

**OFFERING MEMORANDUM DATED JUNE 30, 2015**

*For a discussion of the tax-status of the Series 2015 GR-1 Notes, see "TAX MATTERS" herein.*

**\$200,000,000**  
**Long Island Power Authority**  
**Electric System General Revenue Notes**  
**Series 2015 GR-1**  
consisting of  
**Series 2015 GR-1A (Federally Taxable) and**  
**Series 2015 GR-1B (Tax-Exempt)**

The Long Island Power Authority Electric System General Revenue Notes, Series 2015 GR-1 (the "Series 2015 GR-1 Notes") offered hereby are issued in accordance with the terms and provisions of the Long Island Power Authority Act, being Title 1-A of Article 5 (§1020 *et. seq.*) of the Public Authorities Law of the State of New York, as amended, (the "Act") and the Electric System General Revenue Bond Resolution adopted by the Long Island Power Authority (the "Authority") on May 13, 1998, as amended and supplemented (herein called the "Resolution"), including as supplemented by the Twenty-Third Supplemental Resolution adopted by the Authority on August 6, 2014 (herein called the "Supplemental Resolution"), authorizing the issuance at one time, or from time to time, of the Series 2015 GR-1 Notes as described herein.

The Series 2015 GR-1 Notes will be issued in two subseries designated as "Electric System General Revenue Notes, Series 2015 GR-1A (Federally Taxable)" (the "Series 2015 GR-1A Taxable Notes") and "Electric System General Revenue Notes, Series 2015 GR-1B (Tax-Exempt)" (the "Series 2015 GR-1B Tax-Exempt Notes").

In connection with the issuance of the Series 2015 GR-1 Notes, the Authority has entered into a Reimbursement Agreement (the "Reimbursement Agreement") with TD Bank, N.A. (the "Bank"), pursuant to which the Bank issued in favor of The Bank of New York Mellon, New York, New York, as Issuing and Paying Agent (the "Issuing and Paying Agent") an irrevocable direct pay Letter of Credit (the "Letter of Credit") in the stated amount set forth herein plus an amount to pay interest (in an aggregate amount calculated at the rate of 10% per annum for a period of 275 days and a year of 360 days) due on the Series 2015 GR-1 Notes as provided therein. The Letter of Credit for the Series 2015 GR-1 Notes is scheduled to expire on June 29, 2020, unless extended or earlier terminated pursuant to its terms.

To the extent not paid from the proceeds of draws under the Letter of Credit, the principal and interest on the Series 2015 GR-1 Notes are payable at maturity solely from the proceeds of (1) other Series 2015 GR Notes and (2) pursuant to the Resolution, the revenues generated by the electric transmission and distribution system (the "System") owned by the Authority's subsidiary, LIPA, subject to prior payment of operating expenses of the System and on a parity with Electric System General Revenue Bonds and other Parity Obligations of the Authority.

To the extent not paid from the proceeds of draws under the Letter of Credit, the Redemption Price payable on any Noticed Redemption Date (as defined herein) on the Series 2015 GR-1 Notes is payable solely from the proceeds of other Series 2015 GR Notes and certain other borrowings as described herein. In addition, the interest portion (but not the principal portion) of the Redemption Price is payable from System revenues subject to prior payment of operating expenses of the System and on a parity with Electric System General Revenue Bonds and other Parity Obligations of the Authority. See "SECURITY FOR THE SERIES 2015 GR-1 NOTES" below.

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**The Series 2015 GR-1 Notes are not a debt of the State of New York or any municipality and neither the State nor any municipality shall be liable thereon.**

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The Series 2015 GR-1 Notes will be executed and delivered only as fully registered notes without coupons, in the principal amount of \$100,000 and additional increments of \$1,000 above \$100,000. The Series 2015 GR-1 Notes will be initially executed and delivered under a book-entry-only system and will be registered in the name of Cede & Co., as Noteholder and nominee of The Depository Trust Company, New York, New York. Principal, Redemption Price and interest on the Series 2015 GR-1 Notes will be payable through the Issuing and Paying Agent.

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This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2015 GR-1 Notes. Investors are advised to read the entire Offering Memorandum, including any portion hereof included by reference, to obtain information essential to the making of an informed decision.

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**Goldman, Sachs & Co.**

No dealer, broker, salesperson or other person has been authorized by the Authority or the Dealer to give any information or to make any representation, other than the information and representations contained in this Offering Memorandum, in connection with the offering of the Series 2015 GR-1 Notes, and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority or the Dealer. This Offering Memorandum does not constitute an offer to sell or solicitation of an offer to buy any of the Series 2015 GR-1 Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The information set forth herein has been furnished by the Authority and LIPA and includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, LIPA, PSEG-LI, National Grid or the Bank since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

This Offering Memorandum contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Authority’s and LIPA’s business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

The Dealer has provided the following sentence for inclusion in this Offering Memorandum: The Dealer has reviewed the information in this Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Dealer does not guarantee the accuracy or completeness of such information.

The Issuing and Paying Agent has no responsibility for the form and content of this Offering Memorandum and has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Offering Memorandum or any information or disclosure contained herein, or omitted herefrom.

**IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE OFFERING MEMORANDUM AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THIS OFFERING MEMORANDUM CONSISTS OF THE COVER PAGE, THE INSIDE COVER PAGE, THE TABLE OF CONTENTS, THE MAIN BODY, THE APPENDICES AND THE INFORMATION INCLUDED BY SPECIFIC CROSS-REFERENCE HEREIN. THE OFFERING MEMORANDUM SHOULD BE READ IN ITS ENTIRETY. INFORMATION CONTAINED ON THE AUTHORITY’S WEB SITE DOES NOT CONSTITUTE PART OF THIS OFFERING MEMORANDUM.**

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Jon R. Mostel—*General Counsel and Secretary*  
Rick Shansky—*Managing Director of Contract Oversight*  
Kenneth Kane—*Managing Director of Finance and Budgeting*  
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**Issuing and Paying Agent**

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New York, New York

**Financial Advisor**

Public Financial Management, Inc.  
New York, New York

\* On April 30, 2015, Mr. McMahon tendered his resignation to be effective August 31, 2015. As of the date hereof, a replacement has not been named.

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**OFFERING MEMORANDUM**  
**of the Long Island Power Authority**  
**Relating to its**

**\$200,000,000**  
**Long Island Power Authority**  
**Electric System General Revenue Notes**  
**Series 2015 GR-1**  
consisting of  
**Series 2015 GR-1A (Federally Taxable) and**  
**Series 2015 GR-1B (Tax-Exempt)**

**INTRODUCTION**

The Long Island Power Authority Electric System General Revenue Notes, Series 2015 GR-1 (the “Series 2015 GR-1 Notes”) are being issued by the Long Island Power Authority (the “Authority”) pursuant to the Long Island Power Authority Act, being Title 1-A of Article 5 (§1020 *et seq.*) of the Public Authorities Law of the State of New York, as amended (the “Act”), and the Electric System General Revenue Bond Resolution of the Authority adopted on May 13, 1998 (the “General Resolution”), as supplemented by the Twenty-Third Supplemental Resolution of the Authority adopted on August 6, 2014, authorizing the Series 2015 GR-1 Notes (the “Supplemental Resolution”). The General Resolution, as supplemented to the date hereof, including as supplemented by the Supplemental Resolution and as it may be further supplemented or amended in the future, is herein called the “Resolution.”

Pursuant to the Authority’s Certificate of Determination relating to the Series 2015 GR-1 Notes (the “Certificate of Determination”), the aggregate principal amount of all Series 2015 GR-1 Notes outstanding at any time shall not exceed \$200,000,000. Also, pursuant to the Supplemental Resolution, the aggregate principal amount of Electric System General Revenue Notes, Series 2015 GR-2 (the “Series 2015 GR-2 Notes”) outstanding at any time shall not exceed \$75,000,000 and the aggregate principal amount of Electric System General Revenue Notes, Series 2015 GR-3 outstanding at any time shall not exceed \$50,000,000 (the “Series 2015 GR-3 Notes” and together with the Series 2015 GR-2 Notes, the “Series 2015 GR-2 and GR-3 Notes”), which Series 2015 GR-2 and GR-3 Notes are not being offered hereby and were offered pursuant to a separate offering memorandum earlier in 2015. In addition, the Supplemental Resolution provides that, in the aggregate, the principal amount of (i) the Series 2015 GR-1 Notes described herein, as well as the separately offered Series 2015 GR-2 and GR-3 Notes, (ii) the Authority’s Original Commercial Paper Notes Series CP-1 through CP-3 issued under the Third Supplemental Resolution (the “Original Commercial Paper Notes”), none of which remain outstanding, (iii) Subordinated Series 2014 Commercial Paper Notes (as described in the Supplemental Resolution) outstanding at any time and (iv) amounts drawn under any Letter of Credit which remain outstanding under the related Reimbursement Agreement and are not being reimbursed with the proceeds of Series 2015 GR Notes being issued at such time, together with the amount available under the Authority’s Revolving Credit Agreement relating to its Electric System General Revenue Notes, Series 2013A, may not be in excess of \$1,000,000,000.

The Series 2015 GR-1 Notes will be issued in two subseries designated as “Electric System General Revenue Notes, Series 2015 GR-1A (Federally Taxable)” (the “Series 2015 GR-1A Taxable Notes”) and “Electric System General Revenue Notes, Series 2015 GR-1B (Tax-Exempt)” (the “Series 2015 GR-1B Tax-Exempt Notes”).

*Unless the Authority elects at or prior to the time of the issuance of any Series 2015 GR-1 Note, as evidenced by a supplement to the Certificate of Determination, the Series 2015 GR-1 Notes will be issued as Series 2015 GR-1A Taxable Notes, the interest on which is intended to be subject to federal income taxation. The Authority may by delivery to the Trustee of a supplement to the Certificate of Determination specify that some or all of the Series 2015 GR-1 Notes be delivered as Series 2015 GR-1 Tax-Exempt Notes, the interest on which is intended to be excluded from gross income for federal income tax purposes. If no such election is made by the Authority, all Series 2015 GR-1 Notes shall be issued as Series 2015 GR-1 Taxable Notes. See “TAX MATTERS.”*

The Series 2015 GR-1 Notes will be issued under the Issuing and Paying Agency Agreement, dated as of February 1, 2015 (the “Issuing and Paying Agency Agreement”), between the Authority and The Bank of New York Mellon, acting as Issuing and Paying Agent (the “Issuing and Paying Agent”).

Goldman, Sachs & Co. has been appointed to serve as the dealer for the Series 2015 GR-1 Notes.

Unless otherwise indicated, capitalized terms not defined in this Offering Memorandum have the meanings set forth in Appendix D under the heading “Glossary of Defined Terms.”

## **THE SERIES 2015 GR-1 NOTES**

### **Purpose of the Series 2015 GR-1 Notes**

Pursuant to the Supplemental Resolution and the Certificate of Determination, the proceeds of the Series 2015 GR-1 Notes may be used (i) to pay or reimburse for costs of improvements to the System (defined below), (ii) to pay or reimburse for operating expenses relating to the System, (iii) to pay or reimburse for any amounts due under any financial contract entered into in connection with the Series 2015 GR Notes, (iv) to refund Series 2015 GR Notes or any other authorized obligations under the Supplemental Resolution or repay any amount drawn under a related credit facility, (v) to refund borrowings under the Authority’s Revolving Credit Agreement, (vi) to refund Subordinated Series 2014 Commercial Paper Notes or to repay any amount drawn under a related credit facility to pay or redeem such Notes, (vii) to pay fees and expenses incurred in conjunction with each of the foregoing and (viii) such other purposes as may be specified by subsequent Authority resolution.

### **Description of the Series 2015 GR-1 Notes**

#### ***General***

The Series 2015 GR-1 Notes will be dated the date of their delivery, will be issued as interest-bearing and not as discount obligations in denominations of \$100,000 or any integral multiple of \$1,000 in excess thereof and, except as described below, will be issued in book-entry form through the book-entry system of The Depository Trust Company (“DTC”). See “Appendix B-Book-Entry-Only System.” Each Note will bear interest from its date of issuance at the rate determined at the date of issuance (which may not exceed 15% per annum) and payable at maturity. In accordance with the limitation set forth in the Supplemental Resolution and the Certificate of Determination, the Authority and the Issuing and Paying Agent have agreed in the Issuing and Paying Agency Agreement not to issue or permit the issuance of Series 2015 GR-1 Notes to the extent that the sum of the aggregate amount of interest payable (including any portion thereof not yet accrued) of all outstanding Series 2015 GR-1 Notes (after giving effect to such issuance) would exceed the amount that may be drawn under the Letter of Credit to pay interest on the Series 2015 GR-1 Notes. As described below, in connection with the issuance of the Series 2015 GR-1 Notes and pursuant to the Reimbursement Agreement, the Bank has issued in favor of the Issuing and Paying Agent its irrevocable direct pay Letter of Credit to pay principal, redemption price and interest (in an aggregate amount calculated at the rate of 10% per annum for a period of 275 days and a year of 360 days) due on the Series 2015 GR-1 Notes supported by such Letter of Credit as provided therein (See “SECURITY FOR THE SERIES 2015 GR-1 NOTES - Letter of Credit and Security for the Series 2015 GR-1 Notes” below).

In the case of Series 2015 GR-1 Taxable Notes, interest shall be calculated on the basis of a 360 day year of twelve 30 day months for the actual number of days elapsed to the dates on which such Series 2015 GR-1 Taxable Notes mature. In the case of Series 2015 GR-1 Tax-Exempt Notes, interest shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed to the dates on which such Series 2015 GR-1 Tax-Exempt Notes mature. The principal of and interest on the Series 2015 GR-1 Notes will be paid at maturity to DTC and distributed by it to its Participants as described in “Appendix B-Book-Entry-Only System.”

#### ***Stated Maturity; Noticed Redemption***

The Series 2015 GR-1 Notes will mature no earlier than 271 days and no later than 275 days and in no event later than nine (9) months from their date of issuance. For purposes of determining the latest permitted maturity date under the Certificate of Determination, the date nine months from the date of issuance of a Series 2015 GR-1 Note is the same numbered date of the ninth calendar month following the month in which such Series 2015 GR-1 Note is issued as the number of the date on which such Series 2015 GR-1 Note was issued, and if a Series 2015 GR-1 Note is issued on the 29th, 30th or 31st of a month and such ninth month does not have a 29th, 30th or

31st, then nine months from the date of issuance shall be deemed to be the last calendar day of such ninth month. Except as otherwise provided in the General Resolution, the Series 2015 GR-1 Notes are not subject to acceleration of principal or interest, but will be subject to redemption from the sources, at the times and to the extent set forth in the Certificate of Determination and as described below.

Each Series 2015 GR-1 Note will be subject to redemption on a date (a "Noticed Redemption Date") selected by the Authority at the time of its issuance at a redemption price equal to the principal amount of such Series 2015 GR-1 Note, plus accrued and unpaid interest thereon (the "Redemption Price"). The Noticed Redemption Date for any Series 2015 GR-1 Note will be no earlier than one day and no greater than 270 days from the date of issuance of such Note and will not be later than a date which is two Business Days prior to the Termination Date of the Letter of Credit in effect at the time that such Series 2015 GR-1 Note is issued.

The Redemption Price due on any Noticed Redemption Date will be payable solely from amounts drawn on the Letter of Credit. In the event that the Bank fails to honor a draw under the Letter of Credit, the Series 2015 GR-1 Notes will be payable at the option of the Authority from the proceeds of refunding Series 2015 GR Notes, Subordinated Series 2014 Commercial Paper Notes, borrowings under the Authority's Revolving Credit Agreement or other borrowings or Revenues of the Authority; provided, however that in no event will the principal portion of the Redemption Price due on a Noticed Redemption Date be payable from Revenues (as defined in the Resolution). All such potential sources of payment of the Redemption Price of the Series 2015 GR-1 Notes will be applied strictly in accordance with the priority established by the Certificate of Determination. The failure to pay the Redemption Price on a Noticed Redemption Date will not be a default or an Event of Default under the Resolution, and any Series 2015 GR-1 Note not redeemed on its Noticed Redemption Date will continue to bear interest at its current rate until its stated maturity. In the event any Series 2015GR-1 Note is not redeemed on a Noticed Redemption Date, the Authority will promptly provide notice of such failure to the registered owner of such Series 2015 GR-1 Note.

## SECURITY FOR THE SERIES 2015 GR-1 NOTES

### General

The Series 2015 GR-1 Notes are issued pursuant to the Resolution and on a parity with the pledge thereof created in favor of Bonds (as defined in the Resolution) issued under the Resolution and all Parity Obligations (as defined in the Resolution); provided, however, in no event shall the principal portion of the Redemption Price be payable from Revenues. The principal of and interest on the Series 2015 GR-1 Notes at maturity are payable from the proceeds of (1) draws under the Letter of Credit, (2) other Series 2015 GR Notes and (3) pursuant to the Resolution, the Revenues generated by the electric transmission and distribution system (the "System"), owned by the Authority's subsidiary, LIPA, subject to prior payment of operating expenses of the System. The Redemption Price payable on any Noticed Redemption Date (as defined herein) on the Series 2015 GR-1 Notes is payable solely from (1) draws under the Letter of Credit and (2) the proceeds of other Series 2015 GR Notes and certain other borrowings as described herein. In addition, the interest portion (but not the principal portion) of Redemption Price is payable from Revenues subject to prior payment of operating expenses of the System and on a parity with Electric System General Revenue Bonds and other Parity Obligations of the Authority. For a summary of certain provisions of the Resolution, see the complete document, which has been filed with EMMA and is included herein by specific cross-reference.

**The Series 2015 GR-1 Notes are not a debt of the State of New York (the "State") or any municipality and neither the State nor any municipality shall be liable thereon. The Authority shall not have the power to pledge the credit, the revenues or the taxing power of the State or any municipality, and neither the credit, the revenues nor the taxing power of the State or any municipality shall be, or shall be deemed to be, pledged to the payment of any of the Series 2015 GR-1 Notes. The Authority has no taxing power.**

The Authority expects to pay the principal and Redemption Price of and interest on the Series 2015 GR-1 Notes with the proceeds of draws under the Letter of Credit, and to immediately reimburse the Bank for such draws with the proceeds of the sale of additional Series 2015 GR-1 Notes or to retire such Notes with other moneys either by the issuance of long-term Bonds issued under the Resolution or from other available moneys. Pursuant to the General Resolution, the obligation of the Authority to reimburse such Bank for amounts advanced under the Letter

of Credit or interest thereon shall constitute a Parity Reimbursement Obligation within the meaning of the General Resolution.

#### **Letter of Credit for the Series 2015 GR-1 Notes**

In connection with the issuance of the Series 2015 GR-1 Notes, the Authority has entered into a Reimbursement Agreement with the Bank, pursuant to which the Bank issued in favor of the Issuing and Paying Agent its irrevocable direct pay Letter of Credit for the stated amount set forth below to pay principal and the amounts set forth below to pay interest (in an aggregate amount calculated at the rate of 10% per annum for a period of 275 days and a year of 360 days) due on the Series 2015 GR-1 Notes supported by the Letter of Credit as provided therein. The Bank is obligated only for the amount payable under its Letter of Credit for the Series 2015 GR-1 Notes and is not obligated to pay any amount payable under any other letter of credit or for any Series 2015 GR Notes not supported by its Letter of Credit. The Bank provided its Letter of Credit in the amounts set forth below:

<u>Bank</u>	<u>Notes</u>	<u>Principal Amount</u>	<u>Interest Component</u>
TD Bank, N.A.	Series 2015 GR-1	200,000,000	\$15,277,778

The Letter of Credit for the Series 2015 GR-1 Notes is scheduled to expire on June 29, 2020, unless extended or earlier terminated pursuant to its terms. The Supplemental Resolution provides that no Letter of Credit shall be substituted therefor, with respect to any Notes it secures, prior to the maturity of such Notes.

In accordance with the General Resolution, so long as (i) the Letter of Credit is in full force and effect, (ii) payment on the Letter of Credit is not in default and (iii) the Bank shall not have failed to honor a properly presented conforming draw under the Letter of Credit, the Bank will be deemed to be the sole Owner of the Series 2015 GR-1 Notes when the approval, consent or action of the Owners of such Notes is required or may be exercised under the Resolutions.

For a summary of certain provisions of the Reimbursement Agreement, see Appendix D attached hereto.

For information relating to the Bank, see Appendix A attached hereto.

#### **Security for the Series 2015 GR-1 Notes other than Letter of Credit**

To the extent not paid from the proceeds of draws under the Letter of Credit, the principal of and interest on the Series 2015 GR-1 Notes are payable at maturity solely from the proceeds of (1) other Series 2015 GR Notes and (2) pursuant to the Resolution, the Revenues generated by the System subject to prior payment of operating expenses of the System on a parity with the pledge thereof created in favor of Bonds issued under the Resolution and all Parity Obligations; provided, however, in no event shall the principal portion of the Redemption Price be payable from Revenues.

The Redemption Price due on any Noticed Redemption Date will be payable solely from amounts drawn on the Letter of Credit, the proceeds of Series 2015 GR Notes, Subordinated Series 2014 Commercial Paper Notes, borrowings under the Authority's Revolving Credit Agreement or other borrowings of the Authority and in no event will the principal portion of the Redemption Price be payable from Revenues. All such potential sources of payment of the Redemption Price of the Series 2015 GR-1 Notes will be applied strictly in accordance with the priority established by the Certificate of Determination. The failure to pay the Redemption Price on a Noticed Redemption Date will not be a default or an Event of Default under the Resolution, and any Series 2015 GR-1 Note not redeemed on its Noticed Redemption Date will continue to bear interest at its current rate until its stated maturity.

#### **THE AUTHORITY**

The Authority, acting through its wholly-owned subsidiary, the Long Island Lighting Company ("LILCO") which does business under the name LIPA ("LIPA"), provides electric service in its service area which includes two counties on Long Island — Nassau County ("Nassau County") and Suffolk County ("Suffolk County") (except for the Nassau County villages of Freeport and Rockville Centre and the Suffolk County village of Greenport, each of which has its individually owned municipal electric system) — and a small portion of the Borough of Queens of The City of New York known as the Rockaways.

The Authority is a corporate municipal instrumentality and a political subdivision of the State exercising essential governmental and public powers. The Authority was created by the State Legislature under and pursuant to the Act. LIPA is a stock corporation formed and existing under the Business Corporation Law of the State of New York.

The Authority and LIPA are parties to a Financing Agreement (the “Financing Agreement”) providing for their respective duties and obligations relating to the financing and operation of retail electric service in LIPA’s service area. See the summary of the Financing Agreement, which is issued by specific cross-reference herein.

The following documents filed with the Electronic Municipal Market Access System (EMMA) of the Municipal Securities Rulemaking Board (“MSRB”) by the Authority are included by specific cross-reference in this Offering Memorandum:

- The Authority’s Annual Report for the Fiscal Year 2014 (which includes the Authority’s Basic Financial Statements December 31, 2014 and 2013 (With Independent Auditors’ Report Thereon) and Management’s Discussion and Analysis (Unaudited);
- The Glossary of Defined Terms;
- The Resolution; and
- The Financing Agreement.

For convenience, copies of these documents can be found on the Authority’s website ([www.lipower.org](http://www.lipower.org)) under the caption “Financials.” No statement on the Authority’s website is included by specific cross-reference herein.

In addition, pursuant to the continuing disclosure undertakings executed by the Authority in connection with its outstanding bonds, the Authority files annual reports and notices of certain material events with EMMA, and Official Statements prepared by the Authority in connection with sales of its bonds from time to time are filed with the EMMA. Holders of the Series 2015 GR-1 Notes issued from time to time pursuant to the Supplemental Resolution should review such annual reports, notices and Official Statements for information about the Authority. Annual reports, notices of material events and Official Statements filed with EMMA after the date of this Offering Memorandum are hereby incorporated by reference herein.

In addition to the issuance of the Series 2015 GR-1 Notes, in December 2014 and the first two quarters of 2015, the Authority (i) issued approximately \$413 million fixed rate Electric System General Revenue Bonds, Series 2014A (the “Series 2014A Bonds”) and approximately \$165 million fixed rate Electric System General Revenue Bonds, Series 2014B (Federally Taxable) (the “Series 2014B Bonds” and together with the Series 2014A Bonds, the “Fixed Rate 2014 Bonds”) on December 16, 2014, (ii) issued \$150 million of Floating Rate Notes pursuant to a public offering separate from, but at the same time as, the Fixed Rate 2014 Bonds (the “Series 2014C Bonds”), (iii) closed on a new subordinated commercial paper program which provides for up to \$300 million subordinated lien Series 2014 Commercial Paper Notes with associated letters of credit (with 3-year renewal terms) on December 22, 2014, (iv) closed on the Series 2015 GR-2 and GR-3 Notes with associated letters of credit (with 3-year renewal terms) on March 30, 2015, (v) issued an additional \$200 million of Floating Rate Notes pursuant to a private placement on June 16, 2015 and (vi) extended certain Letters of Credit on approximately \$175 million of its outstanding variable rate Bonds for up to four years. The Series 2014A Bonds were issued (1) to fund certain system improvements, (2) to refund certain outstanding bonds of the Authority and (3) to pay costs relating to the issuance of the Series 2014A Bonds. The Series 2014B Bonds were issued (1) to fund certain system improvements and other costs and (2) to pay costs relating to the issuance of the Series 2014B Bonds. The Series 2014C Bonds were issued to refund certain outstanding variable rate bonds of the Authority. The Floating Rate Notes issued pursuant to a private placement refunded certain outstanding variable rate bonds of the Authority. **To the extent any of those securities were offered publicly, separate disclosure documents were prepared in connection with such offerings.**

## **PROPOSED AMENDMENT TO THE RESOLUTION**

The Authority has amended the Resolution as described below, subject to the consent or deemed consent of the holders of a majority in principal amount of all Outstanding Bonds. The Series 2015 GR-1 Notes are Bonds for purposes of the General Resolution. The original purchasers and holders of the Series 2015 GR-1 Notes, by their purchase and acceptance thereof, thereby (i) consent, and shall be deemed to have consented, to such amendment, and (ii) waive, and shall be deemed to have waived, any and all other formal notices, implementation or timing requirements that may otherwise be required under the Resolution. The Dealer has not been requested to consent, and will not be consenting, to the amendment on behalf of any other holder of Series 2015 GR-1 Notes.

The Twenty-Second Supplemental Resolution amends the General Resolution by deleting a proviso appearing in a section of the General Resolution relating to Supplemental Resolutions which authorize the issuance of Bonds. Such proviso stated that “no Bonds shall have a stated maturity less than 271 days after the date of issue thereof unless constituting a serial maturity of a Series with principal maturing in more than three consecutive Fiscal Years including the year of such maturity.” The proposed amendment is intended to provide the Authority with additional flexibility in its issuance of short-term indebtedness as senior lien obligations under the Resolution; when and if the necessary consents or deemed consents are received, there would be no minimum stated maturity for Bonds.

Any consent to any such proposed amendment may be revoked, as to any Bond, by the then current holder thereof through written notice filed with the Authority and the Trustee prior to the effectiveness of the amendment. Under the Resolution, the Authority and the Trustee may deem and treat the person in whose name any Bond is registered at the time on the books of registry as the absolute owner of such Bond for all purposes whatsoever, and neither the Authority nor the Trustee will be affected by any notice to the contrary.

Any Beneficial Owner of Series 2015 GR-1 Notes desiring to revoke a consent given with respect to the proposed amendment must make arrangements with the Direct Participant or Indirect Participant of DTC through which such Beneficial Owner’s ownership interest in the Series 2015 GR-1 Notes is recorded (see Appendix B – “BOOK-ENTRY ONLY SYSTEM”) in order for such revocation to be made by the Direct Participant in whose account such ownership interest is recorded. NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY OBLIGATION TO BENEFICIAL OWNERS, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WITH RESPECT TO ANY PROCEDURES OR ARRANGEMENTS AMONG THEM OR WITH DTC RELATING TO THE REVOCATION OF ANY SUCH CONSENT, THE ADHERENCE TO ANY DTC PROCEDURES OR ARRANGEMENTS OR THE EFFECTIVENESS OF ANY ACTION TAKEN PURSUANT TO SUCH PROCEDURES OR ARRANGEMENTS.

The amendment made by the Twenty-Second Supplemental Resolution will be effective upon the filing with the Trustee of consents (which have not been revoked), executed by Holders (or, to the extent provided by the Supplemental Resolution authorizing any series of Bonds, bond insurers or others deemed to be Holders or the underwriters of any series of Bonds), or upon the deemed consent of the Holders, of not less than a majority in principal amount of the Bonds then Outstanding. The Twenty-Second Supplemental Resolution provides that following the effectiveness of such amendment, the Authority will mail notice of such amendment to the Holders of the Bonds as provided in the General Resolution. The General Resolution provides that, upon the filing of certain proofs with the Trustee as to such consent and the giving of required notice to the Holders of Bonds, the amendment made by the Twenty-Second Supplemental Resolution shall be deemed conclusively binding upon the Authority, the Trustee and the Holders of all Bonds.

## **TAX MATTERS**

### **Series 2015 GR-1 Taxable Notes**

Under the Code, interest on the Series 2015 GR-1 Taxable Notes is included in gross income for Federal income tax purposes. However, in the opinion of Bond Counsel to the Authority, under existing statutes, interest on the Series 2015 GR-1 Taxable Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

The following discussion is a brief summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of Series 2015 GR-1 Taxable Notes by original purchasers of the Series 2015 GR-1 Taxable Notes who are “U.S. Holders”, as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series 2015 GR-1 Taxable Notes will be held as “capital assets”; and (iii) does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Series 2015 GR-1 Taxable Notes as a position in a “hedge” or “straddle”, or holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, or holders who acquire Notes in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Holders of Series 2015 GR-1 Taxable Notes should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series 2015 GR-1 Taxable Notes as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

#### ***Characterization as Short-Term Obligations***

Each Series 2015 GR-1 Taxable Note is a “Short-Term Obligation” for Federal income tax purposes and, as such, is subject to rules contained in Sections 1281 through 1283 of the Code if the holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Series 2015 GR-1 Taxable Note is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon and held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and any “acquisition discount” with respect to, the Series 2015 GR-1 Taxable Note accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant yield basis using a constant interest rate and daily compounding. For purposes of the preceding sentence, the term “acquisition discount” means the excess of the stated redemption price of a Series 2015 GR-1 Taxable Note at maturity over the holder’s tax basis therefor.

A holder of a Series 2015 GR-1 Taxable Note not described in the preceding paragraph, including a cash method taxpayer, must report interest income in accordance with the holder’s regular method of tax accounting, unless such holder irrevocably elects to accrue acquisition discount currently.

#### ***Disposition and Defeasance***

Generally, upon the sale, exchange, retirement, or other disposition (which would include a legal defeasance) of a Series 2015 GR-1 Taxable Note, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder’s adjusted tax basis in the Series 2015 GR-1 Taxable Note.

The Authority may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series 2015 GR-1 Taxable Notes to be deemed to be no longer outstanding under the Resolution (a “defeasance”). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series 2015 GR-1 Taxable Notes subsequent to any such defeasance could also be affected.

#### ***Backup Withholding and Information Reporting***

In general, information reporting requirements will apply to non-corporate holders of the Series 2015 GR-1 Taxable Notes with respect to payments of the principal of, payments of interest on, and the proceeds of the sale of a Series 2015 GR-1 Taxable Note before maturity within the United States. Backup withholding may apply to holders of Notes under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit

against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

#### ***U.S. Holder***

The term "U.S. Holder" means a beneficial owner of a Series 2015 GR-1 Taxable Note that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

#### ***Miscellaneous***

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or State level, may adversely affect the tax-exempt status of interest on the Series 2015 GR-1 Taxable Notes under State law and could affect the market price or marketability of the Series 2015 GR-1 Taxable Notes. Prospective purchasers of the Series 2015 GR-1 Taxable Notes should consult their own tax advisors regarding the foregoing matters.

#### **Series 2015 GR-1 Tax-Exempt Notes**

The Certificate of Determination requires as a condition to issuance of the Series 2015 GR-1 Tax-Exempt Notes that an opinion of Bond Counsel be delivered to the effect that, under then-existing statutes and court decisions and assuming continuing compliance with certain tax covenants to be described in such opinion, interest on the Series 2015 GR-1 Tax-Exempt Notes is excluded from gross income for Federal income tax purposes. In rendering any such opinion, Bond Counsel will rely on certain representations, certifications of facts, and statements of reasonable expectations made by the Authority and LIPA in connection with the issuance of the Series 2015 GR-1 Tax-Exempt Notes, and Bond Counsel will assume compliance by the Authority and LIPA with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2015 GR-1 Tax-Exempt Notes from gross income for federal income tax purposes. A supplement to this Offering Memorandum will be supplied to purchasers of Series 2015 GR-1 Tax-Exempt Notes further describing such opinion and the tax treatment of such Series 2015 GR-1 Tax-Exempt Notes and containing a copy of such opinion of Bond Counsel. Prospective purchasers of Series 2015 GR-1 Tax-Exempt Notes should review such Supplement and opinion prior to purchasing Series 2015 GR-1 Tax-Exempt Notes.

#### **APPROVAL OF LEGAL PROCEEDINGS**

Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority, will render an opinion with respect to the validity of the Series 2015 GR-1 Notes in the form set forth in Appendix C to this Offering Memorandum. Certain legal matters with respect to the Authority and LIPA will be passed upon by Jon R. Mostel, Esquire, General Counsel to the Authority and LIPA. Certain legal matters will be passed upon for the Bank in connection with the delivery of the Letter of Credit by Chapman and Cutler LLP, Chicago, Illinois, Counsel to the Bank.

#### **RATINGS**

Fitch, Inc. ("Fitch") has rated the Series GR-1 Notes "F1+" based upon the issuance by the Bank of its Letter of Credit. Moody's Investors Service, Inc. ("Moody's") has rated the Series GR-1 Notes "P-1" based upon the issuance by the Bank of its Letter of Credit. Standard and Poor's Ratings Services ("S&P") has rated the Series GR-1 Notes "A-1+" based upon the issuance by the Bank of its Letter of Credit. The respective ratings by Fitch, Moody's and S&P of the Series 2015 GR-1 Notes reflect only the views of such organizations and any desired explanation of the significance of such ratings and any outlooks or other statements given by the rating agencies with respect thereto should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004; Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and Standard & Poor's Rating Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings for the Series 2015 GR-1 Notes will continue for any given period of time or that any of such

ratings will not be revised downward or withdrawn entirely by any of the rating agencies, if, in the judgment of such rating agency or agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2015 GR-1 Notes.

#### **LEGALITY FOR INVESTMENT**

The Act provides that the Series 2015 GR-1 Notes will be legal investments for public officers and bodies of the State and all municipalities, insurance companies and associations and other persons carrying on an insurance business, banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies, and other persons carrying on a banking business, all trusts, estates and guardianships, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State, or may properly and legally invest funds, including capital in their control or belonging to them. Under the Act, the Series 2015 GR-1 Notes are also securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

#### **ADDITIONAL INFORMATION**

The references herein to the Letter of Credit, the Reimbursement Agreement, the Resolution, the Financing Agreement and the Issuing and Paying Agency Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete, and reference is made to such documents for full and complete statements of such documents. Copies of such documents are on file at the Trustee. Copies of certain of such documents may also be obtained from EMMA.

**TD BANK, N.A.**

TD Bank, N.A. (the "Bank") is a national banking association organized under the laws of the United States, with its main office located in Wilmington, Delaware. The Bank is an indirect, wholly-owned subsidiary of The Toronto-Dominion Bank ("TD") and offers a full range of banking services and products to individuals, businesses and governments throughout its market areas, including commercial, consumer and trust services and indirect automobile dealer financing. The Bank operates banking offices in Connecticut, Delaware, the District of Columbia, Florida, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, North Carolina, New York, Pennsylvania, Rhode Island, South Carolina, Vermont and Virginia. As of March 31, 2015, the Bank had consolidated assets of \$234.4 billion, consolidated deposits of \$194.8 billion and stockholder's equity of \$32.2 billion, based on regulatory accounting principles.

Additional information regarding the foregoing, and the Bank and TD, is available from the filings made by TD with the U.S. Securities and Exchange Commission (the "SEC"), which filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning TD and the Bank contained herein is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced herein.

The Letter of Credit has been issued by the Bank and is the obligation of the Bank and not TD.

The Bank will provide copies of the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

TD Bank, N.A.  
1701 Route 70 East  
Cherry Hill, New Jersey 08034  
Attn: Corporate and Public Affairs

Information regarding the financial condition and results of operations of the Bank is contained in the quarterly Call Reports of the Bank delivered to the Comptroller of the Currency and available online at <https://cdr.ffiec.gov/public>. General information regarding the Bank may be found in periodic filings made by TD with the SEC. TD is a foreign issuer that is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare certain filings with the SEC in accordance with the disclosure requirements of Canada, its home country. Canadian disclosure requirements are different from those of the United States. TD's financial statements are prepared in accordance with International Financial Reporting Standards, and may be subject to Canadian auditing and auditor independence standards, and thus may not be comparable to financial statements of United States companies prepared in accordance with United States generally accepted accounting principles.

The delivery hereof shall not create any implication that there has been no change in the affairs of TD or the Bank since the date hereof, or that the information contained or referred to in this Appendix A is correct as of any time subsequent to its date.

NEITHER TD NOR ANY OTHER SUBSIDIARY OF TD OTHER THAN THE BANK IS OBLIGATED TO MAKE PAYMENTS UNDER THE LETTER OF CREDIT.

The Bank is responsible only for the information contained in this section of the Offering Memorandum and did not participate in the preparation of, or in any way verify the information contained in, any other part of the Offering Memorandum. Accordingly, the Bank assumes no responsibility for and makes no representation or warranty as to the accuracy or completeness of information contained in any other part of the Offering Memorandum.

**BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2015 GR-1 Notes. The Series 2015 GR-1 Notes will be issued as fully-registered bonds in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for each Series of Series 2015 GR-1 Notes in the aggregate principal amount of the maturity of such Notes, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct DTC Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s Rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2015 GR-1 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 GR-1 Notes on DTC’s records. The ownership interest of each actual purchaser of Series 2015 GR-1 Notes (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015 GR-1 Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2015 GR-1 Notes, except in the event that use of the book-entry system for a Series of the Series 2015 GR-1 Notes is discontinued.

To facilitate subsequent transfers, all Series 2015 GR-1 Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015 GR-1 Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015 GR-1 Notes; DTC’s records reflect only the identity of the Direct DTC Participants to whose accounts such Series 2015 GR-1 Notes are credited, which may or may not be the Beneficial Owners. The Direct or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2015 GR-1 Notes within a maturity of a Series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (or any other DTC nominee) will consent or vote with respect to Series 2015 GR-1 Notes unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015 GR-1 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Series 2015 GR-1 Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct DTC Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to a Series of the Series 2015 GR-1 Notes at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2015 GR-1 Notes are required to be printed and delivered.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2015 GR-1 Notes registered in its name for the purposes of payment of the redemption proceeds and principal and interest on the Series 2015 GR-1 Notes, giving any notice permitted or required to be given to registered owners under the Resolution, registering the transfer of the Series 2015 GR-1 Notes, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2015 GR-1 Notes under or through DTC or any Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2015 GR-1 Notes; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as a registered owner.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2015 GR-1 Notes will be printed and delivered to DTC.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this Appendix B has been extracted from information given by DTC. Neither the Authority, the Trustee nor the dealers make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR SUCH PARTICIPANTS, INDIRECT DTC PARTICIPANTS, OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE AUTHORITY'S OBLIGATION UNDER THE ACT AND THE BOND RESOLUTION TO THE EXTENT OF SUCH PAYMENTS.

**BOND COUNSEL OPINION**

June \_\_, 2015

Long Island Power Authority  
333 Earle Ovington Blvd.  
Uniondale, NY 11553

Ladies and Gentlemen:

We have examined a certified record of proceedings relating to the authorization of Electric System General Revenue Notes, Series 2015 GR-1 (the "Series 2015 GR-1 Notes") of the Long Island Power Authority (the "Authority"), a corporate municipal instrumentality of the State of New York (the "State") constituting a body corporate and politic and a political subdivision of the State, in an aggregate principal amount outstanding at any time not to exceed \$200,000,000.

The Series 2015 GR-1 Notes are to be issued under and pursuant to the Constitution and statutes of the State, including the Long Island Power Authority Act, being Title 1-a of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended (herein called the "Act"), and under and pursuant to proceedings of the Authority duly taken, including a resolution adopted by the Trustees of the Authority on May 13, 1998, entitled "Electric System General Revenue Bond Resolution," as supplemented by a resolution adopted by said Trustees on August 6, 2014, entitled "Twenty-Third Supplemental Resolution" (collectively, the "Resolution"). Pursuant to the terms of the Resolution and a Certificate of Determination (as defined in said Twenty-Third Supplemental Resolution) delivered on behalf of the Authority pursuant to the Resolution (the "2015 GR-1 Certificate"), the Authority intends to issue from time to time not in excess of \$200,000,000 aggregate principal amount of Series 2015 GR-1 Notes outstanding at any time.

The Series 2015 GR-1 Notes are authorized to be issued in two subseries designated as "Electric System General Revenue Notes, Series 2015 GR-1A (Federally Taxable)" (the "Series 2015 GR-1A Taxable Notes") and "Electric System General Revenue Notes, Series 2015 GR-1B (Tax-Exempt)" (the "Series 2015 GR-1B Tax-Exempt Notes").

The Series 2015 GR-1 Notes will be dated, mature, be payable, bear interest and be subject to redemption, all as provided in the Resolution and the 2015 GR-1 Certificate. In accordance with the Resolution and the 2015 GR-1 Certificate, the principal portion of redemption price payable on Series 2015 GR-1 Notes on any applicable Noticed Redemption Date (as defined in the 2015 GR-1 Certificate) will not be payable from Revenues (as defined in the Resolution) and will be payable solely from the sources provided in the 2015 GR-1 Certificate.

Terms used herein and not defined herein shall, for all purposes hereof, have the respective meanings given to them in the Resolution and the 2015 GR-1 Certificate.

Based upon the foregoing, we are of the opinion that:

1. The Authority is duly created and validly existing under the laws of the State, including the Constitution of the State and the Act. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matters of this opinion letter.
2. The Authority has the right and power under the Act to adopt the Resolution and to perform its obligations thereunder, including its rate covenant relating to the establishment and

maintenance of System fees, rates, rents, charges and surcharges; provided, however, that the Act directs the Authority to seek the review and recommendation of the New York State Public Service Commission as to certain rate proposals prior to implementation unless the Authority determines, after complying with certain procedural requirements and subject to any applicable judicial review proceeding, that any particular recommendation is inconsistent with the Authority's sound fiscal operating practices, any existing contractual or operating obligations or the provision of safe and adequate service. Notwithstanding the direction to seek such review and recommendation, the Act permits the Authority to place rates and charges into effect on an interim basis subject to possible prospective rate adjustment.

3. The Resolution has been duly and lawfully adopted by the Authority, is in full force and effect, is valid and binding upon the Authority, and is enforceable in accordance with its terms. The Resolution creates the valid pledge which it purports to create of the Trust Estate (as defined and to the extent provided in the Resolution), subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

4. Upon due issuance of Series 2015 GR-1 Notes as provided in the Resolution, the 2015 GR-1 Certificate and the Issuing and Paying Agency Agreement, and receipt by or on behalf of the Authority of payment therefor, the Series 2015 GR-1 Notes will be duly and validly authorized and issued in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolution and the 2015 GR-1 Certificate, and will be valid and binding special obligations of the Authority, enforceable in accordance with their terms and the terms of the Resolution and the 2015 GR-1 Certificate, payable solely from the Trust Estate as and to the extent provided in the Resolution and the 2015 GR-1 Certificate, provided that the principal portion redemption price due on any Noticed Redemption Date shall be payable solely from the sources specified in the 2015 GR-1 Certificate. The Authority has no taxing power, the Series 2015 GR-1 Notes are not debts of the State or of any municipality thereof, and the Series 2015 GR-1 Notes will not constitute a pledge of the credit, revenues or taxing power of the State or of any municipality thereof. The Authority reserves the right to issue additional bonds on the terms and conditions, and for the purposes, provided in the Resolution, on a parity of security and payment with the Series 2015 GR-1 Notes.

5. Any registration with, consent of, or approval by, any governmental agency, board, or commission that is necessary for the execution and delivery and the issuance of the Series 2015 GR-1 Notes has been obtained.

6. The adoption of the Resolution, compliance with all of the terms and conditions of the Resolution and the Series 2015 GR-1 Notes, and the execution and delivery of the Series 2015 GR-1 Notes, will not result in a violation of or be in conflict with any term or provision of any existing law, or of any approval by any governmental agency, board or commission necessary for the adoption of, or performance of the Authority's obligations under, the Resolution.

7. The Financing Agreement, dated as of May 1, 1998, between the Authority and Long Island Lighting Company d/b/a LIPA (as successor by merger to LIPA Acquisition Corp.) (the "Subsidiary") has been duly authorized, executed and delivered by the Authority and the Subsidiary and is a valid and binding obligation of the parties thereto, enforceable in accordance with its terms.

8. Interest on the Series 2015 GR Taxable Notes is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

9. Under existing statutes, interest on the Series 2015 GR-1 Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, and the Series 2015 GR-1 Notes are exempt from all taxation directly imposed thereon by or under the authority of the State, except estate or gift taxes and taxes on transfers.

The opinions expressed in paragraphs 2, 3, 4 and 7 above are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights, and are subject to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforcement is considered in a proceeding in equity or at law.

Except as stated in paragraphs 8 and 9, we express no opinion regarding any other Federal or state tax consequences with respect to the Series 2015 GR-1 Notes. This opinion is issued under existing statutes and

court decisions as of the date hereof and we assume no obligation to update this opinion after the date hereof to reflect any future action, fact or circumstance or change in law or interpretation, or otherwise.

We express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2015 GR-1 Notes.

You may continue to rely upon this opinion to the extent (i) we have not advised you that this opinion may no longer be relied upon, (ii) there is no change in pertinent existing law or regulations or in interpretations thereof subsequent to the date of issuance of this opinion, (iii) the representations, warranties, covenants and agreements contained in the Resolution, and in certificates executed and delivered by authorized officers of the Authority and the Subsidiary (and supplements and additions thereto satisfactory to us), remain true and accurate and are complied with and (iv) no litigation is pending affecting the issuance, legality or validity of any Series 2015 GR-1 Notes.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever. Without limiting the generality of the foregoing, we undertake no responsibility to either (i) notify you or any other person prior to the delivery of any Series 2015 GR-1 Notes if the conditions stated in the preceding paragraph have not been met or (ii) to review any legal matters incident to the authorization, issuance and validity of the Series 2015 GR-1 Notes after the date hereof.

In rendering the foregoing opinions we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the Series 2015 GR-1 Notes. In rendering the foregoing opinions we have not been requested to examine any document or financial or other information concerning the Authority or the programs to be financed with the Series 2015 GR-1 Notes other than the record of proceedings referred to above, and we express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2015 GR-1 Notes.

Very truly yours,

**SUMMARY OF CERTAIN PROVISIONS OF THE GR-1 REIMBURSEMENT AGREEMENT**

The following summary does not purport to be complete or definitive and is qualified in its entirety by reference to the GR-1 Reimbursement Agreement, which should be read in their entirety. Terms not defined in this Appendix D have the meanings assigned to them in the GR-1 Reimbursement Agreement.

Pursuant to each GR-1 Reimbursement Agreement, the occurrence of any of the following events, among others, shall constitute an Event of Default thereunder. Reference is made to each GR-1 Reimbursement Agreement for a complete listing of all Events of Default:

**The GR-1 Reimbursement Agreement**

*Events of Default.*

(i) The Authority shall fail to pay to TD Bank, N.A. (“TD Bank”) when due (whether upon demand or otherwise) any of the Payment Obligations (as defined in the GR-1 Reimbursement Agreement) or shall fail to remit or deposit funds as and when required by the GR-1 Reimbursement Agreement, by the Resolution (as defined in the GR-1 Reimbursement Agreement) or by the 2015 GR-1 Notes (as defined in the GR-1 Reimbursement Agreement); or

(ii) The Authority shall fail to observe any warranty made by it hereunder or to perform any covenant, condition or agreement hereunder or in any of the other Authority Documents (as defined in the GR-1 Reimbursement Agreement) on its part to be observed or performed (other than a failure referred to in clause (i) under this subheading “*Events of Default*”), and (A) in the case of certain specified covenants set forth in the GR-1 Reimbursement Agreement, such failure shall not have been cured prior to the earlier to occur of (1) written notice of such failure delivered to the Authority by TD Bank and (2) the Authority’s actual knowledge of the circumstances constituting such failure and actual knowledge that such circumstances constitute such failure, and (B) in the case of all other covenants such failure shall not have been cured within thirty (30) days after the earlier to occur of (1) the date of delivery of written notice of such failure to the Authority by TD Bank, and (2) the date on which the Authority has actual knowledge of the circumstances constituting such failure and actual knowledge that such circumstances constitute such failure; or

(iii) The Authority or the LIPA Subsidiary shall (A) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of the Authority or the LIPA Subsidiary or of all or a substantial part of its property, (B) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (C) make a general assignment for the benefit of its creditors, (D) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (E) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, (F) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against the Authority or the LIPA Subsidiary in any involuntary case under said Federal Bankruptcy Code, (G) be a party to a moratorium or repudiation with respect to any of its debt, debt restructuring, debt adjustment, or other comparable extraordinary event or (H) take any action for the purpose of effecting any of the foregoing; or

(iv) A proceeding or case shall be commenced, without the application or consent of the Authority or the LIPA Subsidiary, in any court of competent jurisdiction, seeking (A) the liquidation, reorganization, dissolution, winding-up or composition or readjustment of debts of the Authority or the LIPA Subsidiary, (B) the appointment of a trustee, receiver, custodian, liquidator or the like, of the Authority or the LIPA Subsidiary, or of all or any substantial part of the Authority’s or the LIPA Subsidiary’s assets, or (C) similar relief in respect of the Authority or the LIPA Subsidiary under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition, moratorium, repudiation or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) days from commencement of such proceeding or case, or an order for relief against the Authority or the LIPA Subsidiary shall be entered in an involuntary case under said Federal Bankruptcy Code; or

(v) Any representation or warranty made by the Authority or the LIPA Subsidiary in any of the Bank Documents (as defined in the GR-1 Reimbursement Agreement), Authority Documents or Subsidiary

Documents (as defined in the GR-1 Reimbursement Agreement), or in the GR-1 Reimbursement Agreement, or in any certificate, financial report or other statement furnished by the Authority or the LIPA Subsidiary pursuant to the GR-1 Reimbursement Agreement, any other Bank Document, any Subsidiary Documents or any Authority Documents, shall prove to be untrue or incomplete in any material respect when made; or

(vi) The independent certified public accountants retained by the Authority shall fail or refuse to deliver an opinion, unqualified in scope (other than an opinion qualified as a result of a change in application of GAAP (as defined in the GR-1 Reimbursement Agreement), such change being one with which such accountants concur) with respect to the financial statements of the Authority; or

(vii) (a) Any material provision of the GR-1 Reimbursement Agreement, the Authority Documents, or any other Document (other than the Letter of Credit (as defined in the GR-1 Reimbursement Agreement)) (i) shall at any time for any reason cease to be valid and binding on the Authority or the LIPA Subsidiary (with respect to those Documents to which it is a party), or (ii) shall be declared to be null and void, or (b) the validity or enforceability thereof shall be contested by the Authority or the LIPA Subsidiary (with respect to those Documents to which it is a party), or (c) the Authority or the LIPA Subsidiary (with respect to those Documents to which it is a party) shall deny that it has any or further liability or obligation under the GR-1 Reimbursement Agreement, any of the Authority Documents or any of the other Bank Documents; or

(viii) One or more final, non-appealable judgments against the Authority or the LIPA Subsidiary for the payment of money not covered by insurance, the operation and result of which, individually or in the aggregate, equal or exceed \$25,000,000 shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of ninety (90) days; or

(ix) The Authority or the LIPA Subsidiary fails to pay any debt or obligation owing under a financial instrument or contract and the outstanding principal or obligations under such financial instrument or contract exceeds, individually or in the aggregate, \$25,000,000, and such failure results in an acceleration of the obligations thereunder; or

(x) The occurrence of an event of default or an event which, with the passage of time or the giving of notice, or both, would be an event of default under any other Bank Document, Subsidiary Document or Authority Document, if the result is to permit an acceleration of the obligations thereunder; or

(xi) The Authority fails to make any payment with respect to any 2015 GR-1 Notes or any other Debt (as defined in the GR-1 Reimbursement Agreement) payable from Revenues (as defined in the GR-1 Reimbursement Agreement) when due or any Parity Contract Obligations (as defined in the GR-1 Reimbursement Agreement) or any Financial Contract (as defined in the GR-1 Reimbursement Agreement) that is secured or payable on a basis senior to or on a parity or subordinate to Payment Obligations (as defined in the GR-1 Reimbursement Agreement) or any other event or condition shall occur which would permit the acceleration of the maturity of any such 2015 GR-1 Notes or other Debt payable from Revenues, any Parity Contract Obligations or Financial Contract; or

(xii) The Authority or the LIPA Subsidiary, or any member of its Controlled Group (as defined in the GR-1 Reimbursement Agreement), shall fail to pay when due an amount or amounts aggregating in excess of \$25,000,000 which it shall have become liable to pay to the PBGC (as defined in the GR-1 Reimbursement Agreement) or to a Plan (as defined in the GR-1 Reimbursement Agreement) under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Vested Liabilities (as defined in the GR-1 Reimbursement Agreement) in excess of \$25,000,000 (collectively, a "Material Plan") shall be filed under Title IV of ERISA by the Authority or the LIPA Subsidiary, or any other member of its Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against the Authority or the LIPA Subsidiary, or any member of its Controlled Group, to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within thirty (30) days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or

(xiii) The LIPA Subsidiary shall fail to make any payment under the Financing Agreement (as defined in the GR-1 Reimbursement Agreement) or on the Note delivered thereunder as and when due; or

(xiv) (a) The Authority shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any indebtedness or any obligation under any Financial Contract of the Authority secured by or payable from the Trust Estate (as defined in the GR-1 Reimbursement Agreement) that is senior to or on a parity with the 2015 GR-1 Notes or (b) any Governmental Authority (as defined in the GR-1 Reimbursement Agreement) having appropriate jurisdiction over the Authority shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the 2015 GR-1 Notes or any other indebtedness or any obligation under any Financial Contract of the Authority secured by the Trust Estate; or

(xv) The long term unenhanced rating by any of the Rating Agencies (as defined in the GR-1 Reimbursement Agreement) then rating the Bonds (as defined in the GR-1 Reimbursement Agreement) or any other indebtedness of the Authority senior to or on a parity with the Bonds and secured by and payable from the Trust Estate shall be withdrawn or suspended for credit related reasons or is reduced below “Baa3” (or its equivalent) by Moody’s, “BBB-” (or its equivalent) by S&P, or “BBB-” (or its equivalent) by Fitch.

*Remedies.* Upon the occurrence and continuance of an Event of Default described above, TD Bank may, in its sole discretion, but shall not be obligated to:

(a) accelerate the Maturity Date (as defined in the GR-1 Reimbursement Agreement) of the Bank Note (as defined in the GR-1 Reimbursement Agreement) and all Unreimbursed Amounts and Bank Loans (each as defined in the GR-1 Reimbursement Agreement), together with all interest thereon and such amounts shall thereafter bear interest at the Default Rate until paid in full; *provided, however*, that such acceleration shall occur immediately upon the occurrence of an Event of Default set forth in clause (iii) or (iv) under the subheading “*Events of Default*” above;

(b) declare that the Bank Note and all Unreimbursed Amounts and Bank Loans, whether or not accelerated, shall thereafter bear interest at the Default Rate until paid in full;

(c) terminate or suspend the authority of the Authority and the Issuing and Paying Agent to issue any further 2015 GR-1 Notes and reduce the Stated Amount of the Letter of Credit to an amount equal to the principal amount of 2015 GR-1 Notes then Outstanding supported by the Letter of Credit, plus interest payable thereon at maturity of the 2015 GR-1 Notes and interest payable thereon on the Noticed Redemption Date for Redeemable GR-1 Notes (as defined in the GR-1 Reimbursement Agreement), by delivering to the Issuing and Paying Agent a Notice of No Issuance (as defined in the GR-1 Reimbursement Agreement) in the form of Annex F to the Letter of Credit;

(d) issue a Final Drawing Notice (as defined in the GR-1 Reimbursement Agreement) (the effect of which shall be to cause the Termination Date (as defined in the GR-1 Reimbursement Agreement) of the Letter of Credit to occur on the 15<sup>th</sup> day after the date of receipt thereof by the Issuing and Paying Agent);

(e) enforce the rights and obligations of the Authority under the Authority Documents as if TD Bank were a party thereto; or

(f) exercise any other remedies available at law or in equity.

Upon the occurrence of an Event of Default and exercise by TD Bank of the remedy contained in clause (c) or (d) under this subheading “*Remedies*,” the Stated Amount of the Letter of Credit shall be immediately and permanently reduced by an amount equal to the amount of each subsequent Drawing.

## **Glossary of Defined Terms**

The following terms, as used in this Appendix D, have the respective meanings provided below:

“Authority Documents” means the Authority Documents defined in the GR-1 Reimbursement Agreement, including, but not limited to the Resolution, the Issuing and Paying Agency Agreement, the Dealer Agreement, the Series of 2015 GR-1 Notes, the Bank Note, the GR-1 Reimbursement Agreement, each of the Bank Documents to the extent the Authority is a party thereto, the Financing Agreement, and any other instrument or document to which the Authority is a party relating to the transactions contemplated by any of the foregoing documents.

“Bank Documents” means (a) the GR-1 Reimbursement Agreement, (b) the GR-1 Letter of Credit, and (c) all certificates, opinions, financing statements and other documents or instruments made or delivered in

accordance with any of those agreements, each as amended from time to time in accordance with their terms and with the GR-1 Reimbursement Agreement.

“Default Rate” means the percentage specified as such in the GR-1 Reimbursement Agreement.

“Documents” means the Bank Documents and the Authority Documents.

“Drawing” means a drawing under the GR-1 Letter of Credit in accordance with its terms to pay the principal of and interest on the 2015 GR-1 Notes.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Governmental Requirements” means any law, ordinance, order, rule or regulation by a Governmental Body.

“GR-1 Letter of Credit” means the Series 2015 GR-1 Letter of Credit issued by the Bank pursuant to the GR-1 Reimbursement Agreement (including any amended GR-1 Letter of Credit or any substitute GR-1 Letter of Credit issued by the Bank pursuant to the GR-1 Reimbursement Agreement, but not including any Alternate Credit Facility).

“GR-1 Notes” means the 2015 GR-1 Notes in the aggregate principal amount of up to \$200,000,000.

“GR-1 Reimbursement Agreement” means the Reimbursement Agreement between the Authority and TD Bank, N.A., dated as of May 1, 2015, as such agreement may be amended and supplemented from time to time in accordance with its terms.

“LIPA Subsidiary” means the Long Island Lighting Company d/b/a LIPA, as successor to LIPA Acquisition Corp.

“Material Adverse Effect” means (a) any material adverse effect on the properties, assets, condition (financial or otherwise), results of operations or business prospects of the Authority and the LIPA Subsidiary taken as a whole, and (b) with respect to the obligations of the Authority or the LIPA Subsidiary under the Documents, a material adverse effect upon the Authority’s or the LIPA Subsidiary’s ability to perform its obligations under the Reimbursement Agreement.

“Stated Amount” means the amount set forth in the GR-1 Letter of Credit as the “Stated Amount,” as such amount is reduced and reinstated from time to time in accordance with the terms hereof and the GR-1 Letter of Credit.

“Subsidiary” means, for any Person, any corporation, partnership, or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person. Unless expressly provided in the GR-1 Reimbursement Agreement, all references to a “Subsidiary” or “Subsidiaries” shall mean a Subsidiary or Subsidiaries of the Authority.

“Subsidiary Documents” means the Financing Agreement and any document to which the LIPA Subsidiary is a party relating to this transaction.

“TD Bank” means TD Bank, N.A. and any successor thereto or assign thereof.

“Unreimbursed Amount” means, with respect to the GR-1 Letter of Credit, the amount of each Drawing on the GR-1 Letter of Credit for which the Bank has not been reimbursed by or on behalf of the Authority, including, without limitation, the outstanding balance of all Bank Loans owing to the Bank.