LONG ISLAND POWER AUTHORITY

MINUTES OF THE 263RD MEETING

HELD ON MAY 18, 2016

The Long Island Power Authority (the "Authority") was convened for the two-hundred-and-sixty-third time at 12:02 p.m. at LIPA's Headquarters, Uniondale, NY, pursuant to legal notice given on May 13, 2016; and electronic notice posted on the Authority's website. The following Trustees of the Authority were present:

Ralph V. Suozzi, Chair
Elkan Abramowitz
Sheldon L. Cohen
Matthew Cordaro
Jeffrey Greenfield
Thomas J. McAteer
Suzette Smookler

Representing the Authority were Thomas Falcone, Chief Executive Officer, Jon Mostel, General Counsel and Secretary to the Board of Trustees; and Rick Shansky, Managing Director of Contract Oversight; and John Little, Managing Director of Planning and Strategy.

Representing PSEG Long Island were David Daly, President; John O'Connell, Vice President of Transmission & Distribution, David Lyons, Vice President of Business Services; Daniel Eichhorn, Vice President of Customer Service; and Paul Napoli, Vice President of Power Markets.

Chair Suozzi welcomed everyone to the 263rd meeting of the Long Island Power Authority Board of Trustees and led the Pledge of Allegiance.

Chair Suozzi called for a motion to accept the minutes of the March 21, 2016 meeting of the Board of Trustees, which was seconded. He asked if there were any changes or

deletions. Upon hearing none, the following resolution was then unanimously adopted by the Trustees:

1293. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MARCH 21, 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 March 21, 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.

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Chair Suozzi then remarked on the ongoing summer preparations, and noted the increased use of renewable resources for energy generation nationwide and LIPA's efforts in this regard.

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 Suozzi stated that the next item on the agenda is the Operating Report, to be presented by Dave Daly and his team.

Mr. Lyons started the presentation with the PSEG LI's Financial Report. Next, David Daly, PSEG LI's President, discussed the scorecard. Mr. Daly, Mr. Lyons, Mr. O'Connell, and Mr. Napoli took questions from the Trustees.

The Chair stated that the next item on the agenda is the consideration of appointment of Chief Financial Officer.

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

Mr. Falcone presented the following action item:

Requested Action

The Trustees are requested to approve a resolution appointing Joseph A. Branca as Chief Financial Officer ("CFO") of the Long Island Power Authority and its wholly owned subsidiary, the Long Island Lighting Company d/b/a/ LIPA (collectively "LIPA").

Background

In March 2016, the Chair of the Personnel and Compensation Committee ("P&C Committee") of the Board of Trustees, in coordination with LIPA staff, established an executive search process for the purpose of recruiting a CFO. This process included establishing an internal search committee consisting of six members of the Authority's executive staff (the "Search Committee"), creating a job description and position profile, and advertising the opportunity on the LIPA website, LinkedIn, and with utility industry specific organizations and job boards. From the more than 100 resumes received, seven candidates were selected for interviews after which the Search Committee unanimously recommended Joseph A. Branca to the P&C Committee for their review and approval. Mr. Branca has met with each member of the P&C Committee and with the Chair of the Finance and Audit Committee, and this morning, the P&C Committee adopted a resolution recommending that the full Board appoint Mr. Branca to the position of CFO.

Mr. Branca has 40 years of financial experience in both the public and private sectors, including most recently eighteen years of experience as an investment banker, having financed over $45 billion of infrastructure, public power, transportation, and housing investment. Mr. Branca is currently Managing Director and Head of Northeast Public Finance for Bank of America Merrill Lynch, where he has been employed since 2005.

Mr. Branca's public sector experience includes serving as CFO of the Empire State Development Corporation ("ESDC") (formerly the New York State Urban Development Corporation), which is New York State's chief economic development agency. Mr. Branca served as CFO of ESDC from 1985 to 1987 and again from 1993 to 1997, and his responsibilities included all the financial areas of the Corporation, including bond financings, treasury operations, real estate loan and lease management, and the issuance of state-supported debt for the construction and rehabilitation of university, correctional, and other state facilities.

Over the course of his career, Mr. Branca has also held positions in consulting, credit analysis, commercial finance, real estate management, treasury, financial analysis, economic development, and real estate development. Mr. Branca holds an MBA in Finance from St. John's University, a BBA in Accounting from St. Bonaventure University, and a Certificate in Real Estate Investment Analysis from the Wharton School of the University of Pennsylvania. He is a Board member of the Council of Development Finance Agencies, a former Governor and President of the Municipal Forum of the City of New York, and a former Board member of the New York State Environmental Facilities Corporation, the

United Nations Development Corporation, and St. Pius V High School. Mr. Branca is also a Long Island native and LIPA customer.

Based on Mr. Branca's extensive experience and the thorough search process conducted by the Selection Committee, with guidance from the P&C Committee, I believe Mr. Branca is well-suited to serve as LIPA's CFO at an annual salary of $250,000. Mr. Branca will begin at LIPA on a mutually agreed upon date with LIPA's Chief Executive Officer upon fulfilling the resignation and notice provisions of his employment with his current employer, which is expected to be no later than August 31, 2016. Mr. Falcone will continue to serve as LIPA's CFO until such time as Mr. Branca commences his employment at the Authority.

Recommendation

Based on the foregoing, I recommend approval of the draft resolution related to the above-requested action that has been distributed to the Trustees.

Trustee McAteer made a brief statement in support of the search process and the candidate. After the opportunity for the public to be heard, upon motion duly made and seconded, the following resolution was adopted by the Trustees.

1294. APPOINTMENT TO OFFICE OF CHIEF FINANCIAL OFFICER

WHEREAS, the Personnel and Compensation Committee of the Long Island Power Authority ("Authority") Board of Trustees has recommended that Joseph A. Branca be appointed as the Chief Financial Officer ("CFO") of the Authority and its wholly owned subsidiary, the Long Island Lighting Company d/b/a/ LIPA ("LIPA"), with an annual salary of $250,000; now therefore be it

RESOLVED, that Joseph A. Branca be, and hereby is, appointed Chief Financial Officer of the Authority and LIPA, at an annual salary of $250,000, effective upon a mutually agreed upon date with the Authority's Chief Executive Officer upon fulfilling the resignation and notice provisions of his employment with his current employer, until the earlier of his resignation or removal; and be it further

RESOLVED, that the Chief Financial Officer shall be an officer of the Authority and LIPA, within the meaning of the Authority's enabling legislation (Chapter 517 of the Laws of 1986), as amended, including Section 1020-bb of the Public Authorities Law, and all other applicable laws.

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At this time Chair Suozzi announced that Trustee McAteer would preside over the remainder of the meeting, since Chair Suozzi had to leave.

Acting Chair McAteer thanked Chair Suozzi and proceeded with the meeting.

The Acting Chair stated that the next item on the agenda is the consideration of approval to Engage Cash Management/Advisory Services.

After requesting a motion on the matter, which was seconded, the Acting Chair indicated that the matter would be presented by Mr. Kane.

Mr. Kane presented the following action item:

Requested Action

The Trustees are being requested to approve a resolution authorizing the Chief Executive Officer or his designee to engage PFM Asset Management LLC ("PFMAM"), a separate and distinct subsidiary of the PFM Group regulated by the Securities and Exchange Commission, to provide Cash Management/Advisory Services to the Long Island Power Authority (the "Authority") for a term of five years.

Background

In March 2016, the Authority issued Requests for Proposals ("RFP") seeking experienced firms to provide Cash Management/Advisory and Custody services for the investment and management of the short-term funds contained in the Authority's Operating, Construction, Grant, Rate Stabilization, and UDSA portfolios. These services are currently provided to the Authority by JPMorgan Chase Bank pursuant to a contract that expires in September 2016. The following nine firms responded to the RFP:

- **J.P. Morgan Asset Management Inc. (a subsidiary of JPMorgan Chase & Co.)**
- **U.S. Bancorp Asset Management, Inc. (a subsidiary of U.S. Bancorp)**
- **PFM Asset Management LLC (a subsidiary of PFM Group)**
- **RBC Global Asset Management Inc. (a subsidiary of Royal Bank of Canada)**
- **State Street Global Advisors (a subsidiary of State Street Bank and Trust Company)**
- **Wells Capital Management (a subsidiary of Wells Fargo Bank, N.A.)**
- **TD Private Client Group (a subsidiary of TD Bank, N.A.)**
- **KeyBank Institutional Asset Services (a division of KeyBank N.A.)**
- **Northern Trust Asset Management (a subsidiary of The Northern Trust Company)**

One additional bidder's package arrived after the deadline and was therefore not considered.

A selection committee comprised of Authority staff members Kenneth Kane, Managing Director of Finance, Denise de Reyna, Treasurer, and David Feldman, Budget Analyst, carefully examined each proposal and determined that they all met the minimum threshold criteria for the services proposed. The selection committee then evaluated the proposals based on criteria set forth in the RFP and scored each proposal for technical ability and cost. Based on that evaluation, the committee selected the three highest scoring firms for telephone interviews, which were conducted in May 2016, including JP Morgan Asset Management, U.S. Bancorp Asset Management, and PFMAM.

As a result of the written submissions, telephone interviews, and an assessment of the Authority's needs, the selection committee determined that PFMAM is best suited to provide Cash Management/Advisory services to the Authority. In this regard, the strengths of PFMAM include:

- **Focused experience in providing investment advice to local governments, their agencies, and public power entities;**
- **Extensive experience with asset management for separately managed accounts; PFMAM currently provides such services to 440 clients, 78 of which are utilities and other authorities;**
- **Excellent short-term fixed income portfolio management strategies as well as an operating cash enhanced asset approach with a keen understanding of governmental entities cash flow nuisances;**
- **Excellent insight into the Authority's operations and cash flow patterns, stakeholder needs and challenges;**
- **Extensive familiarity with New York State statutes that regulate the Authority's investments and an in-depth understanding of the Authority's investment guidelines;**
- **World-class systems and reporting capabilities;**
- **Strong internal controls and compliance procedures;**
- **Large independent research and credit analysis group;**
- **Tied for lowest cost proposal with a not-to-exceed cost structure that limits the cost of these services to the Authority;**
- **Experience working with U.S. Bank as a custodian, who the selection committee is recommending as custodian based on an independent and careful examination of each proposer's qualifications.**

The staff selection committee scored the PFMAM proposal the highest among the six proposals on a technical basis and their proposal was tied for the lowest cost and has a not-to-exceed cost structure. The cost of Custody Services and Cash Management/Advisory Services awarded in the Authority's RFP will be less than the Authority currently pays for such services. The staff selection committee further believes that the Authority is best served by separating the Cash Management/Advisory Services and the Custody Services for its investments.

Recommendation

Based on the foregoing, I recommend approval of the draft resolution related to the above-requested action that has been distributed to the Trustees.

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 adopted by the Trustees.

1295. APPROVAL OF ENGAGEMENT OF FIRM TO PROVIDE CASH ANAGEMENT/ADVISORY SERVICES

RESOLVED, that consistent with the attached memorandum, the Board of Trustees authorizes the Chief Executive Officer or his designee to engage PFM Asset Management LLC to provide cash management/advisory services to the Long Island Power Authority and its wholly owned subsidiary Long Island Lighting Company d/b/a LIPA (together "LIPA") on an as-needed basis, based on terms and conditions substantially consistent with LIPA's standard form of consulting agreement with such modifications as the individual executing same shall consider reasonable as demonstrated by such individual's execution of same.

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The Acting Chair stated that the next item on the agenda is the consideration of approval to Engage Custody Services.

After requesting a motion on the matter, which was seconded, the Acting Chair indicated that the matter would be presented by Mr. Kane.

Mr. Kane presented the following action item:

Requested Action

The Trustees are being requested to approve a resolution authorizing the Chief Executive Officer or his designee to engage U.S. Bank Institutional Trust and Custody, a subsidiary of U.S. Bancorp, ("U.S. Bank") to provide investment custody services to the Long Island Power Authority (the "Authority") for a term of five years.

Background

In March 2016, the Authority issued a Request for Proposals ("RFP") seeking experienced firms to provide Custody Services for the Authority's Operating, Construction, Grant,

Rate Stabilization, and UDSA investment portfolios. These services are currently provided to the Authority by JPMorgan Chase Bank pursuant to a contract that expires in September 2016. The following six firms responded to the RFP:

- **JPMorgan Chase Bank (a subsidiary of JPMorgan Chase & Co.)**
- **U.S. Bank Institutional Trust and Custody (a subsidiary of U.S. Bancorp)**
- **Wells Fargo Institutional Retirement Trust (a subsidiary of Wells Fargo Bank, N.A.)**
- **TD Wealth (a subsidiary of TD Bank, NA)**
- **KeyBank Institutional Asset Services (a subsidiary of KeyBank NA)**
- **Northern Trust Asset Management (a subsidiary of the Northern Trust Company)**

One additional bidder's package arrived after the deadline and was therefore not considered.

A selection committee comprised of Authority staff members Kenneth Kane, Managing Director of Finance, Denise de Reyna, Treasurer, and David Feldman, Budget Analyst, carefully examined each proposal and determined that they all met the minimum threshold criteria for the services proposed. The selection committee then evaluated the proposals based upon the criteria set forth in the RFP and scored each proposal for technical ability and cost.

Based on their review of the proposals, the selection committee determined that U.S. Bank is best suited to provide Custody Services to the Authority.

In this regard, the strengths of U.S. Bank include:

- **One of only four domestic banks to carry S&P's A+ rating;**
- **Approximately 10% of their client base is public and municipal entities;**
- **Provides similar services to 48 local transportation authorities and utility clients;**
- **Business focus is on middle market clients—those with under $4 billion in assets;**
- **Experienced team to assist the Authority staff through the transition and thereafter;**
- **World-class systems and reporting capabilities;**
- **Strong internal controls and compliance; and**
- **Lowest fee of respondents.**

The staff selection committee scored the U.S. Bank proposal the second highest among the six proposals on a technical basis and their proposal was the lowest cost, thereby providing the best overall value. The cost of Custody Services and Cash Management/Advisory Services awarded in the Authority's RFP will be less than the Authority currently pays for such services. The staff selection committee further believes that the Authority is best

served by separating the Cash Management/Advisory Services and the Custody Services for its investments.

Recommendation

Based on the foregoing, I recommend approval of the draft resolution related to the above-requested action that has been distributed to the Trustees.

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 adopted by the Trustees.

1296. APPROVAL OF ENGAGEMENT OF FIRM TO PROVIDE INVESTMENT CUSTODY SERVICES

RESOLVED, that consistent with the attached memorandum, the Board of Trustees authorizes the Chief Executive Officer or his designee to engage U.S. Bank Institutional Trust and Custody to provide investment custody services to the Long Island Power Authority and its wholly owned subsidiary Long Island Lighting Company d/b/a LIPA (together "LIPA") on an as-needed basis, based on terms and conditions substantially consistent with LIPA's standard form of consulting agreement with such modifications as the individual executing same shall consider reasonable as demonstrated by such individual's execution of same.

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The Acting Chair stated that the next item on the agenda is the consideration of approval of Providers of Letters of Credit and Revolving Credit Agreement and Certain Changes in Permitted Uses of Proceeds of Authority Notes and the Revolving Credit Agreement.

After requesting a motion on the matter, which was seconded, the Acting Chair indicated that the matter would be presented by Mr. Kane.

Mr. Kane presented the following action item:

Requested Actions

Approval of Selection of Banks pursuant to Request for Proposals.

Pursuant to the Authority's Request for Proposals for Letter of Credit Facilities, Direct Placement Floating Rate Notes and Revolving Credit Agreements (the "Bank Facilities RFP"), the Authority has received nine proposals from various banks to enter into lines of credit, revolving credit agreements or other credit facilities or to issue letters of credit in support of the Authority's bonds and notes. A selection committee consisting of three Authority staff, with the assistance of the Authority's financial advisor, has reviewed these proposals and has concluded that the Authority should accept a proposal from Bank of Nova Scotia to provide a letter of credit to support $75 million principal amount of Series GR-3 General Revenue Notes. The staff committee also concluded that we should extend the term of the existing letter of credit issued by T.D. Bank, N.A. securing our Series GR-1 General Revenue Notes for one year. The staff committee also recommend that that we accept an offer from Royal Bank of Canada, the issuer of the letter of credit securing our Series CP-1 Commercial Paper Notes, to lower its letter of credit fee. Finally, the staff committee determined that we should enter into an extension and amendment of the existing revolving credit agreement among the Authority, Toronto Dominion (Texas) LLC, as Administrative Agent the ("Revolving Credit Agreement") and various other banks named therein for an additional year. To implement these changes, the Authority will be entering into new or amended agreements with such banks pursuant to an authorization to do so adopted by the Trustees at the December 16, 2015 meeting. Such authorization contemplates that the Trustees would approve the banks selected pursuant to the Bank Facility RFP and you are requested to adopt a resolution indicating such approval.

Recommendation

Based on the foregoing, I recommend approval of the draft resolution related to the above-requested action that has been distributed to the Trustees.

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 adopted by the Trustees.

1297. RESOLUTION APPROVING THE SELECTION OF A BANK TO PROVIDE A LETTER OF CREDIT

WHEREAS, on May 13, 1998 Long Island Power Authority (the "Authority") adopted its Electric System General Revenue Bond Resolution (the "General Resolution"), which authorizes bonds, notes or other evidences of indebtedness of the Authority as special obligations of the Authority for any lawful purpose of the Authority; and

WHEREAS, pursuant to the Authority's Request for Proposals for Letter of Credit Facilities, Direct Placement Floating Rate Notes and Revolving Credit Agreements (the "Bank Facilities RFP"), the Authority received proposals from a number of banks to,

among other things, issue letters of credit in support of the Authority's bonds and notes; and

WHEREAS, on May 18, 2016, the Authority's Board of Trustees adopted a resolution approving staff's recommendation to accept a proposal from the Bank of Nova Scotia to provide a letter of credit to support $75 million principal amount of Series GR-3 General Revenue Notes; and

WHEREAS, Bank of Nova Scotia subsequently withdrew its proposal; and

WHEREAS, staff recommends that the proposal from U.S. Bancorp for a letter of credit, which ranked second in the evaluation of the letter of credit portion of the Bank Facilities RFP, should be accepted; and

WHEREAS, the Finance and Audit Committee of the Board has recommended this action to the full Board for approval;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

The Trustees hereby approve the selection of U.S. Bancorp to provide a letter of credit to support $100 million principal amount of the Authority's Series GR-3 General Revenue Notes and the Chief Executive Officer, Chief Financial Officer, Managing Director of Financial Oversight, General Counsel and Secretary and Controller (the "Authorized Officers") are each hereby authorized and directed to execute and deliver any and all documents and instruments and to do any and all acts necessary or proper for carrying out and implementing this resolution and each of the documents authorized hereby and each Authorized Officer shall be an Authorized Representative (as defined in the General Resolution) in connection with such matters.

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Mr. Kane then presented the following action item:

Certain Changes in Permitted Uses of Proceeds of Authority Notes and the Revolving Credit Agreement; adoption of Amended and Restated Nineteenth Supplemental Resolution.

The Authority staff has determined that from time to time it will be possible to achieve debt service savings by refunding a portion of our outstanding bonds using proceeds of the Authority's Commercial Paper Notes and General Revenue Notes (collectively, the "CP and General Revenue Notes"). Permitting our existing note programs to be used for this purpose will be more cost effective and efficient than authorizing new separate series of notes or bonds to refund such bonds. The Authority's Fourth Supplemental Subordinated Resolution, adopted August 6, 2014, and the Authority's Twenty-Third Supplemental General Resolution, adopted August 6, 2014, set forth specific purposes for which the Authority's Commercial Paper Notes and General Revenue Notes, respectively, may be issued. Such purposes do not presently include refunding outstanding bonds of the Authority. However such resolutions permit the Authority, by subsequent resolution of the

Trustees, to specify additional purposes for which the CP and General Revenue Notes may be issued. The Trustees are therefore requested to adopt a resolution authorizing the use of proceeds of the CP and General Revenue Notes for the purpose of refunding Authority bonds.

The Authority staff has also determined that it will be beneficial to expand the permitted uses of amounts advanced under the Revolving Credit Agreement and other bank facilities which may be entered into in the future and to make such uses more consistent with the permitted uses of the CP and General Revenue Notes. The Authority's Nineteenth Supplemental Electric System General Revenue Bond Resolution adopted on December 12, 2012 (the "Nineteenth Supplemental Resolution") specifies the permitted uses of amounts advanced under bank facilities that may be entered into under the Nineteenth Supplemental Resolution (including the Revolving Credit Agreement). The Trustees are requested to adopt an Amended and Restated Nineteenth Supplemental Electric System General Revenue Bond Resolution (the "Amended Nineteenth Supplemental Resolution") which will add refunding bonds or notes of the Authority as a permitted use of such bank facilities, in addition to the uses currently permitted, and, consistent with the resolutions governing the CP and General Revenue Notes, expressly permit such other uses as the Trustees may from time to time hereafter authorize. The Amended Nineteenth Supplemental Resolution will also make other miscellaneous changes to the existing Nineteenth Supplemental Resolution, including reflecting the amendment to the General Resolution proposed to be made pursuant to the Authority's Twenty-Second Supplemental Electric System General Revenue Bond Resolution adopted August 6, 2014.

Recommendation

Based on the foregoing, I recommend approval of the draft resolution related to the above-requested action that has been distributed to the Trustees.

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 adopted by the Trustees.

1298. RESOLUTION APPROVING THE SELECTION OF CERTAIN BANKS AND ADDITIONAL USES OF PROCEEDS OF CERTAIN AUTHORITY NOTES AND ADOPTING AMENDED AND RESTATED NINETEENTH SUPPLEMENTAL RESOLUTION

WHEREAS, on May 13, 1998 Long Island Power Authority (the "Authority") adopted its Electric System General Revenue Bond Resolution (the "General Resolution"), which authorizes bonds, notes or other evidences of indebtedness of the Authority as special obligations of the Authority for any lawful purpose of the Authority; and

WHEREAS, pursuant to the Authority's Request for Proposals for Letter of Credit Facilities, Direct Placement Floating Rate Notes and Revolving Credit Agreements (the "Bank Facilities RFP"), the Authority has received proposals from a number of banks to

enter into lines of credit, revolving credit agreements or other credit facilities or to issue letters of credit in support of the Authority's bonds and notes and, based on such proposals, the staff selection committee has recommended that the Authority accept proposals (i) from Bank of Nova Scotia to provide a letter of credit to support $75 million principal amount of Series GR-3 General Revenue Notes, (ii) from T.D. Bank, N.A. to extend the term of its existing letter of credit securing our Series GR-1 General Revenue Notes for one year, (iii) from Royal Bank of Canada, the issuer of the letter of credit securing our Series CP-1 Commercial Paper Notes, to continue such letter of credit at a lower letter of credit fee and (iv) from Toronto Dominion (Texas) LLC, as Administrative Agent and various other banks to extend for one year the existing revolving credit agreement the ("Revolving Credit Agreement") among the Authority, Toronto Dominion (Texas) LLC, as Administrative Agent and various other banks named therein (such proposals being referred to hereinafter as the "Selected Proposals" and the banks making such proposals are referred to hereinafter as the "Selected Banks");

WHEREAS, by resolution adopted by the Trustees at the December 16, 2015 meeting (the "December 16 Authorizing Resolution"), various officers of the Authority have been authorized to entering into new or amended agreements with the banks making the proposals selected pursuant to the Bank Facilities RFP, subject to the approval of such banks by the Trustees; and

WHEREAS, on December 13, 2012, the Authority adopted the Nineteenth Supplemental Electric System General Revenue Bond Resolution (the "Nineteenth Supplemental Resolution") which authorized Electric System General Revenue Notes in an amount not to exceed $500,000,000 outstanding at any one time; and

WHEREAS, the Authority wishes to make certain amendments to the Nineteenth Supplemental Resolution, including amending the permitted uses of proceeds of Electric System General Revenue Notes issued thereunder and in order to achieve such purpose there has been prepared and submitted to the Trustees a form of an Amended and Restated Nineteenth Supplemental Electric System General Revenue Bond Resolution (the "Amended Nineteenth Supplemental Resolution"); and

WHEREAS, the Authority's Twenty-Third Supplemental Resolution, adopted August 6, 2014 (the "Twenty-Third Supplemental Resolution") pursuant to the General Resolution, authorizes the Authority to issue General Revenue Notes (as defined in the Twenty-Third Supplemental Resolution) for certain purposes specified therein and further allows the Trustees to add to the permitted uses of the proceeds of such notes by subsequently enacted resolution; and

WHEREAS, and the Authority's Fourth Supplemental Subordinate Resolution, adopted August 6, 2014 (the "Fourth Supplemental Subordinate Resolution") pursuant to the Authority's Electric System General Subordinated Revenue Bond Resolution adopted May 20, 1998, authorizes the Authority to issue Commercial Paper Notes (as defined in the Fourth Supplemental Subordinate Resolution) for certain purposes specified therein and further allows the Trustees to add to the permitted uses of the proceeds of such notes by resolution; and

WHEREAS, the Authority has determined that authorizing the use of proceeds of Commercial Paper Notes and General Revenue Notes (collectively, the "CP and General Revenue Notes") for the purpose of refunding outstanding bonds of the Authority would be advantageous;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

The Trustees hereby approve the Selected Banks and the Chief Executive Officer, Chief Financial Officer, Managing Director of Finance, General Counsel and Secretary and Controller (the "Authorized Officers") are each hereby authorized to proceed with the Selected Proposals in accordance with the December 16 Authorizing Resolution.

The Amended Nineteenth Supplemental Resolution, in the form presented to this meeting and made a part of this resolution as though set forth in full herein, is hereby approved and adopted. The Authorized Officers are each hereby authorized to deliver such Amended Nineteenth Supplemental Resolution to The Bank of New York Mellon, as the Trustee for the Bonds, with such amendments, supplements, changes, insertions and omissions thereto as may be approved by the Authorized Officers, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted hereby.

Pursuant to Section 2.02 of the Fourth Supplemental Subordinate Resolution and Section 2.2 of the Twentieth-Third Supplemental Resolution, the Trustees hereby specify and determine that refunding or redeeming outstanding bonds and notes of the Authority shall be a permitted use of the proceeds of CP and General Revenue Notes, in addition to the purposes presently authorized for such CP and General Revenue Notes in accordance with the Fourth Supplemental Subordinate Resolution and the Twenty-Third Supplemental Resolution.

Each Authorized Officer is hereby authorized and directed to execute and deliver any and all documents and instruments and to do any and all acts necessary or proper for carrying out and implementing this resolution and each of the documents authorized hereby and each Authorized Officer shall be an Authorized Representative (as defined in the General Resolution) in connection with such matters.

This resolution shall take effect immediately.

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The Acting Chair stated that the next item on the agenda is the consideration of approval of Power Purchase Agreements related to 280MW Renewables RFP. The Acting Chair indicated that the matter would be presented by Mr. Shansky.

Mr. Shansky presented the following action items:

Item 1:

Requested Action

The Trustees are requested to approve and adopt a resolution authorizing the Chief Executive Officer or his designee to execute a contract for the purchase of renewable energy, related capacity, and renewable attributes ("PPA") and other related agreements with Shoreham Solar Commons, LLC ("Shoreham Solar"), a wholly owned subsidiary of the proposer, Invenergy, LLC, and to take other actions to implement arrangements for the Long Island Power Authority (the "Authority") to purchase power from the proposed Shoreham Solar Commons Project ("Shoreham Solar Project" or "Project").

Background

In December 2014, the Trustees approved the selection of eleven proposals in response to the Authority's October 18, 2013 Request For Proposals for 280 MW of New, On-Island, Renewable Capacity and Energy ("280 MW Renewable RFP"). Subsequent to approval, the project sponsors initiated appropriate environmental review with local municipal officials and began negotiating the power purchase agreement with PSEG Long Island, which acted on behalf of the Authority. The Shoreham Solar Project represents one of the eleven selected proposals.[1]

Shoreham Solar proposes to redevelop into a solar energy production facility the existing Tallgrass golf course, located in the hamlet of Shoreham in the Town of Brookhaven, on the south side of Cooper Street, approximately 3,300 feet south of North County Road (a/k/a Route 25A). The Shoreham Solar Project would: (1) include approximately 150 acres in an A-1 Residential District with a Planned Conservation Overlay District; (2) consist of a ground-mounted stationary/non-tracking solar array installed on racks; (3) have seven inverters to collect the electric output from the array and transform the current from DC to a maximum of 24.9 MW AC; (4) transmit the power via a new 69 kV switchyard to be connected by underground lines to the Authority's 69 kV overhead transmission line along Randall Road, and then to the Authority's Wildwood substation in Shoreham, approximately 3.2 miles to the northeast of the facility; (5) include construction of an eight foot (8') tall fence around the perimeter of the property along with substantial landscaping for screening purposes.

As a result of the Project, the site will stop using fertilizer, consuming potable water and producing sanitary waste water. All storm water will be stored and recharged on site via the proposed drainage reserve areas and grading will occur on less than 53% of the overall site in order to create a stable grade for installation of panels. The Pine Barrens Joint Policy and Planning Commission has confirmed that the proposed facility meets all applicable Pine Barrens regulations. All existing trees within the perimeter of the site will be preserved.

[1] At the time of selection, this project was known as Tallgrass Solar Energy Center.

Discussion

Under the proposed PPA, the Authority will purchase all renewable energy, related capacity and renewable attributes from the Project during a term of twenty (20) years, at a total cost of approximately $167,000,000. The PPA requires Shoreham Solar to obtain all required Federal, State and local permits, enter into necessary contracts to construct the Project, obtain equity and debt financing, and reach key Project construction milestones by dates certain. Shoreham Solar would be subject to payment of specified liquidated damages for failure to meet the construction milestones and capacity requirements.

The terms of the PPA are consistent with, if not more favorable than, the original Shoreham Solar proposal. There have been certain improvements in the contract relative to the original proposal, most notable that Shoreham Solar has committed to a performance guarantee so that the Authority will receive at least the guaranteed quantity of solar energy or be compensated by Shoreham Solar for any shortfall. In addition, Shoreham Solar may purchase an extension of the planned September 1, 2017 commercial operation date, if needed to assure the project completion.

The Town of Brookhaven Planning Board served as the Lead Agency for purposes of the coordinated review of the Shoreham Solar Project's environmental impacts in accordance with the State Environmental Quality Review Act ("SEQRA"). On March 7, 2016, the Planning Board made a determination of non-significance ("Negative Declaration") for the reasons stated in the attached memorandum, SEQRA Negative Declaration–Notice of Determination of Significance, File Number 15SP0030. In addition, the Planning Board voted 6-0 to conditionally approve Invenergy's application for a Site Plan and Special Use Permit as set forth in the attached Findings and Conclusions dated March 7, 2016. In accordance with SEQRA, the Authority is bound by the Planning Board's Negative Declaration.

Recommendation

For the foregoing reasons, I recommend that the Trustees authorize the Chief Executive Officer or his designee to take all actions, including, without limitation, execution of the Shoreham Solar Project PPA and all other related agreements to enable the Authority's purchase of renewable power from the Shoreham Project described above by adopting the draft resolution related to the above-requested action that has been distributed to the Trustees.

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Item 2:

Requested Action

The Trustees are requested to approve and adopt two resolutions authorizing the Chief Executive Officer or his designee to execute, respectively, two substantially identical

contracts for the purchase of renewable energy, related capacity and renewable attributes ("PPA") and other related agreements with Kings Park Solar LLC ("KPS"), a wholly owned subsidiary of the proposer, BQ Energy Development, LLC, and to take other actions to implement arrangements for the Long Island Power Authority (the "Authority") to purchase power from the proposed Kings Park Solar 1 and Kings Park Solar 2 solar generating facilities ("KPS 1" and "KPS 2", respectively, and collectively, the "KPS Project").

Background

In December 2014, the Trustees approved the selection of eleven proposals submitted in response to the Authority's October 18, 2013 Request For Proposals for 280 MW of New, On-Island, Renewable Capacity and Energy ("280 MW Renewable RFP"). Subsequent to approval, the project sponsors initiated appropriate environmental review with local municipal officials and began negotiating power purchase agreements with PSEG Long Island, which acted on behalf of the Authority. KPS 1 and KPS 2 represent two of the eleven selected proposals[2].

KPS proposes to construct, own, operate and maintain two (2) adjacent renewable energy generating facilities each with a nominal rating of 2.0 megawatts ("MW"). The two facilities will share a controlled 27.4 acre site in the hamlet of Kings Park in the town of Smithtown at the intersection of Old Northport Road and Indian Head Road, together consisting of approximately 18,000 ground-mounted fixed-angle solar panels. Each 2.0 MW facility will be connected to two existing 13.2 kV distribution feeders, which in turn connect to the Authority's Indian Head substation.

Discussion

Each of the substantially identical proposed PPAs relates to one of the two facilities. Under each PPA, the Authority will purchase all renewable energy, related capacity and renewable attributes from the facility during a term of twenty (20) years, at total cost of approximately $13.4 million per PPA. Each PPA requires KPS to obtain all required Federal, State and local permits, enter into necessary contracts to construct the relevant facility, obtain equity and debt financing, and reach key construction milestones by dates certain. KPS would be subject to payment of specified liquidated damages for failure to meet the construction milestones and capacity requirements.

The terms of each PPA are consistent with, if not more favorable, than the original KPS proposals. Each PPA contains the same energy rate, which would escalate annually at a fixed rate that is less than the projected rate of inflation. There have been certain improvements in the contract relative to the original proposals, most notably that KPS has committed to a performance guarantee so that the Authority will receive at least the guaranteed quantity of solar energy or be compensated by KPS for any shortfall. In

[2] At the time of selection, these projects were known as Indian Head Solar I and II.

addition, KPS may purchase an extension of the planned September 1, 2017 commercial operation date, if needed to assure project completion.

The town of Smithtown acted as Lead Agency for the purposes of a coordinated review of the KPS Project's environmental impacts in accordance with the State Environmental Quality Review Act ("SEQRA"). On March 1, 2016, the Smithtown Town Board made a determination of non-significance ("Negative Declaration") for the reasons stated in the attached memorandum – "Recommended SEQRA Determination for Special Exception Petition #2015-10 by Kings Park Solar LLC, February 24, 2016". The Smithtown Town Board concluded that an Environmental Impact Study was unnecessary. In accordance with SEQRA, the Authority is bound by the Town's Negative Declaration.

Recommendation

For the foregoing reasons, I recommend that the Trustees authorize the Chief Executive Officer or his designee to take all actions, including, without limitation, execution of the KPS 1 & KPS 2 PPAs and all other related agreements to enable the Authority's purchase of renewable power from the KPS Project described above by adopting the draft resolution related to the above-requested action that has been distributed to the Trustees..

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 three resolutions were adopted by the Trustees.

Resolution 1:

1299. AUTHORIZATION TO ENTER INTO POWER PURCHASE AGREEMENT WITH SHOREHAM SOLAR COMMONS, LLC FOR THE PURCHASE OF RENEWABLE ENERGY, RELATED CAPACITY, AND RENEWABLE ATTRIBUTES FROM SHOREHAM SOLAR COMMONS SOLAR ENERGY PROJECT

WHEREAS, on October 18, 2013, the Long Island Power Authority (the "Authority") issued the Request For Proposals for up to 280 MW of New, On-Island, Renewable Capacity and Energy ("280 MW RFP") for the addition of up to 280 MW of renewable energy, including all associated capacity and environmental attributes; and

WHEREAS, after analyzing all responses to the 280 MW RFP, Trustees approved negotiations of 20-year power purchase agreements ("PPA") with 11 selected proposers, including the proposer of the Shoreham Solar Project ("Project"), known at the time as Tallgrass Solar Energy Center, proposed by Invenergy, LLC, the parent company to Shoreham Solar Commons, LLC; and

WHEREAS, the Town of Brookhaven Planning Board ("Planning Board") acted as the Lead Agency for the purpose of a coordinated environmental review of the Project pursuant to the State Environmental Quality Review Act ("SEQRA"); and

WHEREAS, the Brookhaven Town Board, on March 7, 2016, made a determination of non-significance (a Negative Declaration) and concluded an Environmental Impact Study was unnecessary.

WHEREAS, the Brookhaven Town Board, on March 7, 2016, voted 6-0 to conditionally approve Invenergy's application for a Site Plan and Special Use Permit for the Project; and

WHEREAS, the Authority's renewable energy goals will be supported by entering into a PPA and other related agreements regarding the Shoreham Solar Project;

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer or his designee be and hereby are authorized to execute and effect 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 renewable energy, related capacity, and renewable attributes from Shoreham Solar Commons, LLC; and be it further

RESOLVED, that all action heretofore taken on behalf of the Authority by the Chief Executive Officer or his designees with respect to the Project are in all respects hereby ratified, confirmed, and approved.

Resolution 2:

1300. AUTHORIZATION TO ENTER INTO POWER PURCHASE AGREEMENT WITH KINGS PARK SOLAR LLC FOR THE PURCHASE OF RENEWABLE ENERGY, RELATED CAPACITY, AND RENEWABLE ATTRIBUTES FROM THE KINGS PARK SOLAR 1 GENERATING FACILITY

WHEREAS, on October 18, 2013, the Long Island Power Authority (the "Authority") issued the Request For Proposals for up to 280 MW of New, On-Island, Renewable Capacity and Energy ("280 MW RFP") for the addition of up to 280 MW of renewable energy, including all associated capacity and environmental attributes; and

WHEREAS, after analyzing all responses to the 280 MW RFP, Trustees approved negotiations of 20-year power purchase agreements ("PPA") with 11 selected proposers, including the proposer of the Kings Park Solar 1 facility ("KPS 1"), known at the time as Indian Head Solar I, proposed by BQ Energy Development, LLC, the parent company of Kings Park Solar LLC ("KPS"); and

WHEREAS, the Town of Smithtown acted as the Lead Agency for the purposes of a coordinated environmental review pursuant to the State Environmental Quality Review Act ("SEQRA") of the proposed KPS Project (as defined in the accompanying memorandum) that consists of the KPS 1 and a similar adjacent facility (KPS 2) that is subject to a separate proposed PPA with the Authority; and

WHEREAS, the Smithtown Town Board, on March 1, 2016, made a determination of non-significance (a Negative Declaration) with respect to the proposed KPS Project and concluded that an Environmental Impact Study was unnecessary; and

WHEREAS, the Authority's renewable energy goals will be supported by entering into a PPA and other related agreements regarding the KPS 1;

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer or his designee be and hereby are authorized to execute and effect 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 renewable energy, related capacity, and renewable attributes from Kings Park Solar LLC's KPS 1 facility; and be it further

RESOLVED, that all actions heretofore taken on behalf of the Authority by the Chief Executive Officer or his designees with respect to the KPS 1 are in all respects hereby ratified, confirmed, and approved.

Resolution 3:

1301. AUTHORIZATION TO ENTER INTO POWER PURCHASE AGREEMENT WITH KINGS PARK SOLAR LLC FOR THE PURCHASE OF RENEWABLE ENERGY, RELATED CAPACITY AND RENEWABLE ATTRIBUTES FROM THE KINGS PARK SOLAR 2 GENERATING FACILITY

WHEREAS, on October 18, 2013, the Long Island Power Authority (the "Authority") issued the Request For Proposals for up to 280 MW of New, On-Island, Renewable Capacity and Energy ("280 MW RFP") for the addition of up to 280 MW of renewable energy, including all associated capacity and environmental attributes; and

WHEREAS, after analyzing all responses to the 280 MW RFP, Trustees approved negotiations of 20-year power purchase agreements ("PPA") with 11 selected proposers, including the proposer of the Kings Park Solar 2 facility ("KPS 2"), known at the time as Indian Head Solar II, proposed by BQ Energy Development, LLC, the parent company of Kings Park Solar LLC ("KPS"); and

WHEREAS, the Town of Smithtown acted as the Lead Agency for the purposes of a coordinated environmental review pursuant to the State Environmental Quality Review Act ("SEQRA") of the proposed KPS Project (as defined in the accompanying memorandum) that consists of the KPS 2 and a similar adjacent facility (KPS 1) that is subject to a separate proposed PPA with the Authority; and

WHEREAS, the Smithtown Town Board, on March 1, 2016, made a determination of non-significance (a Negative Declaration) with respect to the proposed KPS Project and concluded that an Environmental Impact Study was unnecessary; and

WHEREAS, the Authority's renewable energy goals will be supported by entering into a PPA and other related agreements regarding the KPS 2;

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer or his designee be and hereby are authorized to execute and effect 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 renewable energy, related capacity, and renewable attributes from Kings Park Solar LLC's KPS 2 facility; and be it further

RESOLVED, that all actions heretofore taken on behalf of the Authority by the Chief Executive Officer or his designees with respect to the KPS 2 are in all respects hereby ratified, confirmed, and approved.

The Acting Chair stated that the next item on the agenda is the consideration of approval of Various Governance Documents.

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

Mr. Falcone and Mr. Mostel presented the following action item:

Requested Action

The Board of Trustees of the Long Island Power Authority (the "Authority") is requested to adopt a resolution approving (i) modifications to the Authority's Investment Guidelines, Interest Rate Exchange Agreement Guidelines, Prompt Payment Policy (the "Policy") and Property Disposition Guidelines (the "Disposition Guidelines") and (ii) the Authority's Annual Investment Report for 2015 and Guidelines Regarding the Use, Awarding, Monitoring and Reporting of Procurement Contracts (the "Procurement Guidelines"), each as further described below.

Investment Guidelines

The Board is required by Section 2925(6) of the Public Authorities Law to annually review and approve investment guidelines that detail the Authority's operative policy and instructions to officers and staff regarding the investing, monitoring and reporting of funds of the Authority. The Authority's Investment Guidelines were last reviewed and approved on March 26, 2015. The proposed revisions to the Investment Guidelines seek to incorporate appropriate available investments, align the policies with revised contractual and regulatory requirement, while also making the guidelines easier to use.

Based on staff's review, which was performed in consultation with the Authority's investment advisor – JP Morgan Asset Management – the proposed Investment Guidelines incorporate the following material modifications:

- **(i) in section 2.1, the investment objectives for the Nuclear Decommissioning Trust Fund ("NDTF") and OPEB Account have been updated to include adequate safeguarding of investment principal;**
- **(ii) in section 2.2.2, conditions for permitted repurchase agreements have been brought into closer alignment with Office of the State Comptroller's ("OSC") investment guideline requirements;**
- **(iii) in sections 2.2.3 and 2.2.4, conditions for permitted commercial paper investments and corporate notes, master notes, asset-backed securities investments, respectively, have been expanded to allow investments in non-corporation as well as non-US issuers, while maintaining the creditworthiness requirements applicable previously;**
- **(iv) in section 2.2.5, Certificates of Deposit (CDs) are now permitted from any issuing bank that is otherwise qualified under the guidelines, not just those that are members of the Federal Reserve System;**
- **(v) section 2.2.9 has been removed to align the guidelines with amendments to financing documents entered by the Authority and its lenders;**
- **(vi) in section 2.3, the term describing the intended security has been updated to "floating rate notes," from "variable rate notes," and the frequency of permitted rate resets has been reduced to at least one month to align with current investment practices;**
- **(vii) in section 2.4, the maximum percentage of the portfolio in money market mutual funds has been increased from 75% to 100% and the maximum percentage of certificates of deposit has been increased from 40% to 80%. Furthermore, the single-issuer limit has been clarified to apply to underlying securities owned by a money market mutual fund and not to such fund itself;**
- **(viii) in section 2.5, the maximum maturity requirements have been clarified and simplified to be no more than three years for any security except U.S. government obligations and guaranteed investment contracts, with a weighted average maturity of one year across the whole portfolio. In addition, the maximum maturity requirements for specific types of securities have been consolidated in this section for easy reference. Furthermore, the forthcoming regulatory changes to operation of money market mutual funds have been incorporated into the periods used for purposes of calculating maturity;**

(ix) in section 2.7, the guidelines have been changed to require the Investment Manager to alert the CFO within a reasonable period of learning that a portfolio investment has been downgraded below the level allowed by these investment guidelines; and

(x) in section 3.3, express references to OSC's investment guideline requirements have been inserted.

Guidelines for Use of Interest Rate Exchange Agreements

The Trustees last adopted Guidelines for the Use of Interest Exchange Agreements ("Swap Guidelines") in March 26, 2015. The Trustees are required to review these Swap Guidelines no less frequently than bi-annually. Based on staff's review, which was performed in consultation with the Authority's financial advisors -- Public Financial Management and Mohanty Gargiulo LLC -- the proposed Swap Guidelines incorporate the following material modifications:

(i) in section 3.01(a), inserted item 5 under the ERMC administrative responsibilities to include the following responsibility.
a. Certify reassignment and amendment of existing interest rate swap agreement upon refunding of bonds

(ii) in section 4.05, added additional considerations on how to measure swap termination costs besides the marked to market values.

The Authority must comply with OSC guidelines for all debt issuances, including the use of interest rate exchange agreements, which in addition must be submitted to OSC for approval prior to execution

Prompt Payment Policy

Section 2880 of the Public Authorities Law requires that the Authority adopt a policy for making payment promptly on amounts properly due by the Authority under its contracts. This policy generally applies to payments due by the Authority to a person or business in the private sector under a contract it has entered into with the Authority on or after May 1, 1998. Except as otherwise provided by law or regulation or under certain circumstances specified in the Policy, the payment due date of an amount properly due by the Authority under a contract is thirty calendar days, excluding public holidays, after receipt of an invoice for such amount due; except that if such thirtieth calendar day falls on a Saturday or Sunday, the payment due date shall be the following business day. The current Policy has been in place since 1990. The material updates to the Policy are to clarify the definition of public holidays for consistency with State statutes and to contemplate electronic payments.

Disposition Guidelines

Section 2896 of the Public Authorities Law requires the Authority to adopt, and periodically review and approve comprehensive guidelines regarding the use, awarding,

monitoring and reporting of contracts for the disposal of Authority property. The Disposition Guidelines were last reviewed and approved by the Trustees in September 2011. Based on Staff's review, it has been determined that the Disposition Guidelines should be updated to refer to the proper titles of the officers currently appearing on the Authority's organizational chart.

Annual Investment Report for 2015

Section 2925 of the Public Authorities Law requires that the Authority annually review and approve an investment report. The Authority's investments are managed by an investment manager and the investments are primarily short term, highly liquid investments. All investments of Authority funds are governed by the Authority's Investment Guidelines described above. The Authority's investments for 2015 performed consistent with Staff's expectations given the nature of the investments.

Procurement Guidelines

Section 2879 of the Public Authorities Law requires certain public authorities, including LIPA, to periodically review and approve procurement guidelines, which set forth LIPA's operative policy and instructions regarding the use, awarding, monitoring and reporting of procurement contracts. The Procurement Guidelines were last reviewed and approved by the Trustees in August 2015. Staff has reviewed the Procurement Guidelines and is not recommending any changes to them at this time.

Recommendation

Based upon the foregoing, I recommend the approval of the above requested actions by adoption of draft resolutions related to the above-requested actions that have been distributed to the Trustees.

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 six resolutions were adopted by the Trustees.

Resolution 1:

1302. APPROVAL OF MODIFICATIONS TO THE LONG ISLAND POWER AUTHORITY INVESTMENT GUIDELINES

RESOLVED, that the LIPA Board of Trustees hereby approves and adopts the Investment Guidelines (amended as of March 26, 2015 and as further amended as of May 18, 2016) in the form presented at this meeting to be effective immediately.

Resolution 2:

1303. APPROVAL OF MODIFICATIONS TO THE LONG ISLAND POWER AUTHORITY GUIDELINES FOR THE USE OF INTEREST RATE EXCHANGE AGREEMENTS

RESOLVED, that the LIPA Board of Trustees hereby approves and adopts the Guidelines for the Use of Interest Rate Exchange Agreements (amended as of March 26, 2015 and as further amended as of May 18, 2016) in the form presented at this meeting to be effective immediately.

Resolution 3:

1304. APPROVAL OF MODIFICATIONS TO THE LONG ISLAND POWER AUTHORITY PROMPT PAYMENT POLICY

RESOLVED, that the LIPA Board of Trustees hereby approves and adopts the Prompt Payment Policy (amended as of May 18, 2016) in the form presented at this meeting to be effective immediately.

Resolution 4:

1305. APPROVAL OF MODIFICATIONS TO THE LONG ISLAND POWER AUTHORITY PROPERTY DISPOSITION GUIDELINES

RESOLVED, that the LIPA Board of Trustees hereby approves and adopts the Property Disposition Guidelines, in the form presented at this meeting to be effective immediately.

Resolution 5:

1306. APPROVAL OF THE LONG ISLAND POWER AUTHORITY ANNUAL INVESTMENT REPORT

RESOLVED, that the LIPA Board of Trustees hereby approves and adopts the Annual Investment Report for the period ended December 31, 2015 in the form presented at this meeting to be effective immediately.

Resolution 6:

1307. APPROVAL OF THE LONG ISLAND POWER AUTHORITY PROCUREMENT GUIDELINES

RESOLVED, that the LIPA Board of Trustees hereby approves and adopts the Guidelines Regarding the Use, Awarding, Monitoring and Reporting of Procurement Contracts, in the form presented at this meeting to be effective immediately.

The Acting Chair stated that the next item on the agenda is the consideration of authorization to Designate Personnel to Make Withdrawals from Long Island Power Authority Bank Accounts.

After requesting a motion on the matter, which was seconded, the Acting Chair indicated that the matter would be presented by Mr. Falcone.

Mr. Falcone presented the following action item:

Requested Action

The Trustees are being asked to designate the officers and employees of the Long Island Power Authority ("LIPA" or the "Authority") who would be authorized to (i) deposit funds of the Authority in banks satisfying certain specified credit standards and (ii) withdraw funds from such accounts. The Trustees are also being asked to designate the officers or employees of PSEG Long Island LLC and its wholly-owned subsidiary, Long Island Electric Utility Servco LLC (together, the "Service Provider"), who would be authorized to withdraw funds from one or more LIPA accounts established as "Operating Accounts" pursuant to the OSA (as defined below) from which the Service Provider may draw funds from time to time to pay for actual Pass-Through Expenditures (as defined in the OSA).

The Trustees have been furnished with the "Designation of Authorized Persons to Sign Instruments for Payments Made from Authority Bank Accounts" (the "Bank Designation", attached as Exhibit A hereto) which sets forth such authorization.

Background

The Trustees last adopted resolutions designating the banks to act as depositories for Authority funds and authorizing the officers, employees and any agents eligible to make withdrawals from those accounts in June 2014. Staff believes it is prudent to periodically revisit and update the previous resolutions.

Staff recommends that the Board require that any bank acting as a depository for Authority funds have long-term deposit ratings as follows: A- or better by Standard & Poor's Corporation, A3 or better by Moody's Investor Service, Inc. or A- or better by Fitch, Inc.

With respect to the persons authorized to withdraw funds from Authority accounts, Staff recommends that the following officers and employees of the Authority be so designated: for instruments or orders in a face amount in excess of $25,000.00, two signatures from among the Chief Executive Officer, the Chief Financial Officer, the Controller and the Treasurer (each an "Authorized Representative"), and for instruments or orders in the face amount of $25,000.00 or less, one signature from any Authorized Representative.

Additionally, the Amended & Restated Operations Services Agreement, dated as of December 31, 2013 ("OSA"), between Long Island Lighting Company d/b/a/ LIPA and the Service Provider provides that LIPA will establish one or more operating accounts from which the Service Provider may draw funds from time to time to pay for actual Pass-Through Expenditures (as defined in the OSA) incurred by the Service Provider. In order to allow the Service Provider to efficiently utilize the Operating Accounts, Staff recommends that the Board authorize the withdrawals from the Operating Accounts by the Service Provider's Treasurer, any assistant Treasurer or their respective authorized designees.

Staff believes the procedures and standards specified in the attached resolution are prudent and consistent with industry standards.

Recommendation

Based upon the foregoing, I recommend the adoption of the draft resolution related to the requested action that has been distributed to the Trustees.

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 adopted by the Trustees.

1308. DESIGNATION OF AUTHORIZED PERSONS TO SIGN INSTRUMENTS FOR PAYMENTS MADE FROM AUTHORITY BANK ACCOUNTS

WHEREAS, the Board of Trustees ("Board") of the Long Island Power Authority ("Authority") has previously adopted resolutions designating certain banks as depositories for funds of the Authority; and

WHEREAS, the Authority's Board has previously adopted a resolution providing that any bank acting as a depository for Authority funds have minimum credit ratings; and

WHEREAS, the Authority's Board has previously adopted a resolution providing that certain officers, employees and agents of the Authority be authorized to deposit any of the funds of the Authority in a designated bank either at its head office or at any of its branches; and

WHEREAS, the Authority's Board has previously adopted a resolution providing that any funds of the Authority deposited in a designated bank be subject to withdrawal or charge at any time and from time to time upon checks, notes, drafts, bills of exchange, acceptances, undertakings, wire transfers or other instruments or orders for the payment of money when made, signed, drawn, accepted or endorsed, as applicable, on behalf of the Authority by two signatures from among certain enumerated persons, for instruments or orders in a face amount in excess of $25,000.00, and by one signature from among the persons listed in said resolution for instruments or orders in the face amount of $25,000.00 or less; and

WHEREAS, the Amended & Restated Operations Services Agreement, dated as of December 31, 2013 ("OSA"), between Long Island Lighting Company d/b/a/ LIPA ("LIPA") and PSEG Long Island LLC (the "Service Provider") provides that LIPA will establish one or more operating accounts from which the Service Provider shall draw funds from time to time to pay for actual Pass-Through Expenditures (as defined in the OSA) incurred by the Service Provider:

NOW, THEREFORE, BE IT RESOLVED, that the Authorized Representatives (as defined below) of the Authority be and hereby are, and each of them hereby is, authorized to deposit any of the funds of the Authority in any commercial bank or financial institution whose long-term deposits are rated A- or better by Standard & Poor's Corporation, A3 or better by Moody's Investor Service, Inc. or A- or better by Fitch, Inc. (each such institution referred to herein as the "Bank"), either at its head office or at any of its branches; and be it further

RESOLVED, that until further order of the Board, any funds of the Authority deposited in the Bank be subject to withdrawal or charge at any time and from time to time upon checks, notes, drafts, bills of exchange, acceptances, undertakings, wire transfers or other instruments or orders for the payment of money when made, signed, drawn, accepted or endorsed, as applicable, on behalf of the Authority by two signatures from among the Chief Executive Officer, the Chief Financial Officer, the Controller and the Treasurer (each an "Authorized Representative") for instruments or orders in a face amount in excess of $25,000.00, and by one signature from an Authorized Representative for instruments or orders in the face amount of $25,000.00 or less; and be it further

RESOLVED, that the Bank is hereby authorized to pay any such instrument or make any such charge and also to receive the same instruments of issue or the disposition of the proceeds, whether drawn against an account in the name of the Authority or in the name of any officer or agent of the Authority as such, and, at the option of the Bank, even if the account shall not be in credit to the full amount of such instrument or charge; and be it further

RESOLVED, that each of the Chief Executive Officer, Chief Financial Officer and General Counsel of the Authority be, and each hereby is, authorized to certify to the Bank the names of the present officers of the Authority, and any other persons authorized by the Board to sign for it and the offices held by them together with specimens of their signatures, and in case of any change of any holder of any such office or holders of any such offices, the fact of such change and the names of any new officers and the offices held by them together with specimens of their signatures, and the Bank be, and hereby is, authorized to honor any instrument signed by any new officer or officers, in respect of whom it has received any such certificate or certificates with the same force and effect as if said officer or officers were named in the foregoing resolutions in the place of any person or persons with the same title or titles; and be it further

RESOLVED, that, until the further order of the Board, funds of the Authority deposited in an Operating Account (as defined in the OSA) in the Bank be subject to withdrawal or charge at any time and from time to time upon checks, notes, drafts, bills of exchange, acceptances, wire transfers, undertakings or other instruments or orders for the payment of money when made, signed, drawn, accepted or endorsed, as applicable, on behalf of the Authority by, (i) the Authorized Representatives of the Authority named in the foregoing resolutions consistent with the provisions of said resolutions or (ii) the following officers of the Service Provider: the Treasurer and any Assistant Treasurer or their respective authorized designees; and be it further

RESOLVED, that the Bank be promptly notified in writing by any Authorized Representative of the Authority of any change in these resolutions, such notice to be given to each office of the Bank in which any account of the Authority may be maintained and that until it has actually received such notice in writing it is authorized to act in pursuance of these resolutions, and that until it actually so received such notice it shall be indemnified and saved harmless from any loss suffered or liability incurred by it in continuing to act in pursuance of these resolutions, even though these resolutions may have been changed.

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The Acting Chair then asked for a motion to adjourn to Executive Session to discuss pending litigation matters and announced that no votes would be taken. The motion was duly seconded and the following resolution was adopted:

1309. 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.

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At approximately 1:31 p.m. the Open Session of the Board of Trustees was adjourned on a motion to enter into Executive Session, which commenced at 1:32 p.m. and ended at 1:40 p.m. whereupon the Board resumed in open session.

The Acting Chair stated that the next item on the agenda is the consideration of approval of the Pension & OPEBs Settlement Agreement with National Grid.

After requesting a motion on the matter, which was seconded, the Acting Chair indicated that the matter would be presented by Mr. Falcone.

Mr. Falcone presented the following action item:

Requested Action

The Trustees are being requested to adopt a resolution authorizing the Chief Executive Officer or his designee to execute a Stipulation and Agreement ("Settlement Agreement") with National Grid Generation LLC ("NGG" or "National Grid") related to the parties' pension and other post-retirement benefit ("P&OPEB") obligations under the Amended & Restated Power Supply Agreement, dated as of October 10, 2012, as amended (the "A&R PSA") between National Grid and the Long Island Lighting Company d/b/a LIPA ("LIPA"), as more fully set forth below.

Background

Schedule E ("Schedule E") to the Agreement and Plan of Merger dated as of June 26, 1997 (the "Merger Agreement") between LIPA and KeySpan Corp. (now National Grid) was intended to set forth the respective rights and obligations of KeySpan Corp. and LIPA with respect to employee benefit plan funding obligations for employees serving LIPA through the operating agreements between the parties (the "LIPA Serving Employees"). Appendix A of the PSA (and the A&R PSA) sets forth how such amounts applicable to the PSA would be determined and collected. Under Appendix A, NGG is entitled to collect its annual P&OPEB expenses through the Monthly Capacity Charge.

Upon the effective date of the original PSA on May 28, 1998 and as amended in the 2004 FERC proceeding that reset the entire cost of service, a fixed amount of P&OPEB expenses was established as a component of the Capacity Charge. The difference between the fixed amount and NGG's actual allocable expenses was covered by the 2006 Side Letter described below. In the 2009 FERC proceeding to "reset" the cost base of the Capacity Charge, LIPA and NGG agreed to permit NGG to reset each of the P&OPEB charges each year to more closely, but not exactly, track NGG's allocable P&OPEB expenses.[3] The Capacity Charge is determined on a calendar year basis (certain other costs are updated automatically according to a contractually specified index). NGG adjusts its P&OPEB expenses on a fiscal year basis that runs from April 1 through March 30. LIPA and NGG agreed that the P&OPEB cost component would be changed each calendar year through a single issue filing at FERC to reflect the actual monthly expense for the first three months of the calendar year (established the previous March) and nine months based on NGG's budgeted expense for that fiscal year as determined by NGG's actuary. The annual filing was to be made by June 1 of each calendar year, i.e., half way through the calendar year,

[3] P&OPEB expenses are a current cost under the A&R PSA that are an estimate of the costs NGG will incur in the future for P&OPEB expenses when individual employees retire. NGG charges LIPA these costs now and funds P&OPEB plans in order to be able to fulfill its responsibilities in the future.

with a retroactive adjustment in billings by NGG to LIPA going back to January 1 of that calendar year.

Separately, LIPA and National Grid entered into a Letter Agreement dated January 1, 2006 relating to Schedule E (the "2006 Letter Agreement"). The 2006 Letter Agreement deals, in part, with employee benefit contributions for LIPA Serving Employees that National Grid has funded to P&OPEB plan trusts relative to the funding received from LIPA for those costs. In the 2006 Letter Agreement, the parties agreed that, to the extent National Grid made contributions to employee benefit trusts in excess of funds received from LIPA, LIPA would pay National Grid a carrying charge, effectively an interest rate, on those amounts, calculated as provided in the 2006 Letter Agreement. Conversely, to the extent that LIPA paid to National Grid funds that were not deposited in the associated benefit trusts, National Grid would credit a carrying charge to LIPA.

A&R PSA P&OPEB Resets for 2013, 2014 and 2015 Contract Years

The mechanism for adjusting the P&OPEB expense in the annual Capacity Charge under the PSA, described above, was carried forward in the A&R PSA that became effective on May 28, 2013. In May 2014, NGG filed a change in the P&OPEB expenses for 2013. NGG explained that it was delayed in making the filing due to the change in its company-wide business software. LIPA protested the filing because it believed that NGG had not adequately supported its calculations and the FERC set the matter for settlement discussions. LIPA took this opportunity to resolve not only the filing at hand but to consolidate the reconciliation of LIPA's P&OPEB payments to NGG with NGG's actual expenses, to terminate the separate calculations under the 2006 Side Letter, and to ensure amounts paid by LIPA to NGG are deposited to the associated NGG P&OPEB trusts. LIPA's auditors reviewed National Grid's records of actual expenses and funding of its P&OPEBs related to the PSA. This process extended over two years; National Grid withheld its annual adjustment filings for the 2014 and 2015 Contract Years during this review process and settlement discussions held at FERC.

The proposed Settlement Agreement provides a comprehensive resolution of the P&OPEB rate resets required under the A&R PSA for the 2013, 2014 and 2015 Contract Years (the "Rate Reset Years"). The Settlement Agreement also sets forth changes to the method for determining and assessing charges for all P&OPEB expenses to be included in the Capacity Charge assessed by NGG to LIPA under the A&R PSA beginning with the 2016 Contract Year and continuing for the remaining term of the A&R PSA.

Under the terms of the proposed Settlement Agreement, NGG will refund $16,411,017 to LIPA for the Rate Reset Years no later than thirty (30) days after the effective date of the Settlement Agreement.[4] This refund will result in a reduction to delivery charges for LIPA customers as a component of the Delivery Service Adjustment beginning on January 1, 2017. Furthermore, as a result of the Settlement Agreement, no additional carrying charges will accrue under the 2006 Side Letter after March 31, 2016. Also within thirty

[4] The effective date of the Settlement Agreement will be the first day of the first month after the later of the following: (i) LIPA receives the approval of the New York State Comptroller for the Settlement Agreement, or (ii) the Federal Energy Regulatory Commission shall have issued a Final Order approving all of the terms and provisions of the Settlement Agreement without modification or condition

(30) days of the effective date of the settlement agreement, NGG will fund its Long Island OPEB plan trust in an amount equal to $30,199,568 (assuming such funding can be made on a tax effective basis).[5] This amount reflects the net difference between the amount NGG received from LIPA for A&R PSA P&OPEB costs and that deposited to the associated P&OPEB trusts by NGG as of December 31, 2015, as adjusted by the refund due to LIPA for the Rate Reset Years.

The proposed Settlement Agreement also provides that the A&R PSA will be amended prospectively effective January 1, 2016 for the 2016 Contract Year through the remaining term of the A&R PSA to provide for (i) an annual reconciliation of NGG's P&OPEB expenses included in the Capacity Charge and NGG's actual P&OPEB expenses, and (ii) the provision of an annual schedule for each Contract Year by NGG to LIPA of actual P&OPEB expenses capitalized as part of capital projects that are placed in service to serve LIPA under the A&R PSA. The settlement further provides a detailed description of how NGG will determine, track and report its annual P&OPEB expenses to LIPA through the creation of Actuarial Subaccounts which will track and report separately the effect of LIPA's payments of P&OPEB expenses on the assets of the Long Island P&OPEB plans. This detailed reporting will improve LIPA's transparency into National Grid's funding process and allow LIPA to better track its payments to NGG's funding of the Long Island plans. The Settlement Agreement provides that LIPA would pay NGG an incremental cost (not expected to exceed $35,000/year) for the incremental cost of this detailed reporting.

Under the proposed Settlement Agreement, NGG will make an annual P&OPEB expense reconciliation filing with Federal Energy Regulatory Commission following the Contract Year to which it applies. The 2015 Pension expense rate reset amount of $17,505,483 and 2015 OPEB expense rate reset amount of $12,154,171 will remain in effect for the 2016 Contract Year and will serve as the basis for the first reconciliation filing which will be made in 2017 to reconcile the 2015 P&OPEB rate reset amounts to the actual 2016 P&OPEB O&M expenses. The first reconciliation filing will also reset the level of P&OPEB expenses to be recovered through the Capacity Charge for 2017 (effective January 1, 2017) to an amount equal to the actual 2016 P&OPEB expenses. For each future year (April 1 – March 31), the assets in the Actuarial Subaccounts will be adjusted by the following: (i) actual funding contributions paid into the Long Island P&OPEB plans for those active and inactive participants in those plans, (ii) actual benefit payments allocated based on expected pension payments, (iii) actual OPEB claims allocated based on expected claims paid, (iv) allocated share of administrative expenses by asset value, and (v) investment income based on the total trust return.

Of note, LIPA retained the services of Ernst & Young LLP to audit the NGG Rate Reset and carrying charge amounts due from or owing to LIPA. LIPA also retained the services of Cheiron Inc., an actuarial consulting firm, to advise on the terms of the amendments to the A&R PSA to begin prospectively with the 2016 Calendar Year. The settlement agreement also includes certain ministerial clarifications to the A&R PSA with regard to various billing disputes in interpreting the A&R PSA since it was executed in 2012.

[5] LIPA believes there is virtually no risk that funding cannot be made on a tax effective basis based on the current funding of the plans.

I note that the Finance and Audit Committee has adopted a resolution recommending that the full Board approve the proposed settlement.

Recommendation

Based on the foregoing, I recommend approval of the above-requested actions by adoption of the draft resolution distributed to the Trustees.

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.

1310. AUTHORIZATION TO NEGOTIATE AND EXECUTE A STIPULATION AND AGREEMENT WITH NATIONAL GRID RELATED TO PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS UNDER THE AMENDED & RESTATED POWER SUPPLY AGREEMENT

WHEREAS, Schedule E to the Agreement and Plan of Merger dated as of June 26, 1997 between the Long Island Power Authority (the "Authority" or "LIPA") and KeySpan Corp. (now National Grid) was intended to set forth the respective rights and obligations of KeySpan Corp. and LIPA with respect to employee benefit plan funding obligations for employees serving LIPA through the operating agreements between the parties; and

WHEREAS, under Appendix A of the PSA (and the A&R PSA), National Grid was entitled to collect its annual pension and other post-retirement benefit ("P&OPEB") expenses through the Monthly Capacity Charge; and

WHEREAS, upon the effective date of the PSA on May 28, 1998 and as amended in the 2004 FERC proceeding to reset the entire cost of service, a fixed amount of P&OPEB expenses was established as a component of the Capacity Charge; and

WHEREAS, in the 2009 FERC proceeding to "reset" the cost base of the Capacity Charge, LIPA and National Grid agreed to permit National Grid to reset each of the P&OPEB charges each year to more closely, but not exactly, track National Grid's allocable P&OPEB expenses; and

WHEREAS, in 2014, LIPA protested National Grid's FERC filing pursuant to the A&R PSA for a change in the P&OPEB expenses for 2013 because LIPA believed National Grid had not adequately supported its calculations; and

WHEREAS, FERC set the matter for settlement discussions and the parties have been negotiating a possible settlement of the matter; and

WHEREAS, National Grid and LIPA have negotiated the proposed settlement agreement (as more fully described in the accompanying memorandum) which provides a comprehensive resolution of the P&OPEB rate resets required under the A&R PSA for the 2013, 2014 and 2015 Contract Years, sets forth changes to the method for determining and assessing charges for all P&OPEB expenses to be included in the Capacity Charge assessed by National Grid to LIPA under the A&R PSA beginning with the 2016 Contract Year and continuing for the remaining term of the A&R PSA, and contemplates certain additional ministerial amendments to the A&R PSA:

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer ("CEO"), or his designee, be and hereby is authorized to negotiate and execute a definitive stipulation and agreement with National Grid related to P&OPEB obligations, as described in the accompanying memorandum, and other related agreements and arrangements, and to perform such further acts and deeds as may be necessary, convenient or appropriate, in the judgment of the CEO, to carry out the aforesaid agreements.

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The Acting Chair then allowed public comment to be heard.

The Acting Chair then asked for a motion to adjourn. The motion was duly seconded, voted on and carried, and the meeting was adjourned.