

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 215th MEETING

HELD ON FEBRUARY 24, 2011

The Long Island Power Authority (the "Authority") was convened for the two-hundred-and-fifteenth time at 11:07 AM at the LIPA Board Room, in Uniondale, NY, pursuant to legal notice given on February 21, 2011; verbal notice given by the Chair at the January 24, 2011 meeting of the Board of Trustees; and electronic notice posted on the Authority's website.

The following Trustees of the Authority were present:

**Howard Steinberg, Chair
Laurence Belinsky
David Calone
X. Cristofer Damianos
Gemma de Leon
John Fabio
Michael Fragin
Neal Lewis
Susan Gordon Ryan
Suzette Smookler
Diana Weir**

The following Trustees of the Authority were absent:

**Lawrence Elovich
James Herrmann
Lawrence Waldman**

Representing the Authority were Michael D. Hervey, Chief Operating Officer; Lynda Nicolino, General Counsel and Secretary; Herb Hogue, Vice President and CFO; Paul DeCotis, Vice President – Power Markets; Mike Deering, Vice President-Environmental Affairs; and Bruce Germano, Vice President-Retail Services

Chairman Steinberg welcomed everyone to the 215th meeting of the Long Island Power Authority Board of Trustees. He then led the Board in a moment of silence to honor the men and women serving our country, followed by the Pledge of Allegiance.

Chairman Steinberg made a motion to accept the minutes of the December 16, 2010 meeting of the Board of Trustees which was seconded. He asked if there were any additional changes or deletions. Upon hearing none, the resolution was then unanimously adopted by the Trustees.

The Chair called for a motion to enter Executive Session to discuss the status of the CEO search.

Upon motion duly made and seconded, the following motion was unanimously approved.

1027. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE DECEMBER 16, 2010 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on December 16, 2010 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.

1028. 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 personnel matters.

At approximately 11:10 a.m. the Board of Trustees adjourned into Executive Session, which ended at 12:24 p.m.

After noting that no votes were taken in the Executive Session, the Public Meeting of the Board of Trustees of the Long Island Power Authority reconvened; The Chair turning to the next item on the agenda, the Chief Operating Officer's report to be presented by Michael Hervey.

Mr. Hervey then reported on the following items:

- *The overall performance of the transmission and distribution system with respect to storms over the past year;*
- *The success of the new customer communications initiatives;*
- *LIPA's eligibility to receive FEMA funds with respect to the last major storm in December;*
- *The status of the capital expense work plan for 2011;*
- *The status of hiring a Vice President of Transmission and Distribution and Director of Budget;*
- *The recent reorganization at National Grid and its implications on service to LIPA;*
- *The status of LIPA's efforts to improve customer satisfaction;*
- *LIPA's recent improvement in the J.D. Powers large utility business survey;*
- *The status of the Utility Services Management Request for Proposals;*
- *The status of the Request for Proposals for Generation and Transmission Resources;*
- *The Operating Report;*
- *His recent meeting with groups of town, businesses, the Lieutenant Governor and the newly appointed head of the New York State Economic Development Corporation regarding economic development activities; and*

- *A meeting next week with LIPA's Senior Staff and the Office of the State Comptroller to discuss the Utility Services Management RFP, debt and other issues.*

After concluding his remarks Mr. Hervey took questions from the Trustees.

The Chair stated that the next item on the agenda is the Financial Report, to be presented by Mr. Hogue.

Mr. Hogue then presented the Financial Report, which included the financial results for the one month ended January 31, 2011.

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

Chairman Steinberg stated that next on the agenda is the Consideration of Approval of Modifications to LIPA's Tariff for Electric Service Related to Change in Delivery Charge.

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

Mr. Germano presented the following action item:

Requested Action

The Trustees are being requested to approve a resolution adopting modifications to LIPA's Tariff for Electric Service ("Tariff") to provide for an increase to the fixed service charge portion of the Delivery Charge applied to customer bills, consistent with the attached Proposal.

Background

On December 16, 2010, the Board of Trustees approved LIPA's 2011 Operating and Capital Budget (the "Budget"), which included anticipated revenues derived from an increase in the Delivery Charge applied to customer bills. As indicated at the time, increasing the Delivery Charge is necessary due to the significant escalation of costs largely beyond LIPA's control, including those associated with taxes and assessments, which together, have increased by \$37 million over the 2010 budgeted level. In addition, the proposed increase would help to cover the fixed, non-usage-related costs associated with providing service to customers. At the time the Budget was approved, it was noted that the adjustments to the Delivery Charge would be effective March 1, 2011, subject to separate approval by the Trustees. As anticipated, LIPA has completed the required State Administrative Procedure Act process necessary to implement the proposed rate change, as follows.

Discussion

LIPA's rates are primarily comprised of two components: a Delivery Charge and a Power Supply Charge. The Delivery Charge component of the rate was established by the Board of Trustees in May 1998 and has not increased since that time. The Delivery Charge consists of a variable charge based on energy usage, and a fixed "Service Charge" that is designed to recover non-usage related costs including metering, billing and customer service. Staff proposes to increase the Service Charge portion of the Delivery Charge for all of the major service classifications to better recover the actual cost of such services. For example, LIPA's cost for providing non-usage based services for residential customers is at least \$15 per month (using PSC-approved costing methods); LIPA only recovers, however, \$5.37 per month of that cost. Similar deficiencies exist for all of the other residential and commercial customer service classifications.

Mr. Germano noted that LIPA's Service Charges are the lowest in New York State. Since 1998, all of the investor-owned utilities in the State have moved toward increasing Service Charges to more accurately reflect the costs of serving each service classification, which LIPA has not yet done. To illustrate the disparity, the corresponding rates approved by the NYS Public Service Commission ("PSC") for the investor-owned utilities range from \$12 to \$20 per month, while with this increase LIPA's rate would be \$8.25 per month.

As set forth in the Budget, the increase in the rate would generate approximately \$69.0 million in revenue per year. If implemented on March 1, 2011 as proposed, the revenue impact for calendar year 2011 would be approximately \$57.9 million. The proposed increase would apply regardless of a customer's usage in each month and is designed to have an approximately equal impact on the total bill for the average customer in each major service classification, as shown below:

Summary of Current and Proposed Rates

	<u>Current Charge</u> (\$/day)	<u>Proposed Charge</u> (\$/day)	<u>Monthly Increase</u> (30 days)	<u>Revenue Increase</u> (\$000)	<u>Percent of Total Bill</u>
Residential Non-TOU	0.1790	0.2750	\$2.88	\$32,975	1.9%
Residential Small TOU	0.2690	0.3650	\$2.88	\$91	1.6%
Residential Large TOU	0.9150	1.3000	\$11.55	\$1,025	1.8%
General Small	0.1790	0.2750	\$2.88	\$1,798	2.3%

General Large	0.7220	1.4000	\$20.34	\$12,999	2.0%
General MRP	0.9484	10.0000	\$271.55	\$19,466	2.1%
Public & Private Lighting	varies by type and wattage			\$662	1.9%
Total Revenue Increase over 12 months				\$69,015	1.9%
Total Revenue Increase from March through December, 2011				\$57,859	1.6%

Public hearings were held on January 26, 2011 in Uniondale and Hauppauge. Three people attended the hearings and offered comments to the Proposal suggesting that 1) the Tariff change be reviewed by the PSC; 2) the increase appears disproportionate for larger customers; and 3) municipalities and other public entities should be exempt from the increase. In response, Staff notes that 1) the proposed increase does not trigger PSC approval; 2) the overall impact on large commercial customers is consistent with the impact on the other rate classes and prevailing policy in New York State; and 3) the cost of providing service to municipal entities is the same as that for commercial customers. For these reasons, staff believes that the Tariff modification as proposed is reasonable and appropriate at this time.

Mr. Germano noted that no written comments have been received and the public comment period has since expired.

Recommendation

For the reasons stated, Mr. Germano recommended approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

After a discussion by the Trustees and the opportunity for the public to be heard, the following resolution was then adopted, with Trustee Lewis opposing and Trustee de Leon abstaining:

1029. APPROVAL OF MODIFICATIONS TO LONG ISLAND POWER AUTHORITY TARIFF RELATED TO DELIVERY CHARGE

WHEREAS, the Long Island Power Authority's ("LIPA") Tariff for Electric Service ("Tariff") sets forth rates that are primarily comprised of a Delivery Charge and a Power Supply Charge; and

WHEREAS, the Delivery Charge component of LIPA's rates was established by the Board of Trustees in May 1998, and has not increased since that time even though LIPA's fixed costs of doing business have increased significantly over time; and

WHEREAS, in order to better recover LIPA's fixed costs, Staff issued a Proposal to modify the Delivery Charge component of customers' rates by increasing the fixed "Service Charge" applied to customers' bills for all rate classes (the "Proposal"); and

WHEREAS, increasing the fixed Service Charges by approximately 1.9% to more accurately reflect the costs of serving each service classification is consistent with the practices of the investor-owned utilities in the State; and

WHEREAS, as discussed in the preceding Memorandum, the Proposal would generate, if implemented on March 1, 2011, approximately \$57.9 million in 2011; and

WHEREAS, on December 16, 2010, the Trustees approved LIPA's 2011 Operating and Capital Budget, which included anticipated revenues derived from an increase in the Delivery Charge, subject to separate approval by the Trustees and to be effective March 1, 2011; and

WHEREAS, following Public Notice in the State Register on December 8, 2010, public hearings were held in Nassau and Suffolk counties on January 26, 2011, where oral comments were received from the public, and the public was afforded the opportunity to submit written comments by February 1, 2011; and

WHEREAS, the oral comments received at the hearings do not warrant further modification to the Tariff at this time, and no written comments have been received:

NOW, THEREFORE, BE IT RESOLVED, that the Proposal is hereby adopted and approved; and be it further

RESOLVED, that the attached Tariff leaves reflecting our action herein are approved.

The Chair stated that the next item on the agenda is the Consideration of Approval of Modifications to LIPA's Tariff for Electric Service Establishing Household Assistance Rate Program for Low-Income Customers

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

Mr. Germano presented the following action item:

Requested Action

The Trustees are being requested to approve a resolution adopting modifications to the Long Island Power Authority's ("LIPA") Tariff for Electric Service ("Tariff") creating a Household Assistance Rate Program ("HARP") for qualifying low-income residential customers, consistent with the attached Proposal.

Background

On December 16, 2010, the Board of Trustees approved LIPA's 2011 Operating and Capital Budget (the "Budget"), which included a proposed residential low-income program for qualifying customers. At the time the Budget was approved, it was noted that separate approval of the proposed program would be sought from the Trustees. As such, LIPA has completed the required State Administrative Procedure Act process necessary to implement the proposed program, to be effective as of March 1, 2011.

Discussion

Under HARP, qualified, residential low-income customers would not be impacted by the increase to the Delivery Charge as approved by the Trustees and included in the 2011 Budget. HARP is consistent with existing programs that are available to customers of the major investor-owned gas and electric utilities in New York State and that have been approved by the Public Service Commission.

Eligibility for the proposed program is based on a customer's documented participation in one of the following programs during the 12 months prior to applying for assistance under HARP: Home Energy Assistance Program ("HEAP"); Medicaid; Food Stamps; Temporary Assistance for Needy Families; Safety Net Assistance; Supplemental Security Income ("SSI"); Veteran's Disability Pension; Veteran's Surviving Spouse Pension; or Child Health Plus. Using these specific programs to determine eligibility for HARP is desirable because income verification and needs assessments have already been performed.

LIPA proposes to enroll customers in HARP on an annual basis. In order to simplify the process, staff would work with appropriate Federal, State and County agencies to facilitate the automatic enrollment of qualifying customers to the maximum extent possible. For example, customers enrolled in HEAP and SSI would automatically be enrolled in HARP since those State assistance programs forward payments directly to LIPA. Other customers would be able to apply independently to LIPA for HARP by filing a written application and providing appropriate documentation.

Staff estimates that if adopted, approximately 50,000 LIPA customers would meet the eligibility criteria to participate in this program, the cost of which is estimated to be approximately \$1.75 million per year. While the impact of the program on non-eligible LIPA customers is minimal (approximately 15 cents per month), capping participation at this time is desirable in order to ensure financial certainty with respect to the proposed program. Furthermore, capping participation is consistent with the manner in which low-income programs are structured at other electric and gas utilities in the State. However, LIPA will monitor enrollment and make a subsequent recommendation to the Board if

enrollment is projected to exceed the proposed participation cap and it is determined that expansion of the program is in LIPA customers' best interest.

Public hearings in connection with this proposed program were held on January 26, 2011 in Uniondale and Hauppauge, at which time one person commented that: 1) the proposed savings associated with the program are small; 2) LIPA should automatically enroll all eligible customers; and 3) the program should not be limited to 50,000 participants. For the reasons noted above, Staff believes that the proposed program, in its current form, is reasonable and appropriate at this time.

Mr. Germano noted that no written comments have been received and the public comment period has since expired.

Recommendation

For the reasons stated, Mr. Germano recommended approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

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

1030. APPROVAL OF MODIFICATIONS TO LONG ISLAND POWER AUTHORITY TARIFF ESTABLISHING HOUSEHOLD ASSISTANCE RATE PROGRAM FOR LOW-INCOME CUSTOMERS

WHEREAS, on December 16, 2010, the Trustees approved the Long Island Power Authority's ("LIPA") 2011 Operating and Capital Budget, which included a proposed residential low-income program designed to offset the impact of a proposed increase to the Delivery Charge portion of LIPA's rates; and

WHEREAS, LIPA Staff created the attached Proposal establishing a Household Assistance Rate Program ("HARP"), to be effective as of March 1, 2011, which provides for, among other things, the annual enrollment of qualified customers, the basis on which customers may be eligible, and a participation maximum of 50,000 customers; and

WHEREAS, the estimated cost to LIPA for participation in HARP is approximately \$1.75 million per year; and

WHEREAS, HARP is consistent with existing programs that are available to customers of the major investor-owned gas and electric utilities in New York State as approved by the Public Service Commission, and would provide similar assistance to LIPA's low-income customers; and

WHEREAS, following Public Notice in the State Register on December 8, 2010, two public hearings were held in Nassau and Suffolk counties on January 26, 2011, where one

comment was received from the public, and the public was afforded the opportunity to submit written comments by February 1, 2011; and

WHEREAS, the oral comment received at the hearings does not warrant further modification to the Tariff at this time, and no written comments were received; and

WHEREAS, as discussed in the preceding Memorandum, the Proposal is in the public interest:

NOW, THEREFORE, BE IT RESOLVED, that the Proposal is hereby adopted and approved; and be it further

RESOLVED, that the attached Tariff leaves reflecting our action herein are approved.

The Chair stated that the next item on the agenda is the Consideration of Approval of Modifications to LIPA's Tariff for Electric Service Providing for Residential Late Payment Charge.

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

Mr. Germano presented the following action item:

Requested Action

The Trustees are being requested to approve a resolution adopting modifications to the Long Island Power Authority's ("LIPA's") Tariff for Electric Service ("Tariff") providing for the application of late payment charges to residential customers, consistent with the attached Proposal.

Background

On December 16, 2010, the Board of Trustees approved LIPA's 2011 Operating and Capital Budget (the "Budget"), which included anticipated revenue derived from the application of late payment charges to residential customers. At the time the Budget was approved, it was noted that the application of late payment charges to residential customers would be effective as of March 1, 2011 and subject to separate approval by the Trustees. As anticipated, LIPA has completed the State Administrative Procedure Act process necessary to implement the proposed charge, as follows.

Discussion

LIPA, like all other major electric utilities in the State, currently applies late payment charges to its non-residential customers at a rate of one and one half percent (1.5%) per month for late payment of electric service bills. Payments are considered late when LIPA has not received payments within 23 days of the issuance of the bill. Unlike all other electric utilities in the State, however, LIPA has not applied such a late payment charge to its residential customers. By charging residential customers a late payment fee, the burden of the costs associated with late payments would be shifted from the customers who pay on time (82%) to the customers who do not (18%), and would provide an appropriate incentive for late-paying residential customers to pay their bills on a timely basis. Staff estimates that residential late payment charges would result in approximately \$2.7 million of annual revenue.

Consistent with the practices of the regulated utilities, Staff proposes the following implementation rules for residential late payment charges:

- Customers disputing a bill would not incur late payment charges on the portion of the bill that is in dispute.
- Customers whose bills are paid directly to LIPA by the Department of Social Services or another government entity would not incur late payment charges.
- Customers who enter into a deferred payment agreement (“DPA”) with LIPA would not continue to incur late payment charges as to payments covered by the DPA, so long as they continue to meet the terms of the DPA.
- Customers participating in the balanced billing program may be assessed late payment charges if they fail to make their monthly payments on time, even if they have an overall credit balance on their account.
- Late payment charges would be waived for the first time that a residential customer fails to pay a bill on time.

Public hearings on the Proposal were held on January 26, 2011 in Uniondale and Hauppauge. Two people attending the hearings commented against the Proposal, indicating that there are other programs in LIPA’s Tariff where subsidies between customers exist. In response, Staff notes that LIPA’s programs, including the imposition of late payment charges, are consistent with industry practice and appropriate.

No written comments were received and the public comment period has since expired.

Recommendation

For the reasons stated, Mr. Germano recommended approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

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

1031. APPROVAL OF MODIFICATIONS TO LONG ISLAND POWER AUTHORITY TARIFF PROVIDING FOR RESIDENTIAL LATE PAYMENT CHARGE

WHEREAS, like all other major electric utilities in the State, the Long Island Power Authority's ("LIPA") Tariff for Electric Service ("Tariff") currently provides for a charge of one and one half percent (1.5%) per month to non-residential customers for late payment of electric service bills; and

WHEREAS, unlike all other major electric utilities in the State, LIPA has not applied such a late payment charge to its residential customers; and

WHEREAS, in order to more appropriately allocate the costs associated with residential late payments, and to provide an appropriate incentive for late-paying residential customers to pay their bills on a timely basis, Staff is recommending that a late payment charge be applied to residential customers; and

WHEREAS, the attached Proposal sets forth the proposed modification to LIPA's Tariff to implement the residential late payment charge and to make certain ministerial changes to clarify that the late payment charge otherwise applies to all non-residential service classifications, effective as of March 1, 2011; and

WHEREAS, following Public Notice in the State Register on December 8, 2010, two public hearings were held in Nassau and Suffolk counties on January 26, 2011, at which time oral comments were received from the public, which for the reasons stated in the accompanying memorandum, Staff does not believe warrant further modification to the Tariff at this time; and

WHEREAS, the public was also afforded the opportunity to submit written comments by February 1, 2011, no such comments having been received; and

WHEREAS, LIPA's 2011 Operating and Capital Budget includes the \$2.7 million of anticipated revenue to be derived from the application of late payment charges to residential customers:

NOW, THEREFORE, BE IT RESOLVED, that the Proposal is hereby adopted and approved; and be it further

RESOLVED, that the attached Tariff leaves reflecting our action herein are approved.

*The Chair stated that the next item on the agenda is the Consideration of Approval
Of the Revised Investment Guidelines*

After requesting a motion on the matter, which was seconded, the Chair indicated

that the matter would be presented by Mr. Hogue.

Mr. Hogue presented the following action item:

Requested Action

The Trustees are being requested to approve Long Island Power Authority Investment Guidelines (the “Guidelines”), as revised, in the form attached hereto as Exhibit B.

Background

The Long Island Power Authority (the “Authority”) is required by Section 2925(6) of the Public Authorities Law to periodically 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 Guidelines were last approved, with minor modifications, in January 2010. Based on Staff’s current review, which was performed in consultation with the Authority’s investment advisors, and which has been reviewed by the Finance and Audit Committee of the Board, it is proposed that the Guidelines be further revised at this time.

Staff hereby recommends the following specific changes:

- **Requiring annual review of the Guidelines by the Finance and Audit Committee, which is in accordance with that Committee’s Charter. (p. 4, Section 1.3.4)**
- **Increasing the minimum amount of combined capital and surplus from \$250 million to \$1 billion, from which the Authority can enter into Repurchase Agreements with authorized banks to maintain internal consistency with the Guidelines for banks providing Certificates of Deposits. (p. 5, Section 2.2.2)**
- **Eliminating the reference to “Bankers’ Acceptances” as an authorized investment vehicle since they are no longer a widely used investment vehicle and no longer provide any value to be included as an authorized investment vehicle. (p. 6, Section 2.2.3 and p.7 Section 2.4)**
- **Adding “Auction Rate Securities (ARS)” to the list of Prohibited Investment Vehicles to reflect the change made last year to the Guidelines, which explicitly prohibits their use.(p. 8, Section 2.6)**
- **Eliminating the exception that had been provided for Guaranteed Investment Contracts to the general rule for diversification among issuers. After consultation with the Authority’s investment advisor, there does not appear to be any reason to allow for greater exposure to an issuer above 5% for Guaranteed Investment Contracts. (p. 7, Section 2.4)**

Staff has proposed modifications throughout the Guidelines to more accurately reflect the Authority’s management structure, including the correction of staff titles.

Mr. Hogue noted that in the event that Trustees approve the suggested revisions to the Guidelines, Section 6 will be updated to reflect that the revised Guidelines will be applicable to investments after the date of the Board's approval.

Recommendation

Based upon the foregoing, Mr. Hogue recommended the approval of the above-requested action by adoption of a resolution in the form of the draft resolution attached hereto as Exhibit A.

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

1032. APPROVAL OF LONG ISLAND POWER AUTHORITY INVESTMENT GUIDELINES

WHEREAS, the Long Island Power 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 to officers and staff regarding the investing, monitoring and reporting of funds of the Authority; and

WHEREAS, the Authority desires to revise its existing Guidelines to reflect the Authority's current investment needs and practices and to reflect the current financial environment:

NOW, THEREFORE, BE IT IS RESOLVED, that the Authority hereby approves and adopts the "Long Island Power Authority Investment Guidelines (February 24, 2011)" in the form presented at this meeting; and

BE IT FURTHER RESOLVED, that such Investment Guidelines are to be effective with respect to all Investment Securities, as defined in such Investment Guidelines, purchased after the date hereof.

The Chair stated that the next item on the agenda is the Consideration of Approval of the Revised Guidelines Regarding the Use, Awarding, Monitoring and Reporting of Procurement Contracts.

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

Ms. Nicolino presented the following action item:

Requested Action

The Trustees are being requested to adopt the Long Island Power Authority (the "Authority") Guidelines Regarding the Use, Awarding, Monitoring and Reporting of Procurement Contracts (the "Procurement Guidelines") in the form attached hereto as Exhibit B.

Background

Section 2879 of the Public Authorities Law requires certain public authorities, including the Authority, to periodically review and approve procurement guidelines, which set forth the Authority's operative policy and instructions regarding the use, awarding, monitoring and reporting of procurement contracts. The Authority's Procurement Guidelines were last approved by the Trustees in May 2009.

The Procurement Guidelines were recently reviewed by the Authority's staff and certain revisions are being recommended based on the 2010 Business Diversification Act and other relevant legislation enacted during the 2010 Legislative Session. The substantive proposed changes include the following:

- Requiring the placement in the Contract Reporter of notice of contracts awards in excess of \$15,000
- Authorizing LIPA to purchase goods and services utilizing contracts let by other governmental entities
- Codifying an existing requirement that Authority contracts in excess of \$50,000 be sent to the State Comptroller for approval
- Implementing the Authority's Minority and Women Business Enterprise contracting program by:
 - Designating one or more senior staff persons to oversee the MWBE program
 - Attempting to achieve the goals set forth in Executive Law §313 (1)
 - Endeavoring to eliminate barriers to participation by MWBEs in Authority procurement
 - Accepting bids and proposals from joint ventures with MWBEs when feasible
 - Considering unbundling bids when feasible
 - Posting of subcontractor utilization plans on the Authority's website
 - Verifying participation by MWBEs in Authority projects
 - Requiring notice to professional and other organizations that include or relate to MWBEs regarding the types of services procured by the Authority.
 - Maintaining lists of qualified certified MWBEs, including professional firms, that have expressed interest in doing business with the Authority and ensuring that such lists are updated regularly
 - Providing prospective contractors with a current list of certified minority

- business enterprises
- Increasing discretionary spend from \$100,000 to \$200,000 for the purchase of goods or services from MWBEs or for purchases of goods or technology that are recycled or remanufactured

In an effort to comply with these guidelines, the Authority has been working closely with National Grid to increase the MWBE spend on purchases National Grid makes on the Authority's behalf. Additionally, LIPA intends to actively increase its outreach efforts to MWBEs and further identify procurements that may be best suited for the participation of MWBEs.

Consistent with its charter, and in the ordinary course of its review of the Authority's governing documents, the Governance Committee has undertaken a review of the revised Procurement Guidelines, and adopted a resolution recommending that the Guidelines be approved by the Trustees at this time.

Recommendation

Based upon the foregoing, Ms. Nicolino recommended the approval of the above-requested action by adoption of a resolution in the form of the draft resolution attached hereto as Exhibit A.

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

1033. APPROVAL OF REVISED LONG ISLAND POWER AUTHORITY GUIDELINES REGARDING THE USE, AWARDING, MONITORING AND REPORTING OF PROCUREMENT CONTRACTS

WHEREAS, the Long Island Power Authority (the "Authority") is required by Section 2879 of the Public Authorities Law to periodically review and adopt guidelines which detail the Authority's use, awarding, monitoring and reporting of Procurement Contracts and all other contracts; and

WHEREAS, the Authority wishes to revise its existing Procurement Guidelines to further reflect changes in the law, and to otherwise reflect the Authority's current and improved procurement practices;

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves and adopts the "Long Island Power Authority Guidelines Regarding the Use, Awarding, Monitoring and Reporting of Procurement Contracts (February 24, 2011)" in the form presented at this meeting; and be it further

RESOLVED, that such Guidelines Regarding the Use, Awarding, Monitoring and Reporting of Procurement Contracts are to be effective with respect to the use, awarding,

monitoring and reporting of Procurement Contracts and all other contracts, as defined in such Guidelines Regarding the Use, Awarding, Monitoring and Reporting of Procurement Contracts, entered into after the date hereof.

The Chair then allowed public comment to be heard, after which he announced that the next Board meeting is scheduled for March 24, 2011 at 11:00 a.m. in Uniondale.

At approximately 2:02 p.m. the open session of the Board of Trustees was adjourned.

Respectfully submitted,

Lynda Nicolino