

NYPA CAPTIVE INSURANCE COMPANY

MINUTES OF THE MEETING
of the NYPA Captive Insurance Company
May 25, 2023

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Minutes of the meeting of the NYPA Captive Insurance Company Board of Directors held at New York Power Authority's White Plains office, via videoconference, at approximately 9:58 a.m.

Members of the Board present were:

Tracy B. McKibben – Acting Chair
Michael Balboni
Dennis Trainor
Bethaida González

John R. Koelmel - Excused

Also in attendance were:

Justin E. Driscoll	Acting President and Chief Executive Officer
Philip Toia	President – NYPA Development
Adam Barsky	Executive Vice President and Chief Financial Officer
Karina Saslow	Interim Vice President Human Resources
Lori Alesio	Interim Executive Vice President & General Counsel – Legal Affairs
Yves Noel	Senior Vice President and Chief Strategy Officer
Joseph Kessler	Executive Vice President & Chief Operating Officer
Daniella Piper	Regional Manager & Senior Vice President – Site Administration - NIA
Karina Saslow	Interim Vice President – Human Resources
Robert Piascik	Senior Vice President - Chief Information & Technology Officer
Andrew Negro	Director – Corporate Insurance
Keith Hayes	Senior Vice President & Senior Advisor – Executive Office
Karen Delince	Vice President & Corporate Secretary – NYPA
Allison Shea	Assistant General Counsel – Contracts, Licensing & Environmental
Jesse Scott	Interim Chief of Staff - Policy, Communications & Chief of Staff
Christopher Vitale	Financial Performance & Reporting Manager
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Quatrocci	Senior Associate Corporate Secretary
Michele Stockwell	Assistant Corporate Secretary

Acting Chairperson Tracy McKibben presided over the meeting. NYPA Corporate Secretary Delince kept the Minutes.

Introduction

Acting Chairperson Tracy McKibben welcomed the members and the Authority's senior staff to the meeting. She said that the meeting has been duly noticed as required by New York State's Open Meetings Law and called the meeting to order.

1. Adoption of the May 25, 2023 Proposed Meeting Agenda

On motion made by Member Michael Balboni and seconded by Member Dennis Trainor, the agenda for the meeting was adopted.

2. DISCUSSION AGENDA:

a. Adoption of Resolution Organizing NYPA Captive Insurance Company

The Acting President and Chief Executive Officer of the Authority and Proposed President and Chief Executive Officer of NYPA Captive Insurance Company submitted the following report:

"SUMMARY

The Board of Directors of the NYPA Captive Insurance Company will be requested, following the May 25, 2023 NYPA Trustees meeting, to hold an organizational meeting of the NYPA Captive Insurance Company (the "Captive") and approve an organizational resolution.

BACKGROUND

The Captive is intended to be used as a risk financing vehicle for the Authority and will maximize the flexibility and effectiveness of the Authority's insurance programs by reducing costs, stabilizing budgets and cash flow, establishing long-term relationships with risk financing partners, establishing appropriate risk retention levels using state-of-the-art analytical techniques, establishing appropriate limits, providing insurance for uninsurable or hard to insure risks, and providing a vehicle for effective tactical and strategic use of insurance and risk financing and transfer.

It is expected that the Authority's casualty and liability insurance programs will ultimately be written and administered through the Captive, including but not limited to Excess Liability, Protective Liability, Property Coverage, Property Sabotage & Terrorism, Cyber Liability; Automobile Liability, Premises Liability, and Owner Controlled Insurance Programs for General Liability and Builder's Risk coverage for projects financed through the Authority's capital programs.

Chapter 193 of the Laws of 2022, enacted May 9, 2022, authorized the Authority and any statutory subsidiary thereof to form a pure captive insurance company. At a meeting held on September 29, 2022, the NYPA Board of Trustees authorized the incorporation of the Captive.

The Authority has since undertaken the formation of the Captive, including applying to secure the requisite licensing from the New York State ("NYS") Department of Financial Services. Upon review of the Authority's application, the NYS Department of Financial Services indicated there are no comments as to said application and directed the Authority to submit a signed Captive Charter for filing. Accordingly, on April 3, 2023, the Authority submitted a Captive Charter signed by Justin E. Driscoll to the NYS Department of Financial Services for filing. The NYS Department of Financial Services thereafter issued a

Certificate of Incorporation for the NYPA Captive Insurance Company, which was incorporated May 2, 2023.

DISCUSSION

To finalize the corporate formation process and have the NYS Department of Financial issue the requisite license, the Board of Directors of the NYPA Captive Insurance Company must hold an organizational meeting of the NYPA Captive Insurance Company and approve an organizational resolution.

The organizational resolution provides for the adoption of the corporate by-laws; appointment of the officers of the corporation, including President and Chief Executive Officer, Chief Financial Officer, Secretary, and Treasurer; adoption of the form of the stock certificate and approval of the issuance of shares; appointment of corporate service providers; adoption of an investment policy; authorization to establish banking accounts; appointment of the Superintendent of Financial Services as agent for service of process and an individual designated to receive same; and establishment of the fiscal year of the corporation.

Thereafter, for the NYS Department of Financial Services to issue the requisite license to the NYPA Captive Insurance Company, the Captive must submit to the NYS Department of Financial Services the corporate organizational resolution; a notarized copy of the corporate by-laws; an Appointment of Designation of NYS Department of Financial Services as Attorney; a Certificate of Designation by Captive Insurer; and proof of funding of the Captive bank account.

After the NYPA Captive Insurance Company receives its license from NYS Department of Financial Services it can then underwrite and issue insurance policies. The Phase 1 policies to be initially underwritten are the TRIA Certified NBCR Terrorism coverage line with an aggregate limit of \$500 million, and a property deductible reimbursement line in the amount of \$5 million per occurrence. Thereafter, other coverage lines the Authority intends on subsequently placing with NYPA Captive Insurance Company will be underwritten based upon the feasibility study prepared for the Authority and actuarial analysis to be performed.

FISCAL INFORMATION

The formation of the Captive will ultimately have a positive fiscal impact on the Authority as it is expected, amongst other things, to reduce the Authority's insurance program premiums and costs, provide a vehicle for effective tactical and strategic use of insurance and risk financing and transfer, and provide access to the federal government's terrorism risk program created under the Terrorism Risk Insurance Act which provides a federal backstop for 80% of covered losses.

RECOMMENDATION

The Executive Vice President & Chief Financial Officer of the Authority and proposed Chief Financial Officer of the Captive has requested that the Board of Directors of the NYPA Captive Insurance Company hold an organizational meeting of the NYPA Captive Insurance Company and approve an organizational resolution.

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

Mr. Adam Barsky, NYPA's Executive Vice President and Chief Financial Officer, provided highlights of the resolution to the members. He said that The Resolution Organizing NYPA Captive Insurance Company, which is an adoption of the following matters, is now before the Board of Directors for adoption.

1. Bylaws
2. Appointment of Officers
3. Form of Stock Certificate
4. Capitalization and Issuance of Shares
5. Appointment of Service Providers
6. Adoption of Investment Policy
7. Execution of Policies
8. Bank Resolutions
9. Organizational Expenses
10. Appointment and Designation
11. Fiscal Year for the Captive

On motion made by Member Michael Balboni and seconded by Member Dennis Trainor the following resolution, as recommended by the Acting President and Chief Executive Officer of the Authority and Proposed President and Chief Executive Officer of NYPA Captive Insurance Company was unanimously adopted.

RESOLUTION

OF THE

MEMBERS OF THE BOARD OF DIRECTORS OF NYPA CAPTIVE INSURANCE COMPANY
(the "Corporation")

ADOPTION OF BYLAWS

that the proposed Bylaws for the Corporation, a copy of which is attached hereto as Exhibit A, are hereby approved and adopted as the Bylaws of the Corporation, and a copy of such Bylaws shall be inserted into the corporate minute book as a part of the Corporation's permanent records.

APPOINTMENT OF OFFICERS

that the following persons be appointed to the offices set out below, to hold such office until the first annual meeting of the Board of Directors except as otherwise provided in the Bylaws:

<u>Name</u>	<u>Office</u>
Justin Driscoll	Chief Executive Officer and President
Adam Barsky	Chief Financial Officer
Andrew Negro	Secretary
Jose Yandun	Treasurer

FORM OF STOCK CERTIFICATE

that the form of stock certificate, a copy of which is attached hereto as Exhibit B, is hereby adopted and approved as the stock certificate of the Corporation and a specimen copy of the stock certificate shall be inserted in the corporate minute book together with this action.

CAPITALIZATION AND ISSUANCE OF SHARES

Power Authority of the State of New York has offered to purchase one thousand shares (1,000) of the Corporation's Common Stock, with a par value of \$100 per share, at a purchase price of \$100,000 per share, and a total purchase price of \$100,000,000; and

the Board of Directors determines that the above stated price per share is adequate.

that the Corporation hereby accepts the above offers to purchase 1,000 shares at \$100,000 per share, for a total purchase price of \$100,000,000;

FURTHER RESOLVED, that the accepted purchase price of \$100,000,000 represents \$100,000 of share capital and \$99,900,000 of additional paid in capital; and,

FURTHER RESOLVED, that the appropriate officers of the Corporation shall, upon receipt of payment of the consideration, issue to the above-named shareholder, a certificate for one thousand shares, which shares shall be considered fully paid and non-assessable.

APPOINTMENT OF SERVICE PROVIDERS

the Corporation identified service providers to the New York Department of Financial Services in its application to be licensed as a captive insurance company and will continue to need to use services providers.

that the Corporation ratifies and approves the filing of its application to be licensed as a captive insurance company and the appointment of Marsh Management Services Inc. as captive manager; KPMG LLP as financial auditor; Dawne Davenport of Marsh Management Services Inc. as actuary; Dentons Bingham Greenebaum LLP and Orrick, Herrington & Sutcliffe, LLP, as attorneys, for assistance with the formation, application and licensing process and approves such appointment and further continuing work on such terms as the officers believe is in the best interest of the Corporation.

ADOPTION OF INVESTMENT POLICY

that the proposed Investment Policy of the Corporation, a copy of which is attached hereto as Exhibit C, is hereby approved and adopted as the Investment Policy of the Corporation.

EXECUTION OF POLICIES

from time to time, the Corporation will issue binders and policies, and may enter into participation or reinsurance agreements, that need to be executed.

that the Corporation authorizes and approves the execution, for and on behalf of the Corporation, of any of the Corporation's binders or policies by any officer of the Corporation.

BANK RESOLUTIONS

RESOLVED, that the appropriate officers of the Corporation be, and they hereby are, authorized and directed to establish such depository and checking accounts on behalf of and in the name of the Corporation at such banks ("Depositories") as shall be selected by them in their sole discretion; and

FURTHER RESOLVED, that the Board of Directors does hereby adopt the attached resolutions, as if fully set out herein, with respect to the establishment of, and authorized signatures under, such accounts at such Depositories.

FURTHER RESOLVED, that those who are authorized to sign on behalf of the Corporation at such Depositories are authorized and directed, for and in the name and on behalf of the Corporation, to execute such additional documentation, that is consistent with the resolutions attached hereto as Exhibit D and that is required by the Depositories, including as set forth on printed forms of the Depositories.

ORGANIZATIONAL EXPENSES; CORPORATE BOOKS

that the Corporation shall cause all fees and expenses incident and necessary to the organization of the Corporation to be paid; the Secretary shall procure all books necessary and shall be responsible for preparing the Corporation's minutes of the directors' meetings and shareholders' meetings and for authenticating records of the Corporation; and the Secretary shall maintain the Articles of Incorporation, the Bylaws, such minutes and all other appropriate corporate records in a corporate minute book as a part of the Corporation's permanent records.

APPOINTMENT AND DESIGNATION

New York law requires that a captive insurance company appoint the Superintendent of Financial Services of the State of New York to be its agent for service of process, and to designate a person to whom any process should be forwarded.

that the Corporation now authorized, or having applied for authority to do a captive insurance business in the State of New York, does hereby authorize the president and secretary of the Corporation to appoint the Superintendent of Financial Services of the State of New York, his successors in office, and any deputy superintendent, its true and lawful ATTORNEY, in and for the State of New York, upon whom all lawful process against said Corporation may be served in any action or proceeding against said Corporation in the State of New York, subject to and in accordance with all the provisions of the Insurance Law of the State of New York in force at the time of such service. This appointment shall be binding upon any successor acquiring the assets and assuming the liabilities of such insurer by merger or consolidation, and shall not be terminated so long as there are in effect any contracts, or liabilities or duties arising out of contracts, which were issued or delivered by such insurer in this State; and

FURTHER RESOLVED, that the Corporation does hereby authorize the president and secretary of the Corporation to execute and file in the office of the Superintendent of Financial Services of the State of New York a certificate of designation of an officer, agent or other person to whom shall be forwarded all process served pursuant to the Insurance Law of the State of New York upon the Superintendent of Financial Services of said State, his successors in office, or any deputy superintendent; and

FURTHER RESOLVED, that the Corporation does hereby authorize the president and secretary of the Corporation to change such designation, or any subsequent designation, by filing a new certificate of designation in the office of the Superintendent of Financial Services of the State of New York.

FISCAL YEAR

Article V, Section 1 of the Corporation's Bylaws provides that the fiscal year of the Corporation be the calendar year.

that the fiscal year of the Corporation shall end on the last day of December in each calendar year.

FURTHER ACTION

RESOLVED, That the Chair, and the officers of the Corporation be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Corporation, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents that they, or any of them, may deem necessary or advisable to effectuate the foregoing resolution.

May 25, 2023

EXHIBIT A

**BY-LAWS
of the
NYPA CAPTIVE INSURANCE COMPANY**

[Date]

ARTICLE I – Offices

Section 1. Principal Office

The principal office of the NYPA Captive Insurance Company (hereinafter referred to as the "Corporation") shall be in the County of Westchester, State of New York office of the Power Authority of the State of New York (hereinafter the "Authority"). Under all circumstances, the principal office of the Corporation shall be in the State of New York.

Section 2. Books and Records

Except as otherwise determined by the Board of Directors of the Corporation (hereinafter, the "Board of Directors") or as the business of the Corporation may require, all books and records of the Corporation shall be kept at the County of Westchester, State of New York, office of the Authority; in no event shall the books and records of the Corporation be kept outside New York.

ARTICLE II – Board of Directors

Section 1. Number, Term, Appointment and Vacancies

The Board of Directors shall consist of seven Board members, and under no circumstances shall there be fewer than three Board members; and at all times at least two members of the Board of Directors shall be residents of New York. In accordance with subdivision 28 of section 1005 of the New York Public Authorities Law, the members of the Board of Directors shall be the same persons holding the offices of Trustees of the Authority appointed pursuant to Section 1003 of the Public Authorities Law, and the Board Chair of the Authority shall hold the same position as the Board Chair of the Corporation until the conclusion of his or her term with the Authority.

Section 2. Powers and Duties

A. General

The powers and duties of the Board of Directors shall be those helpful or appropriate to a New York pure captive insurance company.

The Board of Directors shall be responsible for acting in good faith and with independent judgment.

B. Board Chair

The Board Chair shall preside at all meetings of the Board of Directors, shall be responsible for developing the strategic vision and mission of the Corporation and shall on behalf of the Board of Directors oversee the Corporation's management in the effective and ethical management of the Corporation. The Board Chair may delegate to the President and Chief Executive Officer or other officer or officers such of the Board Chair's powers and functions in the general supervision of the business of the Corporation.

ARTICLE III - Board of Directors Meetings

Section 1. Meetings

Meetings of the Board of Directors may be held at the Authority's offices in the Counties of Westchester or Albany, or at such other place as the Board of Directors may from time to time designate; provided that at least one meeting each year shall be held in New York, which meeting shall be held so that it meets

the requirements of a captive insurance company. The meetings of the Board of Directors shall be held at least annually in accordance with a schedule adopted annually by the Board of Directors for that purpose and may be changed from time to time within that year by the Board Chair in consultation with the Board of Directors. Special meetings of the Board of Directors may be called by the Board Chair upon the request of any three Board members. The 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, facsimile or by other electronic communication at least two days before the meeting to each Board member. The notice requirement to be given under this section may be waived by the Board member to whom such notice is required to be given.

Section 2. Quorum

At all Board of Directors meetings, the greater of (a) a majority of the directors then in office and (b) one-third of the fixed number of directors, shall constitute a quorum and shall be sufficient for the transaction of business. A Board member may participate by videoconference, which shall count for quorum and voting purposes. A Board member 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 Corporation shall be the President and Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer.

Section 2. Appointment of Officers

The Board of Directors shall appoint the officers. If there is a vacancy in any of the Corporation's offices, such office shall be filled by the Board of Directors.

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 and Removal

Any officer appointed by the Board of Directors shall be subject to removal at any time by the Board of Directors, with or without cause.

Section 5. Powers and Duties

A. President and Chief Executive Officer

The President and Chief Executive Officer shall report directly to the Board of Directors, and shall be responsible for the general supervision and direction of the operations, business and activities of the Corporation, with the exception of those activities or business units under the supervision of officers reporting to the Board Chair or the Board of Directors. The President and Chief Executive Officer has the power to appoint and remove agents and employees and fix their compensation, including appointing such assistants and employees necessary to manage the Corporation, and fixing their powers and duties. The President and Chief Executive Officer may sign, execute and deliver in the name of the Corporation 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 Board

Chair and/or the Secretary. The President and Chief Executive Officer may, as deemed appropriate, delegate his or her powers and responsibilities to any officer.

B. Chief Financial Officer

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

C. Secretary

The Secretary shall report to the President and Chief Executive Officer and shall attend all meetings of the Board of Directors and be responsible for maintaining the corporate record, giving notice of all meetings, and shall exercise such other duties as the Board of Directors shall from time to time determine.

D. Treasurer

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

ARTICLE V - Fiscal Management

Section 1. Fiscal Year

The calendar year shall be the Corporation's fiscal year.

Section 2. Disbursement of Funds

The Board of Directors, 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 Corporation.

ARTICLE VI - Execution of Instruments

Section 1. Execution of Instruments

The Board of Directors, 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 Corporation, 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 Corporation by any contract or engagement or pledge of its credit or to render it liable pecuniarily for any purpose or in any amount.

ARTICLE VII – Amendment

Section 1. Amendment

The Board of Directors 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 VIII – Miscellaneous

Section 1. Annual Reports

The Board of Directors shall approve, submit and publish a certified annual report, and such other required filings, within the period of time required of a New York captive insurance company.

Exhibit B

SPECIMEN
[TO BE PRINTED ON STOCK CERTIFICATE PAPER]

Number

Shares

Incorporated under the Laws of the State of New York

NYPA CAPTIVE INSURANCE COMPANY

Authorized Capital: 1,000 Shares of Common Stock, \$100 Par Value Per Share

THIS CERTIFIES THAT _____ is the owner of _____
_____ fully paid and non-assessable Shares of Common Stock of NYPA
Captive Insurance Company, are not transferable on the books of the Corporation by the holder, other
than upon transfer to the Corporation in redemption or dissolution upon surrender of this Certificate
properly endorsed.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by its duly
authorized officers and its Corporate Seal to be hereunto affixed as of the ___ day of _____ 202__.

_____, Secretary _____, President

May 25, 2023

FOR VALUE RECEIVED, _____ *hereby sell, assign and transfer*
unto _____
_____ *Shares represented by the within Certificate, and do hereby irrevocably*
constitute and appoint _____ *Attorney* *to*
transfer the said Shares on the books of the within named Company with full power of
substitution in the premises.

Dated _____

In presence of

NYPA CAPTIVE
INSURANCE COMPANY

*** 1,000 Share ***

Power Authority of the State of New York

_____, 202____


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NYPA Captive Insurance Company Investment Policy Statement

A. Purpose

This Investment Policy forms the basis for the NYPA Captive Insurance Company (the “Company”) to manage its investments responsibly, sets forth objectives and risk tolerance parameters for the investment portfolio, establishes controls and guidelines for the management of the portfolio, and promotes compliance with all applicable legal and regulatory requirements regarding the investment and disposition of the assets of the Company. [The Investment Policy has been approved and adopted by the Board of Directors of the Company and will be reviewed periodically and revised as needed.]

B. Investment Objectives

The investment objectives of the Company are complementary to its fundamental insurance writing functions. The Company’s investment portfolio will be managed to achieve:

1. Preservation of asset values held in the portfolios,
2. Adequate liquidity to make expected claims payments and meet other foreseeable cash needs and reinvesting other fungible assets to avoid trapping cash,
3. Legal and regulatory compliance,
4. Risk and return balance by earning the highest available returns consistent with an appropriate risk level established for the portfolio.

The objectives should be given equal consideration by the investment manager.

C. Administration and Investment Responsibilities

The Board of Directors of the Company has sole authority to approve, amend, alter, or otherwise make changes to this Investment Policy.

Under the guidance and oversight of the Board of Directors of the Company, the Treasurer of the Company shall be responsible for the implementation of the investment policy and have the authority to carry out its provisions. The Board shall annually review performance of the portfolio and approve amendments to this Investment Policy. Permitted Investments are subject to review by the Board and Treasurer on an annual basis. The Treasurer may appoint an investment manager or consultant and shall have the authority to interpret this policy and to establish more specific investment directives for the manager. Any investment manager or consultant must be registered under the Investment Advisors Act of 1940. The Treasurer may delegate similar authority to other Officers or employees to do any and all things that the Treasurer is authorized to do, including, but not limited to, the authority to act as agent and

attorney-in-fact on behalf of the Company to buy and sell stocks, bonds, options, securities, notes, participation certificates, mortgages, commercial paper, or other forms of approved investment, acting through a resolution, which shall be furnished to the investment manager. The investment restrictions in this policy are written broadly to encompass the widest range of possible investment activities envisioned by the Board. From time to time, the Company's investment objectives may dictate a more restrictive approach. The Treasurer and/or designees may impose additional restrictions by communicating them in writing to the investment manager.

D. Safekeeping

Permitted Investments (as defined in Sections E and P) purchased by the Company or collateral securing its investments shall be deposited only with custodians designated by the Company. Such custodians shall be Banks that are members of the Federal Reserve System transacting business in the State of New York or creditworthy banks or trust companies authorized to do business in the State of New York. The custodian shall produce statements at least quarterly listing the name and value of all assets held, and the dates and nature of all transactions. Assets of the Company held as liquidity or investment reserves shall, at all times, be invested in interest-bearing accounts.

E. Permitted Investments

The Company may invest its funds in the following types of investments. Should the Company decide or be required to hold a Reserve Account, the balance of this Reserve Account shall be funded before any other accounts according to the permitted investments detailed in Section P below. Any investments not specifically included in this list are not permitted without specific authorization from the Company's Board of Directors.

1. All United States government securities and United States agency debt obligations / Direct obligations of or obligations guaranteed by the United States of America or the State of New York;
2. Bonds, debentures, notes or other obligations issued or guaranteed by any of the following: Federal National Mortgage Association (including Participation Certificates), Government National Mortgage Association, Federal Financing Bank, Federal Home Loan Mortgage Corporation and Federal Home Loan Banks, Federal Housing Administration, Federal Farm Credit Banks Funding Corporation, Federal Farm Credit Banks, Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Farmer Mac, Tennessee Valley Authority ("TVA"), Export-Import Bank of the United States ("EXIM") or any other agency controlled or supervised by and acting as an instrumentality of the United States government;
3. Obligations of any state of the United States of America or any political subdivision thereof or any agency, instrumentality, or local government unit of any such state or political subdivision that shall be rated at the time of the investment in any of the three

highest long-term Rating Categories, as below, or the highest short-term Rating Category by a Rating Agency. All debt obligations of any State or municipal government organized under the laws of the United States or any of its fifty states;

4. Corporate debt obligations issued by United States domestic issuers and United States dollar-denominated issues of approved foreign issuers, including securities issued in conformance with Securities and Exchange Commission Rule 144A;
5. Collateralized Loan Obligations ("CLOs"), Collateralized Debt Obligations and Collateralized Bond Obligations, having a rating, at time of purchase, of "AA" or higher from Standard & Poor's Corporation or Fitch Ratings or "Aa" or higher from Moody's Investor Service, Inc.;
6. Corporate equity investments in domestic common and preferred stocks and publicly traded real estate investment trusts ("REITs") shall be restricted to high credit quality, liquid securities of corporations actively traded on a major U.S. exchange. Staff and/or investment advisor will provide the Directors of the Company an equity evaluation process document for all equities purchased with concurrence from Risk Management. Any equity exposure shall be restricted to highly diversified index funds.
7. Mortgage-Backed Securities and Collateralized Mortgage Obligations, including both agency and non-agency, commercial and residential, having a rating, at time of purchase, of "AA" or higher from Standard & Poor's Corporation or Fitch Ratings or "Aa" or higher from Moody's Investor Service, Inc.;
 - a. Prohibited investments are Interest Only, Principal Only, Adjustable Rate Mortgages (ARMs), Floating Rate Note Mortgage (FRNs), ZTranches, or other high risk structures.
8. Commercial paper issued by an institution with a minimum short-term credit rating as defined in Section J;
9. Money market funds, as defined in the Investment Company Act of 1940, registered under the Federal Securities Act of 1933, and whose objective is to maintain a constant share value of \$1.00, provided that: (a) no more than \$50 million of the Authority's investments shall be invested in any one money market fund for more than thirty consecutive business days; and (b) fund investments are restricted to securities described in paragraph (1) or (2) of this subdivision. Authorized Investments purchased by the Company or collateral securing its investments shall be deposited only with custodians designated by the Company. In lieu of traditional cash or security collateral, the Company may accept municipal letters of credit ("MULOC") issued by the FHLB or other federal agency. Such custodians shall be Banks that are members of the Federal Reserve System transacting business in the State of New York or creditworthy banks or trust companies authorized to do business in the State of New York;

10. Guaranteed Investment Contracts or GIC Funds issued by creditworthy insurance companies rated A or higher by A.M. Best Co. and collateralized by issuer's general or separate account assets;
11. Repurchase and reverse repurchase agreements ("Repurchase Agreements"), including "gestation" repurchase agreements of agency-backed collateral with a physical trust certificate from a FINRA-licensed broker dealer, with any bank or trust company organized under the laws of any state of the United States of America, which agreement is secured by any one or more of the securities described in paragraph (1) or (2) of this subsection, which securities shall at all times have a market value of not less than the full amount of the repurchase agreement and be delivered to another bank or trust company organized under the laws of New York State or any national banking association domiciled in New York State, as custodian. The Company shall enter into a written contract with any (1) Dealer from which Permitted Investments are purchased subject to a Repurchase or Reverse Repurchase Agreement and (2) Bank from which Certificates of Deposit or Time Deposit accounts as defined below are purchased.
12. Certificates of Deposit or Time Deposit accounts offered through the Certificate of Deposit Account Registry Service ("CDARS") program (or other CDARS comparable, FDIC-insured reciprocal products) provided the co-operative property/casualty insurance Company retains title on each CD purchased. Authorized Certificates of Deposit and Time Deposits shall be purchased directly from Banks that are members of the Federal Reserve System transacting business in the State of New York and have capital and surplus aggregating at least \$50 million. Authorized Investments purchased by the Company or collateral securing its investments shall be deposited only with custodians designated by the Company. In lieu of traditional cash or security collateral, the Company may accept municipal letters of credit ("MULOC") issued by the FHLB or other federal agency. Such custodians shall be Banks that are members of the Federal Reserve System transacting business in the State of New York or creditworthy banks or trust companies authorized to do business in the State of New York;

IMPORTANT NOTE: If the credit rating of a security is subsequently downgraded below the minimum rating level in Section J or as specified in the Permitted Investment description the Investment Officer shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. Notification will be sent to Risk Management. The Investment Manager will apply the general objectives of safety, liquidity, yield and legality to make the decision.

F. Prohibited Investments

The Company is prohibited from making the following investments:

1. Investment in an insolvent entity
2. Any investment as a general partner
3. Letter stock and other unregistered securities
4. Commodities or commodity contracts

5. Short sales
6. Margin transactions
7. Derivatives, options, or futures for the purpose of portfolio leveraging
8. The purchase of collectibles is also prohibited.

G. Provisions Relating to Qualifications of Dealers and Banks

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by conducting a process of due diligence. These may include ‘primary’ dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule) or FDIC/Federal Reserve-regulated banks that are investment grade or better as rated by a nationally recognized statistical ratings organization (“NRSRO”). Banks and Dealers shall have demonstrated an ability to:

1. Offer superior rates or prices on the types and amounts of securities required;
2. Provide a high degree of attention to the Authority's investment objectives; and
3. Execute trades in a timely and accurate manner.

Authorized Investments may also be purchased or sold through minority-owned, women-owned, and service-disabled veteran owned firms authorized to transact business in the U.S. government and municipal securities markets. Such qualified firms shall demonstrate the qualities detailed in clauses (1), (2) and (3) above.

If the services of an investment advisor are engaged by the Company, the investment advisor may execute approved trades on behalf of the Company with dealers or banks that are not on the Company list of authorized Banks and Dealers if those organizations provide the best security available. Said transactions, however, will be included in periodic transaction recap reports provided by the investment advisor.

The Company shall file with each qualified dealer or investment advisor a letter agreement that designates the (1) type of permitted investments, (2) Staff who are authorized to transact business and (3) delivery instructions for the safekeeping of investments.

H. Loan to Parent

The Board of Directors of the Company of the Company may authorize loan(s) to the Power Authority of the State of New York (“NYPA or “The Authority”) subject to regulatory approval and security requirements.

1. The loan(s) is subject to the advice and approval of the New York State Department of Financial Services.
2. Any such loan should be evidenced by a bona fide, fully executed demand note by and between the Company and The Authority.

3. Any such loan shall not exceed one year/364 days and may be renewed at the discretion of the Treasurer.
4. Any such loan will be an arm's length transaction with market interest rate comparable to NYPA's General Resolution credit rating.

I. Credit Quality Requirements

Unless explicitly stated in the Permitted Investments description, each security will maintain minimum ratings on short-term investments of A-1/P-1/F-1 (Moody's/S&P/Fitch) and minimum ratings on long-term investments of A2/A/A (Moody's/S&P/Fitch) at the time of purchase. In the case of split ratings at least one long-term rating of at least A2 by Moody's, A by Standard & Poor's or A+ by Fitch, (so long as no two of the three of Moody's, Fitch, and Standard & Poor's have assigned long-term ratings below A2, A, and A, respectively at time of purchase.

J. Diversification Requirement

Unless explicitly stated in the security definition, the Company's portfolio may be invested in any one security or issuer of securities as follows:

Security Type	General Limit (%)	Issuer Limit (%)
Treasuries	100%	No more than \$25 million invested in any one security
Agency Bonds	100%	No more than \$25 million invested in any one security
CDs and Gov't Money Market Funds	100%	No more than 20% invested with any one issuer; No more than \$25 million invested in any one security
Repurchase and Reverse Repurchase Agreements	20%	No more than the lesser of 10% or \$50 million invested with any one issuer
Municipal Bonds	50%	No more than 50% or \$25 million invested with any one issuer or in any one security
Corporate Bonds	50%	No more than the lesser of 10% or \$25 million invested with any one issuer or in any one security
Corporate Equities / Funds	10%	No more than the lesser of 10% or \$25 million invested with any one issuer or in any one security
Mortgages - Agency	50%	No more than the lesser of 10% or \$25 million invested with any one issuer or in any one security
Mortgages - CMBS	20%	No more than the lesser of 10% or \$25 million invested with any one issuer or in any one security
Collateralized Loan Obligations	20%	No more than the lesser of 10% or \$25 million invested with any one issuer or in any one security
Guaranteed Investment Contracts ("GICs")	20%	No more than the lesser of 10% or \$25 million invested with any one issuer or in any one security
Intercompany Loans	75%	No more than the value of portfolio

K. Duration

Investment durations should be less than five years.

L. Performance

The performance of the portfolio will be benchmarked against the Bloomberg Aggregate Index for fixed income securities and the S&P 500 Index and MSCI EAFE Index for domestic and international equities, respectively.

M. Accounting Considerations

Securities shall be selected based on their after-tax returns, without distinction between principal and income. Bonds may be purchased at a premium or discount from par.

N. Regulatory Compliance

The Company is required to maintain unimpaired paid-in capital and surplus of \$250,000 in the form of cash or cash equivalents. The Company will maintain such unimpaired capital and surplus at all times in such permitted investments.

O. Other Issues

1. All fixed income investments must be denominated in US dollars.
2. The manager shall not be required to sell any portfolio holding if an adverse change (such as a rating downgrade) renders the issue ineligible pursuant to these guidelines.
3. Exceptions to policy must be reported to Risk Management and may be waived by the Chief Financial Officer of the Company, and include a plan to move back into compliance at a reasonable time.

P. Reserve Account Permitted Investments

Should the Company decide or be required to hold a Reserve Account, the balance of this Reserve Account should be equal to the net of the actuarial determined losses (Outstanding Loss and Incurred but Not Reported Loss Reserves). The Company may invest the funds of this Reserve Account in the following types of investments. Any investments not specifically included in this list are not permitted without specific authorization from the Company's Board of Directors.

1. All United States government securities and United States agency debt obligations / Direct obligations of or obligations guaranteed by the United States of America or the State of New York;
2. Bonds, debentures, notes or other obligations issued or guaranteed by any of the following: Federal National Mortgage Association (including Participation Certificates), Government National Mortgage Association, Federal Financing Bank, Federal Home Loan Mortgage Corporation and Federal Home Loan Banks, Federal Housing Administration, Federal Farm Credit Banks Funding Corporation, Federal Farm Credit Banks, Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Farmer Mac, Tennessee Valley Authority (“TVA”), Export-Import Bank of the United States (“EXIM”) or any other agency controlled or supervised by and acting as an instrumentality of the United States government;
3. Repurchase agreements collateralized by United States Treasury Securities and United States Federal Agency debt; and
4. Money market demand and FDIC insured certificate of deposit accounts of FDIC/Federal Reserve-regulated banks that are investment grade or better as rated by a nationally recognized statistical ratings organization (“NRSRO”), not to exceed bank deposit insurance limits. Authorized Investments purchased by the Company or collateral securing its investments shall be deposited only with custodians designated by the Company. In lieu of traditional cash or security collateral, the Company may accept municipal letters of credit (“MULOC”) issued by the FHLB or other federal agency. Such custodians shall be Banks that are members of the Federal Reserve System transacting business in the State of New York or creditworthy banks or trust companies authorized to do business in the State of New York.

RESOLUTION OF THE BOARD OF DIRECTORS

OF

NYPA CAPTIVE INSURANCE COMPANY

Management of Captive Banking Relationships

RESOLVED, That, the following authorizations are established with respect to the national or state banks (hereinafter referred to individually as the “Bank”) or trust companies organized under the laws of any state (hereinafter referred to individually as the “Trust Company”) that may be designated as a depository of the NYPA Captive Insurance Company and the execution of account-related agreements or documents on behalf of the NYPA Captive Insurance Company:

1. The establishment, maintenance or closing of bank accounts, including depository and custody accounts, for and in the name of the NYPA Captive Insurance Company with any Bank or Trust Company shall be authorized by the Treasurer or the Secretary of the NYPA Captive Insurance Company with concurrence by one of the following: the President and Chief Executive Officer or the Chief Financial Officer of the NYPA Captive Insurance Company;
2. The Chief Financial Officer, the Treasurer and the Secretary of the NYPA Captive Insurance Company, or such other individual(s) as may be designated by the Treasurer with the concurrence of the Chief Financial Officer, are hereby authorized to: (i) sign checks, drafts and other items for withdrawal or deposit of monies for and on behalf of the NYPA Captive Insurance Company, and (ii) initiate the transfer of monies by wire or otherwise for the payment or withdrawal of funds, for and on behalf of the NYPA Captive Insurance Company;
3. The Chief Financial Officer and the Treasurer of the NYPA Captive Insurance Company are hereby authorized to sign checks with a facsimile signature for the withdrawal of monies from NYPA Captive Insurance Company accounts;
4. The Chief Financial Officer, the Treasurer and the Secretary of the NYPA Captive Insurance Company or such other individuals as may be designated by

the Treasurer, are authorized to invest and reinvest monies in the account for, and on behalf of, the NYPA Captive Insurance Company; and

5. Execution of agreements, certificates, indemnities and other documents related to conducting business with the Bank or Trust Company may be authorized by the Treasurer or Secretary of the NYPA Captive Insurance Company with the concurrence of one of the following: the President and Chief Executive Officer or the Chief Financial Officer; and it be further

RESOLVED, That the Chair, President and Chief Executive Officer and all other officers of the NYPA Captive Insurance Company be, and each of them hereby is, authorized on behalf of the NYPA Captive Insurance Company to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution.

3. Next Meeting

Acting Chairperson McKibben stated that the next meeting of the NYPA Captive Insurance Company's Board of Directors is to be determined.

Closing

On motion made by Member Michael Balboni and seconded by Member Dennis Trainor, the meeting was adjourned at approximately 9:59 a.m.

Karen Delince

Karen Delince
Corporate Secretary - NYPA