

**FINANCE AND AUDIT COMMITTEE OF THE
UTILITY DEBT SECURITIZATION AUTHORITY
MINUTES OF THE 3rd MEETING
HELD ON MARCH 30, 2015
AT HAWKINS DELAFIELD
ONE CHASE MANHATTAN PLAZA, NEW YORK, NY**

The Finance Committee (the “Committee”) of the Utility Debt Securitization Authority (the “Authority”) was convened at 10:03 a.m. at Hawkins Delafield, One Chase Manhattan Plaza, New York, NY, pursuant to legal notice given on March 25, 2015; and electronic notice posted on the Long Island Power Authority’s (“LIPA”) website.

The following Trustees of the Authority were present:

**Bruce Levy, Committee Chair
Paul Francis
Robert Gurman**

Representing the Authority were John McMahon, Chief Executive Officer; Tom Falcone, Chief Financial Officer; and Jon Mostel, Secretary. Representing the Long Island Power Authority were Bobbi O’Connor, Deputy General Counsel; Kenneth Kane, Managing Director of Finance and Budgeting; and Donna Mongiardo, Controller.

Also in attendance were Todd Fowler and Jessica DiGiamo Diaz of KMPG, Bruce Van Dusen of Hawkins Delafield & Wood, and Elizabeth Columbo of Nixon Peabody.

The Chair welcomed everyone to the Finance and Audit Committee meeting of the Authority.

The Chair stated that the first item on the agenda is the adoption of minutes from the March 24, 2014 meeting. He asked if there were any changes or deletions. Upon hearing

none, the resolution was then adopted by the Trustees.

Upon motion duly made and seconded, the following motion was approved:

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MARCH 24, 2014 MEETING OF THE BOARD OF TRUSTEES OF THE UTILITY DEBT SECURITIZATION AUTHORITY

RESOLVED, that the Minutes of the meetings of the Authority held on March 24, 2014 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.

The Chair stated that the next item on the agenda is a discussion with the Authority's independent auditors KPMG. The presentation was made by Mr. Fowler, who discussed KPMG's audit of the Authority's financial statements, report on internal controls, and compliance with investment guidelines. After the presentation, Mr. Fowler, Mr. Falcone, and Mr. Mostel took questions from the trustees.

The Chair called for a motion to enter into Executive Session for a discussion with the independent auditors, which was seconded.

Upon motion duly made and seconded, the following resolution was approved:

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 Utility Debt Securitization Authority shall convene in Executive Session for the purpose of discussing personnel matters with our independent auditors.

At approximately 10:24 a.m. the Board of Trustees adjourned into Executive Session, which ended at 10:49 a.m. After noting that no votes were taken in the Executive Session, the public meeting of the Utility Debt Securitization Authority reconvened.

The Chair stated that the next item on the agenda is consideration of a resolution

recommending approval of the 2015 Budget.

After requesting a motion on the matter, which was seconded, the Chair indicated that the matter would be presented by Mr. Falcone. After a presentation by Mr. Falcone and a discussion by the Trustees, the following resolution was unanimously adopted by the Trustees:

RECOMMENDATION OF APPROVAL OF THE UTILITY DEBT SECURITIZATION AUTHORITY'S 2015 BUDGET

RESOLVED, that the proposed 2015 budget of the Utility Debt Securitization Authority ("Authority"), in the form presented at the meeting, is hereby recommended by the Finance and Audit Committee of the Board for approval by the Board.

The Chair stated that the next item on the agenda is consideration of a resolution recommending approval of the 2014 Financial Report.

After requesting a motion on the matter, which was seconded, the Chair indicated that the matter would be presented by Mr. Falcone. After a presentation by Mr. Falcone and a discussion by the Trustees, the following resolution was unanimously adopted by the Trustees:

RECOMMENDATION OF APPROVAL OF 2014 FINANCIAL REPORT OF THE UTILITY DEBT SECURITIZATION AUTHORITY

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

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

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

WHEREAS, the Finance and Audit Committee has thoroughly reviewed the Authority's Financial Report:

NOW, THEREFORE, BE IT RESOLVED, that the Finance and Audit Committee of the Authority's Board of Trustees hereby recommends that the Board of Trustees approve

the 2014 Financial Report of the Utility Debt Securitization Authority, in the form presented at this meeting.

The Chair stated that the next item on the agenda is consideration of a resolution recommending approval of modifications to the Investment Guidelines and consideration of a resolution recommending approval of the 2014 Annual Investment Report.

After requesting a motion on the matter, which was seconded, the Chair indicated that the matters would be presented by Mr. Falcone. After a presentation by Mr. Falcone and a discussion by the Trustees, the following resolution was unanimously adopted by the Trustees:

RECOMMENDATION OF APPROVAL OF (1) MODIFICATIONS TO INVESTMENT GUIDELINES AND (2) THE 2014 ANNUAL INVESTMENT REPORT PURSUANT TO THE AUTHORITY'S INVESTMENT GUIDELINES

WHEREAS, the Utility Debt Securitization Authority (the "Authority") is required by Section 2925(6) of the Public Authorities Law, as amended, to periodically review, amend and adopt investment guidelines which detail the Authority's operative policy and instructions regarding the investing, monitoring and reporting of funds of the Authority; and

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

WHEREAS, staff of the Long Island Power Authority ("LIPA") has proposed certain amendments to the Investment Guidelines as specifically detailed in the accompanying memorandum; and

WHEREAS, the Finance and Audit Committee of the Authority's Board of Trustees has reviewed LIPA staff's proposed modifications to the Investment Guidelines; and

WHEREAS, the Investment Guidelines require that the Board annually approve an investment report to be prepared by LIPA staff; and

WHEREAS, the Finance and Audit Committee of the Authority's Board of Trustees has reviewed the annual investment report for 2014 (the "2014 Investment Report") with the appropriate members of LIPA staff:

NOW THEREFORE BE IT RESOLVED, that the Finance and Audit Committee recommends that the Trustees approve and adopt modifications to the Investment Guidelines in the form presented at this meeting; and be it

FURTHER RESOLVED, that the Finance and Audit Committee recommends that the Trustees approve and adopt the 2014 Investment Report in the form presented at this meeting.

At approximately 10:53 a.m. the Chair entertained a motion to adjourn, which was duly made and seconded.

Respectfully submitted,

Jon Mostel