

**MINUTES OF A SPECIAL MEETING
OF THE
POWER AUTHORITY OF THE STATE OF NEW YORK**

February 3, 2009

Table of Contents

<u>Subject</u>	<u>Page No.</u>
1. Trustees' Waiver of Notice of Meeting	2
2. Motion to Conduct an Executive Session	3
3. Motion to Resume Meeting in Open Session	4
4. Temporary Transfer of Funds to the State Treasury	5
5. Contribution of Funds to the State Treasury	10
6. Next Meeting	14
Closing	

Minutes of a Special Meeting of the Power Authority of the State of New York held via videoconference at the following participating locations at approximately 8:05 a.m.:

- 1) New York Power Authority, 30 South Pearl Street, Albany, NY
- 2) New York Power Authority, 123 Main Street, White Plains, NY
- 3) New York Power Authority, 501 7th Avenue, New York, NY
- 4) Harris Beach, PLLC, 99 Garnsey Road, Pittsford, NY
- 5) Buffalo Office Systems, Inc., 5435 Main Street, Buffalo, NY
- 6) Eyenetwork, 424 Main Street, Buffalo, NY
- 7) King Reporting Service, 14 Sun Tree Place, Suite 101, Melbourne, FL
- 8) Expedite Video Conferencing, Inc. 1025 Old Country Road, Westbury, NY

The following Members of the Board were present at the following locations:

Michael J. Townsend, Acting Chairman (Pittsford, NY)
James A. Besha, Sr., Trustee (Albany, NY)
D. Patrick Curley, Trustee (Buffalo, NY)
Elise M. Cusack, Trustee (Buffalo, NY)
Jonathan D. Foster, Trustee (New York, NY)
Eugene L. Nicandri, Trustee (Melbourne, FL)

Richard M. Kessel	President and Chief Executive Officer (Westbury)
Gil Quiniones	Chief Operating Officer (White Plains)
Terryl Brown Clemons	Executive Vice President and General Counsel (Albany)
Joseph Del Sindaco	Executive Vice President and Chief Financial Officer (White Plains)
Arthur T. Cambouris	Deputy General Counsel (New York)
Paul F. Finnegan	Senior Vice President – Public and Governmental Affairs (Albany)
Donald A. Russak	Senior Vice President – Corporate Planning and Finance (White Plains)
Anne B. Cahill	Corporate Secretary (White Plains)
Angela D. Graves	Deputy Corporate Secretary (White Plains)
Mary Jean Frank	Associate Corporate Secretary (Albany)
Lorna M. Johnson	Assistant Corporate Secretary (New York)
John V. Connorton, Jr.	Hawkins, Delafield & Wood (New York)
Bruce D. Van Dusen	Hawkins, Delafield & Wood (New York)

Acting Chairman Townsend presided over the meeting. Corporate Secretary Cahill kept the Minutes.

1. **Trustees' Waiver of Notice of Meeting**

The waiver of notice of meeting below was provided to each Trustee prior to the meeting.

I, the undersigned, being a Trustee of the Power Authority of the State of New York, organized under the provisions of the Public Authorities Law of the State of New York, have waived all requirements, including specifically the requirements of the By-laws of the Power Authority of the State of New York (Article III, Section 4), as to notice of the Special Meeting of said Trustees held via videoconference at the locations listed on Exhibit "A" annexed hereto, on February 3, 2009 at 8:00 a.m., and have consented to the transaction of any and all business that came before such meeting.

Dated: February 3, 2009

**Michael J. Townsend
James A. Besha, Sr.
D. Patrick Curley
Elise M. Cusack
Jonathan F. Foster
Eugene L. Nicandri**

Videoconference Locations

New York Power Authority - 30 South Pearl St., 10th Floor, Albany, NY

New York Power Authority, 123 Main St., 16th Floor, White Plains, NY

Harris Beach, PLLC, 99 Garnsey Road, Pittsford, NY

New York Power Authority office, 501 Seventh Avenue, 9th Floor, New York, NY

Buffalo Office Systems, Inc., 5436 Main Street, Buffalo, NY

King Reporting Service, 14 Sun Tree Place, Suite 101, Melbourne, FL

Eyenetwork, 424 Main St., Buffalo, NY

Expedite Video Conferencing, Inc. 1025 Old Country Road, Westbury, NY

2. **Motion to Conduct an Executive Session**

“Mr. Chairman, I move that the Trustees conduct an Executive Session pursuant to Section 105 of the Public Officers Law, in connection with discussions relating to matters concerning the appointment, employment, promotion, demotion, dismissal or removal of particular persons or corporations.” Upon motion made and seconded, an Executive Session was held.

3. **Motion to Resume Meeting in Open Session**

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

4. Temporary Transfer of Funds to the State Treasury

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve and authorize the execution of a Memorandum of Understanding (‘MOU’) (attached hereto as Exhibit ‘3-A’) between the State, acting by and through the Director of the Budget of the State, and the Authority, which provides for one temporary transfer of \$215 million by March 27, 2009 and a second temporary transfer of \$103 million within 180 days of the enactment of the 2009-10 State Budget, each to New York State’s General Fund. Actual payment of these funds is conditioned on passage of legislation that authorizes such payments as deemed feasible and advisable by the Trustees. In addition, the temporary transfer of \$103 million will require Trustee reaffirmation prior to the actual date of the transfer. In a separate but related item, the Trustees will be asked to approve a voluntary contribution to the State’s General Fund of \$107 million by March 31, 2010.

BACKGROUND

“The Authority is requested, from time to time, to make financial contributions and transfers of funds to the State or to otherwise provide financial support for various State programs. Such financial support has come in the form of direct transfers to the State’s general fund, rebates to customers of the Power for Jobs (‘PFJ’) Program, the provision of below-cost energy to the beneficiaries of the State’s Energy Cost Savings Benefits Program and contributions toward the operation and maintenance expenses for State parks in the vicinity of the Niagara and St. Lawrence projects.

“Any such contribution or transfer of funds must (1) be authorized by the Legislature; (2) be approved by the Trustees ‘as feasible and advisable’ and (3) satisfy the requirements of the Authority’s General Resolution Authorizing Revenue Obligations dated February 24, 1998, as amended and supplemented (‘Bond Resolution’). The Bond Resolution’s requirements to withdraw monies ‘free and clear of the lien and pledge created by the [Bond] Resolution’ are as follows: such withdrawals (a) must be for a ‘lawful corporate purpose as determined by the Authority,’ and (b) the Authority must determine, taking into account among other considerations anticipated future receipt of revenues or other monies constituting part of the Trust Estate, that the funds to be so withdrawn are not needed for (i) payment of reasonable and necessary operating expenses, (ii) an Operating Fund reserve for working capital, emergency repairs or replacements, major renewals or for retirement from service, decommissioning or disposal of facilities, (iii) payment of, or accumulation of a reserve for payment of, interest and principal on senior debt or (iv) payment of interest and principal on subordinate debt.

“Legislation enacted into law as part of the 2000-01 State budget, and other legislative enactments in subsequent years, authorized the Authority ‘as deemed feasible and advisable by the trustees’ to make a number of ‘voluntary contributions’ into the State treasury. From December 2002 through January 2009, the Authority has made such voluntary contributions to the State in an aggregate amount of \$603 million, the most recent of which were payments of \$100 million for 2007, \$90 million for 2008 and \$119 million in January 2009.

“Commencing with SFY 2003-04 and in connection with its Niagara and St. Lawrence Projects, the Authority has made annual payments of \$8 million to the New York State Office of Parks, Recreation and Historic Preservation (‘OPRHP’) for certain OPRHP expenditures. The funds have been and are to be used for operation and maintenance of Robert Moses State Park, Coles State Park, Artpark and the Niagara Reservation.

DISCUSSION

“On December 16, 2008, the Governor released his proposed Executive Budget Plan addressing ‘the largest budget deficit in State history, a \$1.7 billion current-year shortfall and a \$13.7 billion 2009-10 deficit.’ In light of the severe budget problems facing the State at this time, the Governor proposed in his Executive Budget Plan legislation authorizing the Authority as deemed ‘feasible and advisable by its trustees’ to pay a total of \$544 million to the State in SFY 2008-09 and 2009-10. Of that amount, \$226 million was to be in voluntary contributions, with

\$119 million paid during the remainder of SFY 2008-09 and \$107 million paid during SFY 2009-10. The Trustees authorized the payment of the \$119 million at their meeting on January 27, 2009 and such amount was transferred to the State on January 30, 2009. Consideration of the remaining \$107 million amount will be part of a separate resolution presented to the Trustees today.

“This Trustee action concerns the \$318 million of temporary transfers under the MOU. There are two components to the temporary transfer amounts. The first is \$215 million associated with the Authority’s Spent Nuclear Fuel Reserves¹ and is scheduled for transfer by March 27, 2009 for SFY 2008-09. The second is \$103 million currently set aside by the Authority for future construction projects and is scheduled for transfer on or about September 28, 2009 or 180 days after enactment of the State Budget for SFY 2009-10.

“The obligation of the State to return all or a portion of an amount equal to the monies transferred by the Authority to the State (i) would be subject to annual appropriation by the State Legislature and would not constitute a debt of the State within the meaning of any constitutional or statutory provision and (ii) would be deemed executory only to the extent of monies available to the State; in addition, no liability would be incurred by the State beyond monies available for such purpose. Further, the MOU provides that as a condition to any such appropriation for the return of the monies earlier than September 30, 2017 for the Spent Nuclear Fuel Reserves and earlier than September 30, 2014 for the construction projects, the Authority must certify that the monies available to the Authority are not sufficient to satisfy the purposes for which the reserves, which are the source of funds for the transfer, were established.

“In view of these proposed transfers of funds, the State is proposing to relieve the Authority of the annual \$8 million payments to OPRHP from 2011 to 2017, up to a maximum of \$43 million, and to relieve the Authority of its obligation under Section 2975 of the Public Authorities Law to pay the State’s cost-recovery fee for central governmental services attributable to public authorities from 2009 to 2017, estimated at \$5 million per year up to a maximum of \$45 million.

“Staff has reviewed the effects of both the voluntary contribution and the temporary asset transfer portions of the Governor’s Executive Budget Plan against the Authority’s expected cash position and reserve requirements. The primary business criteria staff used to evaluate the potential transfers are (a) that the Authority maintains adequate coverage ratios (at or above the median coverage ratio for comparable wholesale public power systems); and (b) that the Authority maintains in total 100 days’ worth of cash on hand to continue to provide for adequate liquidity. Based on this review, the schedule of payments and transfers contemplated by the Governor’s Executive Budget Plan would not violate the above criteria assuming the Authority achieves all its financial and operating goals during this period. In addition to staff’s review, the Trustees have received information and/or advice on these matters from the Authority’s financial advisor and from bond counsel. The Authority’s independent auditor has also reviewed the prospective accounting treatment of the transactions as described in the January 30, 2009 correspondence of Arnold Bellis, Vice President and Controller, to Joseph Del Sindaco, Executive Vice President and Chief Financial Officer.

“Given the current financial condition of the Authority, its estimated future revenues, operating expenses, debt service and reserve requirements and the other voluntary contributions being considered by the Trustees, staff is of the view that it is feasible for the Authority to make the asset transfer of \$215 million by March 27, 2009 under the terms and conditions contemplated in the MOU without compromising the financial integrity of the Authority. Staff is also of the view that it will be feasible for the Authority to make the asset transfer of \$103 million by September 28, 2009 assuming the Authority achieves all its financial and operating goals during the intervening period. Because the latter payment will occur in the future, staff recommends that prior to paying such funds, the Trustees reaffirm their approval based on the financial conditions existing at the time of such payment. As noted earlier, all such payments are conditioned on passage of authorizing legislation.

¹ The Spent Nuclear Fuel Reserves are funds that have been set aside for payment to the federal government sometime in the future when the federal government accepts the spent nuclear fuel for permanent storage. After the sale of its nuclear plants in 2000, the Authority retained this obligation for the fuel burned prior to 1983.

FISCAL INFORMATION

“Staff has determined that the funds are available at this time to transfer \$215 million to the State’s general fund. For financial reporting purposes, the Authority, following generally accepted accounting principles, will record the funds advanced to the State as long-term receivables valued at the nominal amount of the transfer. The book value of the State’s obligation to repay the Authority will be discounted by the Authority for accounting purposes. However, because the Authority is being compensated for lost interest income annually through the waiver of obligations noted above, a deferred charge will be recorded as an asset on the Balance Sheet. This asset will offset the amount by which the State’s obligation is discounted. Going forward, this deferred charge will be amortized over the repayment period and offset by interest income accrued at an imputed interest rate. It should be noted that the present value of the waivers exceeds the present value of the lost income.

RECOMMENDATION

“The Senior Vice President – Corporate Planning and Finance recommends that the Trustees (i) approve and authorize the execution of a Memorandum of Understanding (‘MOU’) between the State, acting by and through the Director of the Budget of the State, and the Authority concerning the temporary transfer of certain funds to New York State’s general fund as contemplated in the Governor’s proposed Executive Budget Plan and gap-closing measures for State Fiscal Years 2008-09 and 2009-10; (ii) determine that the transfer to the State Treasury of \$215 million is feasible and advisable and (iii) subject to the passage of authorizing legislation and execution of the MOU and pursuant to its terms, authorize such transfer by March 27, 2009.

“It is also recommended that the Trustees determine that the transfer to the State Treasury of \$103 million by September 28, 2009 is feasible and advisable subject to passage of authorizing legislation and the execution of the MOU and, pursuant to its terms, authorize such transfer contingent on a reaffirmation by the Trustees that such transfer remains feasible and advisable at the time of the transfer.

“The Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer and I concur in this recommendation.”

Acting Chairman Michael Townsend said that since one of his partners had worked on the Memorandum of Understanding (“MOU”), he would recuse himself from the vote on this item.

Serving as Acting Chairman, Trustee Jonathan Foster said that the Trustees had received extensive written materials and presentations from the Authority’s management team, as well as Ernst & Young, Hawkins, Delafield & Wood (“HDW”) and Bank of America, in addition to a number of phone calls and e-mails.

Trustee Eugene Nicandri said that he understood the temporary transfer of \$318 million to be contingent on the State’s agreement in the MOU to appropriate money to return the funds in 2014 and 2017. In addition, the funds could be repaid to the Authority earlier if a nuclear waste facility opens that could accept the spent nuclear fuel from the Authority’s former nuclear power plants. Trustee Nicandri also noted that the \$318 million would not be a general obligation of the State of New York and that the State has never failed to repay similar temporary transfers of funds.

Trustee Elise Cusack said that the Trustees had been given ample opportunity to have their questions answered and that the Authority's management team and Bank of America had been extremely helpful in answering those questions.

Trustee D. Patrick Curley said that he had at least three decades of experience with HDW, particularly with Mr. John Connorton, and had been very pleased with HDW's report. He said that his questions on this item had been answered.

Trustee James Besha said that he would be recusing himself from the vote.

At the request of Trustee Curley, a roll-call vote was taken, the results of which were as follows: Acting Chairman Townsend – recused, Trustee Besha – recused, Trustee Curley – yes, Trustee Cusack – yes, Trustee Foster – yes and Trustee Nicandri – yes.

The following resolution, as submitted by the President and Chief Executive Officer, was adopted by a vote of 4-2, with Acting Chairman Michael Townsend and Trustee James Besha recusing themselves.

RESOLVED, That the Trustees hereby authorize the Acting Chairman or his designee to execute the Memorandum of Understanding between the State, acting by and through the Director of the Budget of the State, and the Authority concerning the temporary transfer of certain funds to New York State's general fund as contemplated in the Governor's proposed Executive Budget Plan and gap-closing measures for State Fiscal Years 2008-09 and 2009-10, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the Trustees hereby authorize a payment to the State Treasury of \$215 million from the Authority's Operating Fund contingent on execution of the Memorandum of Understanding described in the foregoing resolution and upon passage of legislation that authorizes such payment as deemed feasible and advisable by the Trustees, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That the amount of \$215 million to be used for the temporary transfer to the State Treasury described in the foregoing resolution is not needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Trustees hereby authorize a payment to the State Treasury of \$103 million from the Authority's Operating Fund contingent on execution of the Memorandum of Understanding described in the foregoing resolution and passage of legislation that authorizes such payment as deemed feasible and advisable by the Trustees, and conditioned on a reaffirmation by the Trustees that such contribution remains feasible and advisable at the time of the payment, as recommended in the foregoing report of the President and Chief Executive Officer; and be it further

RESOLVED, That as a condition to making each of the payments specified in the foregoing resolutions, on the day of such payment the Senior Vice President – Corporate Planning and Finance or the Treasurer shall certify that such monies are not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority’s General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

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

5. Contribution of Funds to the State Treasury

The President and Chief Executive Officer submitted the following report:

SUMMARY

“The Trustees are requested to approve a voluntary contribution to the State’s General Fund of \$107 million by March 31, 2010 conditioned on the passage of legislation that authorizes such payment as deemed feasible and advisable by the Trustees. In addition, this voluntary contribution of \$107 million will require Trustee reaffirmation prior to the actual date of payment. In a separate but related item, the Trustees will be asked to approve and authorize the execution of a Memorandum of Understanding (‘MOU’) between the State, acting by and through the Director of the Budget of the State, and the Authority, which provides for one temporary transfer of \$215 million by March 27, 2009 and a second temporary transfer of \$103 million within 180 days of the enactment of the 2009-10 State Budget, each to New York State’s General Fund.

BACKGROUND

“The Authority is requested, from time to time, to make financial contributions and transfers of funds to the State or to otherwise provide financial support for various State programs. Such financial support has come in the form of direct transfers to the State’s general fund, rebates to customers of the Power for Jobs (‘PFJ’) Program, the provision of below-cost energy to the beneficiaries of the State’s Energy Cost Savings Benefits Program and contributions toward the operation and maintenance expenses for State parks in the vicinity of the Niagara and St. Lawrence projects.

“Any such contribution or transfer of funds must (1) be authorized by the Legislature; (2) be approved by the Trustees ‘as feasible and advisable’ and (3) satisfy the requirements of the Authority’s General Resolution Authorizing Revenue Obligations dated February 24, 1998, as amended and supplemented (‘Bond Resolution’). The Bond Resolution’s requirements to withdraw monies ‘free and clear of the lien and pledge created by the [Bond] Resolution’ are as follows: such withdrawals (a) must be for a ‘lawful corporate purpose as determined by the Authority,’ and (b) the Authority must determine, taking into account among other considerations anticipated future receipt of revenues or other moneys constituting part of the Trust Estate, that the funds to be so withdrawn are not needed for (i) payment of reasonable and necessary operating expenses, (ii) an Operating Fund reserve for working capital, emergency repairs or replacements, major renewals or for retirement from service, decommissioning or disposal of facilities, (iii) payment of, or accumulation of a reserve for payment of, interest and principal on senior debt or (iv) payment of interest and principal on subordinate debt.

“Legislation enacted into law as part of the 2000-01 State budget, and other legislative enactments in subsequent years, authorized the Authority ‘as deemed feasible and advisable by the trustees’ to make a number of ‘voluntary contributions’ into the State treasury. From December 2002 through January 2009, the Authority has made such voluntary contributions to the State in an aggregate amount of \$603 million, the most recent of which were payments of \$100 million for 2007, \$90 million for 2008 and \$119 million in January 2009.

DISCUSSION

“On December 16, 2008, the Governor released his proposed Executive Budget Plan addressing ‘the largest budget deficit in State history, a \$1.7 billion current-year shortfall and a \$13.7 billion 2009-10 deficit.’ In light of the severe budget problems facing the State at this time, the Governor proposed in his Executive Budget Plan legislation authorizing the Authority as deemed ‘feasible and advisable by its trustees’ to pay a total of \$544 million to the State in SFY 2008-09 and 2009-10. Of that amount, \$226 million was to be in the form of voluntary contributions, with \$119 million paid during the remainder of SFY 2008-09 and \$107 million paid during SFY 2009-10. The remaining \$318 million was to be in the form of temporary transfers as contemplated under the terms of the MOU. Consideration of the remaining \$318 million of temporary transfers contemplated in the Governor’s Executive Budget Plan will be part of a separate resolution presented to the Trustees today.

“The Trustees authorized the payment of the \$119 million voluntary contribution at their meeting on January 27, 2009 and such amount was transferred to the State on January 30, 2009. This Trustee action concerns the second \$107 million contribution amount, which is to be paid by March 31, 2010 for SFY 2009-10.

“Staff has reviewed the effects of the Governor’s Executive Budget Plan against the Authority’s expected cash position and reserve requirements. The primary business criteria staff used to evaluate the potential transfers are (a) that the Authority maintains adequate coverage ratios (at or above the median coverage ratio for comparable wholesale public power systems); and (b) that the Authority maintains in total 100 days’ worth of cash on hand to continue to provide for adequate liquidity. Based on this review, the schedule of payments and transfers contemplated by the Governor’s Executive Budget Plan would not violate the above criteria assuming the Authority achieves all its financial and operating goals during this period. In addition to staff’s review, the Trustees have received information and/or advice on these matters from the Authority’s financial advisor and from bond counsel. The Authority’s independent auditor has also reviewed the prospective accounting treatment of the transactions as described in the January 30, 2009 correspondence of Arnold Bellis, Vice President and Controller, to Joseph Del Sindaco, Executive Vice President and Chief Financial Officer.

“Given the current financial condition of the Authority, its estimated future revenues, operating expenses, debt service and reserve requirements and the other temporary transfer of assets to the State being considered by the Trustees, staff is of the view that it will be feasible for the Authority to make the additional voluntary contribution of \$107 million by March 31, 2010, assuming the Authority achieves all its financial and operating goals during the intervening period. Because this payment will occur in the future, staff recommends that prior to paying such amount, the Trustees reaffirm their approval based on the financial conditions existing at the time of such payment. As noted earlier, such payment is conditioned on passage of authorizing legislation.

FISCAL INFORMATION

“Based on staff’s current projections, funds will be available at the scheduled time to transfer \$107 million to the State’s general fund. There is no impact on the Authority’s financial position at this time as the Trustees will be asked to reaffirm that the financial circumstances of the Authority will allow such transfer at the time of its scheduled payment.

RECOMMENDATION

“The Senior Vice President – Corporate Planning and Finance recommends that the Trustees determine that the voluntary contribution to the State Treasury of \$107 million by March 31, 2010 is feasible and advisable subject to the passage of authorizing legislation and authorize such payment contingent on a reaffirmation by the Trustees that such contribution remains feasible and advisable at the time of the payment.

“The Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer and I concur in this recommendation.”

With regard to the voluntary contribution of \$107 million, Trustee Foster said that he’d had ample chance to ask questions and get answers. He said that the contribution was consistent with those from earlier years and that, even if the Authority’s net revenues plummeted 50%, the Authority would have the same (or a slightly downgraded) credit rating.

Trustee Nicandri said that he appreciated the efforts of the outside consultants and staff who had provided the Trustees with information and answered their questions. However, he said that he was going to vote no on this item because he felt the voluntary contribution was neither feasible nor advisable, for the following reasons:

- (1) *New York State is to receive \$16 billion from the federal government as part of the federal stimulus package, which should go a long way to meeting the State's budget deficits;*
- (2) *All of the Authority's revenues from what is known as "loose juice" should not go to the State of New York. Rather, some portion of those funds should be earmarked for the Authority's local host communities; and*
- (3) *The Authority's participation in the New York Independent System Operator system violates the Authority's core mission. The Authority should seek to extricate itself from that arrangement and lower its electricity prices.*

Acting Chairman Townsend said that he shared Trustee Nicandri's concerns, but that Governor Pataki has reached out to State authorities to help solve the State's budget crisis. He said that he agrees with Trustee Nicandri that something needs to be done about the "loose juice" on an ongoing basis and that in the future the Authority needs to be much more stringent in its requirements for similarly requested voluntary contributions.

The results of the roll-call vote were as follows: Acting Chairman Townsend – yes, Trustee Besha – recused, Trustee Curley – yes, Trustee Cusack – yes, Trustee Foster – yes and Trustee Nicandri – no.

Mr. Gil Quiniones said that a new director and officer liability insurance policy was in effect as of February 2nd and that appropriate documentation would be forwarded to the Trustees as soon as possible.

The following resolution, as submitted by the President and Chief Executive Officer, was adopted by a vote of 4-2, with Trustee James Besha recusing himself and Trustee Eugene Nicandri voting "no."

RESOLVED, That the Trustees hereby authorize a payment to the State Treasury of \$107 million from the Authority's Operating Fund contingent on passage of legislation that authorizes such payment as deemed feasible and advisable by the Trustees and conditioned on a reaffirmation by the Trustees that such contribution remains feasible and advisable at the time of the payment, as recommended in the of the President and Chief Executive Officer; and be it further

RESOLVED, That as a condition to making the payment specified in the foregoing resolution, on the day of such payment the Senior Vice President – Corporate Planning and Finance or the Treasurer shall certify that such monies are not then needed for any of the purposes specified in Section 503(1)(a)-(c) of the Authority's General Resolution Authorizing Revenue Obligations, as amended and supplemented; and be it further

RESOLVED, That the Acting Chairman, the President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Senior Vice President –

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

6. **Next Meeting**

The next Regular Meeting of the Trustees will be held on **Tuesday, February 24, 2009, at 11:00 a.m., at a location to be determined**, unless otherwise designated by the Chairman with the concurrence of the Trustees.

Closing

On motion duly made and seconded, the meeting was adjourned by the Chairman at approximately 11:15 a.m.



Anne B. Cahill
Corporate Secretary