

**MINUTES OF THE MEETING
OF
THE GOVERNANCE COMMITTEE**

July 27, 2009

A meeting of the Governance Committee was held at the Authority's office at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York, at approximately 6:05 p.m.

The following Members of the Governance Committee were present:

Trustee Eugene L. Nicandri, Chairperson
Trustee Elise M. Cusack

Also in attendance were:

<i>Richard Kessel</i>	<i>President and Chief Executive Officer</i>
<i>Gil Quiniones</i>	<i>Chief Operating Officer</i>
<i>Terryl Brown Clemons</i>	<i>Executive Vice President and General Counsel</i>
<i>Joseph Del Sindaco</i>	<i>Executive Vice President and Chief Financial Officer</i>
<i>Edward Welz</i>	<i>Executive Vice President and Chief Engineer – Power Supply</i>
<i>Bert Cunningham</i>	<i>Senior Vice President – Corporate Communications</i>
<i>Paul Finnegan</i>	<i>Senior Vice President – Government and Regulatory Affairs</i>
<i>Joan Tursi</i>	<i>Senior Vice President – Enterprise Shared Services</i>
<i>Agnes Harris</i>	<i>Vice President – Human Resources</i>
<i>Patricia Leto</i>	<i>Vice President - Procurement</i>
<i>Lesly Pardo</i>	<i>Vice President – Internal Audit</i>
<i>Karen Delince</i>	<i>Corporate Secretary</i>
<i>Angela Graves</i>	<i>Deputy Corporate Secretary</i>
<i>Brian McElroy</i>	<i>Treasurer</i>
<i>Dennis Eccleston</i>	<i>Chief Information Officer</i>
<i>Joseph Gryzlo</i>	<i>Chief Ethics and Compliance Officer</i>
<i>Jacqueline Carmody</i>	<i>Attorney I</i>
<i>Gerard Mullin</i>	<i>Director – Fuel Planning and Operations</i>
<i>Mark O'Connor</i>	<i>Director – Real Estate</i>
<i>Mary Jean Frank</i>	<i>Associate Corporate Secretary</i>
<i>Lorna Johnson</i>	<i>Assistant Corporate Secretary</i>
<i>Chuck Haddon</i>	<i>Managing Director, Navigant Consulting</i>
<i>Khai Nguyen</i>	<i>Director, Navigant Consulting</i>

1. **Minutes of the Regular Meeting of February 24, 2009**

The minutes of the Committee's meeting of February 24, 2009 were adopted.

2. Procurement and Real Estate Division Report

Ms. Patricia Leto presented an overview of the Authority's Procurement activities, with Mr. Gerard Mullin, Mr. Brian McElroy and Mr. Mark O'Connor reporting on fossil fuel purchases, corporate finance activity and acquisition and disposal of real property, respectively.

Procurement Contract Activity through June 30, 2009

- 1,571 contracts (excluding fossil fuel) greater than \$5,000 in value were active.
- The overall value of these contracts is more than \$1.16 billion, with more than \$129 million in contract expenditures for the first half of the year.
- More than 41% of the contracts are for the purchase of equipment and commodities.
- Services such as technician work and contracted personnel accounted for 35% of the contracts.
- More than 15% of the contracts are for consulting services (e.g., engineering, design, and specialized analysis).
- Approximately 9% of the contracts are for construction work.
- Based on the total value of the contracts included in the summary, approximately 94% of the total dollars expended (excluding fuels and corporate finances) were for contracts that were competitively bid
- In terms of the number of contracts processed, 69% of the contracts were competitively bid, while 31% were sole-source awards, including the purchase of highly specialized spare parts and services from original equipment manufacturers and procurement of services on an emergency basis and from proprietary sources.
- While approximately 60% of the total number of non-fuel contracts thus far in 2009 exceeded \$25,000 in value, the total value of those contracts was approximately 99.8% of the total non-fuel expenditures.
- On May 20, 2009, the "2008 Annual Report of Procurement Contracts" was certified by the Authority's Chief Financial Officer for submission to the New York State Comptroller's Public Authorities Reporting Information System in accordance with Section 2879 of the New York State Public Authorities Law.

Fuel Purchases

- In the first half of 2009, a total of \$134 million was spent on fuel purchases -- \$125 million for natural gas and related costs and \$9 million for fuel oil. These fuel purchases were carried out through 47 contracts for natural gas and fuel oil, as well as pipeline transportation and related services.
- The price of natural gas for the New York City market is about \$4 per dekatherm (the equivalent of 1 million Btus).
- The price of #6 residual fuel oil used at Poletti is currently \$65 a barrel, the #2 fuel oil used at Flynn costs \$75 a barrel and the jet/kero used at the 500 MW plant is at \$85 a barrel.
- Staff expects continued softness in fuel prices for the near term, with prices increasing going into 2010.

2. POWER AUTHORITY OF THE STATE OF NEW YORK
 REPORT OF PROCUREMENT CONTRACTS AS OF 6/30/09
 REQUIRED BY N.Y. PUBLIC AUTHORITIES LAW, SECTION 2879
 FOSSIL FUELS ADDENDUM

FACILITY: WPO FOSSIL FUELS

CONTRACT NUMBER	PROVIDER NAME	CONTRACT DESCRIPTION	T Y P E	M A	R A	O A	P A	W A	B A	I S	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 6/30/2009	CONTRACT BALANCE	DATE OF CONTRACT	O / C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
FD-2008-10	UNITED ENERGY TRADING, LLC 227 Monroe Tpke Suite 3F Monroe CT 06468	Natural Gas Purchase	E	B			F			24	\$1,714,971	\$1,714,971	\$1,714,971	\$0	11/19/2008	O	*	
FD-2008-11	ALLIED ENERGY RESOURCES CORPORATION 1330 Post Oak Blvd Suite 2200 Houston, TX 77056	Natural Gas Purchase	E	B			F			24	\$1,350,259	\$1,350,259	\$1,350,259	\$0	12/01/08	O	*	
FD-2007-09	ENJET, INC 5373 West Alabama- Suite 502 Houston, TX 77056	Natural Gas Purchase	E	B			F			24	\$101,984,337	\$101,984,337	\$14,595,410	\$0	3/21/2007	O	*	
FD-01-23	SEMPRA 58 Commerce Road Stamford, CT 06902	Natural Gas Purchase	E	B			F			24	\$168,290,671	\$168,290,671	\$2,265,273	\$0	12/01/01	O	*	
FD-01-28	nationalgrid One Metro Center Brooklyn, NY 11201 100 E Old County Rd Hicksville, NY 11801	Transport & Balancing Service	E	B			F				\$22,608,536	\$22,608,536	\$126,295	\$0	07/13/01	C	02/28/09	
FD-2009-03	nationalgrid -LI (Flynn) 100 E Old County Rd Hicksville, NY 11801	Balancing Service	E	S			O			F	\$550,000	\$550,000	\$550,000	\$0	01/01/09	O	12/31/14	
FD-2009-04	nationalgrid -LI (Flynn) 100 E Old County Rd Hicksville, NY 11801	Transport Service	E	S			O			F	\$1,185,042	\$1,185,042	\$1,185,042	\$0	01/01/09	O	12/31/14	
FD-2009-05	nationalgrid-NY(GKP) One Metrotech Center Brooklyn, NY 11201	Transport Service	E	S			O			F	\$68,957	\$68,957	\$68,957	\$0	03/01/09	O	03/31/14	
FD-2009-06	nationalgrid -LI(Brentwood) 100 E Old County Rd Hicksville, NY 11801	Transport Service	E	S			O			F	\$3,779	\$3,779	\$3,779	\$0	03/01/09	O	03/31/14	
FD-2002-11	PSEG ENERGY RESOURCES 80 Park Plaza Fl T19 Newark, NJ 07102	Natural Gas Purchase	E	B			F			24	\$11,017,721	\$11,017,721	\$0	\$0	11/01/02	O	*	

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FD-2003-09	J. ARON 85 Broad Street New York, NY 10004	Natural Gas Purchase	E	B							24	\$83,241,402	\$83,241,402	\$0	\$0	04/22/03	O	*	
FD-2003-10	BP ENERGY COMPANY 501 WestLake Park Houston, TX 77253	Natural Gas Purchase	E	B							24	\$150,252,874	\$150,252,874	\$171,370	\$0	10/01/04	O	*	
FD-2003-12	CONSTELLATION POWER SOURCE 111 MARKET STREET BALTIMORE, MD 21202	Natural Gas Purchase	E	B							24	\$55,860,651	\$55,860,651	\$0	\$0	06/09/03	O	*	
FD-2003-15	VIRGINIA POWER ENERGY MARKETING P. O. Box 25773 Richmond, VA 23360	Natural Gas Purchase	E	B							24	\$435,587,386	\$435,587,386	\$17,710,550	\$0	07/11/03	O	*	
FD-2004-08	SHELL ENERGY NA (formerly) CORAL ENERGY 909 Fannin Plaza Houston, TX 77010	Natural Gas Purchase	E	B							24	\$43,810,381	\$43,810,381	\$7,731,314	\$0	04/01/04	O	*	
FD-2004-09	SOUTHWEST ENERGY LP Two Greenway Plaza Houston, TX 77046	Natural Gas Purchase	E	B							24	\$179,461,649	\$179,461,649	\$0	\$0	06/01/04	O	*	
FD-2004-14	ONEOK ENERGY SERVICES CO. 100 West Fifth Street Tulsa, OK 74103	Natural Gas Purchase	E	B							24	\$75,233,650	\$75,233,650	\$7,483,177	\$0	11/01/04	O	*	
FD-2005-02	BOSS ENERGY LTD 20445 State Hwy 249 Houston, TX 77070	Natural Gas Purchase	E	B							24	\$72,454,503	\$72,454,503	\$2,571,133	\$0	01/25/05	O	*	
FD-2005-12	NJR ENERGY SERVICES CO. 1415 Wyckoff Road Wall, NJ 07719	Natural Gas Purchase	E	B							24	\$90,769,092	\$90,769,092	\$7,480,549	\$0	09/01/05	O	*	
FD-2006-03	UBS AG / UBS ENERGY LLC 677 Washington Blvd Stamford, CT 06901	Natural Gas Purchase	E	B							24	\$118,166,517	\$118,166,517	\$10,031,124	\$0	07/28/06	O	*	
FD-2006-05	PETROCOM VENTURES LTD 1616 S Voss Suite 945 Houston, TX 77057	Natural Gas Purchase	E	B							24	\$44,715,916	\$44,715,916	\$0	\$0	07/21/06	O	*	
FD-2006-07	TEXAS GAS TRANSMISSION 3800 Frederica Street Owensboro, KY 42304	Firm Gas Transport/Demand Agreement	S	S								\$11,418,611	\$11,418,611	\$1,675,836	\$0	07/01/06	O	10/31/17	
FD-2006-08	DOMINION TRANSMISSION 120 Tredegar Street Richmond, VA 23219	Firm Gas Transport/Demand Agreement	S	S								\$7,901,229	\$7,901,229	\$1,328,578	\$0	07/01/06	O	10/31/17	

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FD-2006-09	TRANSCONTINENTAL GAS PIPELINE (TGPL. 5316) Houston, TX 77216	Firm Gas Transport/Demand Agreement	S	S			F							\$4,415,608	\$4,415,608	\$708,122	\$0	08/04/06	O	03/31/17	
FD-2006-12	TENASKA MARKETING VENTURES 11718 Nicholas Street Omaha, NE 68154	Natural Gas Purchase	E	B			F						24	\$8,554,067	\$8,554,067	\$563,825	\$0	10/01/06	O	*	
FD-2007-08	SPARK ENERGY GAS, LP (Formerly Utility Resources Solutions) 2603 Augusta Drive Suite 1400 Houston, TX 77057	Natural Gas Purchase	E	B			F						24	\$70,518,029	\$70,518,029	\$4,548,898	\$0	02/14/07	O	*	
FD-2007-10	ASTORIA GENERATING COMPANY, LP 18-01 20th Avenue Astoria, New York 11105	Oil Delivery Labor Fees	S	S			F							\$34,302	\$34,302	\$3,780	\$0	7/17/2006	O	*	
FD-2008-01	eCORP ENERGY MARKETING TEN THOUSAND MEMORIAL Houston, TX 77024-3410	Natural Gas Purchase	E	B			F						24	\$72,450	\$72,450	\$0	\$0	02/01/08	O	*	
FD-2008-02	CIMA-ENERGY LTD. 1221 McKinney Houston, Tx 77010	Natural Gas Purchase	E	B			F						24	\$12,476,972	\$12,476,972	\$2,589,488	\$0	03/01/08	O	*	
FD-2008-05	SEQUENT ENERGY MGT 1200 Smith Street Houston, TX 77010	Natural Gas Purchase	E	B			F						24	\$25,458,507	\$25,458,507	\$4,756,656	\$0	03/01/08	O	*	
FS-90-33	NORTHVILLE INDUSTRIES CORP (Formerly TOSCO PIPELINE COMPANY) 25 Melville Park Rd Melville, NY 11747	Oil Storage Agmt (SETAUKET)	E	S			F							\$10,686,192	\$10,686,192	\$331,995	\$0	04/01/94	O	09/30/13	
FS-90-34	NORTHVILLE INDUSTRIES CORP (Formerly TOSCO PIPELINE COMPANY) 25 Melville Park Rd Melville, NY 11747	Oil Storage Agmt. (HOLTSVILLE)	E	S			F							\$3,507,696	\$3,507,696	\$93,702	\$0	10/01/93	O	09/30/13	
FS-94-17	MERRILL LYNCH (Formerly ENTERGY-KOCH TRADING (FORMERLY KOCH)) 20 E Greenway Plaza Houston, TX 77046	Natural Gas Purchase	E	B			F						24	\$250,831,263	\$250,831,263	\$1,422,423	\$0	07/01/94	O	*	

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FS-97-22	COLONIAL ENERGY 2 Riverway Suite 2000 Houston, TX 77056	Natural Gas Purchase	E	B		F		24	\$373,119,800	\$373,119,800	\$22,023,204	\$0	05/01/97	O	*	
FD-2008-09	CON EDISON, INC. (Balancing & Demand) 4 Irving Place New York, NY 10003	Transport & Balancing Service	E	S		F			\$6,071,586	\$6,071,586	\$2,563,164	\$0	08/01/08	O	01/31/10	
FS-97-26	CON EDISON, INC. (Balancing & Demand) 4 Irving Place New York, NY 10003	Transport & Balancing Service	E	B		F			\$66,364,706	\$66,364,706	4,267,560	\$0	06/01/97	C	07/31/08	
FD-2008-06	MACQUARIE COOK ENERGY 10100 Santa Monica Blvd los Angeles, CA 90067	Natural Gas Purchase	E	B		F		24	\$4,187,964	\$4,187,964	\$3,471,001	\$0	07/01/08	O	*	
FD-2008-12	eSERVICES, LLC 4461 Cox Road, Suite 113, Glenn Allen, Virginia 23060	Natural Gas Purchase	E	B		F		24	\$505,980	\$505,980	\$475,480	\$0	12/01/08	O	*	
FD-2007-14	AMSPEC SERVICES LLC 360 East Elisabeth Avenue Linden,NJ 07036	Oil Inspectors	S	B		F			\$2,629	\$2,629	\$1,085	\$0	01/01/08	O	12/31/10	
FD-2007-15	SAYBOLT LP 6316 Windfarm, Room 211 Houston Texas 77040	Oil Inspectors	S	B		F			\$3,967	\$3,967	\$877	\$0	01/01/08	O	12/31/10	
FD-2009-01	VITOL, INC 1100 Louisiana, Suite 5500 Houston, TX 77002	OIL PURCHASE	E	B		F		24	\$5,340,241	\$5,340,241	\$5,340,241	\$0	01/21/09	C	01/27/09	01/27/09
FD-2009-02	GEORGE E WARREN CO 3001 Ocean Drive Vero Beach, FL 32963	OIL PURCHASE	E	B		F		23	\$3,053,394	\$3,053,394	\$3,053,394	\$0	01/20/09	C	01/27/09	01/27/09

FUELS TOTALS \$2,522,853,483 \$2,522,853,483 \$134,258,508

NOTE:

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

(1) Natural gas purchase transactions are effected, as needed, based on current prices and requirements, using the previously agreed upon general terms and conditions.

Corporate Finance Activity

In the first half of 2009, \$1.2 million was paid for non-procurement unique and specialized services requiring a broad depth of knowledge and expertise that are provided by a limited group of firms. The non-procurement items include trustees and paying agent services, commercial paper remarketing services, escrow agent services and fees paid for revolving credit agreements supporting the Authority's Commercial Paper Programs and Adjustable Rate Tender ("ART") Notes. In response to a question from Chairman Nicandri, Mr. McElroy said that the total amount spent for the whole year would be roughly double the amount spent in the first half of the year. Responding to a question from Mr. Quiniones, Mr. McElroy said that the auction rate security market is disappearing and that the Authority had refunded two of its programs in this market, switching to commercial paper instead.

7/22/2009

CORPORATE FINANCE: WPO

3. POWER AUTHORITY OF THE STATE OF NEW YORK
 REPORT OF PROCUREMENT CONTRACTS AS OF 6/30/09
 REQUIRED BY N.Y. PUBLIC AUTHORITIES LAW, SECTION 2879
 CORPORATE FINANCE ADDENDUM

PROVIDER NAME	CONTRACT DESCRIPTION	T Y P E	M R O A	B W I A	CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 6/30/2009	DATE OF CONTRACT	O C	PROJ \ COMPLETE DATE	DATE CONTRACT COMPLETE
Bank of New York (formerly JPMorgan) 101 Barclay Street New York, NY 10286	Trustee/Paying Agent Services on Bonds	S	C	9	279,317	279,317	9,250	2/24/1998	O	*	
Bank of New York (formerly JPMorgan) 101 Barclay Street New York, NY 10286	Trustee- ARTN	S	C	9	137,384	137,384	10,574	9/2/2003	O	3/1/2020	
Bank of New York (formerly JPMorgan) 101 Barclay Street New York, NY 10286	Trustee- Commercial Paper	S	S	9	31,009	31,009	14,315	10/2/2006	O	*	
Bank of Nova Scotia One Liberty Plaze, 26th Fl. New York, NY 10006	Revolving Line of Credit for ARTN	S	C	9	1,300,901	279,094		9/4/2007	O	9/1/2015	
Barclays Capital (assigned from Lehman Bros.) ** 745 Seventh Avenue New York, NY 10019	Re-marketing Agent CP-1	S	C	9	683,151	683,151	78,974	7/14/1994	O	*	
Barclays Capital (assigned from Lehman Bros.) 745 Seventh Avenue New York, NY 10019	Re-marketing Agent CP-3	S	S	9	10,775	10,775	2,775	6/26/2008	O	*	
Citigroup 390 Greenwich Street New York, NY 10013	Re-marketing Agent CP-2	S	C	9	387,663	387,663	20,993	12/4/1997	O	*	
Fiduciary Communications / Source Media One Whitehall, 9th Floor New York, NY 10004	Bond Calls Printed in Wall St. Journal and Bond Buyer	S	C	9	298,913	298,913	46,778	11/24/2003	O	*	
Goldman, Sachs & Co. 85 Broad Street New York, NY 10004-2456	Re-marketing Agent CP-2 and 3	S	C	9	817,744	817,744	47,152	12/4/1997	O	*	
Goldman, Sachs & Co. 85 Broad Street New York, NY 10004-2456	Re-marketing EMCP	S	C	9	303,464	303,464	27,234	3/4/2003	O	*	
Goldman, Sachs & Co. ** 85 Broad Street New York, NY 10004-2456	ART Notes Remarketing	S	C	9	1,553,635	1,553,635	23,500	5/15/1985	O	3/1/2020	
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Re-marketing Agent CP-2	S	C	9	115,074	115,074	17,788	6/28/2001	O	*	
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Re-marketing Agent CP-3	S	C	9	518,352	518,352	19,975	12/4/1997	O	*	
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Escrow Agent POCR/CASP & LMEI Funds	S	C	9	435,481	435,481	22,010	5/30/1996	O	*	

7/22/2009

CORPORATE FINANCE: WPO

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 CORPORATE FINANCE ADDENDUM

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JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Revolving Line of Credit 2008	S	C	9	N	2	4,867,222	2,367,917	798,611	1/7/2008	O	1/31/2011	
RBC Capital Markets ** 1211 Avenue of the Americas New York, NY 10036	Re-marketing Agent CP-1	S	C	9	N		57,779	57,779	5,935	7/14/1994	O	*	
US Bank 60 Livingston Avenue St. Paul, MN 55107	Bond Trustee Fee	S	C	9	N		284,438	284,438	8,277	1/1/1999	O	*	
	Total Financial Service Agreements						12,082,302	8,561,190	1,154,141				
	Total Number of Agreements						17						

NOTES:

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

** Expense History only available from 1997

Supplier Diversity Program

- Through the first half of the year, the Authority awarded \$21.9 million (or 21.8% of its reportable expenditures) on contracts with certified M/WBEs, representing both direct contracts and subcontracts and including construction-related work.
- The Authority's annual goal for the use of New York State Certified Minority/Women-Owned Businesses ("M/WBEs") is 6% of its non-specialty procurements. The Authority does not include specialty procurements such as turbine runners, transformers, circuit breakers, other large electrical equipment, natural gas and other specialized goods and services since there are no M/WBEs available to provide these goods and services.
- The Authority continues an active outreach program with various M/WBE organizations and trade associations. The Authority hosted its Annual Purchasing Exchange on June 18th in the White Plains Office. More than 260 representatives of M/WBEs attended and met with representatives of about 36 New York State, federal, New York City and local government entities, as well as private companies. The venue will most likely be changed next year due to the overwhelming success of the event.

In response to a question from Governance Committee Chairman Eugene Nicandri, Ms. Leto said that the M/WBE expenditures were significantly higher than at the midpoint of previous years because many of the vendors for the Authority's energy efficiency work had finally submitted invoices for their work. Mr. Gil Quiniones said that the Procurement team does a great job in the M/WBE area and Mr. Joseph Del Sindaco said that staff has done a lot of outreach to M/WBE firms. Ms. Leto cited Ms. Debra White, the Manager of the Authority's Supplier Diversity Program, as the person responsible for much of the Program's success. In response to a question from Trustee Elise Cusack, Ms. Leto said that the Program is designed to give M/WBE firms the opportunity to bid on Authority work. She said that the Authority helps M/WBE firms obtain the necessary State certification. Responding to another question from Chairman Nicandri, Mr. Joseph Del Sindaco said that the Program had been up and running for nearly 20 years.

Disposal of Personal Property

In the first half of 2009, the Authority received nearly \$339,550 for all reportable personal property disposed of that had a value of more than \$5,000. There was only one non-fleet-related reportable personal property disposal from January through June, the sale of scrap material from the Niagara Project for approximately \$156,532. The Authority participated in one fleet-related auction during this period, which was conducted by JJ Kane Auctioneers. Such auction resulted in the sale of 48 units (including one lot of 12 trailer hitches) comprising light-duty vehicles, heavy-duty trucks and special equipment, of which 25 were greater than \$5,000 in value. The gross sale price for these 45 units was \$197,750; the net price (after commission and transportation costs were deducted) was approximately \$183,017.

In June, the Authority solicited proposals for disposal of the fourth Generator Step-Up transformer at the Blenheim-Gilboa Project; proposals were due by July 9th. Although the value of copper is significantly lower than last year due to the change in market conditions, the Authority still expects the reclamation/salvage value of the scrap copper and steel to exceed the cost of recycling/disposal.

The 2008 Public Authorities Reporting Information System report of Personal Property Disposal was successfully completed by the March 31, 2009 deadline.

POWER AUTHORITY OF THE STATE OF NEW YORK
2009 YTD REPORT OF DISPOSAL OF PERSONAL PROPERTY OVER \$5,000

DESCRIPTION	PURCHASER	SALE PRICE	PRICE RECEIVED by the Authority
SCRAP ROTOR POLES AT NIAGARA PROJECT	EDWARD ARNOLD SCRAP PROCESSORS INC	\$ 16,222.95	\$ 16,222.95
SCRAP ROTOR COILS AT NIAGARA PROJECT	NIAGARA METALS LLC	\$ 28,796.00	\$ 28,796.00
SCRAP ALUMINUM CABLES AT NIAGARA PROJECT	EDWARD ARNOLD SCRAP PROCESSORS INC	\$ 7,764.48	\$ 7,764.48
SCRAP COPPER COILS AT NIAGARA PROJECT	EDWARD ARNOLD SCRAP PROCESSORS INC	\$ 103,748.92	\$ 103,748.92
	SUBTOTAL:	\$ 156,532.35	\$ 156,532.35

POWER AUTHORITY OF THE STATE OF NEW YORK
2009 YTD REPORT OF DISPOSAL OF PERSONAL PROPERTY OVER \$5,000
FLEET OPERATIONS

DESCRIPTION	PURCHASER	SALE PRICE	Commission/ Transportation Fees	PRICE RECEIVED* by the Authority
1988 INTERNATIONAL UTILITY TRUCK	APOLLO NORTHEAST SALES & SERVICES INC	\$6,000.00	\$550.00	\$5,450.00
1998 CATERPILLAR EXCAVATOR	TOM STALA	\$19,500.00	\$1,450.00	\$18,050.00
2000 BOBCAT STEER LOADER	NORTHERN SKY FARM INC	\$14,250.00	\$912.50	\$13,337.50
2000 CHEVY K2500	DANNY ROBBINS	\$5,200.00	\$433.50	\$4,766.50
2001 DODGE D2500	ALL-PHAZE ELECTRIC INC	\$10,250.00	\$762.50	\$9,487.50
2002 CHEVY K2500	SPRAGUE'S COLLISION SERVICE	\$7,100.00	\$555.00	\$6,545.00
2002 CHEVY TAHOE	RATHBUN'S PLUMBING HEATING AND ELECTRICAL	\$7,750.00	\$561.00	\$7,189.00
2002 CHEVY TAHOE	HERBERT YANCEY	\$6,600.00	\$503.50	\$6,096.50
2002 CHEVY TAHOE	K & M OF ROME INC	\$7,100.00	\$528.50	\$6,571.50
2003 CHEVY K2500	UPSTATE AUTO SALES INC	\$5,100.00	\$428.50	\$4,671.50
2003 CHEVY K2500	JAMES BICE	\$5,750.00	\$461.00	\$5,289.00
2003 CHEVY TAHOE	D&G EQUIPMENT	\$6,750.00	\$511.00	\$6,239.00
2003 CHEVY TAHOE	CCI COMPANIES INC	\$7,000.00	\$523.50	\$6,476.50
2003 CHEVY TAHOE	PARKER'S SERVICE INC	\$5,400.00	\$443.50	\$4,956.50
2003 CHEVY TAHOE	MAJDI W HASAN	\$5,400.00	\$443.50	\$4,956.50
2003 CHEVY TAHOE	JENNALEE DENNIS	\$7,300.00	\$538.50	\$6,761.50
2003 CHEVY TAHOE	SUSAN STANTON	\$5,100.00	\$428.50	\$4,671.50
2003 CHEVY TAHOE	GREGG IACOBUCCI	\$7,400.00	\$543.50	\$6,856.50
2004 CHEVY TAHOE	REBEL AUCTIONS	\$6,400.00	\$493.50	\$5,906.50
2004 CHEVY TAHOE	REBEL AUCTIONS	\$6,400.00	\$493.50	\$5,906.50
2004 JEEP CHEROKEE	NORTHERN EQUIPMENT	\$5,500.00	\$448.50	\$5,051.50
2005 CHEVY K1500	O'CONNELL ELECTRIC INC	\$9,000.00	\$623.50	\$8,376.50

* Sale Price less commission / transportation costs

POWER AUTHORITY OF THE STATE OF NEW YORK
2009 YTD REPORT OF DISPOSAL OF PERSONAL PROPERTY OVER \$5,000
FLEET OPERATIONS

DESCRIPTION	PURCHASER	SALE PRICE	Commission/ Transportation Fees	PRICE RECEIVED* by the Authority
2005 CHEVY SUBURBAN	AFFORDABLE AUTO SERVICE & SALES LLC	\$6,600.00	\$503.50	\$6,096.50
2005 CHEVY TAHOE	REBEL AUCTIONS	\$6,400.00	\$493.50	\$5,906.50
2007 FORD F350	ALL-PHAZE ELECTRIC INC	<u>\$18,500.00</u>	<u>\$1,098.50</u>	<u>\$17,401.50</u>
	FLEET SUBTOTAL:	\$197,750.00	\$14,732.50	\$183,017.50
	+ SUBTOTAL Page 1:	\$156,532.35	-	\$156,532.35
	GRAND TOTAL:	<u>\$354,282.35</u>	<u>\$14,732.50</u>	<u>\$339,549.85</u>

* Sale Price less commission / transportation costs

Acquisition and Disposal of Real Property

- During the first half of the year, the Authority acquired 102 danger-tree permits for its Niagara-Adirondack, Fitz-Edic, Willis-Plattsburgh, Plattsburgh-Vermont, Gilboa-New Scotland and Moses-Willis-Plattsburgh lines to eliminate dangerous vegetation. In addition, the Authority acquired an easement along the Niagara – Adirondack Tie Line from a local landowners, allowing permanent rights to maintain the Authority’s rights-of-way. The Authority issued seven land-use permits for use of the Authority’s easement areas. These permits, with their accompanying insurance requirements, assure the use of the Authority’s easement consistent with the operation of its transmission lines.
- The available space in the Authority’s Clarence D. Rappleyea headquarters office building in White Plains is essentially 100% leased. During the first half of the year, the Authority entered into a long-term lease (through September 30, 2014) with the law firm of Berman Bavarro for 7,814 square feet of space in the building for an annual rent of approximately \$201,210. In addition, the Authority negotiated a Partial Surrender of Lease for the 5th floor at a price of \$1.55 million paid by JPMorgan Chas as successor to the Bank of New York. This reacquisition allows for use of the 5th floor for Authority staff.
- As part of the St. Lawrence Project relicensing Settlement Agreement in 2003, the Authority agreed to several changes in the Project boundary that would remove approximately 1,340 acres from the Project. Approximately 599 acres of the removed lands are in the process of being conveyed either to the affected local municipality or to adjoining landowners, if interested. To date, 480 of the 599 acres have been conveyed; during this reporting period, 336 acres were conveyed at no cost to the municipalities and 37 acres were conveyed in separate transactions to private landowners in 30 separate parcels. To date, the Authority has received nearly \$477,083 from the sales of properties. The monies taken in by the Authority for the private land conveyances will be returned to the affected local municipalities to fund local public projects. The Authority has paid out \$162,610 to the Town of Lisbon and \$6,460 to the Town of Massena.
- As part of the Niagara Relicensing Settlement Agreement, the Authority was obligated to convey certain properties to various entities. Transactions moving toward completion include a 53-acre parcel to be conveyed to the Tuscarora Nation, a 24-acre parcel to Niagara University and the acquisition of a 10-acre parcel from Killian Bulk Storage along the Buffalo River for storage and maintenance of the Authority’s ice boom. The Authority has signed a sublease with Empire State Development Corporation for office space at 95 Ferry Street in Buffalo that will be used by energy efficiency services and community relations staff.

Inventory

As of June 30, 2009, overall inventory levels at all of the Authority's operating facilities totaled \$85.74 million, compared to a year-end total in 2008 of \$87.71 million. The current inventory level includes \$1.7 million for field poles issued to the Niagara Rotor Poles Replacement project in February.

The design of the new Niagara Warehouse and Office Space was completed in June. The warehouse will optimize the use of volume with modern racking and an automatic retrieval system whenever possible. A Request for Proposals for construction of the new building was issued this month, with construction expected to begin in the last quarter of the year.

INVENTORY STATISTICS

As of 6/30/2009

	2009	2008	2007
<u>Total Stock Value</u>	\$85,745,826	\$87,708,512	\$76,174,488
Niagara	\$18,135,587*	\$20,110,762	\$20,146,249
ST Lawrence	\$12,027,477	\$12,358,850	\$11,060,499
Poletti	\$14,108,193	\$14,046,533	\$13,438,693
Flynn	\$12,049,007	\$12,127,802	\$12,923,618
B/G	\$ 5,773,422	\$ 5,767,508	\$ 4,990,472
500MW	\$19,496,314	\$19,197,422**	\$ 9,482,048
Clark Energy Center	\$ 4,155,826	\$ 4,099,634	\$ 4,132,909

* Includes \$1.7 million for field poles issued to the NIA Rotor Poles Replacement project in February, 2009.

** Includes \$9.0 million in capital spare parts added into inventory.

Note:

The design of the new Niagara Warehouse was completed in June 2009. The new Niagara Warehouse is designed to optimize the use of volume with modern racking and an automatic retrieval system whenever possible. An RFP for construction of the new Niagara Warehouse and Office Space will be issued in July, 2009. Construction is expected to begin in the 4th quarter of 2009.

3. Recent Developments and Status of Authority's Ethics Programs

Mr. Joseph Gryzlo provided an overview of the Ethics Office's key initiatives, saying that the principal substantive issues arising under the Ethics Law and/or the Authority's Code of Conduct since his last report to the Governance Committee on February 24, 2009, included the following:

Allegations	1
Appearance of impropriety	12
Conflicts of interest	6
Gifts	8
Outside activities	4
Outside employment	10
Post employment	6
Research projects	1

Mr. Gryzlo said that the number of annual cases in the past several years has been increasing with 55 cases to date in 2009 (the year-end total for 2008 was 80). He sees this increase as a positive sign and attributes it to enhanced communications and employees' willingness to raise issues and seek guidance relating to ethics laws and the Authority's Code of Conduct.

Financial disclosure forms were due at the New York State Commission on Public Integrity ("CPI") by May 15th. The Ethics Office facilitated required filers' ability to meet this obligation. The Authority submitted its annual honoraria filing with CPI before the June 1st deadline. This report highlights any payments to employees for outside speaking events, published written materials or travel expenses paid by an outside party for an Authority employee to attend an event unrelated to their Authority duties. During this reporting period, there was only one honorarium to report.

The Governance Committee has been asked to review and recommend for the Trustees' approval the draft revised Code of Conduct. The revised Code has been approved by executive management and is applicable to all Authority Trustees and employees. Mr. Gryzlo conducted impact bargaining with the Authority's in-house unions (IBEW Locals 2032 and 2104 and UWUA Local 1-2), which did not object to the inclusion of the Authority's bargaining unit employees as covered individuals under the revised Code. The revised Code is more user friendly than the previous version. All Trustees and employees will be required to certify on an annual basis that they have read and are in compliance with the Code's provisions. On motion duly made and seconded, the Governance Committee voted unanimously to recommend the revised Code be reviewed and approved by the full Board of Trustees.

The Ethics Office will deliver its 2009 training in the fourth quarter. The training will focus on the revised Code of Conduct and will be delivered online. Senior executives, Trustees and employees without dedicated computer access will receive paper copies of the training, in addition to the computer-based format. Once they have completed the training, Trustees and staff will be asked to certify that they have completed the program and the completed training

will be included in their centralized training profiles. President Kessel asked Mr. Gyzlo to make a short presentation on the revised Code of Conduct to the Trustees this fall.

Earlier this year, the Ethics Office was transferred to the Law Department and its name was changed to the Ethics and Compliance Office. Mr. Gyzlo was named the Authority's Chief Ethics and Compliance Officer.

The Ethics and Compliance Office's second-quarter customer survey yielded a satisfaction rating of 1.21 on the 1-4 scale (with "1" being the best score), with several positive comments included. These results will be incorporated into the Law Department's overall customer satisfaction performance measure report.

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

“Mr. Chairman, I move that the Governance Committee conduct an executive session pursuant to Section 105 of the Public Officers Law of the State of New York to discuss matters leading to the appointment, employment, promotion, discipline, suspension, dismissal or removal of a particular person or corporation.” Upon 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.” Upon motion made and seconded, the meeting resumed in Open Session.

6. Next Meeting

The next regular meeting of the Governance Committee will be held on a date to be determined.