

**UTILITY DEBT SECURITIZATION AUTHORITY**

**MINUTES OF THE 10TH MEETING**

**HELD ON MARCH 30, 2016**

**AT THE OFFICES OF HAWKINS DELAFIELD**

**28 LIBERTY STREET, NEW YORK, NY**

**The Board of Trustees of the Utility Debt Securitization Authority (the “Authority”)** was convened at 3:15 p.m. at Hawkins Delafield & Wood LLP, 28 Liberty Street, New York, NY, pursuant to legal notice given on Friday, March 25, 2016; and electronic notice posted on the website of the Long Island Power Authority.

**The following Trustees of the Authority participated:**

**Robert Gurman, Acting Chair, by phone  
Bruce Levy**

**Representing the Authority were Tom Falcone, Chief Executive Officer; and Jon Mostel, Secretary, who participated by phone. Representing the Long Island Power Authority were Bobbi O’Connor, Deputy General Counsel and Assistant Secretary; Kenneth Kane, Managing Director of Finance; Donna Mongiardo, Controller; Kathleen Mitterway, Director of Audit; Sanna Wong-Chen, Director of Finance. John Little, Managing Director of Planning and Strategy, participated by phone.**

**Also in attendance were David Lyons, Senior Director and VP Business Services of PSEG; and Bruce Van Dusen of Hawkins Delafield & Wood LLP.**

*The Acting Chair welcomed everyone to the 10th meeting of the Authority.*

*The Acting Chair stated that the first item on the agenda is the adoption of minutes from the December 14, 2015 meeting. He asked if there were any changes or deletions. Hearing none, The Acting Chair entertained a motion to adopt the minutes. Upon motion duly*

*made and seconded, the following resolution was approved:*

**23. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE DECEMBER 14, 2015 MEETING OF THE BOARD OF TRUSTEES OF THE UTILITY DEBT SECURITIZATION AUTHORITY**

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**RESOLVED**, that the Minutes of the meetings of the Authority held on December 14, 2015 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

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*The Acting Chair stated that the next item on the agenda is consideration of a resolution for Appointment of Chief Executive Officer, to be presented by Bobbi O'Connor.*

*Bobbi O'Connor discussed the resolution appointing Chief Executive Officer and took questions from the Trustees.*

*Upon motion duly made and seconded the following resolution was unanimously adopted by the Trustees:*

**24. APPOINTMENT OF CHIEF EXECUTIVE OFFICER**

**RESOLVED**, that Thomas Falcone be, and hereby is, appointed Chief Executive Officer of the Utility Debt Securitization Authority (UDSA), effective as of March 30, 2016, until the earlier of his resignation or removal; and be it further

**RESOLVED**, that Mr. Falcone will continue to serve in the role of Chief Financial Officer of the UDSA until a successor is named.

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*The Acting Chair stated that the next item on the agenda is consideration of approval of 2015 Financial Report, to be presented by Donna Mongiardo.*

*Donna Mongiardo presented the 2015 Financial Report and took questions from the Trustees.*

### **Requested Action**

The Trustees are being requested to approve the proposed financial report section of the 2015 annual report of the Utility Debt Securitization Authority (the “Authority”), prepared in accordance with Section 2800(1) of the Public Authorities Law (“PAL”), in the form presented at the meeting.

### **Background**

Section 2800(1) of the PAL requires the Authority to submit an annual report to the Governor, the Chairman and ranking minority member of the Senate Finance committee, the Chairman and ranking minority member of the Assembly Ways and Means committee, the State Comptroller, and the Authorities Budget Office, within ninety days after the end of the Authority’s fiscal year. The annual report includes, among other things, the Authority’s financial report for the fiscal year just ended. Under Section 2800(1)(a)(2) of PAL, the financial report shall include the following: audited financials; grant and subsidy programs; operating and financial risks; current bond ratings; and long-term liabilities (the “Financial Report”).

Section 2800(3) of PAL requires the Financial Report to be approved by the Trustees. Accordingly, the proposed Financial Report has been reviewed by the Finance and Audit Committee of the Board, which has approved a resolution recommending the Trustees’ approval of the Financial Report at this time.

### **Recommendation**

Based upon the foregoing, it is recommended that the Trustees adopt a resolution in the form of the draft resolution presented at the meeting.

*The Acting Chair noted that the action was recommended by the Finance and Audit Committee of the Board of Trustees. Upon motion duly made and seconded the following resolution was approved.*

### **25. APPROVAL OF 2015 FINANCIAL REPORT OF THE UTILITY DEBT SECURITIZATION AUTHORITY**

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WHEREAS, Section 2800(1) of the Public Authorities Law (“PAL”) requires public authorities such as the Utility Debt Securitization Authority (the “Authority”) to prepare an annual report; and

WHEREAS, the Authority’s annual report includes, among other things, a financial report, as defined under Section 2800(1)(a)(2) of PAL (the “Financial Report”); and

WHEREAS, the Authority has prepared its Financial Report, which, pursuant to Section 2800(3) of PAL, is subject to the approval of the Trustees; and

**WHEREAS, the Finance and Audit Committee has reviewed the Authority's Financial Report and approved a resolution recommending its approval by the Trustees at this time:**

**NOW, THEREFORE, BE IT RESOLVED, that the Trustees hereby approve the 2015 Financial Report of the Utility Debt Securitization Authority, in the form presented at this meeting.**

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*The Acting Chair stated that the next item on the agenda is consideration of approval of the 2015 Annual Investment Report, to be presented by Kenneth Kane.*

*Kenneth Kane discussed 2015 Annual Investment Report and took questions from the Trustees.*

#### **Requested Action**

**The Trustees are requested to adopt a resolution approving the Annual Investment Report of the Utility Debt Securitization Authority (UDSA).**

#### **Background**

**Pursuant to the Investment Guidelines adopted by the UDSA on November 14, 2013, as amended on March 30, 2015, an Annual Investment Report is to be prepared and submitted to the Board for approval.**

**As shown in the report, the UDSA had investments ranging from approximately \$41 million at June 30, 2015 to in excess of \$50 million for each of the quarters ended March, September and December. The UDSA funds are invested in Dreyfus Cash Management Institutional Shares, a triple-A rated money market fund. For the year ended December 31, 2015, the fund generated a return of 0.05%, as shown in their latest report, which is attached for your convenience.**

#### **Recommendation**

**Mr. Kane noted that the Annual Investment Report has been reviewed by the Finance and Audit Committee of the Board of Trustees. Based upon the foregoing, Mr. Kane recommend the approval of the above requested action by adoption of a resolution in the form of the draft resolution attached.**

*The Acting Chair noted that the action was recommended by the Finance and Audit Committee of the Board of Trustees. Upon motion duly made and seconded the following resolution was approved.*

**26. APPROVAL OF THE 2015 ANNUAL INVESTMENT REPORT PURSUANT TO THE AUTHORITY’S INVESTMENT GUIDELINES**

**WHEREAS, the Utility Debt Securitization Authority (the “Authority”) adopted the Utility Debt Securitization Authority Guidelines for Investing, Securing, Monitoring and Reporting Authority Funds Available for Investment (the “Investment Guidelines”), in November 2013; and**

**WHEREAS, the Authority subsequently amended the Investment Guidelines in March 2015; and**

**WHEREAS, the Investment Guidelines require that the Board annually approve an investment report to be prepared by Long Island Power Authority (“LIPA”) staff; and**

**WHEREAS, the Finance and Audit Committee of the Authority’s Board of Trustees has reviewed the annual investment report for 2015 (the “Investment Report”) with the appropriate members of LIPA staff and recommended approval of the Investment Report by the Board:**

**NOW THEREFORE BE IT RESOLVED, that the Trustees hereby approve and adopt the Investment Report in the form presented at this meeting.**

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*At approximately 3:22 p.m. The Acting Chair entertained a motion to adjourn, which was duly made and seconded.*

**Respectfully submitted,**

**Jon R. Mostel**