

POWER AUTHORITY OF THE STATE OF NEW YORK

Excerpts from the minutes of a regular meeting of the Power Authority of the State of New York (the “Authority”) held at the Authority’s offices at 123 Main Street, White Plains, New York 10601, on Tuesday, July 26, 2011 at 11:00 A.M.

There were present:

Michael J. Townsend, Chairman
Jonathan F. Foster, Vice Chairman
D. Patrick Curley
John S. Dyson
R. Wayne LeChase
Hon. Eugene L. Nicandri
Mark O’Luck

constituting a majority of the trustees and a quorum.

Also present were:

Richard M. Kessel, President and Chief Executive Officer
Gil C. Quiniones, Chief Operating Officer
Edward A. Welz, Executive Vice President and Chief
Engineer–Power Supply
Francine Evans, Executive Vice President, Chief
Administrative Officer and Chief of Staff
Elizabeth McCarthy, Executive Vice President, Chief
Financial Officer
Donald A. Russak, Senior Vice President–Corporate
Planning and Finance
Brian C. McElroy, Treasurer
Judith C. McCarthy, Acting General Counsel
Timothy P. Sheehan, Special Counsel
Karen Delince, Corporate Secretary

Mr. Townsend, Chairman, presided and Karen Delince, Corporate Secretary, kept the minutes.

NINTH SUPPLEMENTAL RESOLUTION ADOPTED OCTOBER 26, 2010

On October 26, 2010, the Authority considered a plan of finance and adopted the Ninth Supplemental Resolution (the “Ninth Supplemental Resolution”) for various purposes stated therein. The Trustees now wish to consider amending the Ninth Supplemental Resolution by adopting the Amended and Restated Ninth Supplemental Resolution Authorizing Series 2011 Revenue Bonds (the “Amended and Restated Ninth Supplemental Resolution”) for the purposes further described herein.

PLAN OF FINANCE IN CONNECTION WITH THE ISSUANCE OF DEBT

The Chairman stated that the next matter to be presented at the meeting was consideration of a plan of finance which would be implemented for purposes revised from those of the Ninth Supplemental Resolution and restated as follows: (i) to refund up to \$77,215,000 of the Authority’s Series 2000 A Revenue Bonds; (ii) to refund up to \$41,720,000 of the Authority’s Series 2002 A Revenue Bonds; (iii) to refund up to \$200,000,000 of the Authority’s Commercial Paper Notes and/or Extendible Municipal Commercial Paper Notes (collectively, the “Commercial Paper Notes”) which are presently outstanding in the aggregate amount of approximately \$620,000,000; and (iv) pay financing costs related to the issuance of the Authority’s debt obligations, including underwriters’ discount, structuring fees, any insurance premiums, credit enhancement or liquidity fees related to obtaining any municipal bond insurance policy, other credit enhancement or liquidity facilities determined to be necessary or desirable, swap terminations and other costs incurred by the Authority in connection therewith.

PROPOSED ISSUANCE OF ONE OR MORE SERIES OF 2011 REVENUE BONDS

In furtherance of such purposes, the Authority proposes to issue one or more series of 2011 Revenue Bonds (the “Series 2011 Bonds”), in an aggregate principal amount of not more than \$341,000,000. The Authority proposes to issue the Series 2011 Bonds either as fixed rate or variable rate bonds or a combination thereof. To the extent that fixed rate bonds are issued, the Series 2011 Bonds will have a true interest cost not to exceed 5.25 percent. Any variable rate Series 2011 Bonds will have an initial interest rate not to exceed 5.25 percent. In connection with the Series 2011 Bonds, the Authority may enter into one or more interest rate exchange agreements in accordance with its Policy for the Use of Interest Rate Exchange Agreements adopted on January 25, 2011 relating to such agreements.

Implementation of any refunding will depend upon market conditions and other factors. To effect the refunding, the Authority expects to issue the Series 2011 Bonds either as fixed rate or variable rate bonds or a combination thereof.

AUTHORIZATION OF SERIES 2011 REVENUE BONDS

The Chairman stated that a matter to be presented at the meeting was consideration of the advisability of adopting the Amended and Restated Ninth Supplemental Resolution, which authorizes the issuance of one or more series of Series 2011 Bonds in an aggregate principal amount of not more than \$341,000,000 for the purposes of implementing the proposed Plan of Finance. The respective principal amounts of any series of the Series 2011 Bonds will be determined at the time of the pricing of such Bonds, subject to the overall cap stated above.

On motion duly made and seconded, the Amended and Restated Ninth Supplemental Resolution (attached hereto as **Exhibit 1**), together with such subsequent changes, insertions, deletions and amendments thereto as the Chairman or President and Chief Executive Officer of the Authority may approve which shall be deemed to be part of such resolutions as adopted, was adopted.

CONTRACT OF PURCHASE, PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT FOR SERIES 2011 REVENUE BONDS

The President and Chief Executive Officer advised that one or more Contracts of Purchase would be entered into with underwriters selected by the Chairman, President and Chief Executive Officer or Executive Vice President and Chief Financial Officer from a prequalified underwriting pool of Senior Managers, Co-Managers and Selling Group members approved by the Trustees at the September 28, 2010 Board Meeting (the "Prequalified Underwriting Pool"). Such Contracts of Purchase will be in substantially the form of the Contract of Purchase previously entered into in connection with the sale of the Authority's \$602,445,000 aggregate principal amount of Series 2007 A, Series 2007 B and Series 2007 C Revenue Bonds (the "Series 2007 Bonds"). The Chairman also presented a draft form of the Preliminary Official Statement relating to the Series 2011 Bonds (attached hereto as **Exhibit 2**). Thereupon, on motion duly made and seconded, the following resolutions were adopted:

RESOLVED, that one or more series of the Series 2011 Bonds shall be sold, subject to the limitations described below, to underwriters selected by the Chairman, President and Chief Executive Officer or Executive Vice President and

Chief Financial Officer from the Prequalified Underwriting Pool, at such prices, with accrued interest, if any, on such Bonds from the date of issue of said Bonds to the date of delivery and payment for said Bonds, as the Chairman, President and Chief Executive Officer or Executive Vice President and Chief Financial Officer may accept and as will be in compliance with the requirements of the Amended and Restated Ninth Supplemental Resolution, pursuant to a Contract of Purchase, in substantially the form of the Contract of Purchase relating to Authority's Series 2007 Bonds, as such Contract may be modified as hereinafter provided, and upon the basis of the representations therein set forth; and

FURTHER RESOLVED, that the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, Senior Vice President–Corporate Planning and Finance, Treasurer and Deputy Treasurer be, and each of them hereby is, authorized on behalf of the Authority, subject to the limitations described below, to execute one or more Contracts of Purchase substantially in the form entered into in connection with the Authority's Series 2007 Bonds, providing for the sale of one or more series of the Bonds to said purchasers, with such changes, insertions, deletions, amendments and supplements as the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, Senior Vice President–Corporate Planning and Finance, Treasurer or Deputy Treasurer may approve, subject to the requirements of the Amended and Restated Ninth Supplemental Resolution, and to deliver it to said purchasers; and that said officers and all other officers of the Authority are hereby authorized and directed to carry out or cause to be carried out all obligations of the Authority set forth in said Contracts of Purchase upon execution thereof and that the execution of the Contracts of Purchase relating to the Series 2011 Bonds by said authorized officers be conclusive evidence that any conditions imposed by the Trustees have been satisfied and the sale and issuance of the Series 2011 Bonds has been authorized by the Authority's Board of Trustees; and

FURTHER RESOLVED, that the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, Senior Vice President–Corporate Planning and Finance, Treasurer and Deputy Treasurer or specially designated persons be, and each of them hereby is, authorized to make such changes, insertions, deletions, amendments and supplements, to or from the draft form of the Preliminary Official Statement relating to the Series 2011 Bonds as may be approved by any such officer, and upon the completion of any such modifications, such officer is authorized to execute such certificates as may be requested by the underwriters to certify on behalf of the Authority that such Preliminary Official Statement is “deemed final” for purposes of Rule 15c2-12

under the Securities Exchange Act of 1934, subject to the omission of such information as is permitted by such Rule. The distribution of one or more Preliminary Official Statements relating to the Series 2011 Bonds is hereby approved to all interested persons in connection with the sale of such Bonds; and

FURTHER RESOLVED, that the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer or Senior Vice President–Corporate Planning and Finance, and each of them hereby is, authorized to adopt and execute on behalf of the Authority one or more final Official Statements of the Authority relating to the Bonds, in such form and substance as the Chairman or President and Chief Executive Officer deems necessary or desirable, and the delivery of said Official Statement to the purchasers of said Bonds is hereby authorized, and the Authority hereby authorizes said Official Statement and the information contained therein to be used in connection with the sale and delivery of the Series 2011 Bonds; and

FURTHER RESOLVED, that, if it is determined to be necessary or advisable, the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, Acting General Counsel, Senior Vice President–Corporate Planning and Finance, Treasurer, Deputy Treasurer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority to obtain one or more bond insurance policies, credit enhancement facilities or liquidity facilities for each series of the Series 2011 Bonds with such terms and conditions as such officer deems necessary or advisable, and which the President and Chief Executive Officer or Executive Vice President and Chief Financial Officer may select, covering scheduled payments of principal of and interest on such Bonds, including mandatory sinking fund redemption payments; and

FURTHER RESOLVED, that, if it is determined to be necessary or advisable, the Chairman, the President and Chief Executive Officer, and the Executive Vice President and Chief Financial Officer be, and each of them hereby is, authorized on behalf of the Authority to enter into one or more interest rate exchange agreements relating to any Series 2011 Bonds in a notional amount not greater than the principal amount of the related Series 2011 Bonds, with such terms and conditions and with such counterparties as such officer deems necessary or advisable; and

FURTHER RESOLVED, that the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, Acting General Counsel, Senior Vice President–Corporate Planning and Finance, Treasurer, Deputy 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, including but not limited to those actions, certificates, agreements and other documents described in the Amended and Restated Ninth Supplemental Resolution, the Contracts of Purchase and the other documents approved today or required in connection with the obtaining of one or more bond insurance policies, credit enhancement facilities, or liquidity facilities, which they, or any of them, may deem necessary or advisable in order to (i) consummate the lawful sale, issuance and delivery of the Series 2011 Bonds; (ii) implement any action permitted to be taken by the Authority under the Amended and Restated Ninth Supplemental Resolution, the Contracts of Purchase and the other agreements and documents approved today following the issuance of the Series 2011 Bonds; and (iii) effectuate the purposes of the transactions and documents approved today.

APPOINTMENT OF REGISTRAR, PAYING AGENT AND ESCROW AGENT UNDER GENERAL RESOLUTION

RESOLVED, that The Bank of New York Mellon is hereby appointed as Registrar and Paying Agent for the Series 2011 Bonds under the General Resolution, as Escrow Agent for the refunded Series 2002 A Bonds and as Escrow Agent for the refunded Series 2000 A Bonds and the Commercial Paper Notes to the extent an escrow account is established for such refunded Series 2000 A Bonds and Commercial Paper Notes.

AUTHORIZATION OF CONTINUING DISCLOSURE AGREEMENTS

RESOLVED, that the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, Senior Vice President–Corporate Planning and Finance, Treasurer, and Deputy Treasurer be, and each of them hereby is, authorized to execute one or more Continuing Disclosure Agreements relating to the Series 2011 Bonds, between the Authority and The Bank of New York Mellon, as Trustee under the General Resolution, in substantially the form of the continuing disclosure agreement executed by the Authority in connection with the issuance of the Authority’s Series 2007 Bonds, each with such changes, insertions, deletions, and supplements, as such authorized

executing officer deems in his or her discretion to be necessary or appropriate, including, without limitation, such changes as are necessary to conform to recent amendments to Rule 15c2-12 under the Securities Exchange Act of 1934, such execution to be conclusive evidence of such approval.

ESCROW DEPOSIT AGREEMENTS

RESOLVED, that the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, Senior Vice President–Corporate Planning and Finance, Treasurer, and Deputy Treasurer be, and each of them hereby is, authorized on behalf of the Authority to execute one or more Escrow Deposit Agreements between the Authority and The Bank of New York Mellon, for the purpose of accomplishing the refunding of all or a portion of the Series 2000 A Bonds, the Series 2002 A Bonds, and the Commercial Paper Notes in accordance with the Amended and Restated Ninth Supplemental Resolution, such execution to be conclusive evidence of such approval.

RESOLVED, that the President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer, the Senior Vice President–Corporate Planning and Finance, the Treasurer, the Deputy Treasurer, and all other Authority officers be, and each of them hereby is, authorized 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 to effectuate the foregoing resolution, subject to the approval of the form thereof by the Acting General Counsel.

AGREEMENTS FOR BOND AND SPECIAL COUNSEL SERVICES

RESOLVED, that the Acting General Counsel be, and hereby is, authorized on behalf of the Authority to execute letter agreements between the Authority and the law firm of Hawkins Delafield & Wood LLP for the provision by such firm of bond counsel services to the Authority, and with the law firm of Nixon Peabody LLP for the provision by such firm of special counsel services to the Authority, all in connection with the Series 2011 Bonds and the related transactions authorized hereby, with such agreements having such terms and conditions as the Acting General Counsel may approve.

**AUTHORIZATION OF USE OF OPERATING FUND MONIES FOR
RETIREMENT OF COMMERCIAL PAPER NOTES**

RESOLVED, that the Executive Vice President and Chief Financial Officer, Senior Vice President–Corporate Planning and Finance, Treasurer and Deputy Treasurer be, and each of them hereby is, authorized to use up to an aggregate amount of \$100 million of monies in the Operating Fund for the purpose of retiring Commercial Paper Notes, provided, however, that as a condition to such use, the Executive Vice President and Chief Financial Officer, Senior Vice President–Corporate Planning and Finance, Treasurer or Deputy Treasurer shall have determined and shall certify that the monies to be so used are not then needed for any of the purposes specified in clause (a) or (b) of Section 503.1 of the General Resolution.

ADDITIONAL AUTHORIZATIONS

RESOLVED, that the Chairman, President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, Acting General Counsel, Senior Vice President–Corporate Planning and Finance, Treasurer, Deputy 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, which they, or any of them, may deem necessary or advisable in order to effectuate the foregoing resolutions.

RESOLVED, that upon the effective date of the President and Chief Executive Officer’s resignation, the Acting President and Chief Executive Officer shall be, and hereby is, authorized and directed to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents which the President and Chief Executive Officer is authorized and directed to do, undertake or execute pursuant to the foregoing resolutions.

EXHIBITS

- Exhibit 1: Amended and Restated Ninth Supplemental Resolution Authorizing Series 2011 Bonds
- Exhibit 2: Draft of Preliminary Official Statement relating to the Series 2011 Bonds