

**MINUTES OF THE MEETING
OF
THE FINANCE COMMITTEE**

October 22, 2010

A meeting of the Finance Committee was held via videoconference at the Clarence D. Rappleyea Building, White Plains, New York, at approximately 10:00 a.m.

The following members of the Finance Committee were present:

Michael J. Townsend, Chairman
Trustee Eugene Nicandri
Trustee Jonathan F. Foster (participated via telephone conference)

Also in attendance were:

<i>Gil Quiniones</i>	<i>Chief Operating Officer</i>
<i>Terryl Brown</i>	<i>Executive Vice President and General Counsel</i>
<i>Elizabeth McCarthy</i>	<i>Chief Financial Officer</i>
<i>Donald Russak</i>	<i>Senior Vice President – Planning and Finance</i>
<i>Brian McElroy</i>	<i>Treasurer</i>
<i>Karen Delince</i>	<i>Corporate Secretary</i>
<i>Timothy Sheehan</i>	<i>Special Counsel – General Counsel</i>
<i>Gerard Vincitore</i>	<i>Director – Financial Projects – Business Services</i>
<i>Lorna Johnson</i>	<i>Assistant Corporate Secretary</i>
<i>Sheila Baughman</i>	<i>Senior Secretary, Corporate Secretary’s Office</i>

Chairman Michael Townsend welcomed all Members to meeting and asked Ms. Elizabeth McCarthy, Chief Financial Officer, to present the first item on the Agenda.

1. Issuance of the 2010 Bonds

Ms. McCarthy said that she wanted to discuss staff's proposal with regard to the series 2010 Revenue Bonds. Staff intended to recommend the proposal to the Trustees for approval at their November 26, 2010 meeting. She then outlined the purposes of the 2010 Bonds as follows:

1. Current refunding of certain bonds that are callable in November 2010;
2. Potential of advancing refunding of certain of the Authority's other revenue bonds; and
3. Potential for issuing new money bonds related to the Lewiston Pumped generating plant Life Extension and Modernization that was approved by the Trustees.

She stated that the Finance Committee's Charter requires the Committee to review staff's proposals before such proposal is recommended to the full Board of Trustees for approval. She also stated that, ultimately, the action staff would take with regard to the size of the deal and bonds refunded would depend on market conditions.

Ms. McCarthy then asked Mr. Brian McElroy, Treasurer, to present staff's proposal to the Committee.

In response to a question from Vice Chairman Foster, Ms. McCarthy said that staff is working with various parties; the deal should take place early December, or before.

On motion made and seconded, the Finance Commence agreed to recommend that the Board of Trustees approve the issuance of the 2010 bonds as outlined in the presentation to the Committee.

2. Purchase of an Interest Rate Cap

Mr. Brian McElroy presented staff's proposal to the Committee. He said that the purpose of this recommendation is to protect the Authority's liquidity risk in the event that interest rates change, which, in turn, might affect its customer's ability to pay.

In response to a question from Chairman Townsend, Mr. McElroy said that the Authority can enter into a 3-year cap at 4% on \$300 million notional amount for less item \$400,000.

In response the further question from Chairman Townsend, Mr. McElroy said that the proposal is not to exceed \$400 million and is at a rate not to exceed 5.9%.

On motion made and seconded, the Finance Committee agreed to recommend that the Board of Trustees approve the purchase of an interest rate cap for a period not to exceed 5 years as outlined in the presentation to the Committee.

3. Amendments to Finance Charter

Ms. Karen Delince highlighted the proposed amendments to the Finance Charter. She said that the Trustees had requested that the Finance Committee Charter be amended to allow more trustees to serve on the Committee. The existing Charter limits membership on the Committee to three and the amendment would increase membership to “three to five” Trustees. In response to a question from Trustee Nicandri, Ms. Terryl Brown said that “independent” signifies that the Trustees are not employees of the Authority. In response to further question from Trustee Nicandri, Ms. Brown said that an employee could become a member of the Board of Trustees; that a member of the Board of Trustee could become an employee and that business relationships could also affect their independence.

Chairman Townsend pointed out that a Board member being independent is a provision in the PAAA and also that at the present time all of the Authority’s Trustees are independent.

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

Mr. Chairman, I move that the Finance Committee conduct an Executive Session pursuant to Section 105 of the Public Officers Law, in connection with discussions relating to matters concerning employment. On motion made and seconded, an executive session was held.

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

Mr. Chairman, I move to resume the meeting in Open Session. On motion made and seconded, the meeting resumed in Open Session.

6. Next Meeting

The next regular meeting of the Finance Committee is to be determined.