

**FINANCE AND AUDIT COMMITTEE**  
**OF THE**  
**UTILITY DEBT SECURITIZATION AUTHORITY**  
**MINUTES OF THE 1<sup>ST</sup> MEETING**  
**HELD ON NOVEMBER 21, 2013**

The Finance Committee (the “Committee”) of the Utility Debt Securitization Authority (the “Authority”) was convened at 4:03 p.m. for the first time at Morgan, Lewis & Bockius’ office in New York City, pursuant to legal notice given on November 18, 2013; and electronic notice posted on the Long Island Power Authority’s (“LIPA”) website.

The following Trustees of the Authority were present in person:

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

Representing the Authority in person were Michael Taunton, Chief Financial Officer; Lynda Nicolino, General Counsel and Secretary; Bobbi O’Connor, Assistant General Counsel and Kenneth Kane, Vice President of Finance.

Also present in person were Steve Kinney and Daniel Palmadesso of Morgan, Lewis & Bockius, Bruce Van Dusen of Hawkins, Delafield, & Wood, Chris Reitzel of Squire Sanders, Virginia Wong and Elizabeth Columbo of Nixon Peabody, Jill Toporek and Ritu Kalra of Goldman Sachs, Paula Dagan of Morgan Stanley and Gene Devlin of Public Financial Management.

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

*The Chair stated that the first and only item on the agenda was the adoption of a*

*resolution recommending authorization by the Trustees of issuance and sale of bonds and purchase of restructuring property from the Long Island Power Authority and execution of related documentation. After a discussion by the Trustees the opportunity for the public to be heard, the following resolution was unanimously adopted by the Trustees:*

**RESOLUTION OF THE UTILITY DEBT SECURITIZATION AUTHORITY FOR ITS RESTRUCTURING BONDS, SERIES 2013T (FEDERALLY TAXABLE) AND SERIES 2013TE (FEDERALLY TAX-EXEMPT)**

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A RESOLUTION OF THE UTILITY DEBT SECURITIZATION AUTHORITY (THE "BOND ISSUER") (1) AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$3,500,000,000 AGGREGATE PRINCIPAL AMOUNT OF ITS RESTRUCTURING BONDS, SERIES 2013T (FEDERALLY TAXABLE) AND SERIES 2013TE (FEDERALLY TAX-EXEMPT), FOR THE PURPOSE OF PURCHASING RESTRUCTURING PROPERTY CREATED BY A FINANCING ORDER AND THE RIGHTS RELATED THERETO AND PAYING RELATED COSTS OF ISSUANCE OF THE BONDS AND OTHER UPFRONT FINANCING COSTS, THEREBY ALLOWING THE LONG ISLAND POWER AUTHORITY TO REFINANCE CERTAIN OUTSTANDING INDEBTEDNESS; (2) APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF (A) THE INDENTURE, (B) THE RESTRUCTURING PROPERTY PURCHASE AND SALE AGREEMENT, (C) THE SERVICING AGREEMENT, (D) THE ADMINISTRATION AGREEMENT, (E) A PRELIMINARY AND FINAL OFFICIAL STATEMENT, (F) A BOND PURCHASE AGREEMENT, (G) A CONTINUING DISCLOSURE AGREEMENT, AND (H) OTHER RELATED AGREEMENTS AND DOCUMENTS; (3) PROVIDING FOR THE SELECTION OR CONFIRMATION OF A TRUSTEE, BOND REGISTRAR, UNDERWRITERS, AND THE SPECIFICATION OF CERTAIN TERMS OF THE BONDS; (4) AUTHORIZING INVESTMENT AGREEMENTS; (5) AUTHORIZING CERTAIN OFFICERS OF THE BOND ISSUER TO DO ALL ACTS NECESSARY, CONVENIENT AND PROPER FOR CARRYING OUT THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND (6) PROVIDING FOR OTHER MATTERS RELATED THERETO.

WHEREAS, the Trustees (the "Trustees") of the Utility Debt Securitization Authority (the "Bond Issuer") desire to authorize and proceed with the issuance, pursuant to Part B of Chapter 173 of the Session Laws of 2013 of The State of New York (the "Act"), of its Restructuring Bonds, Series 2013T (Federally Taxable) and Series 2013TE (Federally Tax-Exempt) (collectively, the "Bonds") in an aggregate principal amount not to exceed \$3,500,000,000 to pay the Long Island Power Authority (the "Authority") the purchase price of the Restructuring Property and to pay costs of issuance and other Upfront Financing Costs; and

WHEREAS, the Bonds are to be issued pursuant to a Bond Indenture (the “Indenture”), between the Bond Issuer and The Bank of New York Mellon, as Bond Trustee (the “Bond Trustee”), a draft form of which Indenture is attached hereto as Exhibit “A”; and

WHEREAS, the Act among other things, allows for the refinancing of certain existing indebtedness of the Long Island Power Authority (the “Authority”) and the New York State Energy Research and Development Authority incurred for the benefit of the Authority’s subsidiary, Long Island Lighting Company d/b/a LIPA (“LIPA”), by establishing a process through which the Authority can refinance such existing indebtedness through the adoption by the Authority’s Board of Trustees of a restructuring cost financing order (the “Financing Order”) and the issuance of restructuring bonds; and

WHEREAS, after public statement hearings and the Authority’s review of any comments received, the Authority submitted a Financing Order to the Public Authorities Control Board, which has been deemed to have approved the Financing Order as provided in subdivision 2 of section 3 of the Act, and the Authority adopted and approved the Financing Order on October 3, 2013; and

WHEREAS, the Financing Order authorizes and approves (i) the issuance and sale of the Bonds, (ii) the creation of the restructuring property described in the Financing Order, including the right to impose, bill and collect the transition charges described in the order (the “Restructuring Property”), (iii) the sale of the Restructuring Property by the Authority to the Bond Issuer for the consideration described in the order, (iv) the imposition, billing and collection of the Charges (as defined in the Financing Order) on, to and from consumers as provided in the Financing Order, (v) the use of the proceeds of the sale of the Bonds to pay Upfront Financing Costs (as defined in the Financing Order) and the purchase price of the Restructuring Property and (vi) the use of the proceeds of the sale of the Restructuring Property to pay the approved restructuring costs described in the Financing Order; and

WHEREAS, the Restructuring Property is to be purchased by the Bond Issuer pursuant to the terms of the Restructuring Property Purchase and Sale Agreement (the “Restructuring Property Purchase and Sale Agreement”) between the Bond Issuer and the Authority, a draft form of which is attached hereto as Exhibit “B”; and

WHEREAS, the Bond Issuer wishes to engage LIPA as servicer, of the Restructuring Property, to carry out the functions described in a Servicing Agreement between the Bond Issuer and LIPA, a draft form of which is attached hereto as Exhibit “C”; and

WHEREAS, the Bond Issuer wishes to approve the form and content of and authorize the execution and delivery of the Indenture providing for the issuance of the Bonds; and

WHEREAS, the Bond Issuer finds it desirable to authorize the issuance and sale of such Bonds under the Indenture in an amount not to exceed the amount as provided herein at a private, negotiated sale and to take all other actions related to such issuance and sale; and

WHEREAS, the Bond Issuer also wishes to engage LIPA to perform certain duties of the Bond Issuer in connection with the Bonds and the collateral therefor pledged pursuant to the Indenture and to maintain its existence and comply with applicable laws and to provide certain

additional services as the Bond Issuer may from time to time request pursuant to an Administration Agreement, a draft form of which is attached hereto as Exhibit “D”; and

WHEREAS, as part of the consideration for the acquisition by the Bond Issuer of the Restructuring Property to be provided to the Authority, the Bond Issuer intends to deliver to or upon the order of the Authority an amount equal to the net proceeds of the sale of the Bonds (net of the Upfront Financing Costs) as shall be set forth in an Issuance Advice Letter (the “Issuance Advice Letter”), to be filed with the Authority and the Bond Issuer by the Servicer pursuant to Section 3.5 of the Act, the form of which appears in the Financing Order; and

WHEREAS, the Bond Issuer wishes to approve the form and content of and authorize the execution and delivery of the Restructuring Property Purchase and Sale Agreement; and

WHEREAS, Goldman, Sachs & Co. and Morgan Stanley & Co. LLC, as the representatives of the underwriters (the “Underwriters”) of the Bonds, expect to submit an offer to purchase the Bonds pursuant to a Bond Purchase Agreement, a draft form of which is attached hereto as Exhibit “E”; and

WHEREAS, the Bond Issuer wishes to authorize the preparation and distribution of a preliminary Official Statement regarding the Bonds and to authorize the execution and delivery of a final Official Statement regarding the Bonds (together, the “Official Statement”); and

WHEREAS, the Bond Issuer desires to take certain other actions with respect to, and to make other authorizations related to, the issuance of the Bonds and the purchase of the Restructuring Property;

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

**1. Definitions.** For purposes of this Resolution the term “Authorized Officer” shall mean each Trustee, the Chief Financial Officer and the Secretary of the Bond Issuer. All other terms used herein and not otherwise defined shall have the respective meanings ascribed thereto in the Indenture.

**2. Findings.** It is hereby ascertained, determined and declared that:

(A) The Bond Issuer is created under the Act solely to purchase and own the Restructuring Property, to issue the Bonds which are to be secured by the Restructuring Property, to pay principal and interest on such Bonds and to perform any activity incidental thereto as provided in the Act and the Financing Order.

(B) The Bond Issuer will purchase the Restructuring Property in accordance with the provisions of the Restructuring Property Purchase and Sale Agreement.

(C) The Bond Issuer is authorized under the Act and the Financing Order to issue bonds, and to use the proceeds thereof to finance the purchase of the Restructuring Property and to pay the Upfront Financing Costs.

(D) It is necessary, advisable, desirable, and in furtherance of the purposes of the Bond Issuer that the Bonds be authorized and issued in an amount not to exceed \$3,500,000,000 to finance the purchase of the Restructuring Property and to pay the Upfront Financing Costs.

(E) The Restructuring Property so purchased by the Bond Issuer will be pledged, along with certain other amounts, to secure repayment of the Bonds under the Indenture.

(F) In accordance with the Act, the Bonds shall not constitute a debt, general obligation or a pledge of the faith and credit or taxing power of the State or of any county, municipality or any political subdivision, agency or instrumentality of the State other than the Bond Issuer.

(G) It is necessary, advisable, desirable, and in furtherance of the purposes of the Bond Issuer to authorize each Trustee to accept an offer by the Underwriters to purchase the Bonds in the aggregate principal amount not to exceed \$3,500,000,000 at a private negotiated sale as further prescribed herein.

**3. Authorization of Execution and Delivery of the Indenture.** The Trustees hereby approve the form and content of the Indenture. The Trustees hereby authorize and direct the execution and delivery of the Indenture by any Trustee on behalf of the Bond Issuer, substantially in the form attached hereto as Exhibit "A," with any such changes, insertions or deletions and such completion of blanks therein as the Trustee executing the same, in his sole discretion, shall approve, such execution to be conclusive evidence of the approval thereof by the Trustees.

**4. Authorization of Execution and Delivery of the Restructuring Property Purchase and Sale Agreement.** The Trustees hereby approve the form and content of the Restructuring Property Purchase and Sale Agreement. The Trustees hereby authorize and direct the execution and delivery of the Restructuring Property Purchase and Sale Agreement by any Authorized Officer on behalf of the Bond Issuer, substantially in the form attached hereto as Exhibit "B," with any such changes, insertions or deletions, including changing the title and/or designation of the Bonds authorized hereunder, and such completion of blanks therein as the Authorized Officer executing the same, in his or her sole discretion, shall approve, such execution to be conclusive evidence of the approval thereof by the Trustees.

**5. Authorization of Execution and Delivery of the Servicing Agreement.** The Trustees hereby approve the form and content of the Servicing Agreement. The Trustees hereby authorize and direct the execution and delivery of the Servicing Agreement by any Authorized Officer on behalf of the Bond Issuer, substantially in the form attached hereto as Exhibit "C," with any such changes, insertions or deletions, and such completion of blanks therein as the Authorized Officer executing the same, in his or her sole discretion, shall approve, such execution to be conclusive evidence of the approval thereof by the Trustees.

**6. Authorization of Execution and Delivery of the Administration Agreement.** The Trustees hereby approve the form and content of the Administration Agreement. The

Trustees hereby authorize and direct the execution and delivery of the Administration Agreement by any Authorized Officer on behalf of the Bond Issuer, substantially in the form attached hereto as Exhibit “D,” with any such changes, insertions or deletions, and such completion of blanks therein as the Authorized Officer executing the same, in his or her sole discretion, shall approve, such execution to be conclusive evidence of the approval thereof by the Trustees.

**7. Authorization of Execution and Delivery of the Bond Purchase Agreement.**

The Trustees hereby approve the form and content of the Bond Purchase Agreement. The Trustees hereby authorize and direct the execution and delivery the Bond Purchase Agreement by any Trustee on behalf of the Bond Issuer, substantially in the form attached hereto as Exhibit “E,” with any such changes, insertions or deletions and such completion of blanks therein as the Trustee executing the same, in his sole discretion (exercised in accordance with the parameters prescribed in this Resolution), shall approve, such execution to be conclusive evidence of the approval thereof by the Trustees; provided, however, that the aggregate purchase price for the Bonds to be paid by the Underwriters pursuant to the Bond Purchase Agreement shall not be less than par, less (i) any net original issue discount, and (ii) an underwriters’ discount, each of which shall have been approved by an Authority Designee (as defined in the Financing Order) in accordance with the Financing Order.

**8. Authorization for Bonds and Delegation of Authority.** The Trustees hereby authorize the issuance of the Bonds, in one or more series, on the following terms and conditions and there is hereby delegated to any Trustee the authority to establish, subject to the limitations contained herein and in the Act, the Indenture, and the Financing Order, including without limitation, the approval of the pricing and all terms of the Bonds by an Authority Designee in accordance with the Financing Order and receipt of an Issuance Advice Letter by the Bond Issuer:

(A) The principal amount of the Bonds to be issued and the principal amount of each series of the Bonds to be issued; provided, however, that the aggregate principal amount of Bonds to be issued shall not exceed \$3,500,000,000;

(B) The date or dates and principal amount of each maturity of the Bonds, the redemption provisions, if any, of the Bonds, the Payment Dates (as defined in the Indenture) of the Bonds, which Bonds are serial Bonds or term Bonds, if any, and, with respect to term Bonds, the amount and date or dates of each Scheduled Sinking Fund Redemption Date (as defined in the Indenture) the Scheduled Sinking Fund Payments (as defined in the Indenture) and the Scheduled Maturity Dates (as defined in the Indenture), provided, however, that the Bonds shall be initially dated their date of delivery, shall be stated to have a Final Maturity Date (as defined in the Indenture) not later than 30 years after the date of delivery, shall bear interest, payable on the earlier payment dates and on applicable redemption dates as shall be set forth in the Indenture;

(C) The denomination or denominations of and the manner of numbering and lettering the Bonds;

(D) Provisions for the sale or exchange of the Bonds and for the delivery thereof;

(E) Provisions with respect to the Grant of the Collateral (as such terms are defined in the Indenture) made to the Bond Trustee in trust to secure the payment of principal of, interest on, and all other amounts owing in respect of, the Bonds;

(F) Provisions with respect to funds and accounts and subaccounts in the Indenture and the deposit of Restructuring Property and other amounts remitted under the Servicing Agreement or otherwise received with respect to the Collateral as provided in Article VIII of the Indenture;

(G) Any changes in the title and/or designation of the Bonds authorized hereunder; and

(H) The authority to make such other determinations and to take such other actions deemed advisable by any Authorized Officer in connection with the issuance, sale and delivery of the Bonds authorized hereby, not inconsistent with the provisions hereof or of the Financing Order or the Act.

**9. Authorization of Execution and Delivery of and Distribution of Preliminary and Final Official Statements and Continuing Disclosure Agreement.** The Trustees hereby authorize the preparation and distribution and use of a Preliminary Official Statement, substantially in the form attached hereto as Exhibit “F,” with any such changes, insertions or deletions and such completion of blanks therein as any Authorized Officer, in his or her sole discretion, may approve, and a preliminary term sheet by the Underwriters in connection with the public offering for sale of the Bonds. The Trustees further authorize each Authorized Officer, together with an officer of the Authority, to deem the Preliminary Official Statement to be “final” within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, and in furtherance thereof to execute a certificate evidencing same.

The use and distribution of the final Official Statement in connection with the offering and sale of the Bonds by the Underwriters is hereby authorized. The Trustees hereby authorize and direct the execution and delivery of the final Official Statement by any Authorized Officer, such final Official Statement being substantially in the form of the preliminary Official Statement with any such changes, insertions or deletions as the Authorized Officer executing the same, in his or her sole discretion, may approve, such execution to constitute conclusive evidence of the approval thereof by the Trustees.

The Trustees hereby approve the form and content of the Continuing Disclosure Agreement. The Trustees hereby authorize and direct the execution and delivery of the Continuing Disclosure Agreement by any Authorized Officer on behalf of the Bond Issuer, substantially in the form attached hereto as Exhibit “G,” with any such changes, insertions or deletions and such completion of blanks therein as the Authorized Officer executing the same, in his or her sole discretion, shall approve, such execution to be conclusive evidence of the approval thereof by the Trustees.

**10. Appointment of Bond Trustee and Bond Registrar.** The Trustees hereby confirm the appointment of The Bank of New York Mellon to serve as Bond Trustee and Bond Registrar under the Indenture.

**11. Appointment of Underwriters.** The Trustees have previously selected 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, and the Underwriters shall be compensated in an amount or amounts, all as approved by any Authorized Officer in accordance with paragraph 7 of this Resolution, with the execution of the Bond Purchase Agreement being conclusive evidence of the appointments and approval thereof by the Trustees.

**12. Authorizations.** (A) The Authorized Officers are each hereby authorized and directed, on behalf of the Bond Issuer, to execute the Bonds (including any temporary bond or bonds) as provided in the Indenture. Authorized Officers are hereby authorized and directed, upon the execution of the Bonds in the form and manner set forth in the Indenture and herein, to deliver the Bonds in the amount authorized to be issued hereunder, to the Bond Trustee for authentication and delivery to or upon order of the Underwriters pursuant to the Bond Purchase Agreement, upon payment of the purchase price and upon compliance by the Underwriters with the terms of the Bond Purchase Agreement.

(B) The Authorized Officers are each designated as agents of the Trustees and the Bond Issuer in connection with the issuance and delivery of the Bonds and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts on behalf of the Trustees and the Bond Issuer that are necessary, convenient or desirable in connection with the execution and delivery of the Bonds and 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, the Act or the Indenture or any action relating to the Bonds heretofore taken by the Trustees. The Authorized Officers are hereby authorized to do all things necessary, convenient or desirable to provide for the issuance of the Bonds.

(C) It is the intent of the Trustees hereby to authorize the Authorized Officers to do all things, to take all actions, and to execute and deliver all agreements, certificates, instruments and other documents necessary, convenient or desirable in connection with the issuance of the Bonds, including but not limited to agreements, related to the investment of the proceeds of the Bonds, a depository trust agreement, if necessary or desirable, and tax certificates or tax regulatory agreements with respect to the Bonds, and the performance of all agreements and covenants on the part of the Bond Issuer contained therein without the need for further action by the Trustees.

(D) In addition, the Trustees authorize any Trustee to retain on behalf of the Bond Issuer 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 under the Indenture.

(E) All acts heretofore performed on behalf of the Bond Issuer which are in conformity with the purposes and intents of this Resolution and in furtherance of the issuance of the Bonds and the execution, delivery and performance of the Indenture, the Restructuring Property Purchase and Sale Agreement, the Servicing Agreement, the Administration Agreement, the Continuing Disclosure Agreement, and the Bond Purchase Agreement and as

contemplated by the preliminary and final Official Statements shall be, and the same hereby are in all respects, ratified, approved and confirmed.

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

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*At approximately 4:05 p.m. the Chair entertained a motion to adjourn, which was duly made and seconded.*

**Respectfully submitted,**

**Lynda Nicolino**