

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 266TH MEETING

HELD ON JANUARY 25, 2017

The Long Island Power Authority (the “Authority”) was convened for the two-hundred-and-sixty-sixth time at 10:56 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on January 20, 2017, and electronic notice posted on the Authority’s website.

The following Trustees of the Authority were present:

Ralph V. Suozzi, Chair¹
Elkan Abramowitz²
Sheldon L. Cohen
Matthew Cordaro
Mark Fischl
Peter Gollon
Jeffrey Greenfield
Thomas J. McAteer
Suzette Smookler

Representing the Authority were Thomas Falcone, Chief Executive Officer; Joseph Branca, Chief Financial Officer; Jon Mostel, General Counsel and Secretary to the Board of Trustees; Kenneth Kane, Vice President of Financial Oversight; John Little, Vice President of Strategy and Policy; and Rick Shansky, Vice President of Operations Oversight.

Representing PSEG Long Island were David Daly, President and COO; John O’Connell, Vice President of Transmission & Distribution; David Lyons, Vice President of Business Operations; Daniel Eichhorn, Vice President of Customer Service; Vaughn

¹Chair Ralph Suozzi did not return to the meeting after Executive Session

²Trustee Elkan Abramowitz left the meeting at approximately 2:40 p.m.

McKoy, Vice President of Legal; and Paul Napoli, Vice President of Power Markets.

Chair Suozzi welcomed everyone to the 266th meeting of the Long Island Power Authority Board of Trustees and led the Pledge of Allegiance.

Chair Suozzi then stated that the chair of each board committee would provide a brief summary of its most recent committee meeting to the full board. Trustee Cohen reported on the Finance and Audit Committee meeting and Trustee Fischl reported on the REV Committee Meeting and the Governance Committee Meeting, and Thomas J. McAteer reported on the Personnel and Compensation Committee Meeting.

Chair Suozzi stated the next item on the agenda is the PSEG Long Island presentation on the Year in Review and 2017 Plan, to be presented by Dave Daly and his team.

Mr. Lyons started with a review of PSEG's Financials through December 2016. Mr. Daly then continued the presentation and reported on PSEG LI's scorecard results. Next Mr. Eichhorn the presented PSEG's updates to their billing format and technical updates to PSEG's website.

Mr. Daly, Mr. Lyons, and Mr. Eichhorn took questions from the Trustees.

The Chair stated that the next item on the agenda is the presentation of the CEO's Report by Thomas Falcone.

Mr. Falcone presented LIPA's CEO Report and then took questions from the Trustees.

The Chair stated that the next item on the agenda is consideration of approval of Power Purchase Agreement for Offshore Wind.

After requesting a motion on the matter, which was seconded, the Chair indicated that the matter would be presented by Rick Shansky.

Mr. Shansky presented the following action item:

Requested Action

The Trustees are requested to approve and adopt a resolution authorizing the Chief Executive Officer, or his designee(s), to execute a Power Purchase Agreement (“PPA”) with Deepwater Wind South Fork, LLC (“Deepwater”), a wholly owned subsidiary of proposer, Deepwater Wind, LLC, and to take other such other actions as may be reasonably necessary to implement arrangements for the Long Island Power Authority (“LIPA” or the “Authority”) to purchase energy, installed capacity, renewable attributes and ancillary services from Deepwater’s proposed South Fork Wind Farm (the “Project”).¹

Background

The South Fork of Long Island² is a load pocket served by highly constrained radial transmission connections to the rest of the LIPA transmission & distribution (“T&D”) system, and a limited amount of existing local oil-fired generation. The peak load on the South Fork is approximately 300 megawatts (“MW”) and is projected to grow at an average annual rate of 2.5 percent. Without adding new resources, PSEG Long Island projected that transmission enhancements would be needed between 2017 and 2022 to meet South Fork loads and maintain system reliability.

Issuance of the RFP

On June 25, 2015, PSEG Long Island issued the South Fork RFP (“RFP”) to acquire sufficient local resources to meet expected peak load requirements and to defer to the greatest extent possible the construction of new transmission lines or other enhancements until at least 2022 in the South Fork as a whole, and until 2030 in the far eastern area of the South Fork (east of the Buell substation near the Village of East Hampton). Consistent with the goals of the New York State Public Service Commission’s Reforming the Energy Vision (“REV”) initiative, all technologies capable of meeting the desired objectives were invited to bid. To encourage broad participation in the RFP, individual proposals were not required to meet the entire need by themselves and the RFP anticipated that a portfolio of proposals would be selected.

Each proposal was required to propose a commercial operation date (“COD”) and include prices, terms, and conditions. The three preferred CODs were May 1st of 2017, May 1st of 2018 or May 1st of 2019. However, proposals with COD dates as late as December 31, 2022 were permitted.

¹ The South Fork Wind Farm would be the first project developed within the wind development area known as Deepwater ONE.

² For purposes of the South Fork RFP, the South Fork consists of the electrical load in the towns of East Hampton and Southampton connected to LIPA’s T&D System east of the Canal Substation, which is located in the Town of Southampton.

Three different proposed forms of contractual agreement were made available on PSEG Long Island's website for specific resources: (i) a Power Purchase Agreement ("PPA") for dispatchable Power Production resources (e.g., combustion turbines, reciprocating engines), (ii) a PPA for non-dispatchable Power Production resources (e.g., wind or solar resources), and (iii) an Energy Services Agreement for Load Reduction resources (e.g., direct load control). The Respondents were requested to modify the applicable form of agreement to reflect resource specific requirements.

The RFP was advertised in the New York State Contract Reporter and posted on both LIPA's website and a website established by PSEG Long Island specifically for the RFP. Prior to the proposal submittal deadline, prospective Respondents had the opportunity to submit written questions, to which PSEG Long Island responded in writing via the RFP website.

The Evaluation Process

A Selection Committee, consisting of staff from PSEG Long Island, supported by technical and legal advisors and consultants, was designated to conduct the evaluation. Prior to the receipt of proposals, the Selection Committee designed a multi-phase evaluation process that focused on selecting a portfolio of proposals that would provide the best value to LIPA's customers based on the quantitative and qualitative merits of each portfolio. During the evaluation process, LIPA staff provided input and oversight. The New York State Department of Public Service attended Selection Committee meetings as an observer.

On December 2, 2015, 21 proposals were received from 16 entities. The 21 proposals included a wide range of technologies, including offshore wind, solar photovoltaic, lithium ion batteries, thermal storage, fuel cells, direct load control, aeroderivative combustion turbines, and reciprocating engines. The Selection Committee first reviewed the proposals individually for compliance with the submittal requirements of the RFP and then evaluated the responsive proposals based on criteria set forth in the RFP, including, among other things:

- Qualitative aspects of each proposal;
- Extent to which a proposal meets the objectives of the RFP;
- Prices for capacity and energy;
- Cost of fuel, where applicable;
- Costs of any required or avoided/deferred transmission system upgrades;
- Credits for helping to meet the LIPA Board's goal of 400 MW of renewables; and
- The cost impact on LIPA's purchases and sales of power.

The qualitative evaluation considered the unique attributes of each proposal, including operational flexibility, environmental impacts, the interaction with LIPA's other power supply resources, community impact and acceptance, and the ability to meet the proposed project schedule.

During the evaluation, PSEG Long Island with input from LIPA's staff, identified and evaluated potential combinations of individual proposals that would be able to provide the best possible solutions to the South Fork needs through at least 2022 (each such combination a "Portfolio"). Each Portfolio consisted of three to eight proposals selected from among the most cost-effective proposals based on the initial quantitative evaluation and with the least implementation and reliability risk based on the initial qualitative evaluation. As none of the Portfolios provided a solution that did not eventually require either the construction of transmission reinforcements or procurement of additional resources to assure reliability on the South Fork, the analysis of each Portfolio reflected the amount of transmission reinforcement deferrals that could be achieved. The analysis also determined that, based on the locations of the projects included in the Portfolios, there would still remain a need to reinforce the South Fork transmission system to enable the power from the proposed resources and the rest of the system to be delivered east toward Montauk. South Fork transmission system reinforcement would also be required to support off-peak charging of the proposed storage batteries³. In addition, to assure reliability between 2017 and the completion of the projects comprising each Portfolio (2019-2022), the analysis identified the need for the temporary installation of a small amount of emergency standby generation at the Montauk/Navy Road and East Hampton substations.

After further detailed quantitative and qualitative analyses were conducted, representatives of the Selection Committee met with South Fork community representatives on May 31, 2016 and June 23, 2016 to obtain further insight into community support for the types of projects that appeared to have the most promise of providing a cost-effective solution to the RFP requirements.

Upon completion of the final qualitative and quantitative analyses in July 2016, the PSEG Long Island Selection Committee identified a Portfolio consisting of load reduction, battery storage, and offshore wind resources that provided the best value to customers. This Portfolio has the lowest net cost of the portfolios evaluated and meets the objectives of the RFP. In other words, the aggregate cost imposed on LIPA by the Portfolio projects would be less on a net present value basis than timely construction of new transmission alone.

The selected Portfolio includes implementation of a load reduction program proposed by Applied Energy Group ("AEG") to assist with meeting the forecasted need beginning in 2017. PSEG Long Island is currently negotiating an Energy Services Agreement to

³ In all cases, the transmission enhancements would have little or no visual impact, as new lines would be installed in existing underground conduits or in areas where it is not feasible to locate a new overhead circuit; and modifications would occur within existing substations or involve replacement of insulators on overhead circuits.

implement this project as soon as possible⁴. AEG's proposal would provide load reductions of 8.3 MW consisting of multiple direct load control devices and a demand response management system targeting central air conditioning systems, room air conditioning units, and pool pumps at customer sites.

In addition to the AEG project, the Portfolio also includes the following projects.

Deepwater Wind South Fork, LLC –South Fork Wind Farm (90 MW)

Deepwater Wind South Fork, LLC (privately held by management and a group of investors including entities of the D. E. Shaw group) proposes to develop, operate, and own an approximately 90 MW offshore wind farm located in federal waters 30 miles east of Montauk and more than 19 miles from the nearest inhabited land (Block Island). The site is a federally-zoned offshore Wind Energy Area leased through the Bureau of Ocean Energy Management. The Project would interconnect with the LIPA transmission system via an approximately 50 mile 138-kV undersea and underground cable connecting to the existing 69 kV bus at the East Hampton substation. Deepwater Wind South Fork, LLC proposes to achieve a December 1, 2022 COD for this project.

LI Energy System, LLC - Montauk Energy Storage System (5 MW)

LI Energy System, LLC (jointly owned by indirect, wholly-owned subsidiaries of NextEra Energy Resources, LLC and National Grid USA) proposes to develop, operate, and own a new lithium ion battery storage facility located in Montauk on two sites on Second House Road adjacent to and across the road from the planned Navy Road substation. The project would be rated at 5 MW and would be connected via a 100 ft. 13 kV dedicated feeder into Navy Road substation or 1800 ft. underground cable into Montauk substation. Current plans are for the Navy Road substation to be in service in time for connection of the LI Energy System project. LI Energy System, LLC proposes to achieve a May 1, 2018 COD for this project.

LI Energy System, LLC – East Hampton Energy Storage System (5 MW)

LI Energy System, LLC also proposes to develop, operate, and own a new lithium ion battery storage facility located at the existing National Grid-owned power generation site west of Cove Hollow Road in the town of East Hampton. The project would be rated at 5 MW and would be connected via a 300 ft. 13 kV dedicated feeder into the East Hampton substation. LI Energy System, LLC proposes to achieve a May 1, 2018 COD for this project.

⁴ The proposed agreement with AEG does not require Authority approval because it is a service provider agreement within the meaning of Public Authorities Law Section 1020-cc(ii), consistent with PSEG Long Island's responsibilities under the Amended and Restated Operations Services Agreement.

Status of PPA Negotiations

PPA negotiations commenced during the summer of 2016. PPAs for LI Storage System LLC, Montauk Energy and East Hampton Storage Systems are still being negotiated. Once satisfactory PPAs have been negotiated and both projects have completed the State Environmental Quality Review (“SEQR”) process, these PPAs will be submitted to the LIPA Board of Trustees for approval.

Negotiations for the Deepwater Wind South Fork PPA (“PPA”) conducted by PSEG Long Island, with assistance and oversight by Authority Staff, were completed in January 2017. Under the proposed Deepwater PPA, the Authority will receive all of the energy, installed capacity, renewable attributes, and ancillary services (the “Products”) that the wind project can produce during a base term of twenty (20) years and the Authority has the right to request a 5-year extension at a discounted price. Payment for the Products is solely on a “pay-for-performance” basis for energy delivered to LIPA at its East Hampton substation. Deepwater is responsible for all transmission losses between the wind farm and the substation, which are currently estimated to be approximately 2.5 MW. The PPA sets a target for annual energy deliveries based on average weather conditions and expected project performance⁵. Should actual annual deliveries exceed target levels, the Authority is entitled to the excess energy at a discounted price.

The PPA requires Deepwater to obtain all required Federal, State and local permits, enter into necessary contracts to construct the Project, obtain financing, and reach key development milestones by dates certain.⁶ Deepwater would be subject to payment of specified liquidated damages for delays or failure in meeting milestones for permitting, construction and commercial operation. The project is currently planned to consist of fifteen 6-MW turbines (i.e., a total of 90 MW of capacity), but the PPA allows Deepwater to select from commercially available turbine sizes. To protect customers, the PPA also sets limits for the minimum and maximum size of the project. Deepwater also plans to construct a project substation adjacent to the East Hampton substation on land owned by National Grid. The Authority will cooperate with National Grid to allow Deepwater to obtain the land rights it needs.

⁵ The target level for energy deliveries includes an allowance for potential transmission system limitations that were assumed at the time of the RFP and identified in the RFP proposal requirements. The limitation assumed at the issuance of the RFP was for hourly deliveries of no greater than 75 MW. Actual limitations, if any, will be determined in the course of interconnection studies to be conducted by PSEG Long Island and the New York Independent System Operator. At the conclusion of these studies, there may or may not be a limitation on hourly deliveries. Excess energy deliveries are at a discounted price.

⁶ SEQRA analysis is not required for the Board to authorize execution of this agreement. The project itself is located in federal waters. Environmental reviews have been conducted and are supervised by the Bureau of Ocean Energy Management pursuant to federal law. Construction of the submarine and underground transmission that will interconnect the project to the LIPA system will require a certificate of environmental compatibility and public need from the Public Service Commission pursuant to Article VII of the Public Service Law.

The PPA also allows LIPA to request to prepay a specified portion of contract payments in a lump sum to reduce the financing costs associated with the purchase of wind energy. If LIPA and Deepwater reach agreement on the terms of such a prepayment, an amendment to the PPA to effectuate the prepayment would be submitted to the Trustees for approval. In the event LIPA agrees to such a prepayment, and the Authority intends to finance all or a portion of the cost of such prepayment and any related costs through the issuance of tax-exempt debt of the Authority then the Board is requested to authorize the Chief Executive Officer, the Chief Financial Officer or their respective designees to evidence such intent by appropriate certifications. LIPA would only pursue such a prepayment if it were financially beneficial to its customers.

Recommendation

For the foregoing reasons, I recommend that the Trustees adopt a resolution in the form of the resolution attached hereto.

After questions and a discussion by the Trustees and the opportunity for the public to be heard, upon motion duly made and seconded, the following resolution was passed by the Trustees.

1333. AUTHORIZATION TO ENTER INTO A POWER PURCHASE AGREEMENT WITH DEEPWATER WIND SOUTH FORK, LLC FOR THE SOUTH FORK WIND FARM PROJECT

WHEREAS, on June 25, 2015, PSEG Long Island LLC, on behalf of LIPA, issued a Request for Proposals for South Fork Resources (“RFP”) to acquire sufficient local resources to meet expected peak load requirements and defer investment in new transmission lines or other enhancements until at least 2022 in the South Fork as a whole, and until 2030 in the far eastern area of the South Fork; and

WHEREAS, it is in the best interest of LIPA to enter into a power purchase agreement (“PPA”) and other related agreements regarding the South Fork Wind Farm Project to assist with meeting the expected peak load requirements in the South Fork and the Authority’s renewable energy goals;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees (the “Board”) authorizes the Chief Executive Officer or his designee(s) to execute a PPA and other related agreements and arrangements, consistent with the terms of the accompanying memorandum, and to perform such further acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chief Executive Officer or his designee, to implement the Authority’s purchase of energy, installed capacity, renewable attributes and ancillary services from the Deepwater Wind South Fork, LLC, South Fork Wind Farm project; and

BE IT FURTHER RESOLVED, that, if LIPA and Deepwater reach an agreement on the terms of a prepayment of a portion of contract payments due under the PPA, and the Authority intends to finance all of a portion of the cost of such prepayment and any related costs through the issuance of tax-exempt debt of the Authority, the Board hereby authorizes each of the Chief Executive Officer, the Chief Financial Officer or their respective designees to evidence such intent by appropriate certifications.

Trustee Greenfield then asked for a motion to adjourn to Executive Session to discuss pending litigation matters and Chair Suozzi announced that no votes would be taken and the Board will be returning to Open Session. The Chair noted that he would not be returning to the meeting after Executive Session and Trustee McAteer, Vice Chair of the Board, would be Acting Chair for the remainder of the meeting. The motion was duly seconded and the following resolution was adopted:

1334. EXECUTIVE SESSION – PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Trustees of the Long Island Power Authority shall convene in Executive Session for the purpose of discussing litigation matters.

At approximately 12:33 p.m. the Open Session of the Board of Trustees was adjourned on a motion to enter into Executive Session, which commenced at 12:35 p.m. whereupon the Board resumed in Open Session at approximately at 1:20 p.m.

The Acting Chair stated that the next item on the agenda is the presentation of the CFO's Report, which would be presented by Joseph Branca.

Mr. Branca then presented the Authority's Preliminary Consolidated Year End Results.

Mr. Branca concluded his report and took questions from the Trustees.

The Acting Chair stated that the next item on the agenda is the consideration of Consent Agenda Items.

After questions and a discussion by the Trustees and the opportunity for the public to be heard, upon motion duly made and seconded, the following resolutions were passed by the Trustees based on the memos summarized below.

1335. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE DECEMBER 20, 2016 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on December 20, 2016 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.

Requested Action

The Board of Trustees (the “Board”) is being requested to approve a resolution authorizing the Chief Executive Officer, or his designee, to engage six firms to provide as-needed Human Resources consulting services to the Authority and its subsidiary, Long Island Lighting Company d/b/a/ LIPA (collectively “LIPA”) in seven areas, as set forth below, for a period of up to five years, as more fully described below.

Background

To supplement its limited in-house resources and to provide specialized Human Resources consulting services as necessary, LIPA has previously engaged consultants to execute various Human Resources projects on an as-needed basis. As LIPA’s needs continue, and without any Human Resources consulting contracts currently in place, it is necessary to procure Human Resources consulting services to provide strategic advice, subject matter expertise, and staffing assistance for Human Resources projects.

On August 2, 2016, LIPA issued a Request for Proposals⁷ (“RFP”) seeking experienced Human Resources consulting firms to provide consulting services to LIPA for a period of up to five years in the following potential scopes of work: 1) Succession Planning and Management; 2) Fair Labor Standard Act Review; 3) Employee Satisfaction Assessment and Opinion Surveys; 4) Leadership Development and Management Training; 5) Salary Benchmarking and Compensation Program Consulting; 6) Performance Management Evaluations and Practices; and 7) Executive Search and Recruiting Consulting. Thirty-six

⁷ The RFP may be found at: <http://www.lipower.org/proposals/humanresources2016.html>

(36) consulting firms were included on the bid list. A separate Request for Information was sent to six (6) minority or women-owned businesses (MBE/WBE) or Service Disabled Veteran Owned Business (SDVOB) to provide notice of and solicit interest in the upcoming RFP.

On September 19, 2016, ten firms responded to the RFP. A selection committee comprised of three members of LIPA’s staff examined each proposal. The selection committee reviewed the proposals for compliance with the terms of the RFP and then evaluated each proposal on a qualitative basis. LIPA’s procurement department evaluated the proposals on a cost basis. The selection committee then conducted interviews with potential firms in two scope areas – Succession Planning and Management and Leadership Development -- where further information was necessary to determine the firms best able to meet the Authority’s needs.

Based upon the written proposals, interviews and an assessment of LIPA’s needs, it was determined that the six firms listed below provide the best value to LIPA for the services sought, considering both technical expertise and proposed hourly rates. I note that it is generally desirable to engage several firms with the capability to provide services in a given area. This affords LIPA the flexibility to choose the firms best-suited to provide services at that time based on specific expertise, resource requirements or availability, and/or where necessary to avoid a conflict of interest. As such, many of the six firms were selected to potentially provide services in multiple of the seven RFP scopes of work. The firms recommended for approval are CCA Inc., E.K. Ward & Associates, JER HR Group, Mycoff, Fry & Prouse, LLC, Org-Ology, and Silverstone Group. The firms recommended for each scope of work are as follows:

<u>Recommendation</u>	
1.	Succession Planning and Development
a.	E.K. Ward & Associates *
b.	Silverstone Group
c.	CCA Inc.
d.	JER HR Group*
2.	Fair Labor Standards Act Review
a.	Silverstone Group
b.	JER HR Group*
3.	Employee Satisfaction Assessment and Opinion Surveys
a.	CCA Inc.
b.	Silverstone
c.	JER HR Group*
d.	Org-Ology**
4.	Leadership Development and Management Training
a.	E.K. Ward & Associates*

b.	CCA Inc.
c.	Silverstone Group
d.	JER HR Group*
5.	Salary Benchmarking and Compensation Program Consulting
a.	Silverstone Group
b.	JER HR Group*
6.	Performance Management Evaluations and Practices
a.	E.K. Ward & Associates*
b.	Silverstone Group
c.	CCA Inc.
d.	JER HR Group*
7.	Executive Search and Recruiting Consulting
a.	Mycoff, Fry & Prouse, LLC
b.	Silverstone Group
c.	JER HR Group*

* MBE/WBE firm

** SDVOB firm

Recommendation

Based on the foregoing, I recommend approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

1336. RECOMMENDATION TO AUTHORIZE ENGAGEMENT OF FIRMS TO PROVIDE HUMAN RESOURCES CONSULTING SERVICES

RESOLVED, that consistent with the attached memorandum, the Board of Trustees authorizes the Chief Executive Officer or his designee to engage the following consulting firms to provide Human Resources consulting services to the Long Island Power Authority and its subsidiary, Long Island Lighting Company d/b/a/ LIPA on an as-needed basis, with the contract terms to be for a period of up to five years: 1) CCA Inc.; 2) E.K. Ward & Associates; 3) JER HR Group; 4) Mycoff, Fry & Prouse LLC; 5) Org-Ology; and 6) Silverstone Group.

Requested Action

The Trustees are being requested to adopt a resolution authorizing revisions to the Long Island Power Authority (the “Authority”) Finance and Audit Committee Charter (the “Charter”) in the form attached hereto.

Background

The Charter, which was most recently revised by the Board of Trustees on June 26, 2014, establishes the purpose, membership, meeting requirements and responsibilities of the Finance and Audit Committee (the “Committee”) and serves as the governing document for the Committee. Consistent with the Charter, the Committee has undertaken a thorough review of the Charter’s adequacy and recommends some changes that clarify the Committee’s responsibilities, updates the references to members of the Internal Audit staff and adopts a common format for all of the Board Committee charters.

I note that the Committee has adopted a resolution recommending approval of the proposed revisions by the Trustees at this time.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by adoption of a resolution in the form of the draft resolution attached hereto.

1337. APPROVAL OF REVISED LONG ISLAND POWER AUTHORITY FINANCE AND AUDIT COMMITTEE CHARTER

WHEREAS, the Trustees adopted on June 26, 2014, a Finance and Audit Committee Charter (“Charter”) which establishes, among other things, the purpose, powers, composition and key responsibilities of the Finance and Audit Committee (the “Committee”); and

WHEREAS, the Committee has reviewed the proposed revised Charter and believes it is reasonable and appropriate to revise it for the reasons set forth in the accompanying memorandum:

NOW, THEREFORE, BE IT RESOLVED, that the Trustees hereby adopt the Long Island Power Authority’s “Finance and Audit Committee Charter (January 25, 2017)” in the form presented at this meeting; and be it further

RESOLVED, that this resolution take effect immediately.

Requested Action

The Trustees are being requested to adopt a resolution authorizing revisions to the Long Island Power Authority (the “Authority”) REV Committee Charter (the “Charter”) in the form attached hereto.

Background

The Charter, which was adopted by the Board of Trustees on October 19, 2015, establishes the purpose, membership, meeting requirements and responsibilities of the Committee and

serves as the governing document for the Committee. Consistent with the Charter, the Committee has undertaken a thorough review of the Charter's adequacy and has noted some changes that clarify the Committee's responsibilities and adopt a common format for all of the Board Committee charters.

I note that the Committee has adopted a resolution recommending approval of the proposed revisions by the Trustees at this time.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by adoption of the resolution attached hereto.

1338. APPROVAL OF REVISED LONG ISLAND POWER AUTHORITY REFORMING THE ENERGY VISION COMMITTEE CHARTER

WHEREAS, the Trustees adopted on October 19, 2015, a Reforming the Energy Vision ("REV") Committee Charter ("Charter") which establishes, among other things, the purpose, powers, composition and key responsibilities of the REV Committee (the "Committee"); and

WHEREAS, the REV Committee has reviewed the proposed revised Charter and believes it is reasonable and appropriate to revise it for the reasons set forth in the accompanying memorandum:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees approves of the adoption of the Long Island Power Authority's "Reforming the Energy Vision Committee Charter (January 25, 2017)" in the form presented at this meeting; and be it further

RESOLVED, that this resolution take effect immediately.

Requested Action

The Trustees are being requested to adopt a resolution authorizing revisions to the Long Island Power Authority (the "Authority") Governance Committee Charter (the "Charter") in the form attached hereto.

Background

The Charter, which was most recently revised by the Board of Trustees on November 26, 2013, establishes the purpose, membership, meeting requirements and responsibilities of the Governance Committee (the "Committee") and serves as the governing document for the Committee. Consistent with the Charter, the Committee has undertaken a thorough review of the Charter's adequacy and has noted some changes that clarify the Committee's responsibilities, emphasize the Committee's role in developing and reviewing board policies and performance, delegates to the Personnel and Compensation Committee the

requirement under the LIPA Reform Act to annually review the Authority's staffing to ensure that it is kept at the minimum level necessary to meet the Authority's obligations with respect to its bonds and notes and all applicable statutes and contracts, and oversee the activities of its service provider, and adopts a common format for all of the Board Committee charters.

I note that the Committee has adopted a resolution recommending approval of the proposed revisions by the Trustees at this time.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action by adoption of the resolution attached hereto.

1339. APPROVAL OF REVISED LONG ISLAND POWER AUTHORITY GOVERNANCE COMMITTEE CHARTER

WHEREAS, the Trustees adopted on November 26, 2013, a Governance Committee Charter ("Charter") which establishes, among other things, the purpose, powers, composition and key responsibilities of the Governance Committee (the "Committee"); and

WHEREAS, the Committee has reviewed the proposed revised Charter and believes it is reasonable and appropriate to revise it for the reasons set forth in the accompanying memorandum:

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees approves of the adoption of the Long Island Power Authority's "Governance Committee Charter (January 25, 2017)" in the form presented at this meeting; and be it further

RESOLVED, that this resolution take effect immediately.

Requested Action

The Trustees are being requested to adopt a resolution authorizing revisions to the Long Island Power Authority (the "Authority") Personnel and Compensation Committee Charter (the "Charter") in the form attached hereto.

Background

The Charter, which was most recently revised by the Board of Trustees on February 26, 2014, establishes the purpose, membership, meeting requirements and responsibilities of the Personnel and Compensation Committee (the "Committee") and serves as the governing document for the Committee. Consistent with the Charter, the Committee has undertaken a thorough review of the Charter's adequacy and recommends some changes that clarify the Committee's responsibilities with regard to the Authority's Chief Executive Officer ("CEO") and oversight of the CEO's administration of the Authority's

compensation and benefit plans and personnel policies and programs which are intended to achieve the Board's policies on attraction, development, retention and succession of employees and officers. The proposed revisions to the Charter also recognize the delegation by the Governance Committee to the Committee of the requirement under the LIPA Reform Act to annually review the Authority's staffing to ensure that it is kept at the minimum level necessary to meet the Authority's obligations with respect to its bonds and notes and all applicable statutes and contracts, and oversee the activities of its service provider. Finally, the proposed Charter revisions adopt a common format for all of the Board Committee charters.

I note that the Committee has adopted a resolution recommending approval of the proposed revisions by the Trustees at this time.

Recommendation

Based upon the foregoing I recommend approval of the above-requested action by adoption of a resolution in the form of the draft resolution attached hereto.

1340. APPROVAL OF REVISED LONG ISLAND POWER AUTHORITY PERSONNEL AND COMPENSATION COMMITTEE CHARTER

WHEREAS, the Trustees adopted on February 26, 2014, a Personnel and Compensation Committee Charter ("Charter") which establishes, among other things, the purpose, powers, composition and key responsibilities of the Personnel and Compensation Committee (the "Committee"); and

WHEREAS, the Committee has reviewed the proposed revised Charter and believes it is reasonable and appropriate to revise it for the reasons set forth in the accompanying memorandum:

NOW, THEREFORE, BE IT RESOLVED, that the Trustees hereby adopt the Long Island Power Authority's "Personnel and Compensation Committee Charter (January 25, 2017)" in the form presented at this meeting; and be it further

RESOLVED, that this resolution take effect immediately.

Requested Action

The Board of Trustees of the Long Island Power Authority (the "Authority") is requested to adopt a resolution approving a Board Policy on Staffing and Employment as further described below.

Board Policies

The Authority's strategic planning process calls for, among other things, the creation of the Mission Statement and a series of Board Policies to be developed and reviewed by the

various respective Board Committees for ultimate adoption by the full Board. Since September 2016, seven Board Policies have been adopted by the Board upon the recommendation of the respective Board Committees: (1) Regionally Competitive Rates (Finance and Audit); (2) Debt and Access to Credit (Finance and Audit); (3) Taxes, PILOTs and Assessments (Finance and Audit); (4) Trustee and Employee Development, Retention and Succession (Personnel and Compensation); (5) Purpose and Role of the Authority's Board, the Authority's Officers and Staff, the Authority's Service Provider, and the Department of Public Service (Governance); (6) Board Governance and Agenda Planning (Governance); and (7) Trustee Communications and Conduct (Governance).

This proposed Board Policy on Staffing and Employment defines the expectations of the Board regarding the existing authority granted to the Chief Executive Officer for staffing and employment in the Authority's By-Laws and supplements the approved Board Policies on (1) *Trustee and Employee Development, Retention and Succession*; and (2) *the Purpose and Role of the Authority's Board, the Authority's Officers and Staff, the Authority's Service Provider, and the Department of Public Service* by setting the Board's expectations for:

1. The Board's relationship with the Chief Executive Officer and other Board-appointed officers;
2. The Chief Executive Officer's role in managing and directing the staff of the Authority and establishing programs, procedures and guidelines for the management of the staff;
3. The components and expectations to be incorporated into the Authority's employment and staffing practices by the Chief Executive Officer; and
4. The responsibility of the Chief Executive Officer to report annually to the Board on the staffing of the Authority pursuant to the requirement of the LIPA Reform Act that staffing be kept at the minimum level necessary to ensure that the Authority is able to meet its obligations with respect to its bonds and notes and all applicable statutes and contracts and oversee the activities of the Authority's service provider.

The Governance Committee has delegated the responsibility for establishing this policy to the Personnel and Compensation Committee, which has reviewed and recommended the policy for adoption by the Board.

Recommendation

Based upon the foregoing, I recommend the approval of the adoption of the resolution in the form attached hereto.

1341. APPROVAL OF LONG ISLAND POWER AUTHORITY BOARD POLICY ON STAFFING AND EMPLOYMENT

WHEREAS, the Board of Trustees of Long Island Power Authority (the "Authority") oversees the management of the Authority, the contractual relationship with the Authority's Service Provider, and fulfillment of the Authority's mission; and

WHEREAS, as stewards of the Authority, the Trustees have a natural role in setting the Authority's strategic policies and overseeing their fulfillment; and

WHEREAS, the Authority's Board of Trustees delegated certain responsibilities in the Authority's By-Laws to the Chief Executive Officer for managing and directing the staff of the Authority;

WHEREAS, the Board of Trustees desires to define its expectations for the Chief Executive Officer's management of the Authority's employment and staffing;

WHEREAS, the Personnel and Compensation Committee of the Authority's Board of Trustees, in its charter, was delegated the responsibility of reviewing the Authority's policies regarding staffing and employment for the Authority's staff and

WHEREAS, a policy addressing Staffing and Employment has been recommended by the Personnel and Compensation Committee for adoption by the Board, in accordance with this process;

NOW, THEREFORE, BE IT IS RESOLVED, that the Trustees hereby approve and adopt a Policy on Staffing and Employment in the form attached to this resolution; and

BE IT FURTHER RESOLVED, that the policy be subject to annual review and evaluation by the Personnel and Compensation Committee in accordance with the accompanying memorandum.

Acting Chair McAteer stated that next item on the agenda is a discussion of Status of Implementation of Taxes, PILOTs and Assessments Policy.

After requesting a motion on the matter, which was seconded, the Chair indicated that the matter would be presented by Jon Mostel.

Mr. Mostel discussed the Status of Implementation of Taxes, PILOTs and Assessments and then took questions from the Trustees.

Acting Chair McAteer stated that next item on the agenda is a discussion of Industry Trends in Electric Rate Pricing.

After requesting a motion on the matter, which was seconded, the Acting Chair indicated that the matter would be presented by John Little and Justin Bell.

Mr. Little and Mr. Bell discussed Industry Trends in Electric Rate Pricing and then took questions from the Trustees.

The Acting Chair then allowed public comment to be heard, after which he announced that the next Board meeting is scheduled for March 29, 2017 at 11:00 a.m. in Uniondale.

The Acting Chair then asked for a motion to adjourn, upon motion duly made and seconded, the meeting adjourned at approximately 2:39 p.m.
