence;

c) Rental car expenses during house hunting, including gasoline for the rental car only in cases where the employee travels by air or train to the new location, or a personal vehicle is unavailable;

d) Child care expenses necessary to permit employee and spouse to search for a new residence. Childcare will be covered up to $7.00 per hour or $350.00 per week for in-home care for all of the employee's children. Childcare arrangements such as day care centers, family day care and live in arrangements must be discussed with the Benefits Representative in the White Plains Office or the Facility Manager of Human Resources;

e) Installation charge for television/internet/cable connection which was installed in the employee's previous residence. Proof of telephone/cable/internet connection in employee's previous residence and new residence in the form of recent invoices must be provided;

f) Fees for kennel or shipment of pets; and

9.4 See Attachment 2 for additional reimbursable expenses for transferred employees.

Reimbursement to the Authority

All benefits provided under this Policy are contingent upon the employee's continued employment with the Authority for a continuous period of at least one year from the employee's start date at the new Authority location. If the employee separates from service voluntarily prior to completion of such one-year period, he/she shall reimburse the Authority for a portion of all benefits (including any gross-up if applicable) paid under this policy in the following manner: (1) 75% of the total benefits (including any gross-up if applicable) provided if separation occurs within six months of the employee's start date at the new Authority location; (2) 50% of the total benefits (including any gross-up if applicable) provided if separation occurs on or after six months but prior to the completion of the one-year period.

10.1 In determining the portion of benefits which must be reimbursed by the employee under this policy, the one-year period shall be calculated from the first day of work at the new location.

10.2 In the event that a reimbursement is due and owing to the Authority under this policy, the Authority shall deduct such amount from monies which would otherwise be payable by the Authority to the employee until the required reimbursement is satisfied. This shall be accomplished via payroll deduction from monies which would otherwise be due the employee in the following order: first, payments allocable to unused vacation time; second, payment for services rendered. If such deductions are insufficient to satisfy the reimbursement due hereunder, the employee shall provide the Authority with a certified check for the balance prior to his/her last day of employment.

10.3 Prior to the receipt of any relocation monies available under this policy, an employee shall indicate his/her affirmative consent to the reimbursement procedures specified in this policy by signing the Relocation Reimbursement Option Certification (Attachment 3).

Vice President Human Resources

ATTACHMENT 1

RECRUITING LOCATION GUIDELINES FOR RELOCATION

The recruiting process limits the location of the search for different positions which therefore limits the availability of relocation benefits. All non-exempt positions and any position that falls outside of the following recruitment guidelines are ineligible for relocation benefits.

Eligible Positions for Relocation Benefits:

East of the Mississippi:

Exempt positions (non-engineering): grades 4-6, grades C-D, and leadership bands

Engineering and positions related to the generation and transmission of power: grades 2-6, grades C-D, and leadership bands

Nationwide:

Exempt (non-engineering) positions: leadership bands only

Engineering and positions related to the generation and transmission of power: grade D and leadership bands

ADDITIONAL REIMBURSABLE EXPENSES FOR EMPLOYEES **TRANSFERRED** FROM ONE AUTHORITY LOCATION TO ANOTHER

1.0 Sale of Residence at Former Location

a) The transferred employee will be reimbursed through the use of a Relocation Expense Statement, with itemized receipts and a copy of the signed Settlement Statement (HUD Form), for the following expenses which may be incurred during the sale of his/her residence at the former location:

1) Real estate broker's commission not to exceed six percent of the gross selling price;

2) Personal attorney's fees not to exceed one percent of the selling price.

Additionally the transferred employee will receive up to a maximum of 5% of the gross selling price to cover the following expenses:

3) FHA, VA, and GI mortgage fees which are paid on the old residence. Reimbursement up to a maximum of three points;

4) Appraisal fee on former residence when appraiser is certified, whether or not transfer is accepted by employee;

5) Property survey fee, if this is a seller's expense in an amount as dictated by locale;

6) Lender's legal fees for preparing and recording legal documents and searching the title, if this is a seller's expense in an amount as dictated by the locale;

7) Unavoidable prepayment penalty fees on mortgage;

8) State transfer tax;

9) Records mortgage satisfaction and mortgage pick-up fees paid to the title company; and

10) Radon testing and resultant modifications required to sell old residence, not to exceed $500.00 when proper documentation has been provided indicating that property is located in radon area.

2.0 Renting at Former Location

a) A penalty for cancellation of the lease not to exceed security deposit and two months' rent less any amount earned by subleasing will be reimbursed when itemized receipts are furnished, accompanied by a complete Relocation Expense Statement;

b) Forfeiture of security deposit as the result of damages to the residence is not covered.

3.0 Purchase of Residence at New Location

3.1 If the transferred employee was renting at former location, he/she will not be reimbursed for expenses which may be incurred if he/she chooses to purchase a residence at new location.

3.2 The transferred employee will be reimbursed through the use of a Relocation Expense Statement with itemized receipts and a copy of the signed Settlement Statement for the following expenses which may be incurred when purchasing a residence at the new location;

a) Personal attorney's fees not to exceed one percent of the purchase price;

b) Closing costs not to exceed five percent of the purchase price which have been incurred for:

1. lender's legal fees for preparing and recording legal documents and searching the title, if this is a purchaser's expense in an amount as dictated by the locale;

2. loan origination fees - one point maximum;

3. pre-purchase appraisal fees;

4. inspection fees (radon, pest and flood only - not structural);

5. lender's mortgage title insurance premium; (if not broken out by lender's/owner's premium, no amount will be reimbursed);

6. credit report;

7. application fee;

8. property survey fee, if this is a purchaser's expense in an amount as dictated by locale;

9. real estate taxes (escrow for those taxes are not reimbursed) state tax stamps only;

10. lump sum mortgage insurance premium - private mortgage insurance premium (PMI) will not be reimbursed; and

11. points - not to exceed three (this includes one point for origination fees).

4.0 Renting at New Location

The transferred employee will be reimbursed through the use of a Relocation Expense Statement with itemized receipts for real estate broker's fees in connection with the rental of an apartment or house, not to exceed ten percent of the first year's rent.

Relocation Reimbursement Option Certification

I, _____, hereby choose to receive:

[_] Relocation Expense (as outlined in Relocation Policy EP 3.8)

or

[_] A $12,000.00 stipend in lieu of the relocation benefits available under the New York Power Authority's ("Authority") Relocation Policy, EP 3.8. In doing this I relinquish all relocation benefits that I would otherwise be eligible for as a newly hired or transferred employee.

[_] Taxable lump-sum

[_] Net stipend (for **Transferred** employees **only**)

I also agree that I will provide reimbursement to the Authority according to the schedule listed below if I voluntarily separate employment prior to completion of one year of service at the Authority.

1. I will reimburse the Authority 75% of the total benefit received, provided separation occurs within six months of my start/transfer date to the new Authority location.

2. I will reimburse the Authority 50% of the total benefit received, provided separation occurs on or after six months, but prior to the completion of one year beginning from my start/transfer date to the new Authority location.

In the event that my employment should terminate involuntarily, I understand that the above mentioned reimbursement will not be required.

I further authorize the Authority to deduct any such reimbursement due and owing to the Authority from such amounts as may otherwise be payable to me until full reimbursement is made to the Authority. Specifically, I herby authorize payroll deduction first from any and all monies attributable to unused vacation time and second, if required, from compensation for services rendered.

If the above amounts provide insufficient to cover the entire reimbursement due and owing to the Authority, I hereby agree to provide the Authority with a certified check or money order for the balance prior to my last day of employment.

I acknowledge that this certification is **<u>not</u>** an employment contract and will not be construed or interpreted by me as containing any guarantee of continued employment. I recognize that my employment with the Authority shall be at-will and that the Authority may terminate my employment at any time and for any reason. I may also terminate my employment at any time and for any reason.

_____ _____Sworn to before me on the _____ day of _____

Signature Date

_____

Print Name

_____

Received by HR (Initial and Date)

Sick Leave Policy

Note: Revision # should be listed in descending order starting with most recent version at the top.

Revision Date(For BCG Use Only)	Revision #	Description/Modification	Revision Section (s)	Author
3/28/2016	5	Contingent workers are not eligible	5.1.3	Brenda Verdesi, Manager, Benefits
		Allow all sick days to be used for family illness	5.2.4	
		Salary continuation can be used for consecutive and/or intermittent Employee Medical Leaves	5.3.3	
		Change sick at half-pay to salary continuation at full-pay	Various	
		Change wording of Salaried to Management	Various	
04/10/2015	4	Converting to new format. There were 3 prior revisions of this policy.	N/A	Brenda Verdesi Manager, Benefits

Please refer to Employee Policy EP 0.0 NYPA DISCLAIMERS where you will find a statement which pertains to all Employee Policies including this one.

1 PURPOSE AND SCOPE

This policy provides guidelines for the accrual and use of sick leave credits, sick leave at -full-pay and long-term disability for management employees.

2 APPLICABILITY

NYPA management employees

This policy does not apply to contingent workers whose compensation is paid directly by a third party, who are not paid directly through the Company's payroll system, or who are classified by the Company as consultants and/or independent contractors, are not eligible for or entitled to participate in or receive benefits under any benefit plan, policy, or practice offered by the Company, its parents, affiliates, subsidiaries, or successors.

3 INITIALISMS (ACRONYMS) AND DEFINITIONS

FMLA: Family and Medical Leave. Refer to EP 3.3.

Management Employee – all non-union NYPA employees

NYPA – New York Power Authority or "the Authority"

4 RESPONSIBILITY

Responsibility and oversight of this policy resides with the approver unless otherwise noted here in.

5 POLICY IMPLEMENTATION

5.1 Sick Leave Accrual

5.1.1 Full-time management employees accrue sick time as follows:

a) 3.46 hours per pay period if on a 37.5 hour work week

b) 3.69 hours per pay period if on a 40 hour work week

5.1.2 Part-time management Authority employees (working 20 or more hours per week, but less than full-time weekly work hours) and provisional employees that work less than full-time (working at least 30 hours or more per week) accrue sick leave on a prorated basis based on the number of hours the employee is scheduled to work.

5.1.3 There is no maximum on the amount of sick leave credits that may be carried over from one year to another.

5.1.4 Sick time only accrues when an employee is on full-pay status. Accruals resume when the employee returns to full-pay status.

5.1.5 In the event of an active employee's death, payment for accrued and unused sick leave, up to a maximum of 100 days, will be paid to the beneficiary designated by the employee for their NYPA life insurance. If no beneficiary is designated, or the designated beneficiary pre-deceases the employee, payment will be made as allowed by law.

5.1.6 Sick leave may be paid out to employees who retire with the New York State Retirement System directly upon separation of service from the Authority (see the EP 3.1 Management Employee Categories and Eligibility for Benefits.)

5.2 Sick Leave Usage

5.2.1 Sick time shall not be substituted for any other types of absences and may only be used for

a) an employee's illnesses or injuries,
b) an employee's trips to a health care provider (including reasonable travel and actual visit time)
c) a family member's illness or injury as specified in Section 5.2.4 below,
d) Family Leave and Parental Leave as specified in EP 3.3

5.2.2 Employees must notify their supervisor of any sick time absence as soon as practicable, and keep the supervisor informed as to their expected date of return. An employee's use of accrued sick leave is approved by his/her supervisor when the supervisor approves the employee's timesheet or electronic time record. If there are false time sheets or electronic time records of an employee's time and attendance, the employee (and depending on the circumstances, the supervisor who is responsible for approving such time) will be held accountable.

5.2.3 Accrued sick leave may only be used in full or half-day increments. However, supervisors may, with advanced approval, allow employees to take less than half-days off with flexible scheduling allowing employees to make up time by working extra hours on other days during the same workweek. Supervisors may also grant employees time off without using accrued sick leave if the absence is so brief that it does not affect the employee's work or performance.

5.2.4 A family member is a child, spouse, parent (not parent-in-law), or domestic partner who has satisfied NYPA's Domestic Partner Benefits eligibility requirements (even if not subscribed to NYPA Domestic Partner medical benefits).

5.2.5 When absences exceed five (5) consecutive days, an employee must notify Human Resources, at which point the FMLA process will be initiated for eligible employees and the leave will be designated under the Family Medical Leave Act ("FMLA") leave (See EP: 3.3).

5.2.6 The Authority may require written medical documentation of an illness or injury, and/or that the employee be examined by a physician designated by the Authority before approving the use of any sick leave and/or prior to the employee's return to work. In addition, supervisors may request a doctor's note to confirm/verify a medical appointment on a given day and time.

5.2.7 Supervisors are responsible for monitoring sick leave usage for appropriateness, accuracy, and adherence to Employee Policies, and for remaining informed of employees' available sick and vacation balances when approving time off. Excessive and/or questionable patterns of absenteeism, frequency of requests for full or partial sick days, or low or zero balances should signal the need for further review or action which may take several courses [i.e.: need for Family Medical Leave Act ("FMLA"), performance issue, etc.] to prevent abuse of this benefit.

5.3 Salary Continuation

5.3.1 Employees who have completed one or more years of Authority service, are eligible to receive salary continuation at full-pay on a consecutive or intermittent basis during an approved Employee Medical Leave ("EML") covered under FMLA when all of their accrued sick time is exhausted.

5.3.2 Employees on approved EML must exhaust all accrued sick time, except 5 days, which can be saved for future use. Employees on EML can then receive salary continuation to cover the remainder of their EML leave. For part-time or provisional employees that are less than full-time and on EML, salary continuation will be paid on a prorated basis based on their weekly work schedule.

Eligible employees on approved EML who have exhausted all of their accrued sick time will then be placed on salary continuation or on no pay status if not eligible.

5.3.3 Salary continuation pay for EML is only available during a qualifying FMLA period and cannot exceed 12 weeks. In **no event** will the replenishment of vacation, floating or sick pay, unpaid time or any other leave time extend any job security or FMLA time periods.

5.3.4 If an employee who has already been on an approved FMLA leave other than an EML, returns to work and then goes back out for their own illness or injury on an approved EML within the same FMLA yearly period, the employee will only be eligible to receive sick leave at full-pay for the remaining FMLA time period (even if the employee's own medical needs extend beyond the total 12-week FMLA entitlement). See EP: 3.3.

5.3.5 Salary continuation is **only** available for EML Management employees and cannot be applied to any other type of FMLA Leave.

5.3.6 All payroll deductions will continue to be made regardless of whether an employee on sick leave is being paid on a full pay status. Any questions concerning the priority of deductions should be addressed to the Payroll Unit and/or the applicable Human Resources representative.

5.3.7 Employees receiving salary continuation or on no pay status are not eligible to receive Holidays, Floating Holidays, sick accruals or annual vacation accruals until they return to work on either full or part-time status.

5.4 Long Term Disability

Employees may be eligible for benefit payments under the Long-Term Disability Plan they selected at open enrollment, once they have been on leave for three consecutive months of absence for their own illness or injury, and after they have exhausted all of their accrued sick time. Provisional employees are not eligible for long-term disability. Information on long-term disability is provided in the Long-Term Disability booklet available from Human Resources and the Employee Benefits Handbook for Management Employees on the NYPA Powernet.

6 VIOLATIONS

N/A

7 REFERENCES

EP 3.1 Management Employee Categories and Eligibility for Benefits

EP 3.3 Family & Medical Leave Act

8 POLICY REVIEW AND EXPIRATION

This document will be reviewed and updated as business needs require. However, a mandatory review will be required on the anniversary date of the approved document.

Revision Cycle: Every Year

9 ATTACHMENTS

N/A

PLEASE REFER TO THE PORTION OF THE EMPLOYEE POLICIES ENTITLED DISCLAIMERS WHERE YOU WILL FIND A STATEMENT, WHICH PERTAINS TO ALL EMPLOYEE POLICIES, INCLUDING THIS ONE.

ATTENDANCE AND FLEXIBLE HOURS

1.1 To ensure an efficient and productive work environment, this policy establishes basic hours of daily work, basic workweek, flexible hours, punctuality guidelines, and guidelines for reporting to work in the event of inclement weather, transportation or other emergency situations for salaried employees. The work hours, workweek and lunch schedules may vary at different NYPA work locations.

1.2 NYPA expects all employees, regardless of location, to assume responsibility for their attendance and promptness, and to begin work no later than their designated start time. Employees should anticipate that NYPA work locations will be open every workday.

Basic Work Hours and Workweek

2.1 If an employee works in the White Plains or Albany Office:

a) The basic daily hours of work may vary based on department needs. This is defined as "flexible hours." The typical workday may begin anytime between 7:00am and 9:30am.

b) The basic workweek shall consist of five workdays (in a seven-day period) of seven and a half hours each, exclusive of mealtime.

c) A lunch period is normally provided between the hours of 12:00 pm and 2:00pm unless adjusted by an employee's supervisor.

2.2 If an employee works at a location where NYPA generation or transmission facilities are operated or maintained and the normal workweek is 40 hours, the following shall apply:

a) For salaried employees the basic daily hours of work shall be determined by the Regional Manager or the person otherwise responsible for the work location. The typical workday may begin anytime between 7:00 am and 9:00am.

b) The basic workweek shall consist of five workdays, (in a seven-day period) of eight hours each, exclusive of mealtime, and shall be determined by the Regional Manager or the person otherwise responsible for the work location.

c) Salaried employees' mealtime shall be determined by the Regional Manager or the person otherwise responsible for the work location.

2.3 Salaried Employees who work in areas requiring 24/7 coverage may be on 12 hour shift rotations, with schedules based on 2,080 hours for the year.

a) Schedules will be determined by the requirements of the department at the location and approved by the Regional Manager (sites) or Department Head.

b) Various schedule rotations will result in an average of 40 hours per week over the course of the rotation (e.g. a 5 week rotation of: 48 – 36– 36 – 48 – 32 hours per week for a total of 200 hours) and employees are paid a base 80 hours per pay period, regardless of the scheduled hours in the period.

c) Pay for all hours in the schedule is at straight time inclusive of Holiday, Sick, Vacation, etc. [See EP 2.4 Salaried Non-Exempt and Facility-Based Exempt Overtime for additional information regarding hours outside of scheduled shift.]

d) Holidays, including floating holidays, are included in the 2,080 work hours in the year. For employees on 12 hour shift, holidays are adjusted to the equivalent hours based on the 12 hour days. [E.g. if there are 14 8 hour holidays in the holiday schedule, salaried employees on 12 hour shift will be adjusted to nine 12 hour holidays and one 8 hour floater.]

a. Holidays that do not fall on a scheduled day in the rotation are moved to the nearest scheduled day. It is at management's discretion as to whether or not the employee has to work this day or take the holiday based on available coverage.

2.4 The payroll period for a basic workweek at some locations may be Thursday through the following Wednesday, or Sunday through the following Saturday.

Punctuality Guidelines

3.1 Employees are expected to report for and remain at work during the basic daily hours as established by the applicable employing department or location, except for meal periods.

3.2 The basic daily workhours and basic workweek will vary at the Albany and White Plains Offices and at the facilities; however, the punctuality guidelines require that all employees report to work in a timely manner. Once hours have been established, employees will be expected to work the designated hours and days.

3.3 Employees who leave NYPA's employment, must physically be at work on their last day in order for it to be considered their last day of work.

3.4 Adherence to the flexible hours schedule will be enforced by the manager or supervisor. An employee may not switch his/her flexible hours schedule without approval by his/her manager or supervisor.

3.5 When an employee is late, he/she should meet with his/her supervisor to discuss the reason for the tardiness. Lateness is not charged against sick or vacation leave unless a half day or more is taken.

3.6 If the tardiness is not excusable, the employee's supervisor should document the occurrence. Specific guidelines for dealing with performance problems are established in EP 4.2, Performance Improvement. Documented cases of excessive absenteeism, tardiness or requests to leave early may result in the application of vacation time for such events and\or disciplinary action in accordance with EP 4.2.

Flex Time Schedules

4.1 In an effort to offer employees work-life balance solutions and minimize workplace commutes, flex time schedules to allow one day or a half day off within a two week pay period, will be permitted as follows:

a) Employees wishing to participate in the program must submit a matrix indicating his/her flex time period to his/her manager for approval, reference and planning. Once the flex schedule is approved, every attempt must be made to adhere to that schedule (any deviations must be pre-approved by the employee's supervisor).

b) Flex time schedules are not guaranteed and may be altered as necessary to accommodate the business needs of each Business Group/Unit and/or department.

c) Employees cannot be required to work a flex time schedule.

d) Non-exempt employee work schedules cannot exceed 40 hours in any given week as a result of an employee's working an approved flex time schedule.

e) All employees working a flex time schedule must take at least a half hour lunch period.

f) Total hours worked within a given pay period must be no less than 75 hours or 80 hours (whichever is applicable) and must correspond to a two week pay period (Monday-Friday).

g) Holidays (including floating holidays) sick, vacation, and paid volunteer time must be recorded as your base hours (i.e.: 7.5 hours at WPO and Albany). In the event of a holiday or if an employee takes a sick day, vacation day, or paid volunteer day and he/she was scheduled to work 8.5 hours, he/she will only get credit for 7.5 hours and will need to make up the extra hour another day during that pay period.

h) Employees who take more than 2 days off (sick, vacation, holiday, or paid volunteer time) in a two week pay period are not eligible to work a flex time schedule in that pay period.

i) An employee's participation in this program may be discontinued at any time at the discretion of the employee's supervisor, manager or Business Unit head.

Office Closing Due to Inclement Weather or Emergencies

5.1 Unless notified otherwise, employees should anticipate that NYPA offices will be open. Only under extreme weather conditions or other emergency situations would the Albany Office and/or White Plains Office be closed. Office closings will be announced via the NYPA voice mail message system and First Call systems.

5.2 During the workday, if conditions warrant the closing of either the White Plains or Albany Office, the Human Resources Department Head, after consultation with the SVP Corporate Support Services and the President and Chief Executive Officer, will contact the Business Group Heads to advise them of the decision to close. Business Group Heads should then notify their respective staffs. During non-work hours, employees may call the NYPA voice mail system for office closing announcements.

5.3 If an employee expects to be late due to inclement weather, difficult transportation conditions or any other reason, he/she should notify his/her supervisor of the expected arrival time as soon as possible.

5.4 If an employee decides not to come to work, his/her immediate supervisor should be notified as soon as possible. In that instance, the absence must be charged to an employee's accumulated vacation time (accumulated sick time cannot be charged).

Records of Attendance

6.1 Records of attendance shall be maintained for all employees at all NYPA locations through completion of a time report, which is maintained using the NYPA's time and attendance tracking system (CATS). Supervisors or their designees must approve all CATS entries before the time entries are transmitted to Payroll. Part-time NYPA employees must submit their time report on a weekly basis.

6.2 Falsification of any supervisory-approved records of attendance will result in disciplinary action up to and including termination.

Vice President, Human Resources

April 4, 2014

Date

1.0 Objectives

1.1 This policy provides for the reimbursement of reasonable and prudent meal expenses employees incur in the performance of their duties. Each employee is responsible for ensuring that submitted expenses are accurate and in compliance with the provisions of the policy. The approving supervisor is responsible for ensuring cost effectiveness and reasonableness of expenses incurred as well as compliance with policy.

1.2 This policy is established to ensure:

a. that employees are reimbursed for the necessary and reasonable cost of meals incurred while performing their duties
b. meal reimbursement guidelines are clearly communicated to staff and consistently applied, and
c. meal expenses are reimbursed within Authority policy limits

1.3 The policy applies to reimbursement of all meals except for those covered by union agreements.

2.0 General

2.1 Meals eligible for reimbursement are incurred by an employee:

a. While traveling overnight on Authority business.
b. While taking a day trip on Authority business.
c. In connection with working overtime.
d. As a "working meal" during a business meeting.

Specific guidelines governing reimbursement are provided in the following sections of this policy.

2.2 Requests for reimbursement are required to include identification of the meal (breakfast, lunch or dinner) with an explanation of its business purpose. Receipts are required for individual meals with a cost in excess of $10. All reimbursement requests require the approval of the employee's supervisor / manager or business unit head before processing for payment.

2.3 Employees who hold the company-sponsored corporate travel card should use the card to pay for business meals. If an employee does not have a corporate travel card, the use of a personal card is encouraged. (Authority policy requires the use of the corporate travel card to pay for all business transportation*, lodging, and car rentals in order to ensure proper receipt documentation and eligibility for special negotiated fares) (Refer to CAP 1.7 Corporate Travel Card Program for further details).

* Except for air/rail travel which should be charged to the Authority's direct billed Citi card.

Employees may use the company procurement credit card (procard) with direct billing to the Authority to pay for meals incurred for internal training courses and working meetings including board and management committee meetings. The procurement card should not be used for any other meal expenses. Refer to Corporate Accounting Policy CAP 4.1 Petty Cash for further details.

3.0 Policy Details

3.1 Overnight Travel

Employees traveling on business that requires an overnight stay will be reimbursed for **actual** and reasonable meal costs up to the following maximum daily amounts:

$55	travel to upstate facilities (BG, CEC, Niagara, St. Law-FDR, Albany)
$70	travel to downstate facilities (White Plains, New York swing office, 500MW and Flynn)
$70	other travel

When on overnight travel status, employees will be reimbursed for breakfast when travel begins before 7:00 AM, for lunch when travel begins before noon, and for dinner when returning home after 7:00 PM.

Employees who spend more than the maximum daily amount should reduce their reimbursement requests for the applicable days to the appropriate amounts (i.e. $55 or $70 depending on the destination). The Authority reimburses employees for the cost of breakfast, lunch, and dinner within these meal guidelines. The cost of food and beverages between breakfast, lunch, and dinner is not reimbursable.

3.2 Day Trips

Employees taking day trips to conduct Authority business will be reimbursed for meals based on travel times. Reimbursements will be provided (1) for breakfast, if the employee leaves home at least one hour before their normal departure time, and (2) for lunch, if the employee is on travel status during their normal lunch hour, and (3) for dinner, if the employee returns home at least two hours after their normal returning time. The Authority reimburses employees for the cost of breakfast, lunch, and dinner within these meal guidelines. The cost of food and beverages between breakfast, lunch, and dinner is not reimbursable.

3.3 Overtime Meals

Employees are eligible for reimbursement of actual expenses for dinner when they work two hours of overtime during a weekday. On Saturdays, Sundays or holidays, employees are entitled to reimbursement of actual expenses for

a Lunch if they work 4 hours or more.
b Dinner if they work 7 hours or more.

Reimbursements cannot exceed the actual cost of the meal. There is no "reimbursement allowance" if a meal is not purchased.

3.4 Limits

Reimbursements for business meals incurred on day trips and for overtime meals will be based on actual and reasonable meal costs up to the following maximum amounts:

Breakfast $10 (day trips only)
Lunch $20
Dinner $40

3.5 Authority- Provided Meals

Whenever the Authority pays directly for a meal, the employee is not entitled to a meal payment. This provision also pertains to arrangements made by certain operating plants, with local restaurants, that provide a meal to an employee through the issuance of a "meal ticket". The cost of a meal obtained by a meal ticket should be within reasonable limits as determined by the Site Regional Manager. Meal tickets can only be used by the employee to whom it was issued and only on the day overtime is worked.

3.6 Business Meals

Business meals will be reimbursed when the meal is provided as a "working meal" during a meeting (on or off the premises) for the convenience of the Authority and for the efficient conduct of business. In all cases of business meals, the senior employee in attendance should pay the bill and file the expense report. All reimbursement requests require the approval of the employee's supervisor/manager or business unit head before processing for payment.

3.6.1 Meals with business guests

Employees will be reimbursed for the actual and reasonable cost of meals, up to $70 per person, with business guests (i.e. non-Authority employees) on or off the Authority's premises when the meal is approved by a vice president or equivalent or higher position. The nature of business discussed, as well as the name, title, and affiliation of each business guest, must be documented on the employee's expense statement.
The senior NYPA employee in attendance should pay the bill and file an expense report for reimbursement.
If the business meal is with an outside vendor and/or 3rd party contractor, the outside vendor and/or 3rd party contractor should **not** be permitted to pay the bill.

3.6.2 Authority Employees Only

In situations where it is necessary for the efficient conduct of business, employees will be reimbursed for the cost of an on-premises meal (breakfast or lunch only) with other Authority employees up to $30 per person, in connection with a working meeting or conference. Reimbursement of off-premises meals where only Authority employees are present will be permitted only when deemed appropriate for business purposes and authorized in writing by a vice president or equivalent or higher position. The cost of such meals should not exceed $70 per person. The senior NYPA employee in attendance should pay the bill and file an expense report for reimbursement.

3.7 Extended Assignments

Employees who work on an extended assignment (i.e. assignments for more than three months but less than one year) at a location other than their assigned work location may elect to receive: (1) reimbursement of actual and reasonable meal and lodging expenses or (2) a daily per diem, based on IRS guidelines, covering meals, lodging and incidental expenses (e.g., laundry, tips, etc.) Per Diem arrangements must be approved by the appropriate business unit head and the Vice President and Controller. Amounts will be set by the Director - General Accounting & Financial Reporting (or his designee) based on Federal guidelines.

3.8 Non-Reimbursable Meal Expenses

3.8.1 Excessive Meal Expenses

While the Authority expects its employees to have good meals at reasonably priced restaurants when traveling, and to conduct business in comfort, it also expects its employees to exercise good judgment. Accordingly, charges exceeding limits established by this policy will be considered personal expenses and will not be reimbursed.

3.8.2 Personal Meals

Meals in connection with retirement, farewells, birthdays, holidays and similar events are considered personal and will not be reimbursed.

4.0 Taxability

Meal reimbursements that are not associated with overnight travel are generally considered taxable income under IRS regulations, and are therefore subject to withholding of social security and income taxes unless such payments are classified as de minimus by the Vice President – Controller's office. Taxable meal reimbursements include those associated with day trips and overtime. Reimbursements for working meals during meetings (Section 3.6) are not subject to taxes.

5.0 Responsibilities

5.1 Employee

Employees have primary responsibility for ensuring that meal expenses are necessary and reasonable, fully - documented as to business purpose, supported by receipts, properly submitted on the appropriate form, accurately coded in the proper account, and otherwise in compliance with the provisions of this policy. Employees should also exercise sound business judgment and common sense whenever they incur expenses to be paid by the Authority.

5.2 Approving Supervisors and Managers

Approving supervisors and managers are responsible for ensuring that their employees understand the content and intent of this policy before expenses are incurred and that the provisions of this policy are met. Supervisors must ensure that Authority funds are spent wisely and carefully, that their employees have submitted appropriate, reasonable and prudent expenses and that all expenses, except as noted otherwise, are submitted on expense reports. In addition, they are responsible for ensuring that their employees seek cost-effective solutions to situations/needs, carefully reviewing their employees' expense reports and confirming that coding for expenses, to be reimbursed, is accurate.

5.3 Site Manager of Business Services
Headquarters Accounts Payable Manager

The Site Manager of Business Services, at the operating plants, and the Accounts Payable Manager, at the Headquarters Office, are responsible for implementing and administering this policy at their respective locations. This responsibility includes ensuring their staff properly reviews, processes, and retains all reimbursement requests received.

5.4 Headquarters Accounts Payable Manager and Headquarters Payroll Manager

The Headquarters Accounts Payable Manager and Headquarters Payroll Manager are jointly responsible for ensuring that meal reimbursements are properly included in the employee's paycheck (i.e. by separate check or direct deposit), taxable reimbursements are reported on the employees W-2 Wage and Tax Statement and social security and income taxes are withheld.

5.5 Director - General Accounting & Financial Reporting

The Director-General Accounting & Financial Reporting or his authorized designee is responsible for overall implementation, administration, and maintenance of this policy on a company-wide basis.

5.6 Vice President - Controller

The Vice President - Controller must approve any deviations from this policy.

6.0 **References**

6.1.1 Agreement between the Power Authority of the State of New York and Local Unions 2032 and 2104 of the International Brotherhood of Electrical Workers IBEW, AFL-CIO, 2006-2011, as amended or superseded from time to time.

6.1.2 Agreement between the Power Authority of the State of New York and Local Union 1-2 of the Utility Workers Union of America (UWUA), AFL-CIO, 2004 - 2009, as amended or superseded from time to time.

6.2 CAP 1.7 Corporate Travel Card Program.

6.3 CAP 7.4 Processing Overtime Meal Payments

6.4 CAP 4.1 Petty Cash

6.5 Credit Card Procurement System Policy & Procedures (Rev. 11/08)

6.6 Travel Hand Book, NYPA Power net website, Travel Desk section.

Thomas Concadore

Vice President-Controller

Company Policy Title: Travel Policy

Policy Number:	CP 2-1
Revision Date	11/30/2015
Approved By:	Gil Quiniones President and Chief Executive Officer
Executive Owner:	John Plasko Director Corporate Support Services
Content Owner:	Beth Seavey Travel Manager

The Content Owner partners with the attorney assigned to his/her department/workgroup to write and review the policy.

Revision Date	Revision	Description/Modification	Revision Section (s)	Author
11/30/2015	6	Converting to the new format; there were 5 prior revisions to this policy. Procedures have been removed from this policy and reside in a separate Travel Procedure document. Minor modifications to section 5 have been made based on industry best practice.	All	Beth Seavey Travel Manager

1 PURPOSE AND SCOPE

This policy establishes guidelines for business travel arrangements and travel expense reimbursements.

2 APPLICABILITY

This policy shall be adhered to by the employees of all Authority Business Units and Departments, as well as cost-reimbursable contractors/consultants doing business on behalf of the Authority.

3 INITIALISMS (ACRONYMS) AND DEFINITIONS

CRC – Cost Reimbursable Contractor/Consultant
GSA – U.S. General Services Administration
OGS – New York State Office of General Services

4 RESPONSIBILITY

4.1 The Director of Corporate Support Services has final responsibility for implementation and interpretation of this policy and determines appropriate revisions.

4.2 The Travel Manager is responsible for the maintenance and application of this Policy.

4.3 The Manager authorized to approve an employee's or CRC expense statement is responsible for ensuring that the traveler has complied with the provisions of this policy.

4.4 Travelers are responsible for compliance with this Corporate Policy and also for verification that all travel arrangements are correct.

5 POLICY IMPLEMENTATION

5.1 Travel Management

5.1.1 Employees and CRCs doing business on behalf of the Authority must use the Travel Desk (Power Business Travel) for air, train, hotel and car arrangements in order to be reimbursed for business travel expenses.

5.1.2 Travelers requesting arrangements from the Travel Desk will be forwarded the Travel Profile form by email if no completed profile is on file. Notification is sent out yearly by email to remind employees to notify the Travel Desk of any updates/changes to their travel information. The Travel Desk will maintain this profile which can be changed at any time by the traveler.

5.1.3 OGS or Authority negotiated discount fares will always be the first consideration in providing requested travel arrangements. Every effort will be made to secure cost-effective arrangements that meet both the traveler's preferences and this policy.

5.1.4 The federal reimbursement rate as referenced in the GSA Domestic Per Diem Rates will be used as a guideline for hotel accommodations. The Travel Desk will always attempt to secure the lowest available hotel rates.

5.1.5 The Travel Desk will secure car reservations using the Authority's contracted vendors.

5.1.6 Authority events such as meetings, seminars and training sessions that are held out of the office must be reviewed, by the Travel Desk, for appropriateness and compliance with NYPA contract terms and conditions regarding rates, cancellation policy and standard NYPA requirements.

5.1.7 For out-of-state travel, all NYPA employees shall follow the requirements of NYPA's Out of State Travel Policy (CP 1-13).

5.1.8 Exceptions or changes to Travel Desk recommended arrangements must be approved, with an email to the Travel Desk, by the traveler's Business Unit/Department Head.

5.2 Reimbursement

5.2.1 Policy and procedures for reimbursement of travel expenses are established and implemented by the Accounts Payable Department.

5.2.2 Business air and train travel will be charged by the Travel Desk to a centralized Citibank VISA account which is reconciled by Accounts Payable staff. Air and/or train travel for Authority business will not be expensed by the individual traveler.

5.2.3 The Travel Desk will email an invoice to travelers which will summarize all confirmed travel arrangements and related costs. The invoice must be submitted with expense statements for reimbursement.

5.2.4 Tax exempt forms are to be used to prevent state and local taxes from being added to hotel or car rental bills whenever employees are traveling for Authority business in New York State. New York State taxes will not be reimbursed.

5.2.5 Expenses incurred for meals will be reimbursed according to the Corporate Accounting Policy (CAP) 1.5, Reimbursement of Employee Meal Costs.

5.2.6 Travelers will not be reimbursed for any travel expenses not in compliance with this policy.

5.3 Corporate Airplane

5.3.1 Use of the corporate airplane is limited to business travel on behalf of NYPA.

5.3.2 The corporate airplane cannot be used solely to transport members of the Board of Trustees.

5.3.3 CRCs performing Authority related work, may utilize the corporate airplane provided that this trip results in no additional cost to the Authority.

5.3.4 The Chairman of the Board of Trustees or the President and Chief Executive Officer may authorize:

1. Non-Authority employees to accompany an Authority employee on the corporate plane for governmental purposes; or
2. Federal, State or Local Government officials to utilize the corporate airplane for government purposes.

5.3.5 All non-NYS employees will be required to sign a written waiver of any claim or liability against the Authority arising out of such use.

5.3.6 The cost of the corporate airplane is not charged back to the employees' budgets, but is budgeted as a corporate resource for all Business Units of the Authority.

5.4 Contractor Travel

5.4.1 Contractors must make all travel arrangements through the Travel Desk. Travel arrangements made through other travel sources are only reimbursable up to the amount of current Authority negotiated or government rates. Current NYPA contract language requires all CRCs to confirm travel through the Travel Desk. Government contract fares are published on the NYS OGS website and are accessible through the booking tool (Global Distribution System) used by the Travel Desk to confirm air service. NYPA will only reimburse up to the contract fare.

5.4.2 A completed Contractor Travel profile form for each CRC must be on file with the Travel Desk prior to requesting travel services. Travelers requesting arrangements from the Travel Desk will be forwarded the Travel Profile form by email if no completed profile is on file, with a cc to the Project Manager.

5.4.3 The Travel Desk obtains approval by email from the NYPA project manager prior to authorizing air and rail expenses to NYPA. All contract travel expenses must have the approval of the CRCs Authority project manager prior to submitting the expense statement to the expense reconciliation process.

5.4.4 Meal reimbursement for overnight travel will be based on the meal allowances outlined in the applicable contract. Meal receipts are not required.

5.5 Policy Exceptions

Any exceptions to this policy must be approved in advance by the President and CEO, or his designee

6 VIOLATIONS

Violations of this Policy and related policies and procedures by employees may result in disciplinary action up to and including termination. Violations of this Policy by CRCs and other authorized third parties may result in the revocation of such party's access to NYPA's premises and/or electronic access to its systems, and the termination of such party's contract for services. In addition, where the conduct engaged in is illegal, violators may be subject to prosecution under applicable federal, state or local laws.

7 REFERENCES

7.1 Corporate Accounting Policy (CAP) 1.5, Reimbursement for Employee Meal Costs

7.2 Employee Expense Statement
Powernet ⟶ Quick Links ⟶ Travel Desk ⟶ Expense Statement

7.3 New York State Hotel Tax Exempt Form
Contractor Travel Profile
State of New York Tax Exempt AC-945 (car rental)
Powernet ⟶ Quick Links ⟶ Travel Desk ⟶ Travel Forms

7.4 Citibank Travel Card Application
Powernet ⟶ Department Sites ⟶ Customer Support Services ⟶ Support Services ⟶ Support Services Forms

7.5 U.S. General Services Administration Per Diem Rates
www.gsa.gov ⟶ Per Diem Rates

7.6 Company Policy for Out-of-State Travel (CP 1-13)

7.7 Company Policy Program Administration (CP 1-1)

8 POLICY REVIEW AND EXPIRATION

8.1 This document will be reviewed every year on the anniversary of the revision date, or sooner if business needs require.

8.2 Recommendations for changes to this Policy or a new corporate policy shall be processed in accordance with CP 1-1 "Company Policy Program Administration."

9 ATTACHMENTS

N/A

President and Chief Executive Officer

11/30/2015

Date

Exhibit 2f-A
March 29, 2016

2015 Confidential Evaluation of NYPA Board Performance

Criteria	Agree	Somewhat Agree	Somewhat Disagree	Disagree
1. Board members have a shared understanding of the mission and purpose of the Authority.	6			
2. The policies, practices and decisions of the Board are always consistent with this mission.	3	3		
3. Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	6			
4. The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	6			
5. The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	5	1		
6. The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence, pressure or self-interest.	2	3	1	
7. Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	5	1		
8. Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	6			
9. The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.	5 & N/A			
10. The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	5	1		
11. Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	6			
12. Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	5		1	
13. Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	5		1	
14. The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	6			
15. The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	6			
16. Board members demonstrate leadership and vision and work respectfully with each other.	6			

Date Completed: _____3/9/16_____

MINUTES OF THE SPECIAL MEETING
OF THE
GOVERNANCE COMMITTEE

May 24, 2016

Table of Contents

	Subject	Page No.	Exhibit
	Introduction	**2**	
1.	Adoption of the May 24, 2016 Proposed Special Meeting Agenda	3	
Discussion Agenda:		**4**	
2.	Risk Management Activity Update	4	2-A
3.	Amendments to the Authority's By-Laws	10	3-A; 3-B
4.	Committee Appointments	11	
5.	Motion to Conduct an Executive Session	12	
6.	Motion to Resume Meeting in Open Session	13	
7.	Next Meeting	14	
	Closing	15	

May 24, 2016

Minutes of the special meeting of the New York Power Authority's Governance Committee held, via video conference, at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York, at approximately 8:30 a.m.

The following Members of the Governance Committee were present:

Trustee Anne M. Kress, Chairperson
Chairman John R. Koelmel, Member
Vice Chairman Eugene L. Nicandri, Member
Trustee Anthony Picente, Jr., Member

Also in attendance were:

Tracy McKibben	Trustee
Gil Quiniones	President and Chief Executive Officer
Justin Driscoll	Executive Vice President and General Counsel
Edward Welz	Chief Operating Officer
Parija Soubhagya	Senior Vice President and Chief Risk Officer
Jill Anderson	Senior Vice President – Wholesale Commercial Operations
Jennifer Faulkner	Senior Vice President – Internal Audit
Kristine Pizzo	Senior Vice President – Human Resources
Karen Delince	Vice President and Corporate Secretary
Joseph Gryzlo	Vice President and Chief Ethics and Compliance Officer
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Baughman	Senior Assistant Corporate Secretary
Peter Prunty	Director – Infrastructure
Jaiah Gottor	Lead Network Analyst – Infrastructure
Glen Martinez	Senior Network Analyst – Infrastructure

Acting Chairman Eugene Nicandri presided over the meeting. Corporate Secretary Delince kept the Minutes.

Introduction

Acting Chairman Nicandri said Trustee Kress, Chairperson of the Committee, asked him to chair the meeting. He welcomed committee members, Trustee McKibben and Authority senior staff to the meeting and said the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to Section B(4) of the Governance Committee Charter.

1. <u>Adoption of the Proposed Meeting Agenda</u>

Upon motion made by Chairperson Kress and seconded by Acting Chairman Nicandri, the Agenda for the meeting was adopted.

DISCUSSION AGENDA:

2. <u>Risk Management Activity Update</u>

Mr. Parija provided an update of the Risk Management activities to the Committee. He said as a result of the Risk Workshop Assessment, the participants changed the rating of some of the top risks.

The following risks were rated lower:

1. Critical Infrastructure Failure – several controls are already in place for this risk; therefore, the likelihood of a critical infrastructure failure has been reduced.

2. Catastrophic Events – the Authority has several controls in place to reduce the impact of this risk. In addition, in the past, the Operations team has shown adequate agility and technical expertise to manage such catastrophic events.

3. Attract and Sustain Qualified Workforce – Human Resources has a number of controls in motion to control this risk. In reviewing the statistics based on the external market as well as the Authority's internal turnover rates and vacancies, the gap between the vacancies and the turnover rate continue to show a downward trend.

The following risks were rated higher:

1. Workforce Health and Safety – although the Authority has several controls in place for this risk, it was rated higher because of the importance of safety to the Authority.

2. Regulatory/Legislative Environment – Because of several events in the past, the participants felt that it was necessary to raise this risk higher and be more proactive in terms of anticipating the legislative environment and seeing what the Authority can do to be better prepared for these events.

3. Commodity Market Volatility – this risk was raised in order to address the Authority's preparedness to deal with market volatility. The Authority needs to develop a comprehensive framework to address commodity volatility risk as it influences its budget. PWC is working on this project and it is expected that this project will result in significant changes in the commodity hedging practices as well as the risk management program.

4. Disruptive Innovations – the Authority is well positioned to embrace changes in innovation technology which has been accelerating. A task force has been assigned to focus specifically on tracking disruptive innovations and technology in order to learn, not only how the Authority can adapt to these disruptive innovations, but also how it can be a leader in the technology landscape, going forward.

In response to a question from Trustee McKibben, Mr. Parija said Commodity Market Volatility, Sustained Low Power Prices and Customer Energy Choices are enterprise level risks and, therefore, they all impact the Authority's operations. Their impact and the controls to manage these risks crosses over different functions and departments.

In response to a question from Acting Chairman Nicandri, Mr. Parija said Enterprise Risk have processes in place to test potential catastrophic events and critical infrastructure failure. A Director of Business Resiliency has been hired to oversee the various exercises and scenario planning for catastrophic events so that the Authority can improve its resilience in managing these events.

Ms. Faulkner said that Internal Audit have tested certain of the controls and strategies as part of the compliance audits that they are conducting. President

Quinones added that the Authority is undertaking several table-top simulation drills, for example, dam safety drill, as required by the Federal Energy Regulatory Commission ("FERC"). Also, the Authority recently conducted a table-top exercise on cyber security. As the Authority identifies risks, e.g. severe weather events, cyber security, physical security, pandemic and electromagnetic storms, going forward it will conduct drills to make sure its emergency management and response and business continuity plans continue to be robust.

In response to a question from Trustee Picente, President Quiniones said the table-top simulation drills, e.g. the dam safety exercises, include all external stakeholders – local officials and first responders that will be affected.

In response to comments by Chairman Koelmel, Acting Chairman Nicandri said in the past, the Board emphasized to the Operations division that it wanted employee health and safety at the forefront of the operational risks. Mr. Kessler acquiesced and said based on that direction, Operations started to observe the severity of the health and safety incidents and to report major incidents to the Board. He continued that the Authority has several controls in place to address the impacts of this risk and has engaged a consultant on human performance factors to provide training for the employees at the St. Lawrence facility. Mr. Welz added that the training will be rolled-out to the staff at all of NYPA's facilities.

Top Risk Assessment Process

Mr. Parija provided a synopsis of the Risk Assessment process. He said one of the goals of the risk assessment process was to engage a large cross-section of employees in the Authority. A survey on the different kinds of risks at the Authority was

sent to Authority staff members. A core team of cross-functional employees was selected to conduct a deep dive on each of the risks identified in order to identify mitigation strategies, as well as next steps, going forward.

- Operations department is pursuing a robust emergency management and business continuity plan and program that will impact cyber security, catastrophic and critical infrastructure risks.
- The energy commodity risk solution project, once completed, will positively impact commodity market volatility, sustain low prices, custom energy prices and hydro flows; and
- The human capital maturity model, once implemented, will impact multiple risks.

In response to a question from Chairman Koelmel, Mr. Parija said once the Authority has a talented workforce in place it will be able to address all the other risks, including disruptive innovation.

Mr. Parija continued that through the assessment process, an action plan regarding the additional steps to be taken for certain risks, going forward, have been generated.

Working with the sponsors and stakeholders, key risk indicators as a measure of tracking different risks and understanding how soon or when the Authority can react to or respond to certain risks, have been developed. They will continue to test this and modify the key risk indicators, going forward.

In response to a question from Trustee McKibben, Ms. Pizzo said turnover, in terms of retirement, and vacancy rates are among the ten different measures being tracked in HR. They have created a system of promoting from within the organization –

turnover is happening at the mid or top level. This year HR will be working on a succession plan for the whole organization, not only retirements, but critical leadership positions and talent.

Chairman Koelmel suggested, and it was agreed that detailed reporting be provided to the Board on one risk per meeting so that the members can have a better understanding of the key action plans identified for addressing the top risks.

Mr. Parija continued that ER has developed a scale for "Known Impact" and "Known Likelihood" for the risks previously mentioned. He said ER will continue to pursue the assessment of *secondary risks* for which the "impact" or "likelihood" of those risks are known and *emerging risks* where both the "impact" and the likelihood of those risks are unknown such as data management, natural geomagnetic disturbance and manmade electro-magnetic pulse.

Cyber Security

The results of the cyber security risk assessment were presented to the Board at the last meeting and there were three main action plans as a result of those risk assessments. To date, ER has been working with the Chief Operating Officer and the Acting Chief Information Officer to identify responsibilities, by function, for each of the action plans identified through the risk assessment process and continues to make progress towards achieving the goals that were set.

Reputational Risk

Mr. Parija continued that as a result of the cyber security risk assessment, the need to develop a comprehensive reputation risk management framework was suggested. Reputational risk is not an outcome of failing somewhere else but risk by

itself. Even if the organization does everything right it is still exposed to reputational risk. The Authority is among the few companies that are pursuing reputational risk as a separate risk. The Authority has defined its reputational risk and stakeholders and has a plan in place to implement the reputational risk framework within the next 180 days. The Senior Vice President of Communication is the sponsor for this risk and ER is working with him with regard to implementing the reputational risk management program.

In response to a question from Chairman Koelmel, Mr. Parija said reputational risk is identified as an emerging risk because ER does not have a full understanding about this risk as yet. This risk could become part of the top risks in the future.

Chairperson Kress opined that the information on risk is critical for the Board; to that end she is suggesting that a workshop on risk management and the Authority's approach to risk management be given to the Trustees because it's critical information for the board. Chairman Koelmel agreed pointing out that it is a part or the Board's fiduciary responsibility to understand how risk is being managed and where the Board needs to focus.

3. Amendments to the Authority's By-laws

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

"SUMMARY

The Governance Committee is requested to recommend the proposed amendments to the Authority's By-laws (Exhibit '3-A') to the Trustees. 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 '3-B.'

BACKGROUND

The Governance Committee Charter, Section C(1)(d) provides that the Committee recommend amendments to the Authority's By-laws to the Trustees and 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

There is no anticipated fiscal impact.

RECOMMENDATION

The Governance Committee is requested to review the amendments to the By-laws (originally adopted on April 9, 1954, and last amended on May 24, 2016), attached hereto as Exhibit '3-A,' and, if appropriate, to recommend adoption by the full Board of Trustees at their meeting to be held on May 24, 2016."

Upon motion made by Authority Chairman Koelmel and seconded by Chairperson Kress, the recommendation for the amendments to the Authority's By-laws was unanimously approved by the Governance Committee.

4. Committee Appointments

The Authority's Chairman submitted the following report:

"SUMMARY

The Governance Committee is requested to review the committee appointments indicated below.

BACKGROUND and DISCUSSION

The following changes in committee composition are recommended in order to achieve an even distribution of assignments for each Trustee. (Change indicated in **bold**.)

Audit Committee
Eugene L. Nicandri (Chair), **John R. Koelmel, Anne Kress**, Anthony J. Picente, Jr., **Tracy B. McKibben**

Finance Committee
Tracy B. McKibben (Chair), John R. Koelmel, **Eugene L. Nicandri, Anne M. Kress, Anthony J. Picente, Jr.**

Governance Committee
Anne M. Kress (Chair), John R. Koelmel, Eugene L. Nicandri, Anthony J. Picente, Jr., **Tracy B. McKibben**

Strategic Planning and Energy Policy Committee
Anthony J. Picente, Jr. (Chair), John R. Koelmel, **Eugene L. Nicandri**, Anne M. Kress, Tracy B. McKibben

RECOMMENDATION

The Governance Committee is requested to review the committee appointments as indicated above and, if appropriate, to recommend adoption by the full Board of Trustees at their meeting to be held on May 24, 2016."

Authority Chairman Koelmel said an executive decision was made to populate every committee with all five members of the Board in order to better navigate some of the practical issues in terms of a quorum. The Authority now has a fully engaged Board at all levels.

5. <u>Motion to Conduct an Executive Session</u>

Mr. Chairman, I move that the Authority conduct an executive session pursuant to the Public Officers Law of the State of New York section §105 to discuss matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation. Upon motion made by Authority Chairman Koelmel and seconded by Trustee Picente, an Executive Session was held.

6. <u>Motion to Resume Meeting in Open Session</u>

Mr. Chairman, I move to resume the meeting in Open Session. Upon motion made and seconded, the meeting resumed in Open Session.

7. <u>Next Meeting</u>

Acting Chairman Nicandri said the next regular meeting of the Governance Committee is scheduled to be held on Tuesday, July 26, 2016 at a time to be determined.

Closing

Upon motion made and seconded, the meeting was adjourned by the Acting Chairman of the Committee at approximately 9:45 a.m.

Karen Delince
Corporate Secretary

EXHIBITS

For

May 24, 2016

Special Governance Committee

Meeting Minutes

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Risk Management

Enterprise & Operational Risk Activities

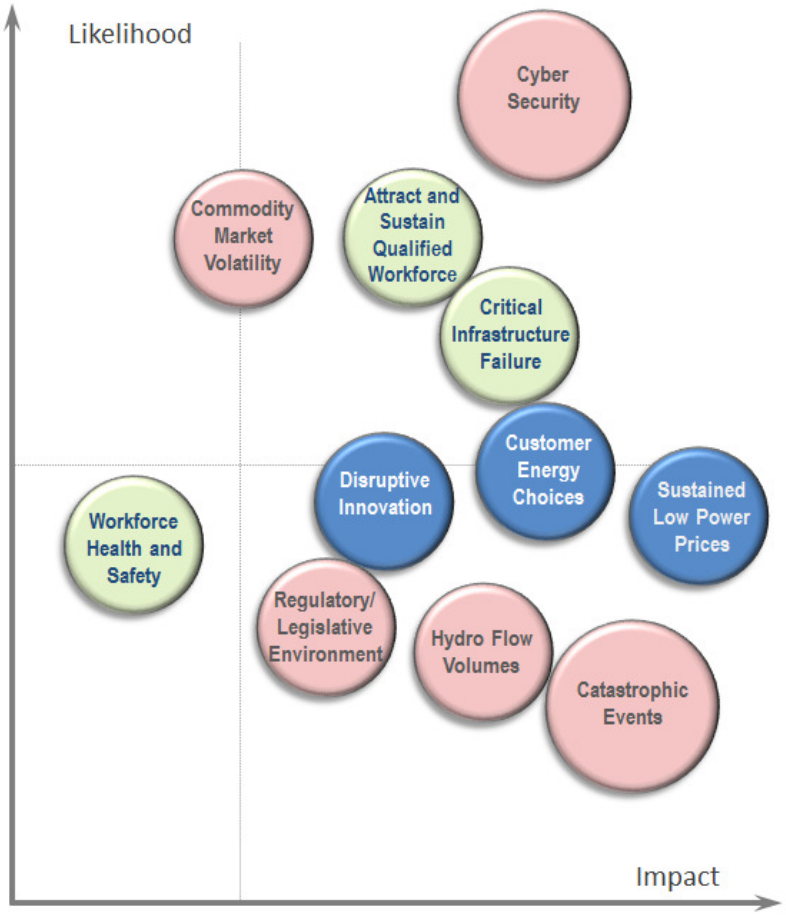
Soubhagya Parija

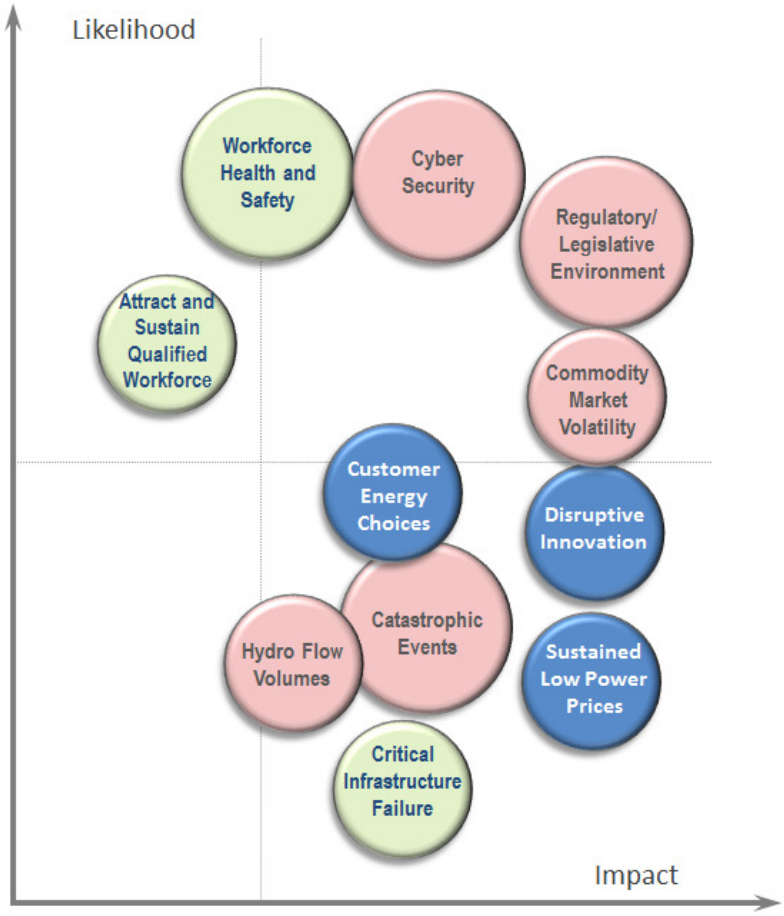
Senior Vice President & Chief Risk Officer

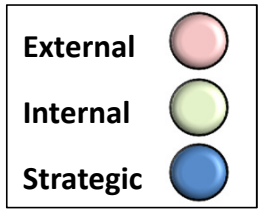
May 24, 2016

Overview of Top Risks Workshop Assessments

Top Enterprise Risks: *Previous to Current*







Marker color represents risk source and size indicates risk velocity

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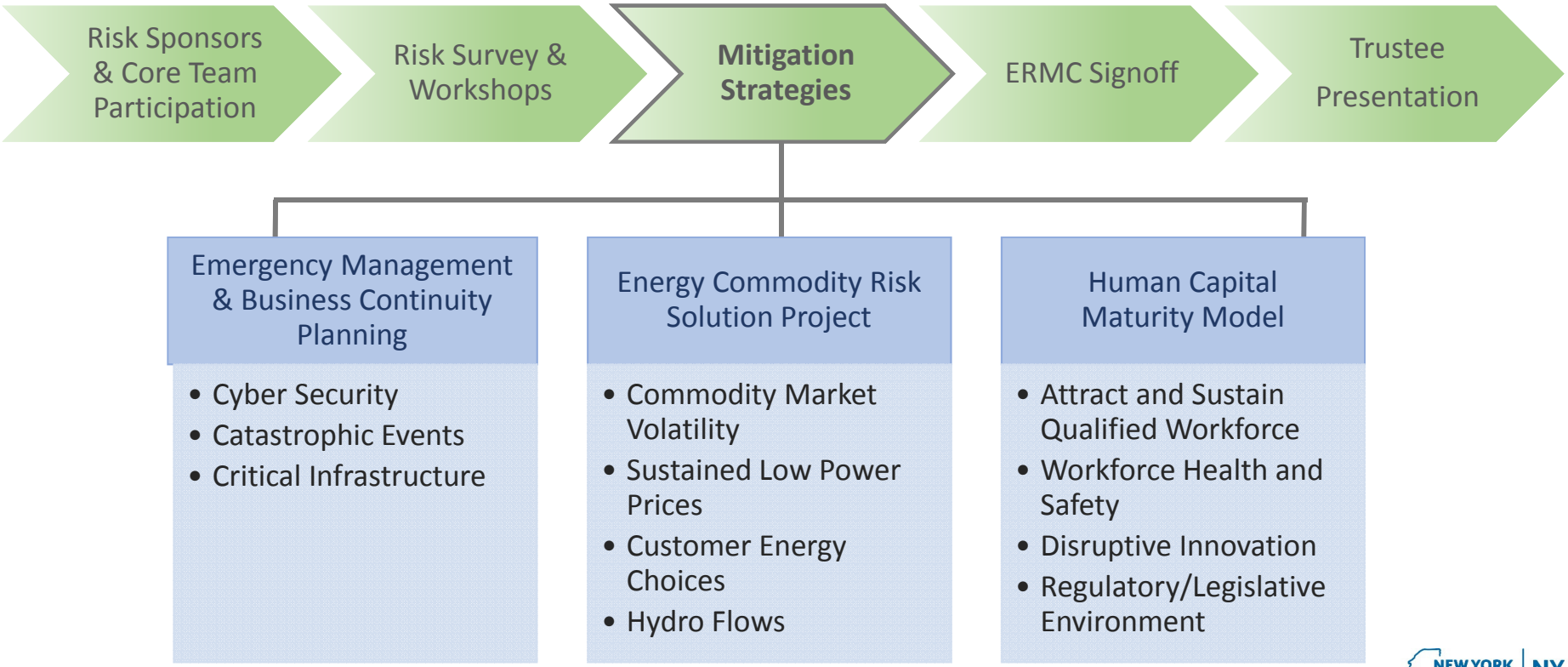
Risks Assessment Process

- **Key mitigation strategies are being implemented to demonstrate NYPA's strong commitment to a robust risk culture**
- **These efforts mitigate existing and potential risks across several fronts**



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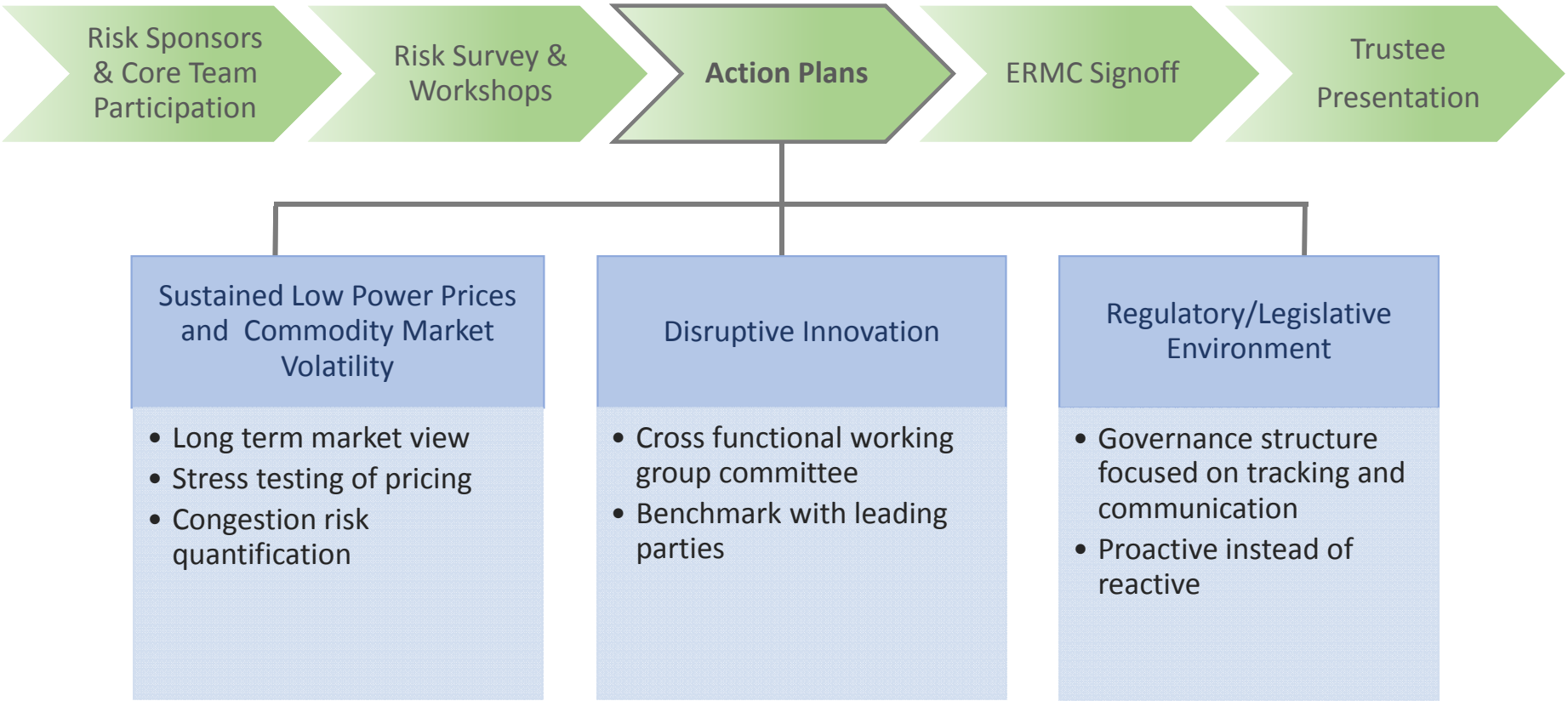
Top Risks Assessment Process

- **Key action plans identified addressing NYPA's Top Enterprise Risks**



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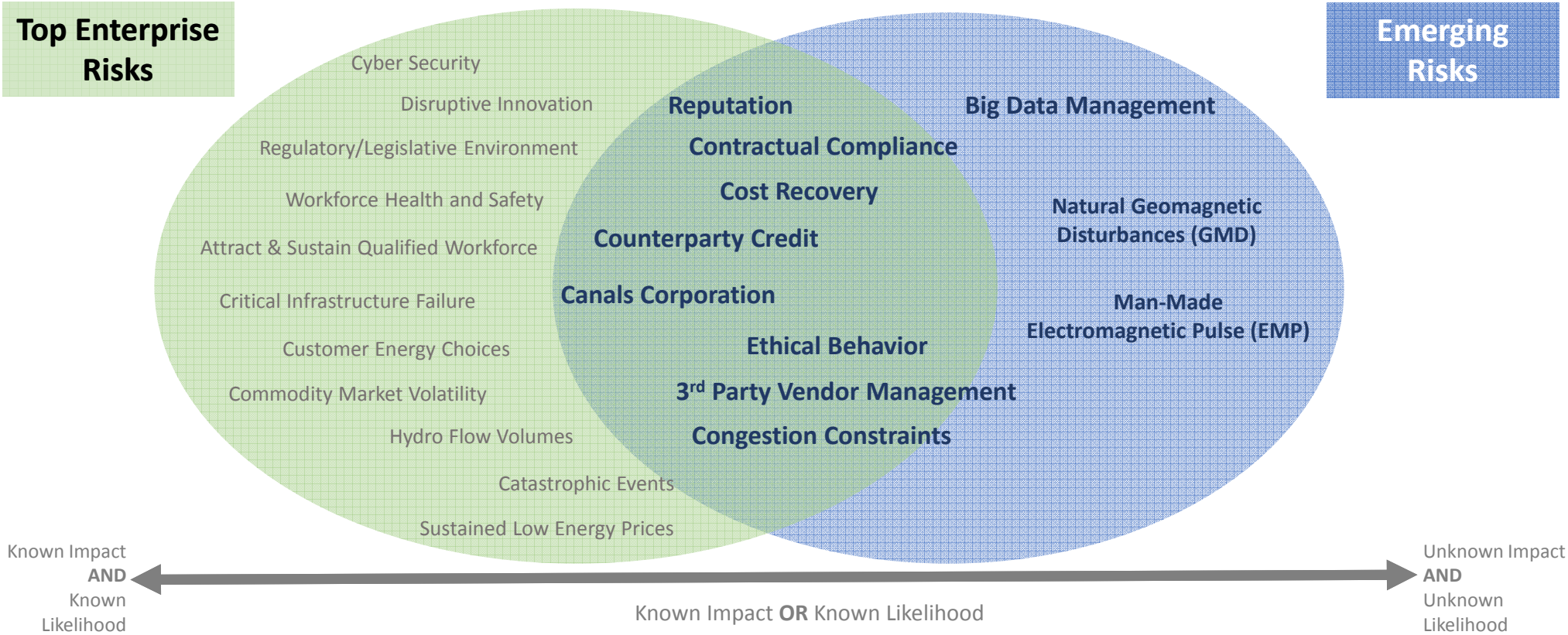
Key Risk Indicators

Top Enterprise Risks	Title
Cyber Security	• Viruses Detected • Cyber Prevention Protection
Workforce Health and Safety	• Safety Walk Downs • Near Miss Reporting
Regulatory/Legislative Environment	• Federal Regulation/Legislation Potentially Impacting NYPA
Commodity Market Volatility	• NYC Governmental Customer Cost-of-Service Variance
Hydro Flow Volumes	• Hydro Flow Probability • Hydro Forecast Variance
Attract and Sustain Qualified Workforce	• Salaried Voluntary Turnovers vs. Vacancy Rate
Critical Infrastructure Failure	• Lost Market Revenue Resulting from Forced Outages • Tracking Critical Corrective Maintenance Hours
Sustained Low Power Prices	• 2017 Energy Prices Indexed to 2012 Pricing • 2017 Capacity Prices Indexed to 2012 Pricing

Emerging Risks: 5-Year Horizon



- **Conditions, situations or trends whose impact and likelihood are unknown due to lack of data**
- **Strategy, financial strength, competitive position and reputation could be impacted**

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Cyber Security Risk

Requires Clearly Defined Roles and Responsibilities

Cyber related event or activity that has a major impact on NYPA, impairs grid reliability, erodes public trust and/or compromises safety	Operations	Information Technology	Cyber	Business Services	Legal	Corporate Affairs	Human Resources	Risk Management	Expected Outcome
Evaluate and improve recovery and public trust/reputation									
Public trust / reputation risk management framework	C	C	C	C	I	C	C	A/R	Development of a risk management framework to address reputational risk. Integration of business continuity and emergency management program with enterprise level business resiliency.
Enterprise level business resiliency integration	R	C	C	I	I	I	I	A	
Develop enterprise-wide cyber security governance and enhance foundational controls									
*Enterprise level technology architecture	R	R	C	C	I	I	C	C	Establishment of governance policies, procedures and controls related to security architecture, and third party protocol.
*Enterprise level security architecture	C	C	R	C	I	I	C	C	
Third-party protocol	R	C	R	C	C	I	R	A	
Enterprise data classification and security	A/R	A/R	R	C	C	I	I	I	
Key Risk and Performance Metrics									
External and internal indicators of performance (KPIs and KRIs)	A	I	R	C	I	I	I	R	Development and establishment of metrics used to measure leading and lagging indicators

Note: Cyber Organization is still under development, once completed an Accountable party will be assigned

Complete Outstanding

- **Responsible**: *Those who do the work to achieve the task*
- **Accountable:** *The one answerable for the correct and through completion of the deliverable or task*
- **Consulted:** *Those whose opinions, feedback and inputs are sought*
- **Informed:** *Those who are kept up-to-date on progress*

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Managing Cyber Security

- Ongoing talent acquisition

- Strengthened governance process by establishing policy and framework
- Enhanced alignment between IT/OT/Cyber and strategic initiatives
- Established Enterprise Architecture group within IT
  - Critical Infrastructure Protection – CIPv5 implementation to complete by July 1
- Developing cloud standards through engagement of multiple stakeholders

- Establishing a list of issues and corrective/mitigation actions to strengthen Cyber technology
  - Upgrade of Intrusion Detection/Prevention capability
  - Tools to detect, analyze and respond to cyber attacks
  - White Plains Office network redesign-improve resiliency, access control, network monitoring

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Reputational Risk

Reputational Risk

- **An event or activity that has a major impact on the value NYPA provides to New York State, stakeholder trust and perception of NYPA, and/or NYPA's ability to sustain and enhance its business viability**

Key Stakeholders	Insights	Next Steps
• Customers • Energy and Capital Markets • Media • NYPA • Policy Makers • Society	• Agreement on reputation as critical to how we deliver value to NY State • Confidence in its ability to respond to crises based on experienced professionals with key relationships • Desire to enhance already strong reputation • Commitment to a more proactive reputation management strategy	• Enhance enterprise level governance and program • Work plans to strengthen reputational resiliency • Clarify, roles, responsibilities and accountability • Operationalize Reputational Risk Management framework

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Appendix

Risk Assessment Highlights

- **Overall Engagement:**
  - Cross functional participation including Senior level Leadership
    - Multiple risk workshops held averaging 11 participants per workshop
    - Over 60 respondents to Top Risk Survey

- **Strategic:**
  - Sustained Low Energy Prices is a primary driver of net income whose impact and likelihood remained relatively unchanged
    - Current and/or pending mitigations/controls in place or being put in place to dampen negative impacts of this risk
  - The Disruptive Innovation change was driven by an increase in impact.
    - Emphasis placed on this risk through the formation of a Disruptive Innovation Working Group focusing on identification, tracking and impact assessment

- **External:**
  - Regulatory/Legislative risks are typically driven by external stakeholders
    - Canals Corporation demonstrates the magnitude of impact due to outside influences
  - Cyber Security is still classified as a high level risk
    - Downward shift was due to upgrades in skills, processes, and technology

- **Internal:**
  - Workforce Health & Safety continues to be a high priority for the Authority
    - Cross functional team input revealed greater insights

Key Risk Indicators

Cybersecurity

External

Risk Description	Risk Activity/Highlights
Cyber related event or activity that has a major impact on NYPA, impairs grid reliability, corrodes public trust and/or compromises safety	• Completed reputational risk assessment facilitated by Risk Management and Deloitte. • Integrating Emergency management across NYPA facilitated by Technical Compliance and Navigant.

Risk Indicator 1: Viruses Detected *Updated: March 2016*

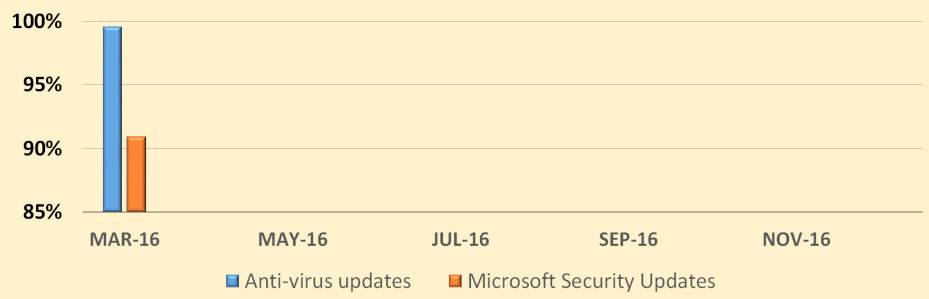
Viruses identified and addressed on NYPA networked PC

March-16	67
Average Month	67

Lower is Better

Risk Indicator 2: Cyber Prevention Protection

Description: Software updates to keep NYPA assets protected against future threats



Occupational Health and Workforce Safety

Internal

Risk Description	Risk Activity/Highlights
Failure to ensure a safe and secure work environment	• NYPA has a robust amount of controls, policies, job safety plans, training, protective equipment, programs and committees currently in place. • Currently updating Health and Safety policies, procedures and training to ensure regulatory compliance and consistency across sites. • Exploring opportunities to ensure contractor safety culture, fleet safety features and protecting/preventing workplace violence were identified as additional action plans.

Risk Indicator 1: Safety Walk Downs *Updated: March 2016*

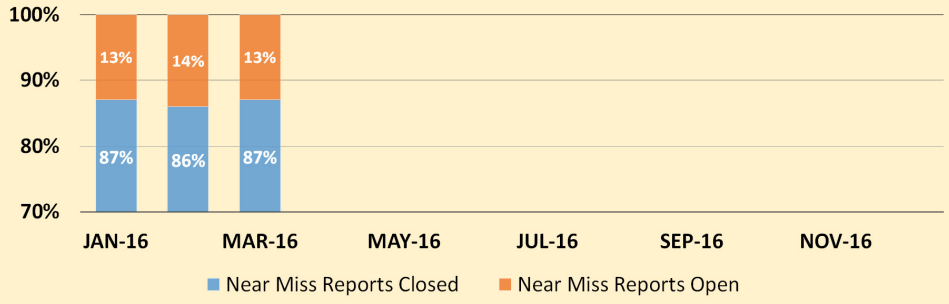
Safety walk downs is an indicator to capture NYPA's efforts at incident prevention

YTD	35%
YTD Goal	25%

Higher is Better

Risk Indicator 2: Near Miss Reporting

Description: An indicator to mitigate noted hazards to prevent them from escalating to more serious incidents



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Key Risk Indicators

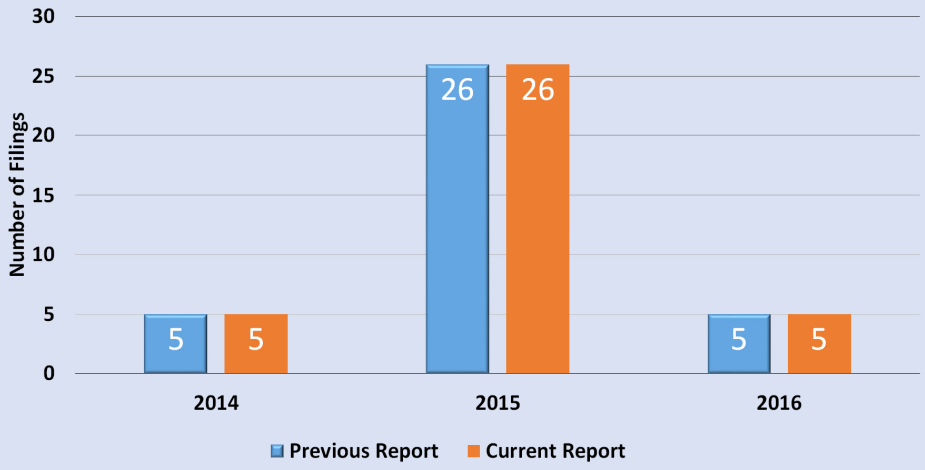
Regulatory/Legislative Environment

External

Risk Description	Risk Activity/Highlights
Failure to anticipate and adequately respond to the adoption of statutes, regulations, standards and market rules that may impact NYPA's ability to fulfill its mission	• A focal point of discussion was the significant impact of Regulatory/ Legislative environment as well as second order effects on NYPA (e.g. Canal Corp). • A governance structure will be established to track new laws and trends in an effort to improve the anticipation of future policy developments and, enhance internal communication.

Risk Indicator 1: Federal Regulation/Legislation Potentially Impacting NYPA *Updated: April 2016*

Description: Measure tracks pending regulation/legislation



Commodity Market Volatility

External

Risk Description	Risk Activity/Highlights
Inability to plan for, respond to and manage opportunities in energy market price volatility impacting the Authority's revenue and customers	• Short term dynamic hedging alternatives and establishment/refinement of thresholds to respond to price signals are currently being developed. • Long term hedging strategies and energy commodities risk solution is currently being facilitated by Risk Management and PWC.

Risk Indicator 1: New York City Government Customer Cost-of-Service Variance *Updated: April 2016*

Initial proposed Cost-of-Service compared to current projections

Initial Budget	$354
Current Projections	$337

Millions

Risk Indicator 2:

In-Development

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Key Risk Indicators

Catastrophic Events

External

Risk Description	Risk Activity/Highlights
Severe events potentially disrupting reliability and availability of generation, transmission assets and/or the workforce	• Multiple policies, procedures, plans, drills, training and monitoring systems including communication with vendors, other utilities and local/regional government are in place. • Revision and revitalization of the Emergency Management Program is in process and being facilitated by Technical Compliance and Navigant.

Risk Indicator 1:

In-Development

Risk Indicator 2:

In-Development

Hydro Flow Volumes

External

Risk Description	Risk Activity/Highlights
Variability of hydro flows versus budget forecast may result in significant fluctuations in revenue from hydro generation	• Improving probabilistic hydro forecasting model with the U.S. Army Corps of Engineers, Great Lakes Environmental Research Lab (GLERL) and Clarkson University. • Actively monitoring alternative water use proposals by Council of Great Lakes Governors.

Risk Indicator 1: Hydro Flow Probability *Updated: April 2016*

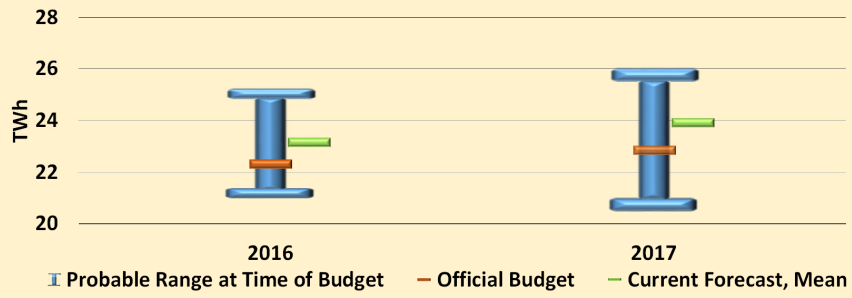
Probability the actual hydro generation will be less than projected budget

Budget 2016	11%
Budget 2017	17%

Lower is Better

Risk Indicator 2: Hydro Forecast Variance *Updated April 2016*

Description: Monitor changes of the hydro forecast from budget projections



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Key Risk Indicators

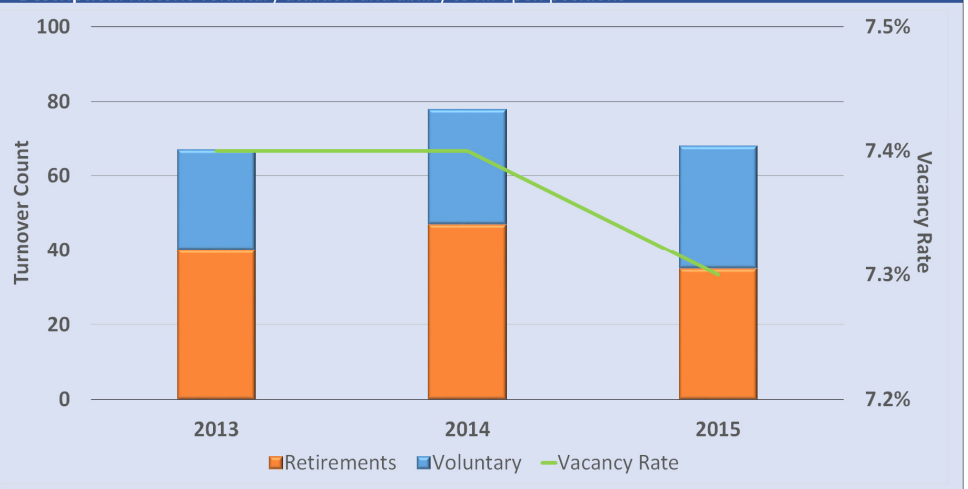
Attract and Sustain Qualified Workforce

Internal

Risk Description	Risk Activity/Highlights
Ability to attract and sustain a qualified and skilled workforce needed for core operations and strategic growth in a competitive market	• Human Resources is in the process of implementing a Human Capital Maturity Model which will drive to reshape the Authority into more high capacity, flexible, and effective organization.

Risk Indicator 1: Salaried Voluntary Turnovers vs. Vacancy Rate *Updated Annually*

Description: Historic voluntary attrition and ability to fill open positions



Critical infrastructure Failure

Internal

Risk Description	Risk Activity/Highlights
Failure of critical infrastructure leading to service disruption, injury, degradation of system reliability and/or significant loss of the Authority's revenue	• Redundancy of major equipment, incident reporting, inspection and maintenance tracking, asset hardening evaluation, ice management, insurance, vendor selection/diversification process, performance testing and condition monitoring are some of the robust controls already in place. • Strategic Asset Management Plan (SAMP) is in process and addresses asset life-cycle, reliability centered maintenance program and best practices.

Risk Indicator 1: Lost Market Revenue Resulting from Forced Outages *Updated March 2016*

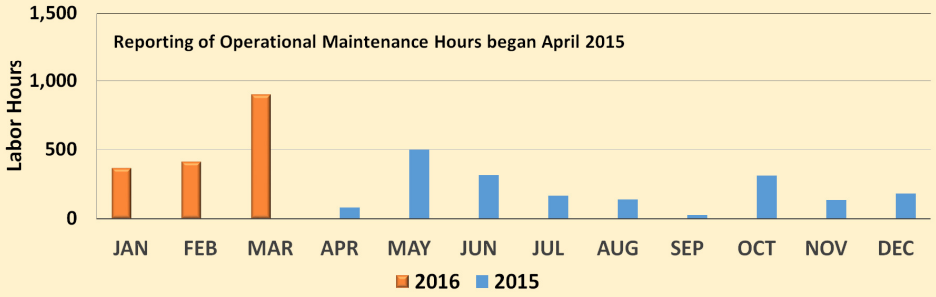
Financial market impact of forced outage events

YTD: Jan to Mar 2016	$0.4
Historical: Comparable 3-Year Average	$0.3

$ in Millions

Risk Indicator 2: Tracking Critical Corrective Maintenance Hours

Description: Critical maintenance repair hours compared to historical average (2013 - 2015)



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Key Risk Indicators

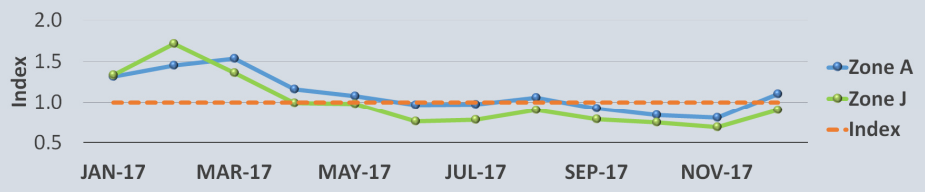
Sustained Low Power Prices

Strategic

Risk Description	Risk Activity/Highlights
Inability to respond to sustained low power prices and adapt to changing customer perception of the competitive value we provide	• Sustained low power prices is a key risk impacting long term strategy for operations, value of energy efficiency and our customer offerings. • Stress test potential impacts and our ability to respond.

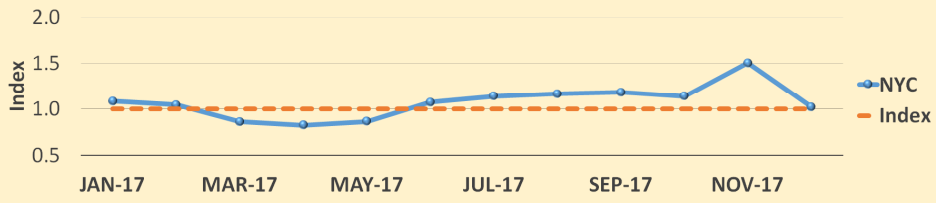
Risk Indicator 1: 2017 Energy Prices Indexed to 2012 pricing
Description: Values > 1.0 Indicate higher energy prices relative to 2012

Market as of 4/22/2016



Risk Indicator 2: 2017 Capacity Prices Indexed to 2012 pricing
Description: Values > 1.0 Indicate higher capacity prices relative to 2012

Capacity as of 4/7/2016



NEW YORK STATE OF OPPORTUNITY. | NY Power Authority

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;
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December 19, 1966;
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October 28, 2008;
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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

Table of Contents

ARTICLE I - OFFICES **1**

SECTION 1. PRINCIPAL OFFICE 1
SECTION 2. OTHER OFFICES.....1
SECTION 3. BOOKS AND RECORDS 1

ARTICLE II – TRUSTEES **1**

SECTION 1. NUMBER, TERM, APPOINTMENT AND VACANCIES.....1
SECTION 2. POWERS AND DUTIES 1

ARTICLE III - TRUSTEES' MEETINGS **1**

SECTION 1. GENERAL
SECTION 2. PLACE OF MEETINGS 1
SECTION 3~~2~~.VIDEOCONFERENCING MEETINGS
SECTION 4. ANNUAL MEETING 2
SECTION 5~~3~~. REGULAR MEETINGS 2
SECTION 6~~4~~. SPECIAL MEETINGS 2
SECTION 7~~5~~. QUORUM 2

ARTICLE IV - OFFICERS **2**

SECTION 1. OFFICERS.....2
SECTION 2. ~~ELECTION AND~~ APPOINTMENT OF OFFICERS.....3
SECTION 3. TERM OF OFFICE.....3
SECTION 4. VACANCIES 3
SECTION 5. REMOVAL.....3
SECTION 6. COMPENSATION OF OFFICERS
SECTION 7. POWERS AND DUTIES 3
A. Chair.....*3*
B. Vice Chair.....*4*
C. ~~President and~~ Chief Executive Officer.....*4*
D. Chief Engineering ~~Operating Officer~~Officer.....*4*
~~E. Executive Vice President and Chief Engineer – Power Supply .....5~~
E~~F~~. Chief Legal Officer~~Executive Vice President and General Counsel~~.....*5*
~~G. Executive Vice President – Chief Administrative Officer.....5~~
F~~H~~. ~~Executive Vice President and~~ Chief Financial Officer.....*5*
G~~I~~. Chief Marketing Officer~~Executive Vice President – Economic Development and Energy Efficiency~~.....*6*
H~~J~~. Corporate Secretary *6*
I~~K~~. Treasurer *6*
J~~L~~. Chief Internal Control~~ler~~ Officer.....*6*
K~~M~~. Chief ~~Vice President~~ - Internal Audit~~s~~ Officer.....*6*
L~~N~~. Succession – Absence or Vacancy of Office of President and Chief Executive Officer.....*7*

ARTICLE V - COMMITTEES **7**

SECTION 1. EXECUTIVE MANAGEMENT COMMITTEE 7

SECTION 2. AUDIT COMMITTEE 7
SECTION 3. GOVERNANCE COMMITTEE 8
SECTION 4. FINANCE COMMITTEE……8
SECTION 5. STRATEGIC PLANNING AND ENERGY POLICY COMMITTEE……8
SECTION 6. OTHER COMMITTEES 8

ARTICLE VI - CORPORATE SEAL **9**

SECTION 1. SEAL.....9

ARTICLE VII - FISCAL MANAGEMENT **9**

SECTION 1. FISCAL YEAR.....9
SECTION 2. STRATEGIC PLAN.....9
SECTION 3. ANNUAL BUDGETS 9
SECTION 4. CAPITAL EXPENDITURE PLAN.....9
SECTION 5. EXPENDITURE AUTHORIZATION PROCEDURES 10
SECTION 6. DISBURSEMENT OF FUNDS.....10

ARTICLE VIII - EXECUTION OF INSTRUMENTS **10**

SECTION 1. EXECUTION OF INSTRUMENTS 10

ARTICLE IX - AMENDMENT **10**

SECTION 1. AMENDMENT.....10

ARTICLE X - MISCELLANEOUS **10**

SECTION 1. ADDITIONAL APPOINTMENTS 10
SECTION 2. ANNUAL REPORTS.....10
SECTION 3. DEFENSE AND INDEMNIFICATION OF TRUSTEES AND EMPLOYEES.....11
SECTION 4. AUTHORITY ~~CORPORATE~~ POLICIES AND PROCEDURES.....11

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~~t~~he 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;
October 31, 1979;
December 18, 1984;
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October 29, 1985;
April 29, 1986;
February 28, 1989;
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October 26, 1999;
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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

Table of Contents

ARTICLE I - OFFICES **1**

SECTION 1. PRINCIPAL OFFICE 1
SECTION 2. OTHER OFFICES.....1
SECTION 3. BOOKS AND RECORDS 1

ARTICLE II – TRUSTEES **1**

SECTION 1. NUMBER, TERM, APPOINTMENT AND VACANCIES.....1
SECTION 2. POWERS AND DUTIES 1

ARTICLE III - TRUSTEES' MEETINGS **1**

SECTION 1. GENERAL
SECTION 2. PLACE OF MEETINGS 1
SECTION 3.VIDEOCONFERENCING MEETINGS
SECTION 4. ANNUAL MEETING 2
SECTION 5. REGULAR MEETINGS 2
SECTION 6. SPECIAL MEETINGS 2
SECTION 7. QUORUM 2

ARTICLE IV - OFFICERS **2**

SECTION 1. OFFICERS.....2
SECTION 2. APPOINTMENT OF OFFICERS…….....3
SECTION 3. TERM OF OFFICE.....3
SECTION 4. VACANCIES 3
SECTION 5. REMOVAL.....3
SECTION 6. COMPENSATION OF OFFICERS
SECTION 7. POWERS AND DUTIES 3
A. Chair.....3
B. Vice Chair.....4
C. Chief Executive Officer.....4
D. Chief Engineering Officer.....4
E. Chief Legal Officer.....5
F. Chief Financial Officer.....5
G. Chief Marketing Officer 6
H. Corporate Secretary 6
I. Treasurer 6
J. Chief Internal Control Officer.....6
K. Chief Internal Audit Officer.....6
L. Succession – Absence or Vacancy of Office of President and Chief Executive Officer.....7

ARTICLE V - COMMITTEES **7**

SECTION 1. EXECUTIVE MANAGEMENT COMMITTEE 7
SECTION 2. AUDIT COMMITTEE 7
SECTION 3. GOVERNANCE COMMITTEE 8
SECTION 4. FINANCE COMMITTEE…… ……8
SECTION 5. STRATEGIC PLANNING AND ENERGY POLICY COMMITTEE…… …….8
SECTION 6. OTHER COMMITTEES 8

ARTICLE VI - CORPORATE SEAL **9**

SECTION 1. SEAL....9

ARTICLE VII - FISCAL MANAGEMENT **9**

SECTION 1. FISCAL YEAR....9
SECTION 2. STRATEGIC PLAN....9
SECTION 3. ANNUAL BUDGETS....9
SECTION 4. CAPITAL EXPENDITURE PLAN....9
SECTION 5. EXPENDITURE AUTHORIZATION PROCEDURES....10
SECTION 6. DISBURSEMENT OF FUNDS....10

ARTICLE VIII - EXECUTION OF INSTRUMENTS **10**

SECTION 1. EXECUTION OF INSTRUMENTS....10

ARTICLE IX - AMENDMENT **10**

SECTION 1. AMENDMENT....10

ARTICLE X - MISCELLANEOUS **10**

SECTION 1. ADDITIONAL APPOINTMENTS....10
SECTION 2. ANNUAL REPORTS....10
SECTION 3. DEFENSE AND INDEMNIFICATION OF TRUSTEES AND EMPLOYEES....11
SECTION 4. AUTHORITY POLICIES AND PROCEDURES....11

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.

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.

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 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 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.