

UTILITY DEBT SECURITIZATION AUTHORITY

MINUTES OF THE 2nd MEETING

HELD ON NOVEMBER 14, 2013

The Utility Debt Securitization Authority (the "Authority") was convened for the second time at 10:23 a.m. at Morgan, Lewis & Bockius' office in New York City, pursuant to legal notice given on November 11, 2013; and electronic notice posted on the Long Island Power Authority's ("LIPA") website.

The following Trustees of the Authority were present:

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

Representing the Authority were Michael Taunton, Chief Financial Officer; Bobbi O'Connor, Assistant General Counsel and Kenneth Kane, Vice President of Finance.

Also present were Steve Kinney and Jonathan Shade of Morgan, Lewis & Bockius, Bruce Van Dusen of Hawkins, Delafield, & Wood, Chris Reitzel of Squire Sanders, John Bove and Elizabeth Columbo of Nixon Peabody, Jill Toporek and Grant Fraunfelder of Morgan Stanley, Patrick Collins and Ritu Kalra of Goldman Sachs and John Devlin of Public Financial Management.

The Chair welcomed everyone to the second meeting of the Authority. He turned the meeting over to Bobbi O'Connor to provide an overview of the agenda.

Ms. O'Connor remarked on the day's agenda, which included the adoption of a resolution related to governance issues, the designation of Committee Chairs and then a briefing and discussion related to the proposed securitization transaction.

The Chair stated that the first item on the agenda would be the adoption of the

Organization Resolution of the Authority. After a discussion by the Trustees and the opportunity for the public to be heard, the following resolution was unanimously adopted by the Trustees:

2. ORGANIZATIONAL RESOLUTION OF THE UTILITY DEBT SECURITIZATION AUTHORITY

A RESOLUTION OF THE UTILITY DEBT SECURITIZATION AUTHORITY PROVIDING FOR THE ADOPTION OF BY-LAWS AND INVESTMENT GUIDELINES AND APPOINTMENT OF OFFICERS; PROVIDING FOR THE SELECTION OR RATIFYING THE SELECTION OF CERTAIN COUNSEL, CERTAIN UNDERWRITERS, A BOND TRUSTEE AND A FINANCIAL ADVISOR; AUTHORIZING OFFICERS OF THE AUTHORITY TO DO ALL ACTS NECESSARY, CONVENIENT OR DESIRABLE FOR CARRYING OUT THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND PROVIDING FOR OTHER MATTERS RELATED THERETO.

WHEREAS, the Utility Debt Securitization Authority (the “Securitization Authority”) has been established pursuant to Part B of Chapter 173 of the Session Laws of 2013 of The State of New York (the “Act”) and the Trustees of the Securitization Authority desire to take certain actions with respect to, and to make other authorizations related to, the organization of the Securitization Authority; and

WHEREAS, the Act provides a legislative foundation for the issuance of bonds (the “Bonds”) by the Securitization Authority in order to purchase certain restructuring property (as defined in the Act) from the Long Island Power Authority (the “Power Authority”) in order to permit the Power Authority to refinance certain of its debt, which is expected to result in savings to consumers in the Power Authority’s service area; and

WHEREAS, pursuant to the Act, the Power Authority on October 3, 2013 approved and adopted a restructuring cost financing order (the “Financing Order”) which provides for the sale of such restructuring property to the Securitization Authority, and the issuance by the Securitization Authority of up to \$3,500,000,000 principal amount of Bonds and, in order to be in a position to take advantage of favorable market conditions as soon as the Act’s securitization process allows, the Power Authority has directed its counsel and consultants to prepare forms of agreements and documents necessary in connection with sale of such restructuring property and the issuance of such Bonds and has submitted the same to the rating agencies expected to rate the Bonds; and

WHEREAS, the Financing Order contemplates and authorizes an Administration Agreement to be entered into between the Power Authority’s subsidiary Long Island Lighting Company d/b/a LIPA as Administrator (hereinafter “LIPA”) and the Securitization Authority pursuant to which LIPA will provide the Securitization Authority with clerical, bookkeeping and other administrative services as well as perform certain of the Securitization Authority’s obligations under the Public Authorities Law of the State and each of several agreements relating to the sale of the restructuring property and the issuance of the Bonds; and

WHEREAS, the Securitization Authority has considered proposals from law firms with substantial experience in securitization transactions and has determined to retain Nixon Peabody LLP to act as special counsel to the Securitization Authority in connection with the issuance and sale of the restructuring property the issuance of the Bonds and related agreements and transactions (collectively referred to herein as the “Securitization Transaction”); and

WHEREAS, in order to facilitate the prompt issuance of the Bonds and, given that the interests of the Securitization Authority and the Power Authority relating to the proposed transactions are aligned and not in conflict, the Power Authority has recommended and requested that the Securitization Authority designate the Power Authority’s Bond Counsel, Transaction Counsel, Disclosure Counsel and Financial Advisor to also act in such capacities to the Securitization Authority in connection with the Securitization Transaction; and

WHEREAS, the Securitization Authority has determined to appoint the General Counsel of Long Island Power Authority as Counsel to the Securitization Authority in connection with the Securitization Transaction; and

WHEREAS, in anticipation of the appointment of the Trustees and the organization of the Securitization Authority, the Power Authority invited proposals from potential bond trustees and paying agents in relation to the anticipated issuance of the Bonds, evaluated such proposals and has recommended that The Bank of New York Mellon be designated as Trustee and Paying Agent for the Bonds; and

WHEREAS, the Power Authority has further recommended and requested that the Securitization Authority, based on responses to the Power Authority’s Request For Proposals, designate Goldman, Sachs & Co. and Morgan Stanley & Co. LLC as Co-Senior Underwriters for the Bonds; and

WHEREAS, the Securitization Authority wishes to adopt a Mission Statement in accordance with the requirements of the Public Authorities Law; and

WHEREAS, moneys of the Securitization Authority will be held and invested in accordance with a proposed bond indenture and the Securitization Authority wishes to establish guidelines relating to the investment thereof in accordance with the Public Authorities Law of the State of New York;

NOW, THEREFORE, BE IT RESOLVED BY THE TRUSTEES OF THE SECURITIZATION AUTHORITY, AS FOLLOWS:

Adoption of By-Laws. The Trustees hereby adopt the By-Laws attached as Exhibit A hereto.

Appointment of Officers. The Trustees hereby appoint the following individuals to the following offices:

<u>Name</u>	<u>Title</u>
Paul Francis	Chair
Robert Gurman	Vice Chair
Michael Taunton	Chief Financial Officer
Lynda Nicolino	Secretary

Appointment of Counsel. The Trustees hereby appoint Lynda Nicolino, Esq. (General Counsel to the Power Authority) to serve as Counsel to the Securitization Authority in connection with the Securitization Transaction.

Appointment of Special Counsel. The Trustees hereby appoint Nixon Peabody LLP to serve as Special Counsel to the Securitization Authority in connection with the Securitization Transaction

Appointment of Bond Counsel. The Trustees hereby approve the selection of Hawkins Delafield & Wood LLP (Bond Counsel to the Power Authority) to serve as Bond Counsel to the Securitization Authority in connection with the Securitization Transaction.

Appointment of Transaction Counsel. The Trustees hereby approve the selection of Morgan, Lewis & Bockius LLP (Transaction Counsel to the Power Authority) to serve as Transaction Counsel to the Securitization Authority in connection with the Securitization Transaction.

Appointment of Disclosure Counsel. The Trustees hereby approve the selection of Squire Sanders LLP (Disclosure Counsel to the Power Authority) to serve as Disclosure Counsel to the Securitization Authority in connection with the Securitization Transaction.

Appointment of Financial Advisor. The Trustees hereby approve the selection of Public Financial Management, Inc. (Financial Advisor to the Power Authority) to serve as Financial Advisor to the Securitization Authority in connection with the Securitization Transaction.

Appointment of Certain Underwriters. The Trustees hereby approve the selection of Goldman, Sachs & Co. and Morgan Stanley & Co. LLC to serve as Co-Senior Managing Underwriters for the Bonds. The Co-Managers for the Bonds shall be selected as authorized by subsequent action of the Trustees.

Appointment of a Bond Trustee and Paying Agent. The Trustees hereby approve the selection of The Bank of New York Mellon to serve as Bond Trustee and Paying Agent to the Securitization Authority in connection with the Bonds.

Adoption of Mission Statement. In accordance with and pursuant to Section 2824-A of the Public Authorities Law, the Trustees hereby adopt the Mission Statement attached hereto as Exhibit B.

Adoption of Investment Guidelines; Other Guidelines and Procedures. The Trustees hereby adopt the Investment Guidelines attached hereto as Exhibit C. The Trustees hereby authorize and direct LIPA as Administrator to prepare and file the reports required of the Securitization Authority from time to time pursuant to the Public Authorities Law of the State, review applicable requirements of law and report to the Securitization Authority as to such additional guidelines and procedures as may be appropriate or necessary for the Securitization Authority.

Bank Accounts; Miscellaneous. LIPA as agent for the Securitization Authority is hereby authorized to apply for a taxpayer identification number for the Securitization Authority, establish such bank accounts and take such other preliminary actions in anticipation of the Securitization Transaction as may be determined to be necessary and convenient in consultation with the Chair and Chief Financial Officer.

Authorizations. The Chair, Chief Financial Officer and Secretary (each an “Authorized Officer”) are each designated as agents of the Trustees and the Securitization Authority and each are authorized and empowered to take all action and steps and to execute all instruments, documents, certificates, indemnification agreements and contracts (on behalf of the Trustees and the Securitization Authority) that are necessary, convenient or desirable for carrying out the transactions and other matters contemplated by this Resolution, and which are specifically authorized or are not inconsistent with the terms and provisions of this Resolution and the Act. In addition, the Trustees authorize each Authorized Officer to retain on behalf of the Securitization Authority such auditors, accountants, financial consultants, verification agents and other professional advisors as may from time to time be necessary, convenient or desirable in connection with the issuance of the Bonds. All acts heretofore performed on behalf of the Securitization Authority which are in conformity with the purposes and intents of this Resolution shall be, and the same hereby are in all respects, ratified, approved and confirmed.

Effective Date. This Resolution shall take effect immediately upon its adoption by the Trustees.

The Chair stated that the next item on the agenda was the designation of Committee Chairs. The Chair designated Robert Gurman as Vice Chairman and designated Bruce Levy as Chairman of the Finance/Governance Committee and the Finance Committee

The Chair stated the next item on the agenda was a briefing and discussion related to the proposed securitization transaction.

Mr. Taunton, along with Ms. Toporek, Mr. Fraunfelder, Ms. Kalra, Mr. Collins and Mr. Kinney, briefed the Trustees on the proposed securitization transaction and took questions from the Trustees.

The Chair then asked for a motion to adjourn to Executive Session to discuss the proposed sale of securities by the Securitization Authority, the public discussion of which could affect the value and price thereof.

After a motion was duly made and seconded, the Trustees entered Executive Session.

3. 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 the proposed sale of securities by the Authority.

At approximately 10:50 a.m. the Open Session of the Board of Trustees was adjourned into Executive Session, which concluded at 11:31 a.m.

After noting that no votes were taken in the Executive Session, the Chair entertained a motion to adjourn, which was duly made and seconded, after which the meeting ended at 11:31 a.m.

Respectfully submitted,

Lynda Nicolino