

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

September 27, 2011

A meeting of the Governance Committee was held via videoconference at the Authority's offices at 123 Main Street, White Plains, New York at approximately 8:30 a.m.

The following Members of the Governance Committee were present:

Trustee Eugene L. Nicandri, Chairperson
Trustee Jonathan Foster
Trustee D. Patrick Curley
Trustee John S. Dyson

Trustee Mark O'Luck – excused

Also in attendance were:

<i>Gil Quiniones</i>	<i>Acting President & Chief Executive Officer</i>
<i>Judith McCarthy</i>	<i>Acting General Counsel</i>
<i>Edward Welz</i>	<i>Acting Chief Operating Officer – Power Supply</i>
<i>Joan Tursi</i>	<i>Senior Vice President – Corporate Support Services</i>
<i>Paul Finnegan</i>	<i>Senior Vice President – Public, Government & Regulatory Affairs</i>
<i>Randy Crissman</i>	<i>Vice President – Technical Compliance</i>
<i>Joseph Gryzlo</i>	<i>Vice President – Labor Relations and Chief Ethics and Compliance Officer</i>
<i>Patricia Leto</i>	<i>Vice President – Procurement</i>
<i>Lesly Pardo</i>	<i>Vice President – Internal Audit</i>
<i>Brian McElroy</i>	<i>Treasurer</i>
<i>Karen Delince</i>	<i>Corporate Secretary</i>
<i>Dennis Eccleston</i>	<i>Chief Information Officer</i>
<i>Rod Mullin</i>	<i>Director – Fuel Planning and Operations</i>
<i>Mark O'Connor</i>	<i>Director – Real Estate</i>
<i>Shannon Sramek</i>	<i>Senior Investment Analyst</i>
<i>Lorna Johnson</i>	<i>Assistant Corporate Secretary</i>
<i>Louise Nestler</i>	<i>Assistant Ethics Officer</i>
<i>Sheila Baughman</i>	<i>Senior Secretary, Corporate Secretary's Office</i>

Chairman Nicandri welcomed staff members to the meeting.

1. **Adoption of the Meeting Agenda**

By motion made and seconded, the September 27, 2011 meeting agenda was adopted.

2. **Minutes of the Regular Meeting of March 14, 2011**

The minutes of the Committee's March 14, 2011 meeting were adopted.

3. Recent Development and Status of NYPA's Ethics and Compliance Program

Mr. Joseph Gryzlo provided an update of the Authority's Ethics and Compliance program. He gave an overview of the functions of the Ethics and Compliance office stating that, under the Public Officers Law, the Ethics office develops and implements the Authority's code of conduct. They also develop ethics training, provide guidance to staff and Trustees and interface with the states Ethics Commission on matters pertaining to the laws that are applicable to the Authority. In addition, working closely with the Authority's business units and departments, they provide general oversight for the Authority's compliance with the laws, regulations, policies and other standards applicable to the Authority. He explained that inquiries typically are received from employees and, externally, from interested members of the public and referrals from other state entities.

In response to a question from Trustee Foster, Mr. Gryzlo said a number of Authority employees and officers seek outside employment to supplement their compensation and this could be a factor of the weak economy. In response to further question from Trustee Foster, Mr. Gryzlo said, as a general rule, if an employee is interested in pursuing outside employment, whether or not they will be compensated for it, that employee should first obtain approval from their supervisor or department head. The Ethics office then evaluates the request based on the employee's specific job responsibilities and the Authority's interest in the company the employee is seeking to join. In response to still further question from Trustee Foster, Mr. Gryzlo said the majority of employees that request approval for outside employment receive that approval. He added that the Ethics office has to obtain additional approval from the state for employees and officers if they are in policy-making positions and based on the annual income to be earned from the outside employment, the minimum threshold of which is \$4,000. Responding to another question from Trustee Foster, Mr. Gryzlo said some examples of the types of jobs employees seek approval for are consultants, municipal judges, part-time professors, tax and financial preparers.

In response to a question from Chairman Nicandri, Mr. Gryzlo said that union employees are evaluated for outside employment. In response to a question from Trustee Curly, Mr. Gryzlo said that outside employment include political office and board memberships. In response to a question from Trustee Foster, Mr. Gryzlo said that all employees are subject to the approval process.

Mr. Gryzlo continued that the Ethics office also evaluates post-employment and conflicts of interest issues. He said there were two laws that govern post-employment: the two-year bar which is the timeframe an employee is precluded from working with the Authority after they have left its employment; and the life-time bar which, based on the employee's job responsibility at the Authority, precludes that employee from working on behalf of another organization on matters they were responsible for while employed by the Authority. In response to a question from Chairman Nicandri, Mr. Gryzlo said that post-employment would apply to hiring employees back as consultants and contractors which would require additional approval from the State Ethics office and the State Controller's office; however, the Authority would consider hiring employees in an emergency situation such as the recent flood at the Blenheim-Gilboa project in order to obtain the necessary skills when time is of the essence.

Mr. Gryzlo also reported that there has been an increase in activity in the employee concern Hotline. The Ethics office evaluates the concerns by conducting investigations, usually in partnership with other internal resources of the Authority, e.g. Human Resources, Internal Audit, Corporate Security. Also, depending on the nature of the allegation, the Ethics office can use resources outside of the Authority. The Inspector General's Office also refers matters to the Authority's Ethics office for investigation. Mr. Gryzlo said that during the reporting period the Ethics office did not have any allegations that resulted in termination; however, corrective action has been taken with respect to some allegations. Mr. Gryzlo ended by stating that Governor Cuomo has signed new ethics reform legislation into law which the Ethics office is reviewing for impacts, if any, on the Authority's Code of Conduct.

Compliance Update

Mr. Randy Crissman gave an update of the Authority's Environmental Health and Safety audit program and the North American Electric Reliability Corporation ("NERC") Reliability Standards Compliance audit program.

Environmental Health and Safety

Mr. Crissman said that the environmental health and safety audits, performed by outside consultants, confirmed that the Authority continues to be in compliance with the applicable environmental health and safety laws, regulations, permits, policies and procedures. The audits identified more than 400 findings, three of which were identified as high level regulatory findings; these have since remediated and closed. Most of the other findings were also remediated and closed. Staff is currently developing an addendum to a 2009 Environmental Risk Assessment. The addendum will include health and safety compliance requirements which were added to the program. The risk assessment results are being used as a benchmark for future audits requirements of high risk to the Authority. Internal Audit conducted an audit of the program in 2011. The audit recommended certain actions to strengthen the program which are being implemented and will be completed by the end of 2011.

In response to a question from Trustee Curley, Mr. Crissman said that one of the recommendations from Internal Audit was to ensure that oversight of the program is strengthened to ensure that it is properly communicated the Committee. In response to an additional question from Trustee Curley, Mr. Crissman said the recommendations from Internal Audit were not technical in nature, but, rather, related to administration of the program.

NERC Reliability Standard Compliance Program

Mr. Crissman stated that the Authority has been subject to NERC's mandatory reliability standards since June 2007 under FERC Order 693 and the mandatory Critical Infrastructure Protection ("CIP") or cyber security standards since January 2010 under FERC Order 706. These standards are applicable to the Authority's current NERC registrations as a Transmission Owner, Generator Owner, Generator Operator, Purchasing and Selling Entity, and a Load Serving Entity.

Audits

Mr. Crissman reported that in July, the Northeast Power Coordinating Council ("NPCC"), the regional entity that oversees NERC's Compliance Monitoring and Enforcement Program, completed an on-site, FERC Order 706 audit ("CIP standards") and an off-site FERC Order 693 audit (non-CIP standards) of the Authority. There were no findings from those audits. Notably, the auditors identified several areas of excellence in the Authority's internal compliance program. The reports are expected to be completed and submitted to NERC in October.

Self-Reported Potential Violations

Mr. Crissman said that, as part of the Compliance Program, to date, the Authority has self-reported sixteen potential violations of the NERC reliability standards; four of the potential violations were subsequently dismissed. The Authority submitted mitigation plans for the remaining twelve potential violations which were approved by NPCC and NERC and filed with FERC. The Authority has completed ten of the mitigation plans; the two remaining mitigation plans are in progress and will be completed in December.

Settlements

Mr. Crissman stated that in 2011, the Authority had settlement discussions with NPCC for the ten potential violations with completed mitigation plans. These discussions resulted in two separate settlement agreements that required penalty payments by the Authority in the amount of \$11,000. NPCC gave the Authority credit for its well-established internal compliance program and culture in determining these penalties.

Mr. Crissman ended by saying that the Authority's "best-in-class" internal reliability standards compliance program and culture have positioned the Authority to have less stringent oversight by NPCC and NERC under a new enforcement program which recognizes excellent performance and which NERC will implement in 2012. This is a significant outcome from the recent audits and the management of the Authority's self-reported violations. Also, FERC and NERC are in the process of developing a revised definition of the Bulk Electric System to obtain greater consistency in the application of the standards across North America. The new definition will be in effect in 2012 and will apply to all assets at or above 100 kV. Authority staff is tracking these developments and assessing the potential impacts on the Authority in terms of its NERC registrations and compliance program.

Responding to a question from Chairman Nicandri, Mr. Crissman said the Authority has established an internal procedure for identifying potential violations to be self-reported. Potential violations are evaluated by staff members who are experts on the subject matter to determine if it requires self-reporting by the Authority. In response to further question from Chairman Nicandri, Mr. Crissman said that the process involves review and recommendation of the violations; the ultimate decision, however, is made in consultation with the Messrs. Gil Quiniones and Edward Welz and the Law Department. Mr. Quiniones added that that, in the past, reliability compliance reporting was done voluntarily by agencies; however, since the 2003 "black-out," Federal legislation was passed making it mandatory and NERC was assigned to enforce this requirement.

4. Procurement and Real Estate Reports

Ms. Joan Tursi said that status reports on procurement and real estate activities for the period January - June 2011 will be presented.

4.1 Procurement Contract Activity

Ms. Patricia Leto highlighted the following procurement contract activities:

- The total expenditures for procurement contracts for the period ended June 30, 2011 exceeded \$173 million;
- 11% of the contracts were for construction work;
- 40% for the purchase of equipment and commodities;
- 18% for personal service contracts (engineering, consulting and legal services);
- 31% for other services service-based contracts;
- approximately 97% of the total amount expended were for contracts that were competitively bid.

4.2 Disposal of Personal Property

Ms. Leto said that under the Public Authorities Accountability Act (“PAAA”), the Authority is required to prepare a report listing all personal property over \$5000 in value disposed of during the reporting period. For the period ended June 30, 2011, the Authority received \$106,467.50 for the sale of scrap copper cable and \$22,563.71 for miscellaneous surplus inventory material at the Charles Poletti Project.

Fleet Operations

Ms. Tursi said that during the reporting period ended June 30, 2011 the Authority participated in one fleet-related auction conducted by JJ Kane Auctioneers. This auction resulted in the sale of 55 units of property.

The total amount for all personal property with a value in excess of \$5,000 for the reporting period is approximately \$345,000.

In response to a question from Trustee Dyson, Ms. Tursi said that the Authority sends the reports to the Controller’s Office. Ms. Judith McCarthy added that the report to the Controller’s Office is to ensure accountability and transparency on the part of agencies.

4.3 Acquisition and Disposal of Real Property

Mr. Mark O'Connor reported on the acquisition and disposal of real property, as well as leasing and permitting activities for the period January 1, thru June 30, 2011.

Acquisitions

With regards to acquisitions, of note is the acquisition of easements from Astoria Energy II for construction of a substation and associated underground facilities. These easements will allow the Authority to use the output from the Astoria Energy II Plant and transmit it through the Poletti transmission leads into the Manhattan market through Con Edison's substation.

Danger Tree Permits

This program allows the Authority to acquire property rights off the transmission right-of-way to remove vegetation which has grown to a sufficient height to threaten the safe operation of the Authority's transmission system. During this reporting period, staff obtained 73 danger tree permits.

Land Use Permits

The Real Estate division issued six land use permits during the reporting period. These permits are issued by the Authority to allow others to use the Authority's land holdings (normally easement rights) in a safe and productive way and consistent with the safe operation of the Authority's transmission facilities.

Dispositions

During the reporting period, the Real Estate division conveyed a 24-acre site to Niagara University. This parcel adjoins the Niagara University campus and it concludes an important commitment the Authority made during the relicensing. Staff is currently working on the conveyance of the Authority's old ice-boom storage site. This 14-acre site will be conveyed to the Erie Canal Development Corporation as part of the Western New York region's effort to renovate the Lake Erie waterfront.

Leasing

The Authority owns the building at 123 Main Street and occupies approximately 60% of it. Approximately 40% of the building is occupied by lease-paying tenants. This leasing operation generates about \$3.8 million of gross revenue. As of the reporting period, the building was 100% occupied. However, JPMorgan Chase has now vacated their leasehold on the 4th floor. Staff is currently attempting to market this space and have had some interest; staff will seek the Trustees' approval as soon as suitable tenant is engaged. Also, the lease for the Authority's New York Office space located at 501 Seventh Avenue has been renewed for a period of one year and will expire on August 31, 2012.

St. Lawrence Relicensing

One of the major commitments the Authority made during the relicensing of the St. Lawrence/FDR Power Project was to convey certain lands, identified as surplus, to either municipalities or landowners who owned adjoining lands to these properties. To date, staff has conveyed all of the lands committed to various municipalities of Lisbon, Louisville, Waddington and Massena. In addition, of the 520 parcels committed to private landowners, approximately 407 parcels have been conveyed.

In response to a question from Trustee Foster, Mr. O'Connor said that the average rental for space in the Clarence D. Rappleyea building in White Plains is \$26 per square foot. He added that staff endeavors to keep the rental costs fairly consistent for all of the tenants in the building.

In response to a question from Trustee Curley, Mr. O'Connor said that the Authority acquired a new ice boom storage facility and is working with staff from the Erie Canal Harbor Development Corporation

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("ECHDC") to transfer the old ice boom site to ECHDC. The Authority has transferred a draft deed for the "old site" to the Erie Canal Harbor Development Corporation and they have requested additional environmental testing. In response to further question from Trustee Curley, Mr. O'Connor said that the deal is not yet completed; however, staff is expecting to close the transaction by the end of the year.

4.4 Supplier Diversity Program Activities

Ms. Leto reported that for the period ended June 30, 2011, the Authority had awarded \$20.9 million (13.57%) of its reportable expenditures to New York State Certified Minority and Women-Owned Business Enterprises (M/WBEs). A major component of the Authority's M/WBEs 2011-2012 goal plan was to increase its reportable expenditures to 8% to help meet the Governor's goal for minority and women-owned firms to account for 20 percent of the state's business.

4.5 Inventory Statistics

Ms. Leto reported that as of June 30, 2011, the total stock value of the Authority's inventory was \$86,378,889. This is slightly lower than 2010 because of field poles issued out at the Niagara Project (\$1.6 million) and inventory sold in 2010 from the Poletti Project (\$2 million).

The Construction of the new Niagara Warehouse which began in March 2010 is near completion. Of note, the firm contracted to construct the warehouse is SLR Contracting and Service Co., Inc., a New York State Certified Minority and Women-Owned Business Enterprises (M/WBEs) based in Buffalo. In response to a question from Trustee Dyson, Ms. Leto said that the contract for the construction of the warehouse was competitively bid.

4.6 Fossil Fuels Activity

Mr. Rod Mullin said that the total fuel purchases and related costs for the period January 1 thru June 30, 2011 was \$116.5 million. Of this total, \$116.2 million was spent on natural gas purchases and associated costs and \$300,000 on oil storage and inspection. There were 28 natural gas and oil contracts in total, all of which were competitively bid. Of note, the firm contracted for the gas procurement, transaction of value of which was approximately \$2 million, was YAKA Energy, a certified M/WBE.

Fuel Prices for products that impact the Authority's cost of doing business are as follows:

- Crude oil, currently trading at \$80/barrel
- No. 2 heating oil (used at the Flynn Plant), currently trading at \$118/barrel
- Jet/Kero (used for the 500 MW unit) currently trading at \$121/barrel
- ULSD (used at the Astoria Energy II Plant) currently trading at \$124/barrel
- Natural Gas (used at all Units) trading at \$24/barrel

Prices for Natural Gas, the primary fuel for the Authority's downstate units, are comparatively low due to weak demand, high storage levels and increased supply and deliverability to the Northeast.

4.7 Corporate Finance Activity

Mr. Brian McElroy said that the “Corporate Finance Addendum” lists non-procurement agreements that the Authority has with specialized financial institutions for the management of its debt program. Of note is the Authority’s revolving line of credit (65 basis point or \$3.5 million per year) with the syndicate of JPMorgan Chase and four other highly-rated financial institutions to support the Authority’s commercial paper program which is required under the Authority’s Commercial Paper Notes Resolution.

In response to a question from Trustee Dyson, Mr. McElroy said that financial institutions were selected through the bidding process. The services are bid-out to selected financial firms that meet the Authority’s credit quality standards. Based on the proposals, the Authority selected the syndicate as it was the only proposal that bid for the entire line amount and represented the lowest cost as compared to combining several individual proposals.

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

Mr. Chairman, I move that the Authority conduct an executive session pursuant to the Public Officers Law of the State of New York section §105 to discuss matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation.

On motion made and seconded, an Executive Session was held.

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

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

7. **Next Meeting**

The next regular meeting of the Governance Committee will be held on Tuesday, October 25, 2011, at 8:30 a.m., in the White Plains Office. On motion made and seconded the meeting adjourned at approximately 9:30 a.m.

September 27, 2011

EXHIBITS
TO
SEPTEMBER 27, 2011
MEETING MINUTES



Memorandum

September 27, 2011

To: Members of the Governance Committee

From: Joseph W. Gryzlo, Vice President and Chief Ethics & Compliance Officer 

Subject: NYPA's Ethics and Compliance Program

I. ETHICS UPDATE

A. Case Management

The principal substantive issues arising under the N.Y.S. Ethics laws and the NYPA Code of Conduct investigated or researched since the most recent Governance Committee report on March 14, 2011 include various requests by employees to engage in outside employment and activities, conflicts of interest and unwarranted privilege reviews, gifts inquiries and post-employment evaluations. There have been sixty-two (62) inquiries during the current period which arose from employees at all NYPA locations.

B. Case Summaries

The Ethics and Compliance Office (E&C Office) has evaluated an increasing number of post-employment scenarios presented by current and former NYPA employees. This analysis requires a review of the employee's NYPA job responsibilities and their relationship to their post-employment endeavors. In addition, an assessment is undertaken to determine if the outside entity maintains a business relationship with NYPA either as a customer, contractor or vendor to determine whether any impermissible conflicts of interest exist.

In one instance, a former NYPA manager is currently employed by a firm which bid on a NYPA contract to perform consulting services related to the Blenheim-Gilboa Project (BG) re-licensing effort. The E&C Office reviewed this retiree's former NYPA job duties and contacts and facilitated the issuance of an opinion from the NYS Commission on Public Integrity. The Commission concurred with our internal conclusion that there would be no ethics violations should this individual's firm be awarded the contract primarily because NYPA's BG re-licensing initiatives had not been fully developed nor implemented during the retiree's NYPA tenure. In addition, the former employee had been separated from NYPA for more than two (2) years

which removed any concerns with his violating the two (2) year bar post-employment restrictions.

In an ethics gifts inquiry, a NYPA employee attended a technical conference and won the grand prize in a raffle drawing. The prize included complimentary registration at an upcoming conference which the employee had previously been approved to attend by his department. The prize value exceeded the ethics gifts "nominal value" standard contained in the Public Officers Law. The employee was permitted to accept the prize based on an established exception to the legal standard. The Commission on Public Integrity has recognized that public employees may participate in such drawings at widely attended events where the raffle is made available to all attendees who have an equal opportunity to be selected. It is important to note that NYPA paid all travel and living expenses associated with this conference.

Another consultation involved whether a group of NYPA's Procurement and technical staff could visit a bidder's facility during an open procurement period. The purpose of the visit was to verify the bidder's ability to provide the services sought through the competitive bid process. NYS law and NYPA's Procurement Guidelines specify which representatives may have contacts with bidders during open procurements. In this instance, the technical staff was permitted to attend the visit solely for the purpose of evaluating the bidder's facility and assess its ability to provide the necessary products and services. They were instructed not to engage in any communications about the bid process, including the bidder's status. All NYPA employees who attended were also advised not to accept anything of value (i.e. meals, transportation) from the bidder so as not to violate the ethics gifts rules.

C. Employee Concerns Hotline Reporting (1-877-TEL-NYPA)

NYPA utilizes an external vendor, The Network, to maintain its employee concerns hotline which is available on a continuous basis to receive concerns or inquiries relating to misconduct and violations of law, regulations and NYPA policies. All communications made to the hotline are forwarded to the Vice President and Chief Ethics & Compliance Officer and the Law Department for action.

There has been an increase in hotline activity during 2011. Various employee and contractor concerns were reported and were related to employee relations and retaliation issues. Each concern was fully investigated and closed. The reporting individuals were included in the process and received feedback at the conclusion of the investigations. Certain policy violations were confirmed which resulted in corrective actions being administered to the affected employees. No employee terminations or demotions resulted from these concerns.

D. Financial Disclosure Program

During the 2011 financial disclosure filing period which concluded in May, the E&C Office facilitated NYPA employees' compliance with their filing requirements, including requests for exemptions and extensions. The NYS Commission on Public Integrity implemented a new electronic filing system this year which should streamline the process going forward. NYPA has not been notified of any delinquent filers. The E&C Office worked with the Corporate Secretary's Office to facilitate the Trustees' filings and related requests.

E. 2011 Public Integrity Reform Act (PIRA)

Governor Cuomo recently signed the new PIRA into law. It will replace the current Commission on Public Integrity with a new Joint Commission on Public Ethics (JCPE) which will oversee the activities of executive and legislative employees. It is anticipated that the JCPE will be operational by mid-December, 2011. The comprehensive PIRA is being evaluated for its impacts on NYPA's Code of Conduct and E&C programs. A preliminary review has identified changes to the financial disclosure process (increased monetary categories for reporting compensation and investments), enhanced penalties for violations of the Public Officers Law (higher fines and potential pension revocation) and a new "lobbyist" database to increase transparency by those who appear before state agencies and authorities in a representative capacity.

F. Training and Employee Outreach

The E&C Office will present its annual ethics training to all Trustees, officers and employees in the coming weeks. This year's topic is "Outside Employment and Activities" and will focus on the ethics legal and Code of Conduct implications for those seeking to engage in outside employment. It will be delivered electronically with presentation slides and will include a link to complete the 2011 Code of Conduct certification. Employees without individual computer access will be provided the training and certification in hard copy with the assistance of the site Human Resources Departments.

II. COMPLIANCE UPDATE

A. FERC Standards of Conduct

The FERC Standards of Conduct (SOC) govern the relationship between regulated transmission providers and their affiliates engaged in the function of marketing electricity. NYPA must treat its transmission customers on a non-discriminatory basis and ensure the independent operation of its transmission and marketing function (i.e. Marketing, Energy Resource Management Traders) employees so that non-public

transmission information is not inappropriately shared or relied upon. There were no reportable SOC violations during the current reporting period.

The E&C Office and Law Department have developed its 2011 SOC training which will be provided to all Trustees and those employees who perform transmission and marketing functions on a daily basis and who have not previously received it this year as a result of being hired or through targeted training initiatives.

B. Environmental, Health and Safety Audits

Since 2006, NYPA has conducted environmental, health and safety audits at its facilities to ensure that they are operated and maintained in compliance with applicable laws, regulations, permits, policies and procedures. The audit findings identified various regulatory, policy and preferred management practice deficiencies which are being addressed by appropriate staff. They are categorized into three (3) levels which are prioritized based on risk.

Overall, NYPA's facilities have maintained substantial compliance with environmental laws and regulatory requirements. The findings are primarily administrative in nature or address housekeeping issues which do not rise to a high risk level. The most significant compliance findings were at the Poletti Power Project and the Niagara Power Project. For Poletti, certain air quality reports had not been filed with the regulatory agency. At Niagara, incompatible materials were being stored together and a construction area was not properly cordoned off. These issues were remedied either during (Niagara) or after the completion of the audits (Poletti).

In 2009, NYPA conducted an "Environmental Risk Assessment" to address environmental risks associated with its facilities and to recommend future audit scope and frequency. An "Addendum to the Environmental Risk Assessment" will be developed to expand the scope and include health and safety compliance issues. Based on discussions with the Internal Audit Committee, the scope of Southeast New York facilities' 2011 audits will be limited to the requirements of the Resource Conservation and Recovery Act and focus on NYPA's hazardous waste management activities and compliance.

C. Reliability Standards and Compliance

Audits:

In July, the Northeast Power Coordinating Council (NPCC), the regional entity which oversees the North American Electric Reliability Corporation's (NERC) "Compliance Monitoring and Enforcement Program" in the Northeast Region, completed an on-site FERC Order 706 Audit (Critical Infrastructure Protection Standards-CIP) and an off-site FERC Order 693 Audit (non-CIP Standards). These audits evaluated NYPA's compliance with Reliability Standards applicable to NYPA's NERC registrations. There were no findings of potential violations from either audit. In fact, the auditors

identified several areas of excellence in NYPA's internal compliance program. NYPA has reviewed the audit reports and submitted minor comments to NPCC. The reports are expected to be completed and submitted by NPCC to NERC in late September or early October 2011.

Self-Reported Potential Violations:

During 2010 to the present time, NYPA self-reported to NPCC sixteen (16) potential violations of the NERC Reliability Standards. Four (4) of the self-reported violations were subsequently dismissed upon further review by NPCC and discussions with NYPA staff. NYPA submitted mitigation plans for the twelve (12) potential violations which were approved by NPCC and NERC and filed with FERC to fully address the identified concerns and bring NYPA into full compliance with the requirements. NYPA has completed ten (10) of the mitigation plans. The two (2) remaining mitigation plans are in progress and will be completed in December 2011.

Settlements:

NYPA engaged NPCC in settlement discussions involving the ten (10) potential violations with completed mitigation plans. These discussions resulted in two (2) separate settlement agreements that included monetary penalties incurred by NYPA totaling \$11,000. These violations were processed pursuant to NERC's Administrative Citation Process. The first settlement addressed six (6) violations and has been finalized. The second was for four (4) violations and is awaiting approval by NERC. NPCC determined that the penalties were reasonable relative to the severity of the violations. In addition, NPCC gave NYPA substantial credit for its well-established internal compliance program and culture in determining the penalties, as was demonstrated during the recently completed audits.

PROCUREMENT CONTRACTS SUMMARY
June 30, 2011

The following is a summary of all procurement contracts including multi-year contracts awarded as of June 30, 2011. These contracts have been active thus far in 2011 and are \$5,000 or greater in value. There are 1,408 such contracts with a total estimated value of more than \$2.4 billion not including fossil fuel or corporate finance expenditures covered in Sections 2.6 and 2.7 of this report. Total procurement expenditures thus far against these contracts in 2011 exceed \$173 million.

- 11% of these contracts are for construction work;
- 40% are for the purchase of equipment and commodities;
- 18% are for personal service contracts such as engineering, and legal services
- 31% are for other services, such as temporary personnel, maintenance and repairs.

Based on the total value of the contracts included in this summary, approximately 97% of the total dollars expended (excluding fuels and corporate finance) were for contracts that were competitively bid. The basis for the sole source awards included 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.

On March 29, 2011, the “2010 Annual Report of Procurement Contracts” was presented to the Trustees and approval at the annual meeting. Once approved the report was certified by the Authority’s Chief Financial Officer and submitted to the NYS Comptroller’s Public Authorities Reporting Information System (PARIS) in accordance with Section 2879 of the NYS Public Authorities Law.

DISPOSAL OF PERSONAL PROPERTY
January – June 2011

Guidelines and Procedures for the Disposal of NYPA Personal Property

In compliance with the Public Authorities Accountability Act (“PAAA”), the Authority established and is required to annually review and approve written policies and procedures on the disposition of Personal Property (which includes, but is not limited to, material, tools, equipment or vehicles with a value in excess of \$5,000). The Guidelines and Procedures for the Disposal of Personal Property were adopted by the Authority’s Board of Trustees in March 2006 and have been reviewed annually and amended as necessary since then. Chapter 506 of the Laws of 2009 (also known as the Public Authorities Reform Act), effective as of March 1, 2010, made substantial amendments to the New York Public Authorities Law (“PAL”), including changes to certain procedures governing the disposal of Personal Property. Such changes were incorporated into the Guidelines and approved by the Trustees in February 2010. In the First Quarter of 2011, staff reviewed said Guidelines and recommended additional changes to make them more consistent with the law, to clarify or improve the Authority’s disposal process, and also to reflect titular or organizational changes in the Authority. Such Guidelines were most recently reviewed and approved by the Governance Committee, as well as the full Board of Trustees, at their meetings of March 14 and March 29, 2011, respectively, and were included in the Authority’s § 2800 Annual Report and other filings submitted to various State entities by March 31, 2011.

2011 YTD Report of Disposal of Personal Property

The PAAA also requires the preparation of a report, not less frequently than annually, listing all Personal Property disposed of during the reporting year. To this end, the 2011 YTD Report of Disposal of Personal Property over \$5,000 in value is attached. The description of the property, purchaser’s name and price received by the Authority, as required by PAL § 2896, will be presented in the official 2011 Annual Report of Disposal of Personal Property (to be finalized in the First Quarter of 2012 for review and approval by the Trustees at their March 2012 meeting and included in the Authority’s § 2800 Annual Report and other filings to be submitted to various State entities). The sale price and other additional data (such as fair market value, date of transaction, full address of purchaser, etc.) required by the Authorities Budget Office (“ABO”) will be included in the 2011 Public Authorities Reporting Information System (“PARIS”) Annual Report of Personal Property Disposal to be submitted to the ABO by March 31, 2012.

WPO and Facilities – First and Second Quarter Activity, YTD Summary and Subtotal

During the reporting period, there were two (2) Personal Property Disposal transactions over \$5,000 in value conducted by the Property Disposal Coordinators (“PDCs”), as further set forth on page 1 of the attached Report. Such transactions included the sale of scrap copper cable and miscellaneous surplus inventory material at the Poletti Project, resulting in payment to the Authority of \$129,031.21. Several other disposal transactions, conducted by or on behalf of the

PDCs, are in progress and will be included in the Personal Property Disposal Report for the next Governance Committee meeting. **The total Sale Price / Price Received by the Authority for the two aforementioned Personal Property Disposal transactions conducted by the Poletti PDC and completed during the reporting period was \$129,031.21.**

Fleet

Fleet – First and Second Quarter Activity, YTD Summary and Subtotal

During the reporting period, there were 22 disposal transactions with a Sale Price over \$5,000 conducted on behalf of the Authority's Fleet Operations Division, as listed on page 2. The Authority participated in one Fleet-related auction conducted by the firm JJ Kane Auctioneers on May 7, 2011, which resulted in the sale of 55 units comprising light duty vehicles, heavy duty trucks and special equipment, of which 22 were over \$5,000 and which are included in the attached Report. The "Sale Price" (Gross) for these 22 units was \$229,850, which resulted in a "**Price Received by the Authority**" (Net Amount) of **\$215,948.50** after commission and transportation costs were deducted.

2011 YTD Grand Total as of 6/30/11

As summarized on page 3 of the attached Report, the **Grand Total "Price Received by the Authority" (Net Amount)** for all Personal Property with a value in excess of \$5,000 that was disposed of during the reporting period was **\$344,979.71** [Sale Price (Gross) \$358,881.21 less \$13,901.50 (commission / transportation fees, where applicable)]. (It should be noted that an **additional \$31,980.30** was received for the sale of 33 Fleet units with a value **less than or equal to \$5,000**, which are not included in the attached Report.)

Other Personal Property Disposal Reporting Requirements

- The 2010 Annual Report of Disposal of Personal Property was successfully completed and submitted to various NYS entities by the March 31, 2011 deadline, in compliance with all statutory requirements.
- The 2010 PARIS Report of Personal Property Disposal was also successfully completed and submitted to the ABO by the March 31, 2011 deadline.

POWER AUTHORITY OF THE STATE OF NEW YORK
2011 YTD REPORT OF DISPOSAL OF PERSONAL PROPERTY OVER \$5,000

DESCRIPTION	PURCHASER	SALE PRICE	PRICE RECEIVED by the Authority
SCRAP COPPER CABLE AT POLETTI PROJECT	FIRST CHOICE LIQUIDATORS	\$ 106,467.50	\$ 106,467.50
MISCELLANEOUS SURPLUS INVENTORY MATERIAL AT POLETTI PROJECT	GERSHOW RECYCLING	\$ 22,563.71	\$ 22,563.71
	SUBTOTAL:	\$ 129,031.21	\$ 129,031.21

POWER AUTHORITY OF THE STATE OF NEW YORK
2011 YTD REPORT OF DISPOSAL OF PERSONAL PROPERTY OVER \$5,000
FLEET OPERATIONS

DESCRIPTION	PURCHASER	SALE PRICE	Commission/ Transportation Fees	PRICE RECEIVED * by the Authority
1990 AUTOCAR 42B DUMP TRUCK	WEAKLEY SAND & GRAVEL INC	\$ 7,750.00	\$ 632.50	\$ 7,117.50
1992 FELLER BUNCHER HYDRO AX	TIMOTHY CRAFT	\$ 8,500.00	\$ 755.00	\$ 7,745.00
1994 PETERBILT SEMI TRACTOR	RIDGE ROAD LEASING LLC	\$ 19,000.00	\$ 1,070.00	\$ 17,930.00
1999 INTERNATIONAL 4700	RIDGE ROAD LEASING LLC	\$ 5,750.00	\$ 672.50	\$ 5,077.50
1999 VOLVO SEMI TRACTOR	CASSONE TRUCK SALES & LEASING INC	\$ 21,500.00	\$ 1,045.00	\$ 20,455.00
2000 INTERNATIONAL 4800	CASSONE TRUCK SALES & LEASING INC	\$ 8,000.00	\$ 640.00	\$ 7,360.00
2002 CHEVY K1500	DONALD AUBERT	\$ 5,800.00	\$ 374.00	\$ 5,426.00
2002 GMC DUMP TRUCK	ROBERT LAFERRARA	\$ 5,250.00	\$ 657.50	\$ 4,592.50
2003 CHEVY K1500	UPSTATE AUTO SALES INC	\$ 6,300.00	\$ 439.00	\$ 5,861.00
2003 CHEVY K2500	RIOLO'S BODY SHOP INC	\$ 10,300.00	\$ 559.00	\$ 9,741.00
2003 CHEVY K2500 UTILITY	W2 OPERATOR TRAINING GROUP LLC	\$ 10,600.00	\$ 568.00	\$ 10,032.00
2003 JLG 600SC 60' MANLIFT	WILLIAM BIERS INC	\$ 23,000.00	\$ 1,190.00	\$ 21,810.00
2004 CHEVY TAHOE	PROMOTIONAL PATHWAYS	\$ 8,000.00	\$ 440.00	\$ 7,560.00
2004 FORD F350	NORTHLINE UTILITIES LLC	\$ 12,000.00	\$ 610.00	\$ 11,390.00
2004 TOYOTA PRIUS	CARSVILLE INC	\$ 10,000.00	\$ 506.00	\$ 9,494.00
2004 TOYOTA PRIUS	CARSVILLE INC	\$ 10,000.00	\$ 500.00	\$ 9,500.00
2004 TOYOTA PRIUS	CARSVILLE INC	\$ 10,000.00	\$ 550.00	\$ 9,450.00
2005 CHEVY 2500 SUBURBAN	APOLLO NORTHEAST SALES & SVCS INC	\$ 7,500.00	\$ 475.00	\$ 7,025.00
2005 CHEVY K2500	ABAR AUTO SALES	\$ 6,700.00	\$ 451.00	\$ 6,249.00
2005 CHEVY K2500	CONOVER ELECTRIC	\$ 7,400.00	\$ 472.00	\$ 6,928.00

* Sale Price less commission / transportation costs

POWER AUTHORITY OF THE STATE OF NEW YORK
2011 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 FORD F350	O'CONNELL ELECTRIC COMPANY INC	\$ 13,250.00	\$ 647.50	\$ 12,602.50
2005 FORD F350	O'CONNELL ELECTRIC COMPANY INC	\$ 13,250.00	\$ 647.50	\$ 12,602.50
FLEET SUBTOTAL:		\$229,850.00	\$13,901.50	\$215,948.50
+ SUBTOTAL Page 1:		<u>\$129,031.21</u>	---	<u>\$129,031.21</u>
GRAND TOTAL:		<u>\$358,881.21</u>	\$13,901.50	<u>\$344,979.71</u>

* Sale Price less commission / transportation costs

**ACQUISITION AND DISPOSAL OF REAL PROPERTY
JANUARY 1 – JUNE 30, 2011**

Section 2896 of the Public Authorities Law (PAL) requires a report setting out all real property transactions of the Authority over a given reporting period. Such report shall consist of a list and full description of all real property disposed of during such period. The report shall contain the price received by the Authority and the name of the purchaser. There is no monetary threshold so all disposals regardless of value need to be reported. In addition, acquisitions and leasing transactions are also included in this report. All acquisitions and dispositions reported herein were approved by the Authority's Trustees and/or are consistent with current Trustee approved Expenditure Authorization Procedures. The reporting period is January 1 – June 30, 2011.

I. ACQUISITIONS

Easement Acquisition

AEII – This project involved the construction of a new generating station located in Astoria, Queens. The developer is Astoria Energy II (AEII). The deal was that AEII would construct the energy station, place overhead lines into a substation that AEII would also build and then construct underground transmission into NYPA's Poletti leads which would then transmit electricity into Con Edison's 13th Street (Manhattan) Substation. Real Estate was brought in very late in this important generation and transmission project and asked to coordinate the transfer of the AEII substation and underground facilities to NYPA. Real Estate coordinated this transfer working with outside NYPA counsel, counsel and representatives for AEII, counsel for Consolidated Edison of New York, and resolved several title and mortgage issues.

Fiacco Easement Acquisition - Obtained an access and construction easement in the Town of Waddington. With this easement, we will be able to construct a water pumping station to construct a habitat improvement project. The construction of this project is a St. Lawrence FERC license commitment.

500 MW – As part of the NYPA construction of the 500 MW, NYPA had to acquire easements across Con Edison property for the placement of a gas line, an oil fuel line, and a transmission line to transmit the output of the plant into a Con Edison substation. This effort was concluded with the recording of the Indenture of Easement in the New York City Department of Finance, Office of the City Register on May 26, 2011.

Conservation Easement Acquisition on Stryker Road - Finalized a conservation easement from the Town of Gilboa, thereby satisfying an outstanding obligation with the U.S. Corp of Engineers to create replacement wetlands for wetlands which were filled at the BG Project. In addition, it assisted the Town of Gilboa with its obligation to the Federal Emergency Management Agency to prevent development in this flood prone region.

Danger Tree Permits/Land Use Permits – Danger tree permits acquired and land use permits issued along NYPA’s transmission system.

During this reporting period, the Authority acquired 73 danger tree permits. These rights allow the Authority to eliminate dangerous vegetation which is critical to the safe operation of the New York State transmission grid. The transmission facilities covered by these danger tree permits include the Niagara-Adirondack, Fitz-Edic, Plattsburgh-Vermont, and Gilboa-New Scotland. This is an on-going effort.

In addition, the real estate group issued six 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 our transmission lines. A listing of these permits and their respective purposes is set out below.

Permit No.	NPP-11-1P
Permittee	Niagara Falls Bridge Commission
Type of Permit	Permit Requiring Insurance
Purpose	Rock scaling project at Lewiston-Queenston and Rainbow bridges.
Permit No.	NPP-11-2P
Permittee	Norampac Industries, Inc.
Type of Permit	Access & Testing Permit
Purpose	Enter upon the premises to conduct and obtain an environmental audit to recognized environmental conditions of the premises.
Permit No.	MS-11-1P
Permittee	Otsego Electric Cooperative, Inc.
Type of Permit	Permit Requiring Insurance
Purpose	Construct, install, operate, maintain, repair, replace, and remove a 7200 volt distribution line along the northerly edge of County Route 23 and to remove a distribution line of the same voltage, both of which run perpendicularly under the Authority's transmission line easement.
Permit No.	SLPP-11-1P
Permittee	St-Denis, Claude
Type of Permit	Special Use Permit
Purpose	Remove and dispose of trash both above and underwater at the Massena Intake Boat Launch.
Permit No.	MS-11-2P
Permittee	NYSE&G
Type of Permit	Permit Requiring Insurance
Purpose	Construct, install, operate, maintain, repair, replace, and remove two forty-five foot (45 foot) poles four hundred twenty feet (420 feet) of 12.5 primary aerial conductor and an anchor, perpendicularly across the Authority's transmission line easement and along the southerly side of New York State Route 30 together with the necessary accessories and appurtenances thereto.

Permit No.	NPP-11-6P
Permittee	LiRo Engineering, Inc.
Type of Permit	Environmental Testing and Access
Purpose	Right to use the premises for environmental testing at specified locations at NYPA's old ice boom storage site in Buffalo.

II. DISPOSITIONS

24 Acre Site to Niagara University – The Real Estate Division concluded the conveyance of a 24 acre parcel of land to Niagara University (NU). This 24 acre site which is adjacent to the NU campus was identified as surplus in the Niagara Power Project Relicensing process. Further, it was committed to be conveyed to NU when NU had developed a use for the property. The current projected use for this property is for the creation of athletic and recreation fields. This conveyance was concluded on June 24, 2011.

Joseph Farrand – During the construction of the St. Lawrence Project, NYPA acquired a certain access road and fee interest to a small location on the St. Lawrence River shoreline to place a water gauging station. This gauging station has long since been abandoned. Mr. Farrand's family, the original owners of the encumbered premises, requested that we reconvey this unused access easement and gauging station back to the Farrand Family Trust. This conveyance was concluded on June 10, 2011 and was done so in compliance with the Public Authorities Accountability Act.

III. LEASING

Headquarters Leasing

The Authority maintains facilities which it leases or subleases out to various tenants. The available space in the building at 123 Main Street is essentially 100% leased through this reporting period. However, J. P. Morgan Chase has now vacated their leasehold of 29,300 square feet on the 4th floor at 123 Main Street. We are currently looking at various options for this space.

Our total inventory of landlord leases, which generates more than \$3.8M in annual revenue, is set out in the table below.

FACILITY	TENANT	PURPOSE	EXPIRATION	ANNUAL RENTAL
WPO	Bank of New York	Office Space	7/31/2011	\$705,624.00
WPO	Berman Bavero	Office Space	9/30/2014	\$201,211.00
WPO	Beacon	Office Space	3/31/2012	\$45,000.00
WPO	Danziger & Markhoff	Office Space	3/31/2017	\$431,070.00
WPO	The Parker Group, Inc.	Office Space	3/31/2012	\$66,450.00
WPO	Hodagaya Chemical	Office Space	5/31/2015	\$69,817.00
WPO	Federal Bar	Office Space	7/31/2016	\$63,817.00
WPO	Continental III, Inc.	Restaurant	2/28/2011	\$34,470.00
WPO	Arch Wireless	Beeper System (WPO Garage)	10/31/2011	\$5,400.00
WPO	Thomas M. Bona, PC	Office Space	12/31/2016	\$290,376.00
WPO	SKCG Group, Inc.	Office Space	1/31/2014	\$464,928.00
WPO	Community Mutual	Office Space	4/30/2015	\$173,491.00

WPO	Misys	Office Space	12/31/2016	\$705,600.00
WPO	Westchester Philharmonic	Office Space	12/31/2009	\$10,875.00
WPO	West. Co. Narcotics Initiative	Office Space (Permit for Temporary Use)	12/31/2011	\$45,780.00
WPO	West. Co. District Attorney	Office Space (Permit for Temporary Use)	12/31/2011	\$22,590.00
WPO	NY State Police	Office Space (Permit for Temporary Use)	12/31/2011	\$47,250.00
WPO	Empire State Development Corp.	Office Space (Permit for Temporary Use)	OPEN	\$5,361.00
WPO	NYS Retirement System	Office Space - part time	12/31/2011	\$6,900.00
SL/FDR	Lake St. Lawrence Yacht	Lease of Land	OPEN	\$2,225.00
SL/FDR	Massena Country Club	Lease of Land	11/30/2015	\$2,000.00
SL/FDR	Twin Brooks Golf Club	Lease of Land	N/A	\$220.00
SL/FDR	Town of Waddington	Agricultural Lease	60 days notice	<u>\$300.00</u>
		TOTAL ANNUAL REVENUES		\$3,879,554.00
Note: Annual rental amounts are based on the fixed rent excluding any abatements				
*Rent obligation through April.				

501 7th Avenue Associates – New York Office

During this reporting period, NYPA real estate successfully negotiated, obtained approval from the NYPA Trustees, and finalized the terms of a one year lease extension. This one year extension is based on the following terms.

<u>Landlord</u>	<u>Space</u>	<u>Expiration</u>	<u>Annual Rental</u>
501 7 th Avenue Associates	7,185 rsf on the 9 th floor of 501 7 th Avenue, New York City	8/31/2012	\$276,622.60

IV. ST. LAWRENCE RELICENSING

St. Lawrence Lands Program

On October 31, 2001, the Authority filed an application for a new license, pursuant to Sections 4(e) and 15 of the Federal Power Act for the continued operation and maintenance of the 912 megawatt (MW) St. Lawrence F.D.R. Power Project. On February 6, 2003, the Authority filed a "Comprehensive Accord" (Settlement Agreement). On October 23, 2003, the Federal Energy Regulation Commission (hereinafter "FERC") issued an "Order Approving Settlement Agreements, Dismissing Complaint and Issuing New License" in which FERC *inter alia* approved the Settlement Agreement.

As part of the Settlement Agreement, the Authority agreed to several changes to the Project boundary. These proposed changes removed approximately 1,340 acres from the Project. With these changes, the Authority intends to transfer jurisdiction over approximately 741 acres at Galop Island State Park and environmentally sensitive lands in Lisbon and Waddington to other state agencies. The remaining approximately 599 acres of removed lands are in the process of being conveyed either to the affected local municipality or to adjoining landowners, if interested. For all conveyed lands, the Authority would retain a flowage easement and access easements where appropriate to provide necessary rights to traverse conveyed lands for Project-related activities.

Current Owners name	NYP A S u r p l u s P a r c e l N o	S u r p l u s P a r c e l A c r e s	A p p r a i s a l V a l u e	D e e d F i l e d i n C o u n t y C l e r k
Thomas J. Mayette and Nancy Lynn Mayette	8363	0.04	200.00	1/12/2011
Thomas J. Mayette and Nancy Lynn Mayette	8364	0.04	200.00	1/12/2011
PATRICK J. CURRAN and LORI K. CURRAN	8543	0.92	18,400.00	1/12/2011
Richard Conclin	8218	0.08	1,400.00	6/10/2011
KIP M. OROSZ and LISA M. OROSZ	8505	0.15	2,250.00	6/10/2011

During this period, 5 deeds were finalized and recorded in the County Clerk's office. In addition, 16 deeds are awaiting execution by the landowners and 20 deeds are awaiting final payment and acceptance of delivery by the landowner. This brings the total to 503 of the 599 acres have been conveyed. Of the approximately 520 private parcels to be conveyed, approximately 407 parcels have been completed.

EXHIBIT 4.4

NEW YORK POWER AUTHORITY SUPPLIER DIVERSITY PROGRAM **January – June 2011**

Through the first two quarters ending June 30, 2011, NYPA awarded \$20.9 million or 13.57% of our reportable expenditures to New York State Certified Minority and Women-Owned Business Enterprises (M/WBEs). In the last fiscal quarter, April – June 2011, the Authority awarded \$10,731,067. or 12.87% % of our reportable expenditures to NY State Certified M/WBEs. This includes both direct contracts and subcontracts, including construction-related work. NYPA's new goal for fiscal 2011- 2012, being established with NYS Economic Development Corporation, is 8% of "Reportable Expenditures". A major component of this 2011-2012 goal plan was to increase the Authority's M/WBE annual goal to help meet the Governor's goal for minority and women-owned firms to account for 20 percent of the state's business. The Authority's new goal is projected to be 8%.

Reportable expenditures exclude specialty procurements (such as transformers, circuit breakers, turbine runners and other major electrical generating equipment, and commodities such as natural gas, where no M/WBEs are available to provide such goods or services). Increased enforcement and monitoring with respect to our energy efficiency initiatives are yielding positive results and should further improve NYPA's overall goal attainment.

It should also be noted that during calendar year four different NYS certified M/WBE financial dealers transacted over \$141.9 Million or 19.19% in principal sales and purchases for the Authority.

NYPA has a new Chief Diversity Officer, Ms. Sylvia Hamer. Ms. Hamer will review NYPA's corporate diversity policies and procedures and recommend workforce and supplier diversity initiatives to position NYPA as one of the top diversity employers among state and corporate entities while supporting the Governor's diversity goals. Efforts are underway to introduce Ms. Hamer to all aspects of NYPA's corporate supplier diversity program initiatives.

EXHIBIT 4.5**INVENTORY STATISTICS**

As of June 30, 2011

Facility	Footnote	2011	2010	2009
Niagara	(A)	16,792,312	18,207,845	18,135,587
St. Lawrence		11,257,814	11,604,637	12,027,477
Blenheim-Gilboa	(B)	7,521,940	7,381,124	5,773,422
Clark Energy Center		4,437,106	4,371,045	4,155,826
Poletti Project	(C)	11,810,252	14,648,094	14,108,193
Flynn Project	(D)	14,010,612	13,080,266	12,049,007
500 MW Project		20,548,852	20,088,622	19,496,314
Total Stock Value		86,378,889	\$89,381,633	\$85,745,826

(A) Includes \$1.6 million for field poles issued to the NIA Rotor Poles Replacement project in Dec 2010.

(B) Includes additional spare parts associated with B/G LEM and Switchyard upgrades.

(C) \$2.0 million of POL inventory sold in 2011.

(D) Includes additional stock requirements in preparation for Flynn 2011 outage.

Note:

Construction of the new Niagara Warehouse began in March 2010 and construction is proceeding on schedule. The new warehouse was designed to optimize the use of volume with modern racking and storage systems whenever possible. Construction completion of the new Niagara Warehouse and Office Facility is scheduled for September, 2011.

POWER AUTHORITY OF THE STATE OF NEW YORK
 PROCUREMENT CONTRACTS
 JANUARY THROUGH JUNE, 2011
 PAL 2879-a

EXHIBIT 4.6

FACILITY: WPO FOSSIL FUELS

CONTRACT NUMBER	PROVIDER NAME	CONTRACT DESCRIPTION	T E	M A	R A	O A	R A	O A	P A	O A	M A	B A	D S	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2011	CONTRACT BALANCE	DATE OF CONTRACT	O / C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
FD-2008-10	UNITED ENERGY TRADING, LLC 215 Union Blvd. Suite 425 Lakewood CO 80228	Natural Gas Purchase	E	B						F			28	\$26,960,382	\$26,960,382	\$8,856,812	\$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	X		28	\$5,500,999	\$5,500,999	\$0	\$0	12/01/08	O	*	
FD-2007-09	ENJET, INC 5373 West Alabama- Suite 502 Houston, TX 77056	Natural Gas Purchase	E	B						F			28	\$141,044,501	\$141,044,501	\$13,252,165	\$0	3/21/2007	O	*	
FD-2001-23	SEMPRA 58 Commerce Road Stamford, CT 06902	Natural Gas Purchase	E	B						F			28	\$168,290,671	\$168,290,671	\$0	\$0	12/01/01	O	*	
FD-2009-03	nationalgrid -LI (Flynn) 100 E Old County Rd Hicksville, NY 11801	Balancing Service	E	S						O	F			\$2,750,000	\$2,750,000	\$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			\$5,722,584	\$5,722,584	\$1,061,206	\$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			\$3,561,734	\$3,561,734	\$908,432	\$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			\$158,502	\$158,502	\$57,356	\$0	03/01/09	O	03/31/14	
FD-2009-07	CONOCO PHILLIPS COMPANY 600 North Dairy Ashford Houston, TX 77079	Natural Gas Purchase	E	B						F			28	\$17,317,195	\$17,317,195	\$9,830,870	\$0	05/01/09	O	*	
FD-2010-01	JLA ENERGY LLC Two Riverway, Suite 730 Houston, Tx 77056	Natural Gas Purchase	E	B						F			28	\$368,677	\$368,677	\$215,062	\$0	02/01/10	o	*	
FD-2010-02	IBERDROLA RENEWABLES 1125 N.W. Couch St. Suite 700 Portland, OR 97209	Natural Gas Purchase	E	B						F			28	\$12,729,324	\$12,729,324	\$8,330,124	\$0	08/09/10	o		

POWER AUTHORITY OF THE STATE OF NEW YORK
PROCUREMENT CONTRACTS
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EXHIBIT 4.6

FACILITY: WPO FOSSIL FUELS

CONTRACT NUMBER	PROVIDER NAME	CONTRACT DESCRIPTION	T P E	Y O A	M O A	R O A	O P A	M W B E	B I D S	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2011	CONTRACT BALANCE	DATE OF CONTRACT	O / C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
FD-2002-11	PSEG ENERGY RESOURCES 80 Park Plaza Fl T19 Newark, NJ 07102	Natural Gas Purchase	E	B			F		28	\$11,017,721	\$11,017,721	\$0	\$0	11/01/02	O	*	
FD-2003-09	J. ARON 85 Broad Street New York, NY 10004	Natural Gas Purchase	E	B			F		26	\$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			F		28	\$175,406,557	\$175,406,557	\$3,982,035	\$0	10/01/04	O	*	
FD-2003-12	CONSTELLATION POWER SOURCE 111 MARKET Place BALTIMORE, MD 21202	Natural Gas Purchase	E	B			F		28	\$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			F		28	\$517,980,286	\$517,980,286	\$23,913,488	\$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			F		28	\$57,251,724	\$57,251,724	\$2,968,191	\$0	04/01/04	O	*	
FD-2004-09	SOUTHWEST ENERGY LP Two Greenway Plaza Houston, TX 77046	Natural Gas Purchase	E	B			F		28	\$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			F		28	\$94,754,910	\$94,754,910	\$0	\$0	11/01/04	O	*	
FD-2005-02	BOSS ENERGY LTD 20445 State Hwy 249 Houston, TX 77070	Natural Gas Purchase	E	B			F		28	\$73,838,991	\$73,838,991	\$366,545	\$0	01/25/05	O	*	
FD-2005-12	NJR ENERGY SERVICES CO. 1415 Wyckoff Road Wall, NJ 07719	Natural Gas Purchase	E	B			F		28	\$142,927,555	\$142,927,555	\$11,356,361	\$0	09/01/05	O	*	
FD-2006-03	UBS AG / UBS ENERGY LLC 677 Washington Blvd Stamford, CT 06901	Natural Gas Purchase	E	B			F		28	\$126,500,213	\$126,500,213	\$0	\$0	07/28/06	O	*	
FD-2006-05	PETROCOM VENTURES LTD 1616 S Voss Suite 945 Houston, TX 77057	Natural Gas Purchase	E	B			F		28	\$44,715,916	\$44,715,916	\$0	\$0	07/21/06	O	*	
FD-2006-07	TEXAS GAS TRANSMISSION 3800 Frederica Street Owensboro, KY 42301	Firm Gas Transport/Demand Agreement	S	S			F			\$18,122,547	\$18,122,547	\$1,675,985	\$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			F			\$13,221,920	\$13,221,920	\$1,332,493	\$0	07/01/06	O	10/31/17	

POWER AUTHORITY OF THE STATE OF NEW YORK
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EXHIBIT 4.6

FACILITY: WPO FOSSIL FUELS

CONTRACT NUMBER	PROVIDER NAME	CONTRACT DESCRIPTION	T P E	Y M O A	M R A	R O A	O P A	M B E	B I D	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2011	CONTRACT BALANCE	DATE OF CONTRACT	O / C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
FD-2006-09	TRANSCONTINENTAL GAS PIPELINE (TGPL. 5316) 2800 Post Oak Blvd Houston, TX 77056	Firm Gas Transport/Demand Agreement	S	S			F			\$7,256,794	\$7,256,794	\$720,937	\$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		28	\$9,191,667	\$9,191,667	\$637,500	\$0	10/01/06	O	*	
FD-2007-08	ASSOCIATED ENERGY SERVICES (Formerly Spark Energy Gas) 3010 Briorpark Dr. Suite 550 Houston, TX 77042	Natural Gas Purchase	E	B			F		28	\$88,396,862	\$88,396,862	\$4,396,339	\$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	\$0	\$0	7/17/2006	O	*	
FD-2008-01	eCORP ENERGY MARKETING TEN THOUSAND MEMORIAL Houston, TX 77024-3410	Natural Gas Purchase	E	B			F		28	\$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		28	\$14,597,304	\$14,597,304	\$2,120,332	\$0	03/01/08	O	*	
FD-2008-05	SEQUENT ENERGY MGT 1200 Smith Street Houston, TX 77010	Natural Gas Purchase	E	B			F		28	\$36,029,220	\$36,029,220	\$0	\$0	03/01/08	O	*	
FD-1990-33	NORTHVILLE INDUSTRIES CORP (Formerly TOSCO PIPELINE COMPANY) 25 Melville Park Rd Melville, NY 11747	Oil Storage Agmt (SETAUKET)	E	S			F			\$11,688,886	\$11,688,886	\$255,013	\$0	04/01/94	O	09/30/13	
FD-1990-34	NORTHVILLE INDUSTRIES CORP (Formerly TOSCO PIPELINE COMPANY) 25 Melville Park Rd Melville, NY 11747	Oil Storage Agmt. (HOLTSVILLE)	E	S			F			\$3,744,629	\$3,744,629	\$63,753	\$0	10/01/93	O	09/30/13	

POWER AUTHORITY OF THE STATE OF NEW YORK
 PROCUREMENT CONTRACTS
 JANUARY THROUGH JUNE, 2011
 PAL 2879-a

EXHIBIT 4.6

FACILITY: WPO FOSSIL FUELS

CONTRACT NUMBER	PROVIDER NAME	CONTRACT DESCRIPTION	T P E	Y M A	M O A	R O A	O P A	M B E	B I S	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2011	CONTRACT BALANCE	DATE OF CONTRACT	O / C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
FS-1994-17	MERRILL LYNCH (Formerly ENTERGY-KOCH TRADING (FORMERLY KOCH)) 20 E Greenway Plaza Houston, TX 77046	Natural Gas Purchase	E	B		F			28	\$265,676,886	\$265,676,886	\$2,713,517	\$0	07/01/94	O	*	
FS-1997-22	COLONIAL ENERGY 2 Riverway Suite 2000 Houston, TX 77056	Natural Gas Purchase	E	B		F			28	\$411,669,626	\$411,669,626	\$5,804,681	\$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				\$12,568,260	\$12,568,260	\$958,906	\$0	08/01/08	O	05/31/11	
FD-2008-06	MACQUARIE COOK ENERGY 10100 Santa Monica Blvd los Angeles, CA 90067	Natural Gas Purchase	E	B		F			28	\$34,519,967	\$34,519,967	\$7,702,944	\$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			28	\$520,725	\$520,725	\$0	\$0	12/01/08	O	*	
FD-2011-01	BG ENERGY MERCHANTS, LLC 5444 Westheimer Suite 1200 Houston, Tx 77056	Natural Gas Purchase	E	B		F			28	\$486,310	\$486,310	\$486,310	\$0	03/01/11	O	*	
FD-2011-02	YAKA ENERGY, LLC 46411 Timine Way Pendleton, OR 97801	Natural Gas Purchase	E	B		F	X		28	\$1,968,413	\$1,968,413	\$1,968,413	\$0	03/01/11	O	*	
FD-2011-04	SAYBOLT LP Laboratories Windfern Rd, Houston Texas 77040	Oil Inspectors	S	B		F				\$3,777	\$3,777	\$3,777	\$0	01/01/11	c	12/31/13	

FUELS TOTALS \$2,877,132,689 \$2,877,132,689 \$116,489,547

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.

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POWER AUTHORITY OF THE STATE OF NEW YORK
 REPORT OF PROCUREMENT CONTRACTS AS OF 6/30/11
 REQUIRED BY N.Y. PUBLIC AUTHORITIES LAW, SECTION 2879
 CORPORATE FINANCE ADDENDUM

EXHIBIT 4.7

CORPORATE FINANCE: WPO

PROVIDER NAME	CONTRACT DESCRIPTION	T Y P E	M A	R A	O A	W A	M B I S	TOTAL CONTRACT AMOUNT
Bank of New York (formely JPMorgan) 101 Barclay Street New York, NY 10286	Trustee/Paying Agent Services on Bonds	S	C	9	N			381,043
Bank of New York (formely JPMorgan) 101 Barclay Street New York, NY 10286	Trustee- ARTN	S	C	9	N			179,778
Bank of New York (formely JPMorgan) 101 Barclay Street New York, NY 10286	Trustee- Commercial Paper	S	S	9	N		1	85,258
Bank of Nova Scotia One Liberty Plaze, 26th Fl. New York, NY 10006	Revolving Line of Credit for ARTN	S	C	9	N		6	1,300,901
Bank of Nova Scotia One Liberty Plaze, 26th Fl. New York, NY 10006	Revolving Line of Credit 2011 - Legal Fees	S	C	9	N			3,000
Barclays Capital (assigned from Lehman Bros.) ** 745 Seventh Avenue New York, NY 10019	Re-marketing Agent CP-1	S	C	9	N			1,061,791
Barclays Capital (assigned from Lehman Bros.) 745 Seventh Avenue New York, NY 10019	Re-marketing Agent CP-3	S	S	9	N		1	10,775
Citigroup 390 Greenwich Street New York, NY 10013	Re-marketing Agent CP-2	S	C	9	N			428,955
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	N			310,797
Goldman, Sachs & Co. 85 Broad Street New York, NY 10004-2456	Re-marketing Agent CP-2 and 3	S	C	9	N			898,932
Goldman, Sachs & Co. 85 Broad Street New York, NY 10004-2456	Re-marketing EMCP	S	C	9	N			577,153

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CORPORATE FINANCE: WPO

PROVIDER NAME	CONTRACT DESCRIPTION	T Y P E	M A	R A	O A	W A	I E	M B D S	TOTAL CONTRACT AMOUNT
Goldman, Sachs & Co. ** 85 Broad Street New York, NY 10004-2456	ART Notes Remarketing	S	C	9	N				1,787,245
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Re-marketing Agent CP-2	S	C	9	N				183,210
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Re-marketing Agent CP-3	S	C	9	N				558,490
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Escrow Agent POCR/CASP & LMEI Funds	S	C	9	N				477,999
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Revolving Line of Credit 2008	S	C	9	N		2		4,365,000
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Revolving Line of Credit 2011	S	C	9	N		2		10,928,889
King & Spalding 1185 Avenue of the Americas New York, NY 10036	Attorney - Legal Services 2011 RCA	P	S	9	N			1	30,000
Morgan Stanley 1221 Avenue of the Americas New York, NY 10020	Re-marketing Agent CP-1	S	C	9	N			7	88,996
RBC Capital Markets ** 1211 Avenue of the Americas New York, NY 10036	Re-marketing Agent CP-1	S	C	9	N				124,002
US Bank 60 Livingston Avenue St. Paul, MN 55107	Bond Trustee Fee	S	C	9	N				297,474
Total Financial Service Agreements									24,079,688

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CORPORATE FINANCE: WPO

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EXHIBIT 4.7

PROVIDER NAME	CONTRACT DESCRIPTION	T Y P E	M O A	R O A	W A	M B I E S	TOTAL CONTRACT AMOUNT
	Total Number of Agreements						20

NOTES:

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

** Expense History only available from 1997

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CORPORATE FINANCE: WPO

POWER AUTHORITY OF THE STATE OF NEW YORK
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EXHIBIT 4.7

TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 6/30/2011	DATE OF CONTRACT	O \ C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
381,043	3,354	2/24/1998	O	*	
179,778	10,674	9/2/2003	O	3/1/2020	
85,258	13,139	10/2/2006	O	*	
717,202	81,963	9/4/2007	O	9/1/2015	
3,000	3,000	1/1/2011	O		
1,061,791	74,002	7/14/1994	O	*	
10,775	-	6/26/2008	O	*	
428,955	8,475	12/4/1997	O	*	
310,797	-	11/24/2003	O	*	
898,932	5,160	12/4/1997	O	*	
577,153	77,362	3/4/2003	O	*	

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CORPORATE FINANCE: WPO

TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 6/30/2011	DATE OF CONTRACT	O \ C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
1,787,245	88,585	5/15/1985	O	3/1/2020	
183,210	16,259	6/28/2001	O	*	
558,490	10,560	12/4/1997	O	*	
477,999	17,290	5/30/1996	O	*	
4,345,433	66,683	1/7/2008	O	1/31/2011	
1,623,750	1,623,750	1/20/2011	O	1/20/2014	
30,000	30,000	1/7/2011	C		1/31/2011
88,996	27,935	3/31/2009	O	*	
124,002	41,222	7/14/1994	O	*	
297,474	-	1/1/1999	O	*	
14,171,284	2,199,413				