

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

November 15, 2011

A meeting of the Governance Committee was held 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

Also in attendance were:

<i>Gil Quiniones</i>	<i>Acting President and Chief Executive Officer</i>
<i>Judith McCarthy</i>	<i>Acting General Counsel</i>
<i>Donald Russak</i>	<i>Acting Chief Financial Officer</i>
<i>Thomas Antenucci</i>	<i>Senior Vice President – Power Supply Support Services</i>
<i>Joan Tursi</i>	<i>Senior Vice President – Corporate Support Services</i>
<i>Randy Crissman</i>	<i>Vice President – Technical Compliance</i>
<i>Joseph Gryzlo</i>	<i>Vice President 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>Jill Anderson</i>	<i>Director – Business Integration</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>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 Proposed Meeting Agenda**

By motion made and seconded, the November 15, 2011 meeting agenda was adopted.

2. **Minutes of the Regular Meeting of September 27, 2011**

The minutes of the Committee's September 27, 2011 meeting were adopted.

3. Procurement and Real Estate Reports

Ms. Joan Tursi said that status reports on procurement and real estate activities for the period ended September 30, 2011 will be presented.

3.1 Procurement Contract Activity

Ms. Patricia Leto highlighted the following procurement contract activities:

- The total expenditures for procurement contracts for the period ended September 30, 2011 exceeded \$261 million;
- 12% of the contracts were for construction work;
- 44% for the purchase of equipment and commodities;
- 15% for personal service contracts (engineering, consulting and legal services);
- 29% for other services service-based contracts;
- approximately 97% of the total amount expended were for contracts that were competitively bid.

3.2 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 September 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; the Authority also received \$5,100 for scaffolding at the Blenheim-Gilboa Project.

Fleet Operations

Ms. Leto said that during the reporting period ended September 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 \$497,776.71.

In response to a question from Chairman Eugene Nicandri, Ms. Leto said that the Authority conducts auctions twice per year and that JJC Auctioneers was the lowest bidder for this service.

3.3 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 July 1 through October 31, 2011.

Danger Tree Permits

This program allows the Authority to acquire property rights of 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 79 danger tree permits. Of note, the recent snow storm in October resulted in the disruption of electric power, a vast majority of which was caused by trees and high growth vegetation.

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.

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 \$2.7 million of gross revenue. One of the tenants, JPMorgan Chase, has vacated its leasehold of 29,300 square feet on the 4th floor. With the assistance of the Authority's broker, Newmark Knight Frank, staff is in the process of marketing this space; however, market conditions are not favorable. More than 20% of the 5.9 million square-feet of office in the White Plains Central Business District are considered open and available for leasing. Further, the trend is currently showing more commercial space available in the market than is being absorbed. The trend is also showing more deals for smaller spaces being requested. In addition, some of the tenants recently contacted staff requesting concessions in their leases. Staff is working to address this issue which reflects the overall economic conditions for the businesses involved.

With regards to the Authority's leasehold at 501 Seventh Avenue, staff has made a determination not to renew this leasehold when it expires on August 31, 2012. This leasehold has an annual net rental of \$277,000.

St. Lawrence Lands

One of the major commitments the Authority made during the relicensing of the St. Lawrence/FDR Power Project was to convey certain Authority-owned lands, identified as surplus, to either municipalities or landowners who owned adjoining property to these lands. 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 412 parcels have been conveyed.

In response to a question from Trustee Jonathan Foster, Mr. O'Connor said that staff is developing a model office to show prospective tenants how smaller spaces can be utilized.

In response to a question from Chairman Nicandri, Mr. O'Connor said that staff has been contacted by two tenants requesting that the Authority take back some of the space leased to them. Staff will be working with these tenants and will report the outcome to the Committee at the next meeting.

In response to further question from Chairman Nicandri, Mr. O'Connor said that the creation of a trail at St. Lawrence for horseback riding would require some funding from the Parks Department which has indicated that it does not have the revenues for such project.

3.4 Supplier Diversity Program Activities

Ms. Leto reported that for the period July 1 through September 30, 2011, the Authority awarded \$34.6 million (15.11%) of its reportable expenditures to New York State Certified Minority and Women-Owned Business Enterprises (M/WBEs). M/WBEs financial dealers transacted over \$267.4 million (27.01%) in principal sales and purchases for the Authority. The Authority's efforts with regard to M/WBEs were recognized and applauded by the Empire State Development Corporation for yielding the highest expenditures in the State for SFY 2009-2010. Also, the Authority's Director of Supplier Diversity, Ms. Debra White, is listed as a "2011 Champion of Diversity" in the September/October 2011 issue of Diversity Plus Magazine.

In response to a question from Chairman Nicandri, Ms. Leto said that based on discussions with Ms. White, it is more prudent to set the Authority's M/WBE goal plan at 10% rather than setting it too high.

Responding to a question from Trustee Mark O'Luck, Ms. Leto said that the Authority's energy efficiency projects will help it exceed the Governor's goal for M/WBE firms to account for 20% of the State's business.

In response to a question from Trustee Curley, Ms. Leto said that staff will look into the issue of contractors who use specialized equipment not manufactured in the United States being removed from the denominator when computing the Authority's results for M/WBE contracts.

3.5 Inventory Statistics

Ms. Leto reported that as of September 30, 2011, the total stock value of the Authority's inventory was \$89,796,575. This includes the \$1.6 million for field poles issued for the Niagara Project's Rotor Poles Replacement Project in December 2010.

The Construction of the new Niagara Warehouse which began in March 2010 is complete and procurement and warehouse staffs have relocated to the new facility. The remainder of the staff is scheduled to relocate by January 2012.

3.6 Fossil Fuels Activity

Mr. Rod Mullin said that the total fuel purchases and related costs for the period July 1 thru September 30, 2011 was \$94.5 million. Of this total, \$86 million was spent on Natural Gas purchases and associated costs and \$8.5 million on Fuel Oil purchases and related costs. There were 28 natural gas and oil contracts in total, all of which were competitively bid. To date, the Authority has transacted approximately \$4 million of business with the firm of YAKA Energy, a certified M/WBE.

Two oil purchases associated with the Commercial Operation Date of the Astoria Energy II plant on July 1, 2011 were made. The first purchase was made directly with Astoria Energy for the oil remaining in the storage tank after the plant completed its testing (the quantity covered 2 days worth of oil operation) and the second was made in order to increase the inventory level to provide for 3 additional days of operation on oil. Pursuant to the Authority's Gas Transportation Agreement with Con Edison, the Authority needs to maintain sufficient oil inventory to sustain plant operation for 5 days on oil in the event of gas system curtailments or plant operational issues.

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

- Crude Oil, currently trading at \$98/barrel
- No. 2 Heating Oil (used at the Flynn Plant), currently trading at \$132.30/barrel
- Jet/Kero (used for the 500 MW unit) currently trading at \$136.50/barrel
- ULSD (used at the Astoria Energy II Plant) currently trading at \$138.60/barrel

Fuel Oil Prices for products that the Authority use in its fossil plants range from \$23-24/Mmbtu and are expected to remain high relative to natural gas prices.

Prices for Natural Gas, the primary fuel for the Authority's downstate units, are relatively low at \$3.60/Mmbtu (\$24/barrel) due to weak demand, high storage levels and increased supply and deliverability to the Northeast.

3.7 Corporate Finance Activity

Mr. Brian McElroy said that for the period ended September 30, 2011, the Authority expended approximately \$3.4 million on financial-related agreements primarily supporting the administration of the Authority's debt program. Eighty percent of these administrative fees are related to Revolving Credit Facilities for the Authority's Variable Rate Note programs. The short-term markets continue to be supported by the Federal Open Market Committee's ("Fed") decision to target a Federal funds rate between 0 and 25 basis points. The Authority's Commercial Paper Notes are currently being remarketed between 15 and 20 basis points. Staff expects the Fed to maintain its target rate through 2012; therefore, the Authority's Commercial Paper Notes should continue to be remarketed in its current range for the foreseeable short-term future.

4. 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 said that the Ethics and Compliance office continues to receive ethics inquiries from staff, the main categories of which include outside employment, post-employment, gift restrictions and conflicts of interest. He then reported that, of note, is an incident whereby one of the Authority's temporary staff vendors filed a complaint alleging that competitor vendors were not properly accounting for payroll and other taxes in connection with Authority contracts. The Ethics and Compliance office subsequently evaluated the allegations with the Law Department and, after review by Internal Audit, the allegations were substantiated that two firms were not fulfilling the terms of their contracts with the Authority. Based on the findings, the Authority rescinded the contracts with the two vendors and terminated the services of the temporary staff employed by those vendors.

In response to a question from Chairman Nicandri, Mr. Gryzlo said, and Mr. Lesly Pardo confirmed, that Internal Audit conducts audits of Authority contracts with vendors and contractors. In response to further question from Chairman Nicandri, Mr. Pardo said that the contract with the vendors states that all personnel assigned to the Authority shall be employees of the vendor. It did not provide for "per diem" compensation and they violated that requirement.

In response to a question from Trustee Mark O'Luck, Mr. Gryzlo said that after consultation with the Law Department, it was determined that it was not the Authority's responsibility to report the vendors to the State government; the incident was dealt with as to their compliance with the Authority's contract. Ms. Judith McCarthy added that, although it may not have been illegal for the contractors to employ someone on a per diem basis, it was a violation of the Authority's contract with them which required them to engage salaried employees. In response to further question from Trustee O'Luck, Ms. Leto said that the vendors are not disbarred from consideration for future contracts with the Authority.

In response to a question from Trustee Curley, Mr. Gryzlo said that he would explore whether these companies engaged in an illegal act because of their violation of the Authority's contract. Responding to further question from Trustee Curley, Mr. Gryzlo said that the vendor that brought the allegation to the Authority's attention engages temporary staff employees for the Authority. This vendor was previously investigated by the Authority for similar practices and that may be the reason for their vigilance with their competitors. Ms Leto added that the firm did not benefit financially by bringing this allegation to the Authority's attention, in that, replacement contractors were not hired through this firm.

In response to a comment from Trustee Dyson, Mr. Gryzlo said that as regards vendors' requirements, the Authority plans to compose its contract language to be more specific in order to reduce the prospect of other vendors engaging in similar conduct without the Authority's knowledge. Mr. Pardo added that the Internal Audit division schedules several contract audits each year to verify compliance with contract terms. The Internal Audit staff is committed to conduct audits of similar contracts in the future to determine if there are any unusual activities.

Mr. Gryzlo continued that since the last meeting, the Ethics and Compliance office has conducted supervisor development training for new supervisors. They have also conducted ethics training with the Payroll department, at their request. Mr. Gryzlo ended by stating that the Board of Trustees would be receiving the annual Ethics Code of Conduct and FERC Standard of Conduct training for their completion.

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 Program.

NERC Reliability Standards Compliance Program

NYPA's Internal Compliance Program and NPCC Culture of Compliance Survey:

- In 2011, the Northeast Power Coordinating Council (“NPCC”) conducted a Culture of Reliability Compliance survey of its approximately 350 registered entities, which includes the Authority. Based on the Authority’s response to the survey, NPCC concluded that the Authority met or exceeded all of the minimum characteristics of a favorable culture of compliance. The philosophy has been that entities with an effective compliance program are given favorable treatment with respect to penalties and sanctions for any violations of the standards.

NYPA's Registration as a Load Serving Entity (LSE):

- The Authority registered as a LSE in June 2007 for its municipal customers and ALCOA, an Authority industrial customer.
- In 2009, NPCC determined that the Authority’s municipal customers should be registered as LSEs; the Authority should not be acting on their behalf. These municipal customers have since registered as LSEs.
- In December 2010, NPCC notified ALCOA that it was reviewing the LSE registration applicable to ALCOA and in July 2011, at NPCC’s request, staff provided NPCC with a position paper on LSE registration for the ALCOA load. The Authority has not received a response from NPCC; staff plans to have further discussions with NPCC on this matter in the near future.

NERC Recommendation to Industry – Facility Ratings for Transmission Lines:

- On October 7, 2010, NERC issued a “NERC Alert – Recommendation to Industry” requiring transmission owners to review the clearances for their transmission lines.
- On January 18, 2011, the Authority submitted a plan for responding to NERC’s recommendation and the initial assessment phase is on track to be completed by the end of the year or shortly thereafter.
- If issues are discovered, they will need to be discussed with the NYISO so that the Authority can develop a mitigation strategy that will satisfy NERC’s expectations.
- The Authority’s next report to NERC on this matter is due in January 2012.

Mr. Crissman also reported that FERC and NERC are in the process of developing a revised definition of the Bulk Electric System (“BES”) to include transmission assets at or above 100 kV. The new definition will be effective in 2012. The Authority’s assets that become part of the BES under the new definition will be subject to enforcement of the applicable standards in 2014.

A new version of the Critical Infrastructure Protection (“CIP”) standards is being developed to address FERC’s Order 706 regarding cyber security in the electric utility industry. It is expected that this new version of the CIP standards will be adopted in 2012 and become enforceable in 2014.

Staff will keep the Committee apprised of these new developments as it is expected to have potentially significant impacts on the Authority during the next one to three years.

Environmental and Health and Safety Audit Program

- Since the September meeting of the Committee, staff conducted an environmental, health and safety audit at the Poletti Power Project’s decommissioning site. There were some findings related to required inspections under health and safety regulations and updating of certain plans to notify agencies that the Plant has been decommissioned.
- The scope of the 2011 audit of the Authority’s Southeast New York facilities has been confined to the requirements of the Resource Conservation and Recovery Act hazardous waste management activities.

Audits of these requirements were conducted at the Hell Gate, Harlem River and Gowanus Power Projects, which generate very little hazardous waste.

- Several good management practice findings were identified during the audits.

Responding to a question from Trustee O’Luck, Mr. Crissman said that although the Authority has 115 kV lines and substation that are not a part of the BES, the Authority has to make sure that the maintenance of the lines are in keeping with the standards. Acting President Quinones said that the requirement, which is the same standard for all transmission lines, which authority was delegated by NERC, was implemented as a result of the Northeast blackout in 2003.

In response to a question from Trustee Dyson, Mr. Crissman said that if the Authority discover a potential issue with its transmission lines it would first have to contact the NYISO.

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. **Appointments of President and Chief Executive and Executive Vice President and General Counsel**

On motion made and seconded the Governance Committee unanimously approved the selection of Mr. Gil C. Quiniones as President and Chief Executive Officer of the Authority, subject to confirmation by the New York State Senate. The Committee also unanimously approved the appointment of Ms. Judith C. McCarthy as Executive Vice President and General Counsel of the Authority.

8. Next Meeting

The next regular meeting of the Governance Committee will be held on Tuesday, March 27, 2012, at 8:30 a.m., at the Clarence D. Rappleyea Building in White Plains, New York.

On motion made and seconded the meeting adjourned at approximately 10:20 a.m.

November 15, 2011

EXHIBITS

TO

November 15, 2011

Meeting Minutes

PROCUREMENT CONTRACTS SUMMARY
September 30, 2011

The following is a summary of all procurement contracts including multi-year contracts awarded as of September 30, 2011. These contracts have been active thus far in 2011 and are \$5,000 or greater in value. There are 1,724 such contracts with a total estimated value of more than \$2.6 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 \$261 million.

- 12% of these contracts are for construction work;
- 44% are for the purchase of equipment and commodities;
- 15% are for personal service contracts such as engineering, and legal services
- 29% 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.

DISPOSAL OF PERSONAL PROPERTY
January – September 2011

2011 YTD Report of Disposal of Personal Property

The Public Authorities Accountability Act (“PAAA”) requires the preparation of a report, not less frequently than annually, listing all Personal Property disposed of during the reporting year. To that 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 for submittal to the ABO by March 31, 2012.

WPO and Facilities – Third Quarter Activity, YTD Summary and Subtotal

During the previous reporting period, there were two (2) completed Personal Property Disposal transactions over \$5,000 in value conducted by the Property Disposal Coordinators (“PDCs”), as previously reported and further set forth on page 1 of the attached Report. Such transactions resulted in payment to the Authority of \$129,031.21.

During the current reporting period, there was one (1) completed Personal Property Disposal transaction over \$5,000 in value, as also listed on page 1 of the attached Report. The Authority participated in an online auction handled by the firm Auctions International for the sale of scaffolding at the Blenheim-Gilboa Project. Such auction resulted in net proceeds to the Authority of \$5,100. The total Sale Price / Price Received by the Authority for the one Personal Property Disposal transaction that was completed during this reporting period was \$5,100.

The YTD Total “Price Received by the Authority” for the three transactions over \$5,000 conducted by or on behalf of the Property Disposal Coordinators (“PDCs”) at WPO and the Facilities is \$134,131.21.

Currently in Progress

Several other disposal transactions were commenced during the reporting period, but have not yet been completed. They include, but are not limited to, the sale of scrap copper cable from the Small Clean Power Plant at Hell Gate, scrap rotor poles at the Niagara Project, scrap metal at the Blenheim-Gilboa Project and a negotiated sale of wood utility poles. Once finalized, such transactions will be included in the next Report to the Governance Committee and the various Annual Personal Property Disposal Reports.

Fleet – Third Quarter Activity, YTD Summary and Subtotal

During the previous reporting period, the Authority participated in one Fleet-related auction conducted on behalf of the Fleet Operations Division by the firm JJ Kane Auctioneers on May 7, 2011. Such auction resulted in the sale of 55 units comprising light duty vehicles, heavy duty trucks and special equipment. Of this number, there were 22 disposal transactions with a Sale Price over \$5,000, which are included on pages 2 - 3 of the attached Report and which resulted in a “Price Received by the Authority” (Net Amount) of \$215,948.50 after commission and transportation costs were deducted.

During the current reporting period, there were 16 additional disposal transactions with a Sale Price over \$5,000 conducted on behalf of the Authority’s Fleet Operations Division, as listed on the attached Report. The Authority participated in a second Fleet-related auction conducted by the firm JJ Kane Auctioneers on August 27, 2011, which resulted in the sale of 30 units comprising light duty vehicles, heavy duty trucks and special equipment. Of this number, there were 16 disposal transactions over \$5,000, which are also listed on the attached Report. The “Sale Price” (Gross) for these 16 units was \$155,100, which resulted in a **“Price Received by the Authority”** (Net Amount) of **\$147,697** after commission and transportation costs were deducted.

The **YTD Fleet Total “Price Received by the Authority” for the 38 transactions over \$5,000 is \$363,645.50.**

Grand Total as of 9/30/11

As summarized on page 3 of the attached Report, the **2011 YTD Grand Total “Price Received by the Authority” (Net Amount)** for all Personal Property with a value in excess of \$5,000 is **\$497,776.71** [Sale Price (Gross) \$519,081.21 less \$21,304.50 (commission / transportation fees, where applicable)]. (It should be noted that an **additional \$57,439.05** has been received YTD for the sale of 47 Fleet units with a value **less than or equal to \$5,000**, which are not included in the attached Report.)

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
BILL-JAX INC SCAFFOLDING AT BLENHEIM-GILBOA PROJECT	CERTIFIED BUILDINGS INC	\$ 5,100.00	\$ 5,100.00
	SUBTOTAL:	\$ 134,131.21	\$ 134,131.21

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 JOHN DEERE 550H DOZER	APOLLO NORTHEAST SALES & SVCS INC	\$ 34,000.00	\$ 1,270.00	\$ 32,730.00
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 C1500 SUBURBAN	BRAVO AUTO SALES INC	\$ 7,000.00	\$ 375.00	\$ 6,625.00
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	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 FORD TAURUS	JAMES DICASTRO EXCAVATING	\$ 5,750.00	\$ 422.50	\$ 5,327.50
2004 FORD TAURUS	MARILYN MACKIN	\$ 5,500.00	\$ 165.00	\$ 5,335.00
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
2004 TOYOTA PRIUS	CARSVILLE INC	\$ 10,000.00	\$ 465.00	\$ 9,535.00

* 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 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
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
2006 FORD ESCAPE	JAMES GENDRON	\$ 10,000.00	\$ 465.00	\$ 9,535.00
2006 FORD ESCAPE	JAMES ROOD	\$ 9,350.00	\$ 450.50	\$ 8,899.50
2007 CHEVY IMPALA	OFF FAIRWAY LLC	\$ 6,500.00	\$ 360.00	\$ 6,140.00
2007 CHEVY IMPALA	OFF FAIRWAY LLC	\$ 6,500.00	\$ 360.00	\$ 6,140.00
2007 CHEVY IMPALA	NIETO CONTRACTORS INC	\$ 7,500.00	\$ 395.00	\$ 7,105.00
2007 CHEVY IMPALA	OFF FAIRWAY LLC	\$ 6,500.00	\$ 360.00	\$ 6,140.00
2007 CHEVY IMPALA	CYNTHIA CULLINGS	\$ 7,000.00	\$ 375.00	\$ 6,625.00
2007 CHEVY TAHOE	APOLLO NORTHEAST SALES & SVCS INC	\$ 12,000.00	\$ 525.00	\$ 11,475.00
2007 TOYOTA PRIUS	O'CONNELL ELECTRIC INC	\$ 10,000.00	\$ 550.00	\$ 9,450.00
2007 TOYOTA PRIUS	O'CONNELL ELECTRIC INC	\$ 10,000.00	\$ 470.00	\$ 9,530.00
2008 CHEVY IMPALA	NIETO CONTRACTORS INC	\$ 7,500.00	\$ 395.00	\$ 7,105.00
FLEET SUBTOTAL:		\$ 384,950.00	\$ 21,304.50	\$ 363,645.50
+ SUBTOTAL Page 1:		<u>\$ 134,131.21</u>	---	<u>\$ 134,131.21</u>
GRAND TOTAL:		<u>\$ 519,081.21</u>	\$ 21,304.50	<u>\$ 497,776.71</u>

* Sale Price less commission / transportation costs

**ACQUISITION AND DISPOSAL OF REAL PROPERTY
JULY 1 – OCTOBER 31, 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 July 1 – October 31, 2011.

I. ACQUISITIONS

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 six 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.

<p>Permit No. Permittee Type of Permit Purpose</p>	<p>WP-08-3P Marble River, LLC Permit Requiring Insurance Excavate, grade, and install erosion and sedimentation controls within the Authority transmission line to facilitate the New York State storm water requirements for the construction of the Permittee's proposed substation together with the necessary accessories and appurtenances thereto.</p>
<p>Permit No. Permittee Type of Permit Purpose</p>	<p>NATL-10-2P Niagara County Water District Access and Work Agreement Construct, install, operate, maintain, repair, replace, and remove a below grade 36 inch diameter waterline together with the necessary accessories and appurtenances thereto.</p>
<p>Permit No. Permittee Type of Permit Purpose</p>	<p>NPP-11-5P United States Fish & Wildlife Service Special Use Permit Access the Authority's secured area for the installation of two antennas with coaxial cables to a self-contained watertight box that will house a telemetry receiver, a 12V-35</p>

amp hour battery on the shore of the Niagara River on Authority fee owned property for the monitoring of tagged lake sturgeon and lake trout.

Permit No. GL-11-1P
Permittee Watershed Agricultural Council
Type of Permit Special Use Permit
Purpose Construct, install, maintain, and replace fencing within the Authority's transmission line easement.

Permit No. MS-11-3P
Permittee Bosnian islamic Association of Utica
Type of Permit Permit Requiring Insurance
Purpose Construct, install, operate, maintain, repair, replace, and remove a stone driveway within the Authority's off right-of-way access road and under the transmission line easement together with the necessary accessories and appurtenances thereto.

Permit No. NPP-11-8P
Permittee LIRO Engineers, Inc.
Type of Permit Environmental Testing and Access Agreement
Purpose Enter upon the premises to perform certain activities (environmental testing) as set out in the Scope of Work.

II. DISPOSITIONS

Grant of Easement to Niagara Mohawk – A grant of easement was finalized between the Power Authority and Niagara Mohawk for underground electric facilities at the Niagara Power Project.

Grant of Easement to Niagara Mohawk and Verizon – A grant of easement was finalized between the Power Authority and Niagara Mohawk and Verizon for underground electric and communication facilities at the Niagara Power Project.

Both of these easements were to provide Niagara Mohawk and Verizon the ability to install electric and communication facilities to the United States Coast Guard communications tower located at the Niagara Power Plant.

Grant of Easement to Niagara Mohawk and Verizon – A grant of easement was finalized to provide underground electricity for a transformer to light ball fields at Reservoir State Park.

Temporary Easement to City of Niagara Falls - Conveyed a small fee parcel and a temporary easement to the City of Niagara Falls for the road widening project on Buffalo Avenue.

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. The space is currently listed with our broker, Newmark Knight Frank, who has been actively marketing and showing the 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	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				\$2,695,131.00
*Rent obligation through April.				

Leasing Support for Operating Projects and Transmission Facilities:

Real Estate concluded five lease extensions during this reporting period.

Hoskings Radio Tower – A renewal lease was executed between the Power Authority and Joseph Hosking was executed September 19, 2011 for the use of a tower and equipment building. This lease now expires April 30, 2014 with three one (1) year options to extend.

Burlington Radio Tower – This lease is in support of a radio tower site located in Burlington, New York. It provides an important radio communications link in support of the Marcy-South Transmission Facilities.

Clifton Park Energy Efficiency Office – The option to renew this lease was exercised and the new lease term expires on December 31, 2012. This lease supports the energy efficiency group.

Griffon Water Gauge – This lease is for water leveling gauging station located on the Niagara River near the foot of the Grand Island Bridge. This lease was renewed for a five year term. The lease will now expire June 30, 2017.

95 Perry Street – This sublease is for office space in Buffalo, New York was extended and now expires June 30, 2015. This leasehold is used primarily by the Energy Services and Technology and Community Relations groups.

Niagara University – A First Amendment of Lease was executed between Niagara University and the Power Authority to extend the lease between the parties for an additional one (1) year term to terminate April 30, 2012. Included in this amendment were additional five one (1) year term renewal options. This lease allows Niagara University to occupy Power Authority property for the construction, reconstruction, operation, and maintenance of an earthen berm and decorative wall.

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	NYPA Surplus Parcel No	Surplus Parcel Acres	Appraisal Value	Deed Filed in County Clerk
THOMAS J. SNIDER	8149	0.14	1,400.00	7/7/2011
THOMAS J. SNIDER	8150	0.18	1,800.00	7/7/2011
THOMAS J. SNIDER	8178	0.29	2,900.00	7/7/2011
LINDA MARIE POWER, SUSAN ANNE PARISIAN and PEGGY ANNE HEWITT	8545	0.16	2,400.00	7/7/2011

EDWARD BENDERT and PATRICIA BENDERT	8633	0.46	34,500.00	7/7/2011
PAUL-JAYMES TRUDELL	8425	0.17	2,550.00	7/20/2011
MAILHOT FAMILY TRUST	8536	0.27	4,050.00	7/20/2011

During this period, 7 deeds were finalized and recorded in the County Clerk's office. In addition, 16 deeds are awaiting execution by the landowners and 13 deeds are awaiting final payment and acceptance of delivery by the landowner. This brings the total to 504 of the 599 acres have been conveyed. Of the approximately 520 private parcels to be conveyed, approximately 412 parcels have been completed.

**NEW YORK POWER AUTHORITY SUPPLIER DIVERSITY
PROGRAM - - July – September 2011**

Through the third quarter ending September 30, 2011, NYPA awarded \$34.6 million or 15.11% of our reportable expenditures to New York State Certified Minority and Women-Owned Business Enterprises (M/WBEs). In the last fiscal quarter, July-September 2011, the Authority awarded \$13,717,242. or 18.25% % of our reportable expenditures to New York State Certified M/WBEs. This includes both direct contracts and subcontracts, including construction and energy efficient related work. Increased enforcement and monitoring with respect to our energy efficiency initiatives are yielding notable results and have positively impacted NYPA's overall goal attainment.

In accordance with NYS requirements, the Authority submitted its Master Goal Plan for FY 2011-2012 to the Governor's office on September 22, 2012. 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. NYPA's new goal for fiscal 2011- 2012, is 8% of "Reportable Expenditures. 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).

It should also be noted that during this calendar year four different NYS certified M/WBE financial dealers transacted over \$267.4 Million or 27.01% in principal sales and purchases for the Authority.

NYPA's M/WBE efforts were recognized and applauded by Empire State Development for yielding the highest M/WBE spend in the State in dollars and percentages in FY2009-2010. Additionally, NYPA and our Director of Supplier Diversity are listed in the Sept/Oct 2011 issue of Diversity Plus Magazine as a 2011 Champion of Diversity. Hundreds were nominated nationally but only 30 selected. The top 30 included some of the largest corporations in the country.

Exhibit 3.5

INVENTORY STATISTICS

As of September 30, 2011

Facility	Footnote	2011	2010	2009
Niagara	(A)	16,801,405	18,294,572	18,101,620
St. Lawrence		11,703,282	11,594,001	12,018,161
Blenheim-Gilboa	(B)	7,822,342	7,383,455	6,004,365
Clark Energy Center		4,536,251	4,352,226	4,448,879
Poletti Project	(C)	12,052,486	14,483,476	14,340,348
Flynn Project	(D) (E)	14,795,879	13,288,533	12,149,737
500 MW Project	(F)	22,084,930	20,109,832	19,232,718
Total Stock Value		\$89,796,575	\$89,506,095	\$86,295,828

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

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

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

(D) Includes \$0.8 million for Flynn turbine disc and deffuser,
\$0.7 million for Converter Excitation System.

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

(E) Includes \$1.4 million for OEM valves and \$0.4 million for compressor blades in 2011.

Note:

Construction of the new Niagara Warehouse began in March 2010 and construction is complete. The new warehouse was designed to optimize the use of volume with modern racking and storage systems whenever possible. Construction is complete and procurement and warehouse staff have relocated to the new Niagara Warehouse and Office Facility. Remainder of staff is scheduled to relocate by January, 2012.

3. POWER AUTHORITY OF THE STATE OF NEW YORK
 PROCUREMENT CONTRACTS
 JULY THROUGH SEPTEMBER, 2011
 PAL 2879-a

FACILITY: WPO FOSSIL FUELS

Exhibit 3.6

CONTRACT NUMBER	PROVIDER NAME	CONTRACT DESCRIPTION	T P E	Y O A	M R A	R O A	O P A	W B E	I D S	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2011	AMOUNT EXPENDED Jul - Sep	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	\$34,304,531	\$34,304,531	\$16,200,961	\$7,344,149	\$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	\$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	\$143,236,716	\$143,236,716	\$15,444,380	\$2,192,215	\$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	\$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		\$3,025,000	\$3,025,000	\$825,000	\$275,000	\$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		\$6,368,035	\$6,368,035	\$1,706,657	\$645,451	\$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		\$4,240,377	\$4,240,377	\$1,587,075	\$678,643	\$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		\$276,592	\$276,592	\$175,446	\$118,090	\$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	\$21,306,211	\$21,306,211	\$13,819,886	\$3,989,016	\$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	\$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	\$13,972,224	\$13,972,224	\$9,573,024	\$1,242,900	\$0	08/09/10	O		
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	\$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	\$0	04/22/03	O	*	
FD-2003-10	BP ENERGY COMPANY 501 WestLake Park Houston, TX 77253	Natural Gas Purchase	E	B			F		28	\$190,284,996	\$190,284,996	\$18,860,474	\$14,878,439	\$0	10/01/04	O	*	

3. POWER AUTHORITY OF THE STATE OF NEW YORK
 PROCUREMENT CONTRACTS
 JULY THROUGH SEPTEMBER, 2011
 PAL 2879-a

FACILITY: WPO FOSSIL FUELS

CONTRACT NUMBER	PROVIDER NAME	CONTRACT DESCRIPTION	T P E	M O A	R A	O P A	M W B E	B I D S	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2011	AMOUNT EXPENDED Jul - Sep	CONTRACT BALANCE	DATE OF CONTRACT	O / C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
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	\$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	\$533,694,467	\$533,694,467	\$39,627,669	\$15,714,181	\$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	\$59,359,753	\$59,359,753	\$5,076,220	\$2,108,029	\$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	\$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	\$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	\$73,839,766	\$73,839,766	\$367,320	\$775	\$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	\$156,190,500	\$156,190,500	\$24,619,306	\$13,262,945	\$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	\$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	\$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			\$18,962,379	\$18,962,379	\$2,515,817	\$839,832	\$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			\$13,889,584	\$13,889,584	\$2,000,157	\$667,664	\$0	07/01/06	O	10/31/17	
FD-2006-09	TRANSCONTINENTAL GAS PIPELINE (TGPL. 5316) 2800 Post Oak Blvd Houston, TX 77056	Firm Gas Transport/Demand Agreement	S	S		F			\$8,020,361	\$8,020,361	\$1,484,504	\$763,567	\$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	\$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	\$89,796,418	\$89,796,418	\$5,795,895	\$1,399,556	\$0	02/14/07	O	*	

3. POWER AUTHORITY OF THE STATE OF NEW YORK
 PROCUREMENT CONTRACTS
 JULY THROUGH SEPTEMBER, 2011
 PAL 2879-a

FACILITY: WPO FOSSIL FUELS

CONTRACT NUMBER	PROVIDER NAME	CONTRACT DESCRIPTION	T P E	M O A	R A	O A	M B E	B I D	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2011	AMOUNT EXPENDED Jul - Sep	CONTRACT BALANCE	DATE OF CONTRACT	O / C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
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	\$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	\$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	\$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	\$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			\$11,816,393	\$11,816,393	\$382,520	\$127,507	\$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			\$3,776,506	\$3,776,506	\$95,630	\$31,877	\$0	10/01/93	O	09/30/13	
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	\$266,425,861	\$266,425,861	\$3,462,492	\$748,975	\$0	07/01/94	O	*	
FS-1997-22	COLONIAL ENERGY 2 Riverway Suite 2000 Houston, TX 77056	Natural Gas Purchase	E	B		F		28	\$417,216,607	\$417,216,607	\$11,351,662	\$5,546,981	\$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			\$13,813,256	\$13,813,256	\$2,203,902	\$1,244,996	\$0	08/01/08	O	04/30/16	
FD-2008-06	MACQUARIE COOK ENERGY 10100 Santa Monica Blvd los Angeles, CA 90067	Natural Gas Purchase	E	B		F		28	\$40,782,230	\$40,782,230	\$13,965,207	\$6,262,263	\$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	\$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	\$2,485,967	\$2,485,967	\$2,485,967	\$1,999,657	\$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	\$3,877,023	\$3,877,023	\$3,877,023	\$1,908,610	\$0	03/01/11	O	*	

3. POWER AUTHORITY OF THE STATE OF NEW YORK
 PROCUREMENT CONTRACTS
 JULY THROUGH SEPTEMBER, 2011
 PAL 2879-a

FACILITY: WPO FOSSIL FUELS

CONTRACT NUMBER	PROVIDER NAME	CONTRACT DESCRIPTION	T P E	M O A	R A	O A	M P E	B E	B S	TOTAL CONTRACT AMOUNT	TOTAL EXPENDED TO DATE	AMOUNT EXPENDED 2011	AMOUNT EXPENDED Jul - Sep	CONTRACT BALANCE	DATE OF CONTRACT	O / C	PROJ COMPLETE DATE	DATE CONTRACT COMPLETE
FD-2011-06	EDF Trading N. America, LLC 4700 West Sam Houston Pky North Suite 25 Houston, Tx 77041	Natural Gas Purchase	E	B		F				\$2,156,202	\$2,156,202	\$2,156,202	\$2,156,202					
FD-2011-04	SAYBOLT LP Laboratories Windfern Rd, Houston Texas 77040 Core 6316	Oil Inspectors	S	B		F				\$5,837	\$5,837	\$5,837	\$2,060	\$0	01/01/11	O	12/31/13	
FD-2011-07	Astoria Energy II LLC 17-10 Steinway Street Astoria, NY 11105	OIL PURCHASE	E	B		F			19	\$2,906,041	\$2,906,041	\$2,906,041	\$2,906,041	\$0	07/01/11	C	07/01/11	07/01/11
FD-2011-08	GEORGE E WARREN CO 3001 Ocean Drive Vero Beach, FL 32963	OIL PURCHASE	E	B		F			19	\$5,456,494	\$5,456,494	\$5,456,494	\$5,456,494	\$0	07/18/11	C	07/25/11	07/25/11

FUELS TOTALS \$2,971,644,804 \$2,971,644,804 \$211,001,662 \$94,512,115

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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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	381,043	3,354	2/24/1998	O	*	
Bank of New York (formely JPMorgan) 101 Barclay Street New York, NY 10286	Trustee- ARTN	S	C	9	N		179,778	179,778	10,674	9/2/2003	O	3/1/2020	
Bank of New York (formely JPMorgan) 101 Barclay Street New York, NY 10286	Trustee- Commercial Paper	S	S	9	N	1	91,580	91,580	19,461	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	N	6	1,300,901	758,044	122,805	9/4/2007	O	9/1/2015	
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	3,000	3,000	1/1/2011	O		
Barclays Capital (assigned from Lehman Bros.) ** 745 Seventh Avenue New York, NY 10019	Re-marketing Agent CP-1	S	C	9	N		1,095,814	1,095,814	108,024	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	N	1	10,775	10,775	-	6/26/2008	O	*	
Citigroup 390 Greenwich Street New York, NY 10013	Re-marketing Agent CP-2	S	C	9	N		433,130	433,130	12,649	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	N		310,797	310,797	-	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	N		901,800	901,800	8,028	12/4/1997	O	*	
Goldman, Sachs & Co. 85 Broad Street New York, NY 10004-2456	Re-marketing EMCP	S	C	9	N		610,896	610,896	111,105	3/4/2003	O	*	
Goldman, Sachs & Co. ** 85 Broad Street New York, NY 10004-2456	ART Notes Remarketing	S	C	9	N		1,856,530	1,856,530	157,870	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	N		189,333	189,333	22,382	6/28/2001	O	*	
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Re-marketing Agent CP-3	S	C	9	N		564,641	564,641	16,710	12/4/1997	O	*	
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Escrow Agent POCR/CASP & LMEI Funds	S	C	9	N		477,999	477,999	17,290	5/30/1996	O	*	
JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Revolving Line of Credit 2008	S	C	9	N	2	4,365,000	4,345,433	66,683	1/7/2008	C		1/31/2011

11/1/2011

Exhibit 3.7

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JPMorgan Chase 270 Park Avenue New York, NY 10017-2070	Revolving Line of Credit 2011	S	C	9	N	2		10,928,889	2,537,361	2,537,361	1/20/2011	O	1/20/2014	
King & Spalding 1185 Avenue of the Americas New York, NY 10036	Attorney - Legal Services 2011 RCA	P	S	9	N	1		30,000	30,000	30,000	1/7/2011	C		1/31/2011
Morgan Stanley 1221 Avenue of the Americas New York, NY 10020	Re-marketing Agent CP-1	S	C	9	N	7		102,964	102,964	41,903	3/31/2009	O	*	
RBC Capital Markets ** 1211 Avenue of the Americas New York, NY 10036	Re-marketing Agent CP-1	S	C	9	N			147,882	147,882	65,102	7/14/1994	O	*	
US Bank 60 Livingston Avenue St. Paul, MN 55107	Bond Trustee Fee	S	C	9	N			297,474	297,474	-	1/1/1999	O	*	
	Total Financial Service Agreements							24,280,223	15,326,271	3,354,400				
	Total Number of Agreements							20						

NOTES:

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Joseph W. Gryzlo
Chief Ethics &
Compliance Officer

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To: Members of the Governance Committee

From: Joseph W. Gryzlo, Vice President, Labor Relations & Chief Ethics & Compliance Officer *Joseph W. Gryzlo*

Date: November 15, 2011

Re: Recent Developments and Status of the Ethics & Compliance Program

I. ETHICS UPDATE

A. Case Management

1. Current Reporting Period—September 27, 2011—November 15, 2011

The principal substantive issues arising under the Ethics laws and/or the NYPA Code of Conduct investigated or researched since the most recent Governance Committee report on September 27, 2011 include various requests to engage in outside employment and activities, appearances of impropriety or conflicts of interest, post employment restrictions and gifts inquiries. There have been twenty (20) inquiries during this period with an emphasis on ethics restrictions relating to outside employment and gifts.

2. Case Load Summary--Current Reporting Period

A NYPA engineer traveled to Italy for a Quality Assurance inspection and was provided ground transportation by a vendor while visiting a facility. The employee would have made his own arrangements but was informed that he should accept the vendor's transportation to the facility because travel in the area was difficult to manage and can be unsafe for those unfamiliar with the locale. Arrangements were made to bill NYPA for this service to avoid a violation of the ethics gifts restrictions.

A NYPA employee requested permission to engage in outside employment developing electric power system course curriculum and serve as an adjunct professor for Bismarck College, a school with which NYPA has a formal relationship through the Human Resources Talent Development group. The request to engage in curriculum development was approved after it was determined that no conflicts of interest existed. The approval to serve as a professor was conditioned on the employee and Bismarck College's commitment

to review class lists to ensure that no NYPA employees would participate in his classes. This would insulate the employee from violating NYPA's Code of Conduct (prohibition on selling good/services to NYPA) and other ethics considerations relating to conflicts of interest and appearances of impropriety.

During the aftermath of Hurricane Irene, a NYPA employee who found himself without power for several days asked a NYPA vendor with whom he had a longstanding personal relationship whether the vendor knew of any generators for rent in the marketplace. The vendor offered his own personal generator. The NYPA employee accepted the generator and later ascertained the daily rental cost through market research, and paid his friend for use of his generator. The NYPA employee was directed to maintain records of the payment.

3. Investigation Reporting

The Ethics and Compliance Office received a report from NYPA's Procurement Department which alleged improper payroll practices by certain NYPA vendors relating to their provision of temporary staff services to NYPA. The report was initially reviewed with the Law Department and then referred to NYPA's Internal Audit Department for investigation. The investigation substantiated that certain vendors had violated their contracts with NYPA and may have under-reported wages and taxes in connection with their employees who had been assigned to NYPA. The vendors were either paying their employees as independent contractors and/or providing them with per diem payments in violation of the NYPA contracts which required that only actual wages be paid to these employees.

As a result of this investigation, NYPA rescinded the contracts with two vendors and terminated the services of those vendors' employees who had been assigned to NYPA. In addition, the Law and Procurement Departments are revising certain contract language to strengthen internal controls.

B. MATTERS BEFORE THE COMMISSION ON PUBLIC INTEGRITY

1. Gifts Rules

The Public Officers Law gifts rules have been revised under the new Public Integrity Reform Act. The current gifts restrictions prohibit state employees from accepting anything above 'nominal' value, which has been interpreted by the Commission as equivalent to a cup of coffee or less. The new version of the gifts rule allows for up to \$15 in food or beverages and more clearly defines widely attended events and circumstances under which state employees may accept travel, lodging and meals without violating the gifts provisions. Additional guidance will be provided to employees.

2. "Project Sunlight"

This program establishes a new database which will aggregate information concerning all firms and individuals that appear before any state agency or authority in a representative capacity. It requires that all state entities track and provide information related to appearances for the purposes of procuring a state contract for property, goods or services; representing clients related to rate-making; representing clients in regulatory matters; representing clients in a judicial or quasi-judicial proceeding, and representing clients or customers in the adoption or repeal of a rule or regulation. This database will be maintained by the Office of General Services and be available for viewing and download via a webpage, subject to statutory confidentiality restrictions.

C. TRAINING AND OUTREACH

Ethics training relating to Outside Employment ethics considerations was finalized and will be issued to all Trustees, officers and employees in November. It will be provided through NYPA's computerized LMS training platform. For those employees who do not have regular computer access, copies of the training will be provided to them with the assistance of the Facility Human Resources and departmental staff during regular staff meetings. The annual Code of Conduct certification will accompany this training.

The Ethics & Compliance Office provided two additional training sessions since the last report to the Governance Committee. The first was a presentation to new supervisors as part of Human Resources' Supervisory Development Training and the second was a targeted training pertaining to privacy and confidentiality requested by a headquarters department manager to ensure that new and experienced staff members are fully aware of the requirements under the law and NYPA's Code of Conduct.

II. COMPLIANCE UPDATE

A. NERC Reliability

1. Northeast Power Coordinating Council (NPCC) Culture of Compliance Survey

In 2011, NPCC developed and conducted a Culture of Compliance Survey of its approximately 350 members and expects to have all results compiled by the end of this year. NPCC's goal and the analysis of its survey results is to identify and share best practices for managing compliance among its registered entities.

NYPA received a letter from NPCC on October 18, 2011 which summarized NPCC's assessment of NYPA's culture of compliance. NPCC concluded that

NYPA clearly has demonstrated that it meets or exceeds all minimum characteristics of a favorable culture of compliance. The promotion of a sound culture of compliance is consistent with FERC and Canadian enforcement agencies' philosophies that entities will be given credit with regard to penalties and sanctions if an effective compliance program is in place.

2. Load Serving Entity (LSE) De-Registration

NYPA registered as a Load Serving Entity under NERC's functional registration model in June 2007 when the NERC Reliability Standards became mandatory. NYPA registered as an LSE for its municipal customers and ALCOA, a NYPA industrial customer. In 2009, NPCC determined that NYPA's municipal customers should be registered as LSEs, not NYPA as acting on their behalf. These municipal customers have since registered as LSEs.

On December 10, 2010, NPCC notified ALCOA that it was reviewing the LSE registration applicable to ALCOA. NPCC has engaged NYPA and ALCOA in discussions and information requests, including applicable assets/ownership, metering points and load flow data. In March 2011, NPCC requested NYPA to provide a position paper on the LSE registration for the ALCO load. NPCC stated it would discuss this registration situation involving large industrial end user customers with its NERC regional counterparts to determine if either entity needs to be registered as a LSE. NPCC did not audit NYPA's compliance with the applicable reliability standards for LSEs during its June 2011 FERC Order 693 audit. NYPA submitted its position paper and additional requested information to NPCC on July 18, 2011 and is awaiting a response from NPCC.

3. NERC Recommendation to Industry – Facility Ratings for Transmission Lines

On October 7, 2010, NERC issued a "NERC Alert – Recommendation to Industry" requiring NYPA to review its current Facility Ratings Methodology for its solely and jointly owned transmission lines to verify that the methodology is based on actual field conditions (in particular, line clearances). This Alert was issued as a result of vegetation contact by a transmission owner and NERC's subsequent discovery that the actual field condition of the transmission line differed from its design condition causing some facility ratings to be inaccurate or in question (e.g. violations of the codes for line-to-ground clearances). Pursuant to the NERC Rules of Procedure, all Registered Entities are required to report to NERC on the status of activities relating to this Recommendation. At the end of the assessment and remediation period, it is possible that some entities will be subject to enforcement actions. This is a significant undertaking by the Transmission Owners in North America.

NYPA was required to submit a plan to conduct an assessment and any necessary remediation of the issues identified in the recommendation. NYPA submitted its plan to NERC on January 18, 2011 with commitments to complete the required evaluations, reports and remediations. NYPA met with the New York

Independent System Operator (NYISO) on July 8, 2011 to discuss its assessment plan and the management of outages that might be required to mitigate any line clearance issues that are discovered. Since the submission of its plan, NYPA's assessment has progressed as planned. The consultants performing ground clearance studies of NYPA's transmission facilities issued an updated schedule confirming that all studies will be completed by the end of 2011. NYPA will meet again with the NYISO in January 2012 to discuss a mitigation strategy for any line clearance issues that are discovered.

4. Environmental, Health and Safety Audits

Since the last report to the Governance Committee, an environmental, health and safety audit was conducted at the Poletti Power Project Decommissioning site. Several findings were identified which related to required inspections under health and safety regulations and updating certain plans to notify agencies that the plant has been decommissioned.

Based on discussions with members of the Internal Audit Committee, the scope of the Southeast New York facilities 2011 audit has been confined to the requirements of the Resource Conservation and Recovery Act hazardous waste management activities. Audits have been conducted at the Hell Gate, Harlem River and Gowanus Power Projects. Very little hazardous waste is generated at these facilities. Good management practice findings were identified during the audits.

Cc: G. Quiniones
E. Welz
J. McCarthy
J. Tursi
R. Crissman
L. Pardo