The Long Island Power Authority (the “Authority”) was convened for the two-hundred-and-fifty first time at 11:07 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on August 1, 2014; and electronic notice posted on the Authority’s website.

The following Trustees of the Authority were present:

Elkan Abramowitz
Marc S. Alessi
Sheldon L. Cohen
Matthew Cordaro
Mark Fischl
Jeffrey H. Greenfield
Suzette Smookler

Ralph Suozzi, Chairman and Trustee Thomas McAteer, Vice Chair were not present.

Representing the Authority were John McMahon, CEO; Bobbi O’Connor, Acting General Counsel; Rick Shanksy, Managing Director Power Supply Long Island and Donna Mongiardo, Comptroller. On the phone was Kenneth Kane, Managing Director of Finance and Budgeting;

CEO, John McMahon welcomed everyone to the meeting of the Long Island Power Authority Board of Trustees and led the Pledge of Allegiance.

Acting General Counsel, Bobbi O’Connor remarked that since neither the Chair nor Vice Chair of the Board was able to the August 6th board meeting, it was necessary for the board to name an Acting Chair. Ms. O’Connor then proposed a resolution that would name Trustee, Mark Fischl as Acting Chair for purposes of presiding over the August 6th board
After requesting a motion on the matter, which was seconded, the following resolution was unanimously adopted by the Trustees:

1230. APPROVAL OF ELECTION OF ACTING CHAIR TO THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY FOR PURPOSES OF THE AUGUST 6, 2014 BOARD MEETING

WHEREAS, the By-Laws of the Long Island Power Authority (the “Authority”) provide that the Chair shall preside at all meetings of the Board of Trustees (the “Board”) and shall exercise such duties and powers as customarily pertain to the Office of Chair; and

WHEREAS, pursuant to the Authority’s By-Laws, the Vice Chair is empowered to be Acting Chair in the absence, disability or incapacity of the Chairman, and shall assume the powers and perform all duties of the Chair if the Chair is unable to perform such duties for any reason; and

WHEREAS, neither the Chair nor Vice Chair is expected to attend and preside over the August 6, 2014 meeting of the Board; and

WHEREAS, the Trustees have determined that it is advisable at this time, in the absence of the Chair and Vice Chair, to elect an Acting Chair for the sole purpose of presiding at the August 6, 2014 meeting of the Board:

NOW THEREFORE, BE IT RESOLVED, that Mark Fischl, Chairman of the Governance Committee of the Board, be, and hereby is, elected to the office of Acting Chair of the Board of Trustees, effective as of August 6, 2014, until the adjournment of the August 6th meeting; and be it further

RESOLVED, that the incumbent of the Office of the Acting Chair shall be an officer of the Authority and its subsidiary, 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, for the duration of his tenure as Acting Chair.

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Acting Chair Fischl called for a motion to approve the minutes of the June 26, 2014 meeting of the Board of Trustees, which was seconded. The following resolution was then adopted with Trustee Greenfield abstaining:
RESOLVED, that the Minutes of the meeting of the Authority held on June 26, 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.

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The Acting Chair then remarked on the proper procedures for public participation in the Board’s open meetings and noted that although the summer was relatively mild from an electrical operations standpoint and a summer storm activity standpoint, the utility was nevertheless engaged in a variety of undertakings.

Acting Chair Fischl then turned the meeting over to CEO John McMahon for the CEO’s Report.

Mr. McMahon commented on the following items:

- LIPA’s long-term resource planning; and
- PSEG Long Island’s recommendations regarding Caithness II.

Mr. McMahon asked Rick Shansky, Managing Director of Power Supply to provide a brief technical overview of LIPA’s capacity requirements and methods for determining such requirements.

Mr. Shansky then presented the overview requested by Mr. McMahon, in which he described and compared several methods of determining capacity requirements including the methods employed by PSEG Long Island and LIPA.

Following a discussion with the Trustees, the Acting Chair stated that the next item on the agenda is the Operating Report, to be presented by Bill Johnson, PSEG Long Island’s Vice President of Business Services, and John O’Connell, PSEG Long Island’s Vice President of T & D Operations in the absence of Dave Daly.
Mr. Johnson started the presentation and reported on the following items:

- PSEG-LI’s recent operating results, focusing on transmission and distribution, customer service, business services, the Transition Service Agreement, energy efficiency, and storm restoration.

Mr. Johnson then responded to questions from the Trustees.

Next, Mr. O’Connell presented the operating report scorecard, reporting that 15 out of 19 measures were on target.

The Acting Chair stated that the next item on the agenda is the Financial Report, to be presented by Ms. Mongiardo.

Ms. Mongiardo then presented the Financial Report, which included the financial results through June 2014.

Ms. Mongiardo concluded her report, and she and Mr. Kane took questions from the Trustees.

The Acting Chair stated that the next items on the agenda are (1) the Authorization Related to the issuance of Electric System General Revenue Bonds and the Execution, Assignment, or Termination of Certain Financial Contracts and Related Agreements, and (2) the Consideration of Authorization Related to the Issuance of Senior Lien Notes and Subordinated Commercial Paper Notes.

After requesting a motion on the matters, which was seconded, the Acting Chair indicated that the matters would be presented by Mr. McMahon and Mr. Michael Mace of Public Financial Management, LIPA’s Financial Advisor.

Mr. McMahon and Mr. Mace presented the following action items:

Requested Action (1 of 2)

The Trustees are being requested to authorize the issuance of up to $1,375,000,000 aggregate principal amount of Electric System Revenue Bonds (the “Authorized Bonds”) for the purposes of (i) funding costs of system improvements, (ii) funding certain other
costs in connection with PSEG Long Island LLC (“PSEG-LI”) pension plans and various information technology expenditures (as more fully described below), (iii) refunding certain outstanding Authority Bonds (the “Refunded Bonds”), (iv) funding amounts due for the termination of Financial Contracts (defined below) entered into in connection with any bonds or any Refunded Bonds, (v) financing capitalized interest on the bonds to be issued and (vi) funding costs of issuance, all as described herein. The Trustees are also being requested to authorize the execution, delivery, termination, assignment or amendment of one or more Financial Contracts relating to the Authorized Bonds or the Authority Bonds to be refunded as described below.

Plan of Finance

The Authority plans to issue the Authorized Bonds for the purposes of (i) directly funding costs of system improvements and/or reimbursing such costs already incurred, (ii) funding costs, including reimbursement of moneys theretofore expended for such costs, incurred (a) pursuant to the Amended and Restated Operations Services Agreement (the “OSA”) between the Authority’s subsidiary LIPA and PSEG-LI in respect of or in connection with PSEG-LI’s pension plans for employees of ServCo (as defined in the OSA), (b) for a new system to manage System outages, (c) for an Enterprise Resource Planning System, (d) for various Information Technology transition costs, (iii) refunding certain outstanding variable rate bonds of the Authority totaling $674,000,000 secured by credit enhancements that expire on various dates in 2015 (including the Series 1A, Series 1B, Series 2B, Series 3A, Series 2012C, and Series 2012D bonds), (iv) refunding certain outstanding fixed-rate bonds of the Authority’s 2004A bond series totaling $22,270,000; (iv) paying costs associated with the termination or amendment of any interest rate swaps or other agreements relating to the Bonds to be refunded as described below, (v) financing capitalized interest on the Bonds to be issued, and (vi) to pay fees and expenses in conjunction with each of the foregoing and the issuance of the Authorized Bonds, including reimbursement of fees and expenses expended by the Authority in connection therewith. The par amount of bonds issued for (i) and (ii) above is limited to no greater than $675,000,000.

Certain of the bonds which may be refunded are variable rate bonds secured by credit enhancement. The Authority has concluded that it would be prudent to obtain renewed authorization to refund these variable rate bonds with fixed or variable rate bonds backed either solely by the Authority’s credit or secured by bank letters of credit or by insurance furnished by credit worthy insurers.

The Authority has determined that under current market conditions entering into one or more interest rate or basis swaps (“Financial Contracts”) related to the refunding of certain bonds may provide debt service savings or mitigate interest rate risk for the Authorized Bonds and is requesting authorization to enter into such agreements related to the Authorized Bonds with an aggregate notional amount of up to $250,000,000. The material terms of the agreements relating to such Financial Contracts are expected to be substantially similar to agreements previously entered into by the Authority and include interest rate risk, settlement risk, termination risk, counterparty risk, and certain continuing covenants similar to those agreed to with the Authority’s existing bank letters of credit.
The Authority has previously entered in Financial Contracts relating to certain of the Bonds which may be refunded and also wishes to have authority to terminate, assign or amend such existing interest rate or basis swap agreements as described below.

The Twenty Second Supplemental Bond Resolution, attached hereto, includes a prospective amendment removing the prohibition on Electric System General Revenue Bonds with a maturity less than 270 days (with certain exceptions), to take effect only when a majority of bondholders have consented to the amendment.

**Authorized Bonds**

The Authorized Bonds will be issued as either fixed rate or variable rate bonds or a combination thereof and sold either on a negotiated basis (i) to one or more underwriters for resale to investors or (ii) directly to one or more investors or financial institutions at such price or prices and on such terms and conditions as shall be determined to be the most cost effective and advantageous for the Authority. The new Authorized Bonds could be issued in conjunction with such previously authorized, but not yet issued, bonds or be sold separately.

The selection of bank letters of credit providers to credit enhance the Authorized Bonds was made by a selection committee comprised of Authority staff pursuant to the Authority’s “Requests for Proposals for Letter Of Credit Facilities, Direct Placement Floating Rate Notes, and Revolving Credit Agreements,” which was issued on April 30th, 2014. The Authority expects to complete such agreements for credit enhancement with Barclays Bank PLC, Bank of Montreal, Citibank NA, Royal Bank of Canada, State Street Bank and Trust Company, TD Bank NA, and Wells Fargo Bank, NA. The proposed terms and conditions of the bank letter of credit agreements are expected to be substantially similar to the agreements previously executed by the Authority with letter of credit banks. The Authority expects a net reduction in the fees paid under the new agreements relative to the expiring agreements.

The selection of qualified firms to serve as underwriter, dealer, or swap counterparty was made by a selection committee comprised of Authority staff pursuant to the Authority’s “Request for Proposals for Underwriting, Investment Banking Services, and/or Swap Counterparty” issued on January 10, 2012 and approved by the Authority’s Board of Trustees at the April 26, 2012 Board meeting, which firms include BofA Merrill Lynch, Barclays, Goldman, Sachs & Co., J.P. Morgan, Morgan Stanley, Wells Fargo Securities, BMO Capital Markets, Citigroup, Jefferies, RBC Capital Markets, Ramirez & Co. Inc., Siebert Brandford Shank & Co. LLC, and TD Securities. The Trustees are requested to permit the Chief Executive Officer of the Authority to designate, as necessary, the underwriters, remarketing agents, or swap counterparties, as applicable, assigned to each bond series from the Board approved list of firms.

As and to the extent that Refunding Bonds are issued for the purpose of refunding bonds with respect to which there are existing interest rate swap agreements, the Chief Executive Officer, Chief Financial Officer or Managing Director of Finance and Budgeting of the Authority will be authorized to allocate such interest rate swap agreements to other Authority bonds or notes or to terminate or amend such agreements, all as such officer
may determine appropriate so as to permit the Authority to obtain the benefit of such interest rate swap agreements or to minimize the cost associated with the refunding and to the extent that such agreements are terminated or amended, some or all of the costs of such termination or amendment may be funded with the proceeds of the Refunding Bonds.

Recommendation

Based upon the foregoing and the recommendation of the Finance and Audit Committee, Mr. McMahon and Mr. Mace recommended that the Trustees adopt the resolutions authorizing the issuance of up to $1,375,000,000 aggregate principal of Electric System General Revenue Bonds, the execution and delivery of one or more new Financial Contracts, and the termination or amendment of one or more Financial Contracts, all as described above.

Requested Action (2 of 2)

The Trustees are being requested to approve and adopt a Fourth Supplemental Subordinated Resolution (the “Fourth Supplemental Subordinated Resolution”) under the Electric System General Subordinated Revenue Bond Resolution (the “General Subordinated Resolution”) adopted by the Authority on May 20, 1998, and a Twenty-Third Supplemental Electric System General Revenue Bond Resolution (the “Twenty-Third Supplemental General Revenue Bond Resolution”) under the General Revenue Bond Resolution (the “General Senior Lien Resolution”) adopted by the Authority on May 13, 1998.

The Authorizing Resolution and the Supplemental Resolutions (defined below) also authorize certain authorized representatives of the Authority to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts necessary or advisable to carry out the issuance, sale and delivery of the Notes (defined below) and the implementation of the terms of the agreements referred to below.

Background

The General Subordinated Resolution authorizes the issuance of Subordinated Bonds (as defined therein) from time to time by the Authority. The Authority has previously issued several series of Subordinated Bonds thereunder, including $300,000,000 of previously authorized Commercial Paper Notes (the “Existing Commercial Paper Notes”). The Fourth Supplemental Subordinated Resolution authorizes the issuance from time to time of additional Subordinated Bonds to be designated as Commercial Paper Notes (the “Subordinated Commercial Paper Notes”).

The General Senior Lien Resolution authorizes the issuance of senior lien Bonds (as defined therein) from time to time by the Authority. The Authority has previously issued numerous series of Bonds thereunder, including the $500,000,000 Electric System General Revenue Notes, Series 2013A (the “Revolving Credit Agreement”). The Twenty-Third Supplemental General Revenue Bond Resolution authorizes the issuance from time to time of additional senior lien Electric System General Revenue Notes (the “Senior Lien Notes” and, collectively with the Subordinated Commercial Paper Notes, the “Notes”).
Plan of Finance

The Fourth Supplemental Subordinate Resolution and the Twenty-Third Supplemental General Revenue Bond Resolution (collectively, the “Supplemental Resolutions”) authorize the issuance of Subordinated Commercial Paper Notes and Senior Lien Notes in an aggregate outstanding principal amount such that all (i) Notes (as defined in the Supplemental Resolutions) and (ii) Existing Commercial Paper Notes outstanding, together with the amount available to be borrowed under the Revolving Credit Agreement, shall not exceed $1,000,000,000. The Supplemental Resolutions also authorize (i) execution and delivery of offering memoranda and other disclosure documents, dealer agreements, agreements with financial institutions providing for the issuance of bank letter of credit facilities securing the Notes, an issuing and paying agency agreement and related documents relating to the Notes and (ii) the sale of the Notes. The Trustees are further being requested to permit the Chief Executive Officer of the Authority to designate, as necessary, the dealers for the Notes (from the firms approved by the Board to provide such services at the April 26, 2012 Board meeting), to permit certain officers to approve the forms of the various documents relating to the Notes and to perform any and all acts necessary or advisable to consummate the issuance of the Notes.

The selection of bank letters of credit providers to credit enhance the Notes was made by a selection committee comprised of Authority staff pursuant to the Authority’s “Requests for Proposals for Letter Of Credit Facilities, Direct Placement Floating Rate Notes, and Revolving Credit Agreements,” which was issued on April 30th, 2014. The Authority expects to complete such agreements for credit enhancement with Barclays Bank PLC, Bank of Montreal, Citibank NA, Royal Bank of Canada, State Street Bank and Trust Company, TD Bank NA, and Wells Fargo Bank, NA. The proposed terms and conditions of the bank letters of credit agreements are expected to be substantially similar to the agreements previously executed by the Authority with letter of credit banks. The Authority expects a net reduction in the fees paid under the new agreements relative to the expiring agreements.

Authorizing Resolution and Supplemental Resolutions

The Trustees have been furnished with a proposed form of Fourth Supplemental Subordinated Resolution and a proposed form of Twenty-Third Supplemental General Revenue Bond Resolution attached as Exhibits A-1 and A-2 hereto. The Trustees have also been furnished with a proposed resolution (attached hereto as Exhibit B and hereafter referred to as the “Authorizing Resolution”) adopting the Fourth Supplemental Subordinated Resolution and the Twenty-Third Supplemental General Revenue Bond Resolution and authorizing and approving various related matters. The Trustees are also being requested to approve and adopt the Authorizing Resolution.

By the adoption of the Authorizing Resolution and the Supplemental Resolutions, the Trustees approve the issuance and sale of Notes, subject to certain parameters set forth therein. Subject to such parameters, certain officers are delegated authority to determine the final terms of the Notes. The Notes may be issued (i) to pay or reimburse the Authority or Subsidiary for Costs of System Improvements (as defined in the General Senior Lien Resolution), (ii) to pay or reimburse the Authority or Subsidiary for Operating Expenses
(as defined in the General Senior Lien Resolution), (iii) to pay or reimburse for any amounts due under any financial contract entered into in connection with the Notes, (iv) to refund Notes or repay any amount drawn under a CP Credit Facility to pay Notes, (v) to refund amounts borrowed under the Revolving Credit Agreement, (vi) to refund the Existing Commercial Paper Notes or repay any amount drawn under a credit facility to pay the Existing Commercial Paper Notes, (vi) to pay fees and expenses incurred in conjunction with each of the foregoing and the issuance of the Notes and (vii) such other purposes as may be specified by subsequent Authority resolution. The Supplemental Resolutions also approve the delivery of offering memoranda and other disclosure documents, agreements with financial institutions relating to the delivery of credit facilities securing the Notes, dealer agreements and issuing and paying agent agreements relating to the Notes.

Recommendation

Based upon the foregoing, Mr. McMahon and Mr. Mace recommended the approval of the above-requested actions by adoption of a resolution in the form of the below Authorizing Resolution and the adoption of the Supplemental Resolutions thereby.

After a discussion by the Trustees and the opportunity for the public to be heard, the following two resolutions were then adopted with Trustee Cordaro abstaining, Trustee Alessi opposed and the remaining Trustees in favor.

1232. AUTHORIZATION RELATING TO THE ISSUANCE OF ELECTRIC SYSTEM GENERAL REVENUE BONDS FOR THE PURPOSES OF FUNDING COSTS OF SYSTEM IMPROVEMENTS AND CERTAIN OTHER COSTS AND REFUNDING OF CERTAIN OUTSTANDING BONDS

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, such bonds to be designated as “Electric System General Revenue Bonds” (the “Bonds”), as special obligations of the Authority in accordance with the terms thereof for, among other purposes, funding Costs of System Improvements (as defined in the General Resolution) and other lawful purposes of the Authority and refunding other Bonds of the Authority; and

WHEREAS, the Authority may sell Bonds on a negotiated basis to one or more underwriters for resale to the public or by private placement to one or more investors or institutions at such price or prices as the Authority shall determine; and

WHEREAS, Article II of the General Resolution requires that the issuance of each series of Bonds by the Authority shall be authorized by a supplemental resolution or resolutions of the Authority adopted at or prior to the time of issuance, subject to further delegation to certain officers to establish the details of the terms of such Bonds; and
WHEREAS, the Authority has various series of outstanding variable rate Bonds and Subordinated Bonds and certain fixed rate Bonds that may advantageously be refunded; and

WHEREAS, the Authority wishes to authorize the issuance of Bonds for the purpose of funding Costs of System Improvements (as defined in the General Resolution) and for certain other purposes described in the hereinafter referred to Twenty-Second Supplemental Resolution (Bonds issued for such purpose referred to herein as the “New Money Bonds”) and for the purpose of refunding all or a portion of certain outstanding Authority bonds (the “Specified Bonds”) (Bonds issued for such purpose referred to herein as the “Refunding Bonds” and collectively with the New Money Bonds, the “Authorized Bonds”), which Authorized Bonds shall be in an aggregate principal amount not to exceed $1,375,000,000, of which no more than $675,000,000 in principal amount shall be New Money Bonds; and

WHEREAS, the Authority wishes to issue the Authorized Bonds as either a fixed rate or variable rate or a combination thereof; and

WHEREAS, the Authority has entered into interest rate swap agreements relating to certain of the Specified Bonds and, to the extent that such Specified Bonds are refunded, it is anticipated that such interest rate swap agreements will either be reallocated to other bonds or notes of the Authority, assigned to or assumed by other counterparties, or terminated, as determined by the by the President, Chief Executive Officer or Chief Financial Officer; and

WHEREAS, in order to achieve such purposes there has been prepared and submitted to the Trustees a form of Twenty-Second Supplemental Resolution (the “Twenty-Second Supplemental General Resolution”);

WHEREAS, the General Resolution permits the Authority to enter into Financial Contracts (as defined therein), which include interest rate caps or collars and forward rate, future rate and certain swap agreements with Qualified Counterparties (as defined therein); and

WHEREAS, the Authority has determined that the use of such swap agreements is appropriate in certain circumstances but recognizes that certain risks can arise in connection with their use and the Authority has adopted guidelines (the “Guidelines”) for the use of such agreements in order to assure that such agreements are used for appropriate purposes and to assure that the risks potentially associated with such agreements are effectively managed and minimized; and

WHEREAS, under current market conditions the Authority has determined that it may achieve debt service savings by entering into one or more such interest rate swap agreements in an aggregate notional amount of up to $250,000,000 relating to all or a portion of the Authorized Bonds pursuant to which the Authority and the counterparties thereto would agree to make payments to one another based principally upon certain indices, formulae or methods to be specified therein; and
WHEREAS, the Authority has entered into interest rate swap agreements relating to certain of the Authority’s outstanding variable rate bonds (including the Specified Bonds) and, to the extent that such Specified Bonds are refunded or any other variable rate bonds are converted to a fixed interest rate, it is anticipated that such interest rate swap agreements will either be reallocated to other bonds of the Authority or terminated, as determined by the Chief Executive Officer or Chief Financial Officer; and

WHEREAS, the decision as to which specific strategy or strategies to be employed in connection with such new or existing interest rate swap agreements and the indices, formulae or methods to be used in calculating payments to be made to the Authority or the counterparties will be made by the Chief Executive Officer or Chief Financial Officer, taking into account market conditions and the advice of the Authority’s Financial Advisor, with the intention of lowering the effective rate of interest payable in connection with the Authority’s indebtedness or mitigating risks associated with such indebtedness consistent with interest rate and other risk considerations;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Twenty-Second Supplemental General 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 Chief Executive Officer, Vice President of Finance and Chief Financial Officer and Controller are each hereby authorized to deliver the Twenty-Second Supplemental General 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 Chief Executive Officer, Vice President of Finance and Chief Financial Officer or Controller, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted hereby.

2. The Chief Executive Officer, Vice President of Finance and Chief Financial Officer and Controller, are each authorized to sell all Bonds issued either on a negotiated basis (i) to one or more underwriters for resale to investors or (ii) by private placement to one or more investors at such price or prices as determined to be the most cost effective and advantageous for the Authority.

3. Each Authorized Representative (as defined in the General Resolution) is hereby authorized with respect to each series of the Authorized Bonds, to execute and deliver a Bond Purchase Agreement in substantially the form of the bond purchase agreement (a “Bond Purchase Agreement”) executed by the Authority in connection with the issuance of the Authority’s Electric System General Revenue Bonds, Series 2012D, with such modifications thereto as any Authorized Representative of the Authority, upon the advice of counsel to the Authority, approves, or in connection with any private placement of the Authorized Bonds, a placement, continuing covenant or other financing agreement (each a “Placement Agreement”) with the purchaser(s) thereof in such form, upon advice of counsel to the Authority, as may be approved by such Authorized Representative, which approval in each case shall be conclusively evidenced by the execution thereof by such Authorized Representative.
4. Each Authorized Representative is hereby authorized and directed to execute and deliver any and all documents, including but not limited to the execution and delivery of one or more official statements or other disclosure documents and instruments and to do and cause to be done any and all acts necessary or proper for carrying out each Bond Purchase Agreement or Placement Agreement, the issuance, sale and delivery of the Authorized Bonds and for implementing the terms of each Bond Purchase Agreement or Placement Agreement, and the transactions contemplated thereby, the Twenty-Second Supplemental General Resolution and this resolution.

5. As and to the extent that Refunding Bonds (as defined in the General Resolution) are issued for the purpose of refunding Specified Bonds with respect to which there are existing interest rate swap agreements, the Chief Executive Officer, the Chief Financial Officer and Controller are each authorized to allocate such interest rate swap agreements to such other outstanding Authority bonds or notes, or to terminate such agreements, as such officer may determine appropriate so as to permit the Authority to obtain the benefit of such interest rate swap agreements or to minimize the cost associated with the refunding and, to the extent that such agreements are terminated, some or all of the costs of such termination may be funded with the proceeds of the Refunding Bonds, as determined by such officer. Any such officer is also hereby authorized to arrange for the assignment and assumption of any existing interest rate agreement to another counterparty or the amendment of any such agreement, to the extent determined to be advisable.

6. As and to the extent that the Chief Executive Officer or the Chief Financial Officer determines that it would be advantageous in current market conditions to issue bond anticipation notes, such officer is hereby authorized to determine whether such bond anticipation notes shall be issued as “Bonds” or “Subordinated Indebtedness” (as defined in the General Resolution). In the event that bond anticipation notes are issued as Subordinated Indebtedness, the details thereof shall be incorporated in a Note Certificate executed by such officer and delivered to the trustees under the General Resolution and the Authority’s Electric System General Subordinated Revenue Bond Resolution, along with a copy of this resolution. Such Note Certificate may include such amendments and modifications to the provisions of this resolution as such officer shall determine necessary and appropriate to effectuate such determinations and details. A copy of such Note Certificate also shall be filed with this resolution into the records of the Authority and, upon such filing, shall be deemed to be a part of this resolution as if set forth in full herein.

7. The Chief Executive Officer or the Chief Financial Officer of the Authority are, and each of them hereby is, authorized to enter into interest rate swap agreements in an aggregate notional amount of up to $250,000,000 relating to the Authorized Bonds with such Qualified Counterparties (as defined in the General Resolution) as such officers may select in accordance with the Guidelines, which agreements shall (i) commence on such date or dates as the Chief Executive Officer or the Chief Financial Officer specifies, (ii) have a term ending on or prior to the anticipated final maturity of the bonds to which they relate, as the Chief Executive Officer or the Chief Financial Officer specifies, (iii) provide for payments to the Authority determined based upon such index, formula or method as may be approved by the Chief Executive Officer or the Chief Financial Officer, and (iv) otherwise be in accordance with the Guidelines and substantially in the form of interest rate swap agreements entered into by the Authority in relation to other interest rate swap agreements.
transactions, with such changes and additions to and omissions from such form as such authorized executing officer deems in his discretion to be necessary or appropriate, such execution to be conclusive evidence of such approval. In connection with the authorizations herein set forth, the Authority has determined, after consideration of the risks inherent in the use of interest rate swap agreements, including those outlined in the memo submitted to the Trustees in connection with the financing authorized hereby and the advice of the Authority’s financial advisor relating to the use of the proposed interest rate swap agreements, that (a) the use of such interest rate swap agreements will, in the judgment of the Authority, result in lowering the effective rate of interest payable in connection with the Authority’s indebtedness, (b) the risks of the proposed interest rate swap agreements are both manageable and reasonable in relation to the potential benefits; and (c) the proposed interest rate swap agreements are necessary or convenient in the exercise of the power and functions of the Authority under the Act.

8. The Authorized Representatives are, and each of them hereby is, authorized to enter into reimbursement or other agreements with banks or other financial institutions providing Credit Facilities (as defined in the General Resolution) in connection with the Authorized Bonds, which agreements shall be substantially similar to such agreements previously entered into by the Authority in relation to other Credit Facilities, with such changes and additions to and omissions from such prior agreements as such authorized executing officer deems in his discretion to be necessary or appropriate, such execution to be conclusive evidence of such approval. Such agreements may be entered into with Barclays Bank PLC, Bank of Montreal, Citibank NA, Royal Bank of Canada, State Street Bank and Trust Company, TD Bank NA, and/or Wells Fargo Bank, NA.

9. Each Authorized Representative is hereby further 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 the terms of, and the transactions contemplated by this resolution and each of the documents authorized thereby and hereby.

10. This resolution shall take effect immediately.

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1233. ADOPTING THE FOURTH SUPPLEMENTAL SUBORDINATED GENERAL REVENUE BOND RESOLUTION AUTHORIZING COMMERCIAL PAPER NOTES AND THE TWENTY-THIRD SUPPLEMENTAL GENERAL REVENUE BOND RESOLUTION AUTHORIZING ELECTRIC SYSTEM GENERAL REVENUE NOTES AND APPROVING CERTAIN RELATED AGREEMENTS AND INSTRUMENTS

WHEREAS, the Long Island Power Authority (the “Authority”) was created by the Long Island Power Authority Act (the “Act”), constituting Title 1-A of Article 5 of the Public Authorities Law of the State of New York; and WHEREAS, the Act empowers the Authority, among other things, to issue its bonds and notes for any purposes authorized thereby and to adopt resolutions establishing the contract with its bond and note holders; and
WHEREAS, on May 13, 1998, the Authority adopted its Electric System General Revenue Bond Resolution (the “General Senior Lien Bond Resolution”), which, consistent with the Act, authorizes special obligations of the Authority (hereinafter “Senior Lien Bonds”) in accordance with the terms thereof for any lawful purpose; and

WHEREAS, the General Senior Lien Bond Resolution requires that the issuance of each series of Senior Lien Bonds by the Authority shall be authorized by a supplemental resolution or resolutions of the Authority adopted at or prior to the time of issuance, subject to further delegation to certain officers to establish the details of the terms of such Senior Lien Bonds; and

WHEREAS, on May 20, 1998, the Authority adopted its Electric System General Subordinated Revenue Bond Resolution (the “General Subordinated Bond Resolution”), which, consistent with the Act, authorizes special obligations of the Authority (hereinafter “Subordinated Bonds”) in accordance with the terms thereof for any lawful purpose; and

WHEREAS, the General Subordinated Bond Resolution requires that the issuance of each series of Subordinated Bonds by the Authority shall be authorized by a supplemental resolution or resolutions of the Authority adopted at or prior to the time of issuance, subject to further delegation to certain officers to establish the details of the terms of such Subordinated Bonds; and

WHEREAS, the duly authorized officers of the Authority have caused to be prepared and submitted to the Trustees a form of Supplemental Resolution (the “Twenty-Third Supplemental Senior Resolution”) to the General Senior Lien Bond Resolution entitled “Twenty-Third Supplemental Electric System General Revenue Bond Resolution Authorizing Electric System General Revenue Notes,” pursuant to which the Authority will authorize the issuance, sale and delivery of Senior Lien Bonds to be designated as Electric System Revenue Notes (the “Senior Lien Notes”) for various purposes described therein and a Supplemental Resolution (the “Fourth Supplemental Subordinated Resolution”) to the Subordinated Lien Bond Resolution entitled “Fourth Supplemental Subordinated Resolution Authorizing Commercial Paper Notes,” pursuant to which the Authority will authorize the issuance, sale and delivery of Subordinated Bonds to be designated as Commercial Paper Notes (the “Commercial Paper Notes”) for various purposes described therein;

NOW, THEREFORE, BE IT RESOLVED BY THE TRUSTEES OF THE LONG ISLAND POWER AUTHORITY, AS FOLLOWS:

1. The Twenty-Third Supplemental Senior 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 Chief Executive Officer of the Authority is hereby authorized to deliver the Twenty-Third Supplemental Senior Resolution to the Trustee (as defined in the General Senior Lien Bond Resolution), with such amendments, supplements, changes, insertions and omissions thereto as may be approved by the Chief Executive Officer, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted hereby.
2. The Fourth Supplemental Subordinated 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 Chief Executive Officer of the Authority is hereby authorized to deliver the Fourth Supplemental Subordinated Resolution to the Trustee (as defined in the General Subordinated Bond Resolution), with such amendments, supplements, changes, insertions and omissions thereto as may be approved by the Chief Executive Officer, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted hereby.

3. The Authorized Representative are, and each of them hereby is, authorized to enter into reimbursement or other agreements with banks or other financial institutions providing Credit Facilities (as defined in the General Senior Lien Resolution and in the General Subordinated Bond Resolution) in connection with the Senior Lien Notes and Commercial Paper Notes, which agreements shall be substantially similar to such agreements previously entered into by the Authority in relation to other Credit Facilities, with such changes and additions to and omissions from such prior agreements as such authorized executing officer deems in his discretion to be necessary or appropriate, such execution to be conclusive evidence of such approval. Such agreements may be entered into with Barclays Bank PLC, Bank of Montreal, Citibank NA, Royal Bank of Canada, State Street Bank and Trust Company, TD Bank NA, and/or Wells Fargo Bank, NA.

4. The Authorized Representative (as defined in the General Subordinated Bond Resolution and in the General Senior Lien Bond Resolution) 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 the issuance, sale and delivery of the Commercial Paper Notes and the Senior Lien Notes and for implementing the terms of, and the transactions contemplated by, the Twenty-Third Supplemental Senior Resolution, the Fourth Supplemental Subordinated Resolution and this resolution and each of the documents authorized thereby and hereby, including, without limitation, the execution and delivery of Certificates of Determination (as defined in the Fourth Supplemental Subordinated Resolution and in the Twenty-Third Supplemental Senior Resolution), dealer agreements, issuing and payment agency agreements, remarketing agreements, tender agency agreements, note purchase agreements and continuing disclosure undertakings in connection with the Commercial Paper Notes and Senior Lien Notes.

5. 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 Revised Governing Policy for Power Supply Hedging Program.

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

Mr. Horowitz presented the following action item:
Requested Action

The Trustees are requested to adopt an updated Governing Policy for the Power Supply Hedging Program.

Background

LIPA staff recently completed a periodic review of the Governing Policy for Energy Risk Management. The proposed Governing Policy for the Power Supply Hedging Program is the successor policy document to the Governing Policy for Energy Risk Management, which was last adopted by the Board on February 28th, 2013.

The objectives of the hedging program identified in the proposed Governing Policy for Power Supply Hedging are in alignment with LIPA’s mission and the interest of its customers for more stable rates on a month-to-month basis. The Policy identifies the authorities and responsibilities delegated by the Board to LIPA’s Energy Risk Management Committee and recognizes PSEG Energy Resources & Trade (“PSEG-ER&T”) in its role as service provider to LIPA with respect to energy commodity risk management activities. PSEG-ER&T is an affiliate of PSEG-LI that performs hedging functions for PSEG-LI’s affiliated regulated utility in New Jersey.

The substantive proposed changes from the former Policy include the following:

- The Risk Management Objectives were retitled to the Power Supply Hedge Program Framework and have an increased focus on:
  - mitigating the volatility of LIPA’s month-to-month Power Supply Charge
  - use of derivatives and physical contracts similar to what NYS regulated utilities use to restrain price volatility
  - recognizing guidance provided by NYS Public Service Commission to regulated utilities
  - Identifying specific counterparty credit criteria
- Additional roles and responsibilities of the ERMC were identified including:
  - Assuring Program activities of LIPA’s service provider PSEG-ER&T are in accordance with the Policy and proscribed authorities
  - Reviewing and monitoring Program counterparty creditworthiness
  - Reviewing controls and effectiveness of the Program activities
  - Participating in Program audits as required
  - Monitoring New York State Public Service Commission’s developing guidelines associated with Reforming the Energy Vision and Utility 2.0 and if necessary, revising or modifying the ERMC’s Policies, Controls and Procedures Manual

Recommendation

Based upon the foregoing, Mr. Horowitz recommended the approval of the above-requested action by adoption of the revised Governing Policy for Power Supply Hedging Program.
After a discussion by the Trustees and the opportunity for the public to be heard, the following resolution was unanimously adopted by the Trustees:

**1234. APPROVAL OF MODIFICATIONS TO THE LONG ISLAND POWER AUTHORITY GOVERNING POLICY FOR ENERGY RISK MANAGEMENT**

WHEREAS, the Long Island Power Authority (“LIPA”) adopted the “Long Island Power Authority Governing Policy for Energy Risk Management” (the “ERM Policy”) on November 25, 2002, and amended it on January 25, 2007, October 22, 2009 and February 23, 2013, to govern LIPA’s hedging transactions related to fuel and purchased power and to establish the policies, framework, and delegation of authorities necessary to govern the transactions and other activities of the LIPA relating to fuel and purchased power risk; and

WHEREAS, as set forth in the accompanying memorandum, in order to recognize the changes to LIPA’s fuel cost recovery under the Tariff for Electric Service Power Supply Charge approved by the Board at its October 25th, 2012, as well as the change to LIPA’s structure pursuant to the LIPA Reform Act which was signed into law on July 29th, 2013, staff proposes to: 1) modify the current title of the ERM Policy to the Long Island Power Authority Governing Policy for Power Supply Hedging Program (“Policy”); and 2) modify the Policy to better align its objectives with the Power Supply Cost month-to-month recovery mechanism, recognize PSEG Energy Resource and Trade in its role as service provider to LIPA with respect to commodity risk management and delegate additional responsibilities and powers to the Executive Risk Management Committee (“ERMC”) to achieve LIPA’s mission in the interest of its customers; and

WHEREAS, the Finance and Audit Committee of the LIPA Board of Trustees has reviewed the proposed modifications to the ERM Policy and finds the successor Policy to be in all respects reasonable, appropriate and in the best interests of LIPA’s customers;

NOW, THEREFORE, BE IT RESOLVED, that the Trustees hereby approve and adopt the “Long Island Power Authority Governing Policy for Power Supply Hedging Program dated August 6, 2014” in the form presented at this meeting to be effective immediately.

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The Acting Chair then allowed public comment to be heard, after which he announced that the next Board meeting will be held on September 18th. (Please note that the meeting has since been moved to September 23rd.) The Acting Chair then asked for a motion to adjourn.

At approximately 12:39 p.m. the Open Session of the Board of Trustees was adjourned.
Respectfully submitted,

Bobbi O’Connor