

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 189th MEETING

HELD ON APRIL 30, 2008

Pursuant to notice dated April 25, 2008, the Long Island Power Authority (the "Authority") was convened for the one hundred and eighty-ninth time at 11:09 AM at the Omni Teleconference Center, in Uniondale, NY.

The following Trustees of the Authority were present:

**James Larocca, Chairman
Howard Steinberg, Vice Chairman
Michael Affrunti
Cristofer Damianos
Lawrence Elovich
John Fabio
Michael Fragin
James Herrmann
Nancy Nugent
Susan Gordon Ryan
Jonathan Sinnreich**

The following Trustees of the Authority were absent:

**Anthony Bonomo
Harriet Gilliam
Suzette Smookler**

Also representing the Authority were Kevin S. Law, President and Chief Executive Officer; Lynda Nicolino, General Counsel and Secretary, Elizabeth McCarthy, Senior Vice President and Chief Financial Officer, and Michael Hervey, Vice President-Operations. Also present were; Michael Deering, Vice President-Environmental Affairs, Edward Dumas, Vice President-Communications; Bruce Germano, Vice President-Retail Services; and James Peterson, Director of Power Markets Contracts.

Chairman Larocca addressed the audience and called the meeting to order.

The Chairman stated this is the April 30th meeting of the Long Island Power Authority pursuant to notice duly given.

Chairman Larocca requested that a moment of reflection be observed in recognition of the thirtieth Long Islander to die in Iraq, a boy from his home town of Sag Harbor. (A moment of reflection is taken)

After leading the audience in the pledge of allegiance, the Chairman noted the presence of a quorum for the record. The Chairman introduced Ms. Susan Gordon Ryan, the most recently appointed member of the Long Island Power Authority Board of Trustees. He indicated that Ms. Ryan is a Long Islander with an extraordinary background of leadership in many sectors, including with Abilities! and the Henry Viscardi School in Albertson, New York. He noted that

she served for many years as the Long Island regional director for New York State Department of Parks and Recreation, the largest park district in the State system. He added that she was the initiator of the Empire State Games for the physically challenged which continues to this day as a very successful enterprise.

Chairman Larocca stated that Ms. Ryan served in a series of private sector and not-for-profit agencies in development and other forms of leadership, and she served in Nassau County in the parks department as well. The Chairman further stated that the enumeration of awards and recognition she received over the years is too many to mention, but she brings a vast background that he thinks will be of enormous benefit to the Board of Trustees. He noted that it is with great pleasure that he introduces and welcomes her for the first time, and the Board is happy to have her with them.

Chairman Larocca stated that the first order of business is the minutes of the March 27, 2008 meeting of the Board of Trustees.

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

861. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MARCH 27, 2008 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on March 27, 2008 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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Chairman Larocca stated that the Board is continuing its process of organizing its committee structure and bringing it up to date and the process is moving forward quite well. The Chairman continued that over the course of recent months, the Board has added a couple of new committees, one driven by a statutory change, and another driven by a priority of the Board. He indicated that the Board has constituted a Governance Committee and a committee on Energy Efficiency and Environment, and both of those are now up and running. He noted that organizational meetings for both of those committees occurred this week.

The Chairman thanked the members who have agreed to serve on and chair these new committees, and for the contribution that he knows they will make in furtherance of these important matters. He indicated that the governance matters are very important in terms of public corporate management, and that the area of energy efficiency is an enormous part of LIPA's programmatic orientation in the decade ahead, for the purpose of maximizing the achievement

of energy savings and the use of alternative energy in order to meet LIPA's obligations.

Chairman Larocca stated that the next item on the agenda is the President's Report, to be delivered by President Law.

President Law stated that he too is very happy to welcome Susan Gordon Ryan to the Board and noted that they go back twenty years as well. He indicated that despite all the craziness in Albany, he was pleased that Ms. Ryan's appointment to the Board was approved by Governor Paterson, even though he had submitted her name while Governor Spitzer was still in office. He noted that they are all happy to have her at LIPA.

President Law reported that he was honored a couple of weeks ago when Governor Paterson requested that he introduce him when the Governor came down to Long Island to announce the Department of State's decision on Broadwater. At that time, the Governor conveyed his support to a lot of the things that LIPA is doing, and President Law continued that it was exciting to have the Governor here on Long Island and to have him support some of LIPA's initiatives.

President Law reported that it has been another busy month since the last meeting of the Board of Trustees. He continued that just yesterday, LIPA had the

first of its public hearings on the Energy Master Plan, and that LIPA received a lot of good feedback from people in both the business and environmental communities. He indicated that LIPA has another hearing scheduled for May 7th in Suffolk County at Brookhaven Town Hall. He further indicated that the purpose of those hearings is to solicit input on the outline for the Energy Master Plan, which LIPA will tweak and revise accordingly, and then share with the Board again before LIPA actually commences work on the plan. He noted that this is well underway.

President Law reported that LIPA has also issued a Request for Proposals (RFP) for what could be the largest solar project in New York State. He continued that the RFP has been issued, and LIPA hopes to have its proposers' conference in the next week or so, with responses to be submitted in June and evaluated over the summer. He indicated that LIPA looks forward to sharing information with the Board and perhaps presenting an action item to them toward the end of summer or early fall.

President Law reported that later on in the program the Board will be hearing a presentation from the Vice President of Environmental Affairs, Mike Deering, and staff from his department, on LIPA's energy efficiency program, which LIPA has been talking about for quite a while. He continued that he looks forward to sharing additional details with the Board.

President Law reported that LIPA's repowering stakeholders committee meetings for the Port Jefferson and Northport power plants are underway and going well. He continued that LIPA's due diligence on the power plants that it has the option to purchase, including Barrett, is close to being finalized. He indicated that they should have information to share with the Board over the next couple of weeks. He noted that there is a lot of interest out there in that particular project (Barrett) and LIPA is spending a lot of time looking at all of the issues that need to be addressed including financial, legal and environmental issues. He further indicated that he looks forward to sharing that information with the Board soon.

President Law reported that the State Comptroller is going to be performing an audit of LIPA. He continued that it is not exactly what he had requested, but it is a step in the right direction. He indicated that the Comptroller's office will be beginning work on Friday, May 2nd and will be setting up camp at LIPA for awhile.

President Law reported that LIPA is in the midst of preparing its capital budget, and LIPA staff hopes to have that shared with the Board perhaps as early as the May meeting but certainly no later than the June meeting.

President Law reported that he participated in two energy sub-cabinet meetings in Albany on March 28, 2008, and again on April 11, 2008, with the heads of NYSERDA (New York State Energy Research and Development

Authority), NYPA (New York Power Authority) and the PSC (Public Service Commission). He continued that Mr. Paul Tonko, the head of the New York State Energy Research and Development Authority, has resigned. He indicated that Mr. Tonko is running for Congress in upstate New York so the State will be looking for a new head of the New York State Energy Research and Development Authority.

President Law stated that the increasing cost of fuel and the rate pressure that LIPA is facing as oil hits \$120 a barrel, is no secret. He continued that it is really unbelievable that less than 10 years ago when LIPA took over LILCO, a barrel of oil was \$14 per barrel which represents over a 740 percent increase in ten years. He indicated that it is certainly causing some pressure on LIPA. He noted that Ms. McCarthy and he will be making recommendations to the Board at its May meeting regarding where LIPA is heading.

President Law reported that he has been invited to, and has spoken at, the Long Island Business Developmental Committee and the Kings Park Chamber of Commerce. He continued that he has been involved in an event with Supervisor Kate Murray in the Town of Hempstead and he has spoken at Deloitte & Touche. He further indicated that he was in New York City two week ago with the Regional Plan Association, sharing with them all of the positive projects that LIPA is involved in.

President Law reported that he met recently with the developers of the Hub Project right across the street from LIPA. He continued that the project is going to have energy impacts and LIPA is trying to work with them and facilitate the planning for that project.

President Law reported that on May 8, 2008, he is meeting with the President of National Grid to review a couple of issues, including where they are with the audit of LIPA's clean energy program and some other issues that arise day-to-day pursuant to the Management Services Agreement that LIPA has with National Grid. He continued that the ongoing interesting issue concerning what is happening in the Town of Southampton will be saved for Executive Session since LIPA is now in litigation on that matter. He noted that this concludes his President's Report and that he is happy to take any questions.

Trustee Fragin stated that since there is only a sliver of viability left of the Broadwater project right now, he is concerned that LIPA needs to address long term where it is not just with oil, but with natural gas as well. He continued that natural gas is at record highs, and that there are long-term supply issues complicated by Albany's inability to pass an Article X Law. He further noted that Long Island is clearly supply constrained vis-à-vis transportation, and yet there always seems to be opposition towards such projects, whether good or bad. He indicated that he is wondering what LIPA can do long term, as an agency of the

public, to try and effect positive movement as far as increasing supply here for Long Island.

President Law responded that LIPA never took a position for or against Broadwater and the Department of State's decision that the Governor announced, was that the project was inconsistent with the costal zone management program for the State. He continued that LIPA was never really counting on the gas from Broadwater for its future needs, as 85 percent of that gas was going into other areas of New York. He noted that LIPA does need to be planning for the future in terms of the demand growth on Long Island which will require an increase in the supply of natural gas. He indicated that as part of LIPA's Energy Master Plan, he has asked National Grid to participate with LIPA since they are a gas supplier for the region. He further indicated that they will be coming to the meeting in Brookhaven Town Hall next week to commit to working with LIPA, so LIPA is not only planning for the future of electric transmission. He noted that if LIPA is really going to have an energy plan, it needs to address both electric and gas transmission, and so National Grid will be assisting LIPA and incorporating LIPA's gas planning needs for the Island in LIPA's Master Plan as well.

Hearing no further questions for President Law, the Chairman continued the meeting.

Chairman Larocca stated that he previously described LIPA's work in putting together committees for the Board, but he did not mention who has stepped up to those committees. He continued that Cris Damianos has taken the Chair of the Energy Efficiency and Environmental Committee, and the other members of that Committee are Michael Fragin and Nancy Nugent. He indicated that the Chairman of the newly-formed Governance Committee is John Fabio, and that Trustee Smookler and LIPA's newest Trustee, Ms. Ryan, have joined the Committee as well. He added that both of the committees are fully constituted and he requested that the Board hear a motion to adopt a resolution to set the membership of the Committee on Governance at three members.

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

**862. REESTABLISHMENT OF SIZE OF GOVERNANCE COMMITTEE OF THE
AUTHORITY BOARD OF TRUSTEES**

WHEREAS, the Long Island Power Authority (the "Authority") established a Governance Committee on March 22, 2007, comprised of five members:

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby reestablishes a Governance Committee to be comprised of no less than three members; and be it further

RESOLVED, that this resolution take effect immediately.

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Chairman Larocca stated that the next item on the agenda is the Financial Report of the Finance and Audit Committee chaired by Vice Chairman Steinberg, to be delivered by Ms. McCarthy.

Ms. McCarthy reported that for the three months ended March 31, 2008, the Authority had an excess of expenses over revenues of \$49 million, as compared to a budget of \$55 million. She continued that revenues for the period were \$789 million, and were \$32 million, or four percent, below budget primarily due to lower-than-budgeted growth and average consumption. She indicated that milder-than-normal weather also contributed to the lower revenues.

Ms. McCarthy reported that overall, sales for the period were 3.7 percent below budget. She continued that offsetting this unfavorable revenue variance was a \$33 million, or four percent positive variance in total operating expenses, primarily driven by lower-than-budgeted fuel and purchase power costs of \$21 million. She indicated that the variance resulted from the lower sales as well as more favorable than budgeted hedging gains for that period. She further indicated that also contributing to this positive variance was timing-related lower-than-budgeted O&M expenses of \$9 million. She added that also reflected in the first quarter results was an extraordinary non-cash charge related to the early redemption of \$200 million of LIPA's insured auction rate securities.

Ms. McCarthy reported that on March 31, 2008, LIPA had cash and cash equivalents of \$729 million, \$250 million of which was in LIPA's Rate Stabilization Fund. She continued that cash and cash equivalents are invested in a variety of instruments with ninety-one percent having a maturity of three months or less.

Ms. McCarthy reported that from a fuel hedging perspective, on August 28, 2008, LIPA had hedges for eighty-five percent of its expected oil, natural gas and power consumption for the remainder of 2008. She continued that LIPA's hedged positions for oil, natural gas and power for 2009, 2010 and 2011 were sixty-seven percent, thirty-one percent and five percent respectively. She indicated that LIPA is currently in the process of moving the 2009 and 2010 percentages up to seventy-five percent and forty percent respectively.

Ms. McCarthy reported that for the first quarter of 2008, LIPA's hedges have saved customers \$43 million in fuel and purchased power costs. She continued that, as President Law noted, the current record high and volatile commodity prices are putting pressure on LIPA for the unhedged portion of the portfolio.

Vice Chairman Steinberg stated that he would like to compliment Ms. McCarthy and Mr. Horowitz for a very successful hedging program and he wanted to emphasize that this program has saved ratepayers a very significant amount of money, namely \$43 million so far this year and a very substantial amount last year. He indicated that this is an important program in these very volatile energy

markets and that without this, ratepayers would be incurring even more expenses.

Chairman Larocca stated that he would second Vice Chairman Steinberg's statement. The Chairman continued that sometimes a good way to look at the future is to look at the past, and if you were to go back a year with respect to world energy prices, or even as far as eight years, the growth and escalation of price seems to have exceeded almost all even far out projections for this period of time. He indicated that the necessity of hedging, in trying to plan against LIPA's future and take some of the volatility out of it, is all the more important. He noted that it was two or three meetings ago when LIPA provided a presentation of the hedging program to the public, and it continues to be an important part of LIPA's effort at saving ratepayer money. He noted that it is one of those things where if you hear the details, your eyes glaze over, but at the end of the day there are real savings to be had and LIPA is very pleased with that.

Chairman Larocca stated that the next item on the agenda is a presentation concerning Energy Efficiency Long Island, a new and comprehensive program for LIPA's efforts in all of the areas that are sometimes referred to as alternative energy, energy savings, and conservation, to be presented by Michael Deering, LIPA's Vice-President for Environmental Affairs.

Mr. Deering stated that he is LIPA's Vice-President of Environmental Affairs, and that in furtherance of President Law's priorities to make LIPA the best Authority in the State and the best utility in the country, the Board has acted in a number of ways. He continued that the policies that the Board has been adopting over the last number of months have signified that this is truly accomplishable. He continued that the Board is looking at the long term plan in terms of LIPA's new energy plan update and LIPA has increased the off-island renewable generation brought to Long Island and is looking to bring additional on-island renewable generation as well. He indicated that the Efficiency Long Island (ELI) program is basically building on the successes of the clean energy area initiative which he thinks embodies the principles of what a municipal authority should do. He further indicated that it is smart economically and environmentally and it provides a direct service to LIPA's customers, whether they are taking advantage of the rebate incentives in the program or not. He noted that there are benefits for every customer in LIPA's service territory.

Mr. Deering stated that LIPA is ending its ten-year clean energy initiative program, which was a \$355 million investment and that LIPA has had some significant results. He continued that the numbers reflect that there were four million compact fluorescent bulbs rebated; ninety-five thousand energy star clothes washers purchased; a significant number of central air conditioners installed; more than twelve hundred customers converted to solar energy; and five hundred energy star homes built on Long Island. He indicated that LIPA is

working with municipal governments as well as the building industry. He added that by the end of the program this year, LIPA will see approximately a 166 megawatt reduction in energy demand and approximately 622 gigawatts of energy savings, and there will also be a significant reduction in emissions.

Mr. Deering stated that through the reduction in the amount of energy that LIPA needs to produce for Long Island, LIPA is eliminating significant amounts of sulfur dioxide, nitrogen oxides and carbon dioxide. He continued that while these are environmentally important, they also have avoided economic costs particularly given environmental regulations and the direction in which that is headed. He indicated that the more LIPA can reduce its pollutant load, the more cost effective LIPA can be in terms of providing its customers with reasonable rates.

Mr. Deering stated that the program has also provided an economic stimulus, in that it has infused \$355 million into the Long Island economy, which has helped Long Island's labor force. He continued that the investment in technology projects and efficiency projects has also helped lower LIPA's customers' bills while helping to transform the market place. As a result of some of these programs, new technologies have been developed and the cost of photovoltaics, for example, and other products have come down in the marketplace and have become more available to LIPA's customers.

Mr. Deering stated that with that background and the success of that program, he is excited about this key program for President Law. He continued that as Chairman Larocca and Trustee Fragin have indicated, LIPA needs to reduce its demand. He indicated that the price volatility of fossil fuels, right now, is on an ever increasing spiral upwards. He added that the less that LIPA has to produce in terms of energy, the more significant the savings will be.

Mr. Deering stated that this will be a ten-year program which will succeed the clean energy initiative and which will focus on LIPA's peak demand reduction. He continued that there will be a significant investment of \$924 million that will go across the market streams and will go to the residential and commercial markets, and which will benefit school districts, municipalities and not-for-profit organizations. He noted that this is a program that is designed to help every Long Island customer, and its goal is to reduce peak energy demand by 500 megawatts in the tenth year, produce 1400 gigawatts of savings, and significantly help reduce dependence on fossil fuel and work towards reducing LIPA's customers' bills. He added that anyone who participates in LIPA's programs, even at low to moderate levels, can see a reduction in their bills as a result of the programs, and this will continue to help the Long Island economy and continue to transform the marketplace.

Mr. Deering stated that LIPA has had numerous conversations with the building trades, commercial owners and others, who are beginning to use LIPA's

programs as marketing for themselves to add value to their reconstruction projects. He continued that if customers are talking to them about adding a room or doing some work in their house, they, in turn, are talking about how LIPA can assist on the efficiency side to help them reduce their bills. He indicated that he thinks that this is important and LIPA needs to have them go out and educate and assist LIPA's customers to understand the importance of these programs. He further indicated that LIPA has performed a solid analysis on why this makes sense, and basically the ELI program would cost seven cents per kilowatt hour, which is a significant cost reduction in comparison to the variety of power generating facilities that would otherwise need to be developed to meet demand. He noted that the comparison was done in the first half of 2007 when a barrel of oil was significantly less than what it is today, so the statistics would actually show greater economics for the ELI program if the comparison was to be made today.

Mr. Deering stated that the reason why LIPA is doing this, is that it is the next best resource to avoid the capital and operational maintenance and fueling of a new power plant. He indicated that LIPA can invest this amount of money at this point in time or LIPA can be investing significantly more to build that next power plant. He noted that this is the most cost effective option available to LIPA to continue to stabilize rates.

Mr. Deering stated that with regard to the efficiency program, LIPA looks at what Long Island's need is going to be, and LIPA sees a continued increase in the demand for energy even as the commercial and residential markets slow down. He continued that more people are buying plasma TV's, bigger houses, and larger air conditioners. He noted that more people have Blackberries and all kinds of plug-in devices, so LIPA is continuing to see an energy increase.

Mr. Deering stated that the ELI program is designed to reduce the amount of that increase and without the ELI program, there would be an almost two percent growth which will cause LIPA to run into problems with energy demand around 2013, and which would require some type of investment in power generation or the provision of some other alternative. He continued that with the ELI program, LIPA brings that down to just over one percent, and continues to expand that out and defer, and hopefully eliminate, the need for a new power plant. He indicated that LIPA has to look at the ELI program as one component of a portfolio of options and opportunities to help reduce energy demand. He further indicated that Mr. Hervey is going to give an overview of Smart Metering which is another component to help reduce energy demand.

Chairman Larocca stated that projecting into the future involves any number of variables, and the country is either in a recession now or not, depending on which economist you may have listened to. The Chairman continued that some people will look at a compressing economy and assume a

compression in energy demand goes with it. He noted that that does not always happen; but even if it does, each of the components of this program are meant to be of value and provide a payoff, even if the economy and the demand curve does not grow quite as expected, particularly by extrapolating from past years.

Chairman Larocca stated that conservation, increased efficiency and cost avoidance are all virtues in their own right. The Chairman indicated that the program is conceived in a way that it does not just rely on an ever-expanding demand curve; rather, it relies on the necessity of doing a better job across the board for savings in its own right. He added that if the economy continues to grow it becomes even more important, but it is also of value and importance under virtually every script for the economic future.

Mr. Deering stated that LIPA is not the only one that is saying this, and there was a recent study published by McKenzie & Company that was supported and financed by the NRDC that basically has shown that energy efficiency and reducing the demand is a significant savings and the best investment that utilities and others can make. He continued that the reduction of CO2 emissions consistent with statewide objectives is a cost avoidance that is going to be significant. He indicated that as regional greenhouse gas initiative rules come into play, there are going to be charge-backs for the amount of carbon that is produced, so the less energy that LIPA needs to produce, the lower the cost will be that LIPA will pass on to its customers.

Mr. Deering stated that if LIPA can achieve a reduction of five-hundred megawatts, it will be the equivalent of one to two generating facilities, and LIPA shows that there will be significant economic benefits and that it is a wise investment and LIPA's next best resource. He continued that it is a choice between reducing demand, or as Ms. McCarthy has indicated, "iron in the ground." He indicated that the Clean Energy Initiative was generally a new residential or new construction program, but the ELI program is going to go from new, to retrofit, to appliance, to basically across the board for residences and businesses, and it is broken down into five components: residential new construction, residential efficient products, residential existing homes, commercial new construction and existing commercial facilities.

Mr. Deering stated that the audits will be incorporated into energy efficiency measures that the customer can take advantage of. He indicated that there is a shift in terms of where the percentages of money are applied in this program. He noted that approximately one-third of the money is anticipated to be going to the residential side and two-thirds of the money to the commercial sectors where the greatest savings will be. He added that in both segments of the market, whether residential or commercial, there will be an increased investment by LIPA in terms of energy efficiency.

Mr. Deering stated that he would like to have Mr. Zaweski quickly go through the different scenarios because the question comes up as to how much someone is going to save.

Mr. Zaweski stated that the payback period for a moderate to very large participation in any of the programs, is designed to make sense for the residential customers as well as the commercial customers and forty-four months is the longest time period for a payback with respect to the commercial sector. He continued that it is below the four-year threshold that starts to come into play in connection with the reasonableness for business customers in the past making a decision to go with energy efficiency or not. He indicated that the expected measures that would come along with that type of payback include core performance lighting and high efficiency HVAC systems with dual enthalpy economizer.

Mr. Zaweski added that core performance is not just replacing the lights, it is going in and looking at the lighting scheme itself and seeing if you can do better than a one-for-one replacement with a higher efficiency to a standard bulb that is inside there, but it is also to see if you can perform the design better so that you are doing better than a one-to-one replacement. He further stated that the other is a high-efficiency HVAC system and the dual enthalpy economizer. He indicated that all of this has a long-term payback, so even though there is a maximum of forty-four months for payback, those systems will be in place for

twenty to thirty years. He added that after the payback period, it is all continued savings coming back to that customer.

Mr. Zaweski stated that with respect to the moderate-level customer on the residential side, LIPA is looking at someone who does something as simple as installing six CFL's when their incandescent bulbs burn out, and having an HVAC technician do what LIPA is calling a tune-up, which is a comprehensive version of what is currently being done in the marketplace, as well as duct sealant. He indicated that with respect to this work, LIPA rebates are structured such that LIPA is picking up the majority of those costs. He noted that LIPA expects the out-of-pocket cost initially to be about three hundred dollars for that work, and LIPA's incentives are roughly two hundred eighty-five dollars, leaving a net cost to the customer of roughly fifteen dollars. He added that the payback to the customer will come back in six months or less in all cases.

Mr. Deering stated that he thinks that it is an important component that LIPA is looking at short paybacks and long-term benefits for its customers.

Mr. Deering stated that with respect to how LIPA is going to pay for this, LIPA currently has two separate charges on its bills, the basic delivery charge and a fuel and power charge. He continued that LIPA will be putting in an energy efficiency assessment that will be placed on the bill to recover the program cost and the lost revenues, and there are a couple of reasons for that. He indicated

that first, this will be consistent with rest of the State, in that the rest of the State is subject to what is called a Systems Benefit Charge. He further indicated that LIPA is going to use this directly for efficiency measures and LIPA will not have to compete with other utilities throughout the State.

President Law added that right now, every private utility in the State regulated by the Public Service Commission imposes a Systems Benefit Charge on the customer's bill and all of that money goes to NYSERDA for energy efficiency programs and research programs. He continued that since LIPA is not subject to PSC jurisdiction, LIPA does not have the Systems Benefit Charge. He indicated that this would be comparable to that Systems Benefit Charge that every other utility customer in the State pays.

Mr. Deering stated that LIPA would be able to modify the assessment based on the budget that is provided for the program on an annual basis and it recognizes and tries to address three times the investment that LIPA will be making, so it is also used as an education tool. He continued that LIPA thinks that the customer will be able to see that although they may be paying that assessment fee, if they are a participant, they will see a reduction in their bill. He indicated that there will be no cross-subsidies for these programs, so the commercial sector will be paying the assessment for that program and the residents will be paying for the residential program. He indicated that the cost for

the assessment will be less than two percent at its highest level at any point in time during the program, based on the analysis that LIPA has right now.

President Law stated that we are looking at about a dollar-and-a-half to a maximum of approximately two dollars and seventy five cents a month.

Chairman Larocca stated that it would be easy and largely wrong to see that charge simply as a rate increase. The Chairman continued that for those LIPA customers, residential or commercial, that are subject to this charge and participate in the programs that the charge supports, they can and will net the savings. He continued that in order to promote these programs, they have to be paid for. He indicated that to see the program in isolation as a charge divorced from the benefit, is simply mistaken in his view.

Chairman Larocca stated that LIPA is not in a position, although perhaps the Legislature is, to mandate more behaviors or changes on the part of users, but that should not be necessary if we do our jobs. The Chairman continued that if LIPA does the job well and people do partake of the programs that are available, the savings more than offset the costs. He noted that this is an essential part of the calculation that is being made. He noted that what history tells us is that the payoff in such programs, when properly constituted and fully engaged by the consuming public, are substantial.

Chairman Larocca stated that we start again, as we did thirty years ago, from a fairly wasteful culture of energy practice. The Chairman continued that we lost sight of energy efficiency over many years, and we are returning to that, driven by price and environmental concerns and all the rest. He indicated that the payoff in terms of actual savings which translates to real dollars for every single customer in their own setting, is very real and is an essential part of his enthusiasm for this program, and he thinks it should be from everyone.

President Law stated that we need to distinguish between rates and bills. About ninety eight percent of LIPA's budget is fixed by the cost of its fuel and purchased power, by the cost of LIPA's debt service, by the cost of the property taxes that LIPA pays and by the cost of the operations and maintenance agreement. He indicated that there is not a lot that LIPA can do about rates, especially in light of escalating fuel costs, but what LIPA can do is help its customers with their bills. He further indicated that by participating in LIPA's program, LIPA can help them to lower their bills. He added that we need to distinguish between rates and bills and LIPA believes this program will help its customers lower their bills.

Mr. Deering stated that LIPA will become a model for the nation in terms of utility efficiency programs and we will see a significant amount of the energy potential that we have in terms of reductions. He continued that this is one of the few programs in the country that focuses on peak demand capacity and as

President Law has said, it is one of the largest, if not the largest, municipal public efficiency program in the country.

Chairman Larocca thanked Mr. Deering and Mr. Zaweski for their presentation and entertained questions concerning the presentation.

Trustee Sinnreich asked whether based on the chart, it is assumed that there is no other resource growth for energy or capacity through 2018. Mr. Deering answered affirmatively.

Trustee Sinnreich asked whether that was a realistic assumption when in fact, just repowering itself as he understands it, by increasing the efficiency of existing plants, will be adding resources. Mr. Deering answered that there will be other opportunities to provide efficiency to existing power plants which could increase capacity.

Trustee Sinnreich stated that he supports the program and this is not intended to be critical, but LIPA is not betting the farm for ten years on the program. He continued that he thinks that in order to make educated decisions, LIPA needs to be comparing the real cost and benefits of this program given the realities of other programs including adding resources that we are doubtless intending.

Ms. McCarthy indicated that the chart in question does reflect the resources that LIPA is adding in the period between now and 2015, which includes the addition of the Caithness plant and the impact of Marcus Hook and Bear Swamp. She continued that, in addition to this, there are other options that will be looked at, including repowering, but this is one piece of an additional resource which right now is the next best resource. She added that this is why LIPA is proposing that it be here and LIPA will move its need date to 2016.

Chairman Larocca stated that as a general proposition, the electric resource plan for the region is necessarily dynamic. He continued that increased efficiency and everything embraced in this program is an element and other new capacity is also an element. He indicated that repowering, the broad definition of which is where you might find opportunities in reconstituting existing facilities, is an element. He further indicated that Trustee Sinnreich is absolutely right in that it is not all eggs in one basket, and they should all be undertaken in parallel and in cross-purpose to one another. He added that no one strategy would make sense on its own but only as part of a broad, multi-faceted strategy.

Trustee Sinnreich stated that he understands that and totally supports the program. He indicated that he is not criticizing the program, but he is criticizing this one chart in the presentation because he does not believe it gives an accurate picture. He added that there are going to be added resources over and

above this program and this program has to be seen as one element of an overall strategy, not the only strategy to meet the need over the next ten years.

Trustee Fabio stated that he has a series of questions that revolve around the implementation of this initiative. He asked for example, if he is a LIPA customer, what he will be able to see in terms of what exactly he can take advantage of, and what is the associated cost and benefit to that. He further questioned what LIPA's plan is to educate its commercial and residential ratepayers on this opportunity.

Mr. Deering answered that it is multi-faceted and it is a great point. He continued that LIPA has a very good website but LIPA needs to do a better job in getting people to that website and in having a clear explanation as to what its programs are, how they can access them and how they can calculate their benefits. He indicated that the other aspect of it is to educate the public through various forums and LIPA is going to be doing an aggressive outreach program. He further indicated that LIPA will have a public media campaign with respect to marketing and education and LIPA will be going out to a lot of the trades and commercial owners and doing feet-on-the-ground education in various forms to get people to know these programs and to be aware of them and learn how they can benefit from them.

Trustee Fabio asked whether there will be a sort of menu of opportunities for this particular program. Mr. Deering answered in the affirmative. He continued that there will be some of the rebate programs and there are different combinations of investments that can be made that will vary, including the capital outlays, the payback times and other things. He indicated that LIPA will encourage people, depending upon how widespread they want to make their investment, to reach out to LIPA. He stated that LIPA will have contractors that are directly reportable to LIPA who will be explaining that to them, but LIPA needs to have more charts that are easier to understand and that show what each of the various items can save. He added that LIPA needs to have a broad menu of examples of what they can do.

Trustee Fabio stated that while we can look at projected savings in terms of kilowatt hours per year, he thinks for the ratepayer, perhaps a dollar figure attached to that might be more to their benefit. Mr. Deering indicated that these charges need to be made clearer.

Trustee Fragin stated that he guesses that there are two options to a certain degree: there is the carrot and the stick. He indicated that there appears to be a lot of "carrot" here. He asked what LIPA can be doing with the municipalities, including the counties, towns and villages to increase the amount of energy efficiency in new construction of which there is a tremendous amount, and working with the development community on items such as LEED

certification for commercial projects. He further asked what LIPA is doing to work with the patchwork of legal entities on Long Island to increase that energy efficiency. He indicated that he has seen the Town of Hempstead, Nassau County, Suffolk County and other towns as well, making a lot of strides in energy efficiency. He added that he does not want to leave anybody out, but would like to know what more LIPA can do to involve the community and new construction on these large projects

Mr. Deering stated that LIPA has appointed a full-time person to work on municipal outreach, so LIPA has someone who is in direct communication with the towns, elected officials and other governmental entities. He continued that LIPA has also been talking to many of the facilities managers to let them know that this type of program is going to be coming out. He indicated that the architectural community has been very much interested in this and has been following up, and LIPA is seeing more and more architects incorporating energy efficiency into the design of their commercial facilities.

Mr. Deering stated that LIPA is meeting with many groups and trades in terms of explaining this program and making sure they have the information available to them. They met with Association for a Better Long Island (ABLI) and Long Island Builders Institute, Inc. (LIBI). He continued that the difficulty with some of the municipalities is that it does require a capital investment. He added that these programs will increase LIPA's ability to provide money and assistance

to those local governments to hopefully reduce those capital expenditures to help them actually improve their facilities.

Hearing no further questions or comments, the Chairman continued the meeting.

Chairman Larocca stated that the next item on the agenda is the Operating Report, to be delivered by Mr. Hervey with a focus on the Smart Metering Program.

Mr. Hervey reported that LIPA has had a very calm past month. He continued that the good news is that there really are no significant operating events to report, but noted that he is prepared to offer a presentation with regard to Smart Grid and Smart Meters. He continued that LIPA has been building what is called a “Smart Grid” on Long Island. He noted that this is becoming a buzz word in the industry and you may hear it more and more and see it in newspapers.

Mr. Hervey reported that right now, LIPA has one of the most automated distribution networks in the nation and nearly every one of LIPA’s feeders has an automated switch out that can do some amount of switching during an outage to shorten outages and put power back to the majority of LIPA ’s customers after LIPA has a significant problem. He further reported that LIPA has been working

inside of the industry to promote the technology that is needed to tie all of the automation together and bring us to a point of fruition where LIPA can implement the Smart Grid fully and then the Smart Metering that comes behind it. He indicated that a Smart Grid is putting a digital overlay on top of an existing electric network. He added that the electric network is not just the three wires you see running down the street, but it is also information infrastructure that goes behind it.

Mr. Hervey reported that the Smart Grid along with Smart Meters ultimately puts a two-way data communication capability right from LIPA's IT infrastructure out to the customer's meter. He continued that it enables transmitting the right information not only to LIPA's customers, meaning real-time price information and usage information, but also, in the process of LIPA managing its assets, allows LIPA to have a much greater intelligence on the condition of its network. He added that it is really a means to improving service and reducing capital expenditures while also helping reduce customer's bills from what they otherwise would be.

Mr. Hervey reported that the Smart Grid really offers many improvements to LIPA and LIPA's customers. He continued that much of the electric infrastructure, from a metering standpoint, even though LIPA updated it, are the same types of meters that were around back in the era of Thomas Edison, namely electrical mechanical meters with the spinning dials which we are all familiar

with. He indicated that the Smart Grid puts digital equipment out there and, as he previously mentioned, two-way communications. He continued that two-way communication is available all the way from the LIPA office out to the customer and that enables LIPA to have the communications infrastructure that allows LIPA to put sensors and devices out on the system. This permits LIPA to remotely sensor and control the status of the system at any point. He added that one of the key parts of this is that LIPA wants the system to be self-monitoring, to alert LIPA to when there are problems. Many people right now think that the electric system is a lot smarter than it is; but, in reality, when there is an outage, LIPA still relies on the customer's phone call to tell it that the power is out.

Mr. Hervey reported that the Smart Grid will give LIPA the ability to monitor power remotely and have pervasive control system capability where LIPA can go out and control a lot more equipment remotely without sending manpower out into the field. He continued that it also gives customers full price information on a real-time basis, which is key because right now the majority of LIPA's customers have a meter read every other month. He indicated that every other month meter reading and usage data does not really provide all of the opportunities that LIPA would like to have for a customer to be able to control and monitor their usage and manage their own electric usage. Ultimately the Smart Grid and Smart Metering helps to provide the customer with many more choices.

Mr. Hervey reported that operationally, a key benefit of the Smart Grid is LIPA's aim to have the electric grid be as self-healing as possible. He continued that it really has two aspects: first, when LIPA has the ability to have many more sensors out in the field than it currently has, LIPA can detect problems before they happen; and second, detecting, analyzing and responding to those problems proactively rather than reactively has a benefit to LIPA's reliability. He continued that a Smart Grid is also becoming an expectation and nationwide energy policy is pressing towards implementation of Smart Grids. He indicated that over time the customer base is going to certainly expect the services that this offers.

Mr. Hervey continued that the Smart Grid also helps to optimize LIPA's assets. He continued that when LIPA can real-time monitor each and every transformer and each and every meter, LIPA will have an opportunity to really spend its capital dollars to the best of its ability and to target exactly the expenditures that need to be made in the field.

Mr. Hervey reported that with respect to regulatory changes, national energy policy is certainly moving toward enforcing a standard for Smart Grid and state energy policies are also moving in the same direction. He continued that renewable portfolio standards and the need for net metering certainly drive the need for a Smart Grid. He indicated that the need to implement additional demand responses and to shave off the peak load all go to the necessity for Smart Grid and Smart Metering. He further indicated that this will allow LIPA to

run existing lines or existing facilities at a higher capacity factor, meaning getting more of the design margin out of the system and therefore, eliminate and reduce capital expenditures. He pointed out that this is an important part to the overall reduction of LIPA's cost of operations.

Mr. Hervey reported that LIPA has really been working with the industry to prepare this technology over many years. LIPA has been observing this technology and been very active in its development. He continued that we are really at the point that it is ready to go. He indicated that LIPA has been waiting for the right time to deploy the technology, and there are several hurdles that have to be overcome in order to implement it. He further indicated from a technology and public policy standpoint, and from a regulatory standpoint and financial constraints, LIPA is coming to that point of saturation.

Mr. Hervey reported that LIPA's work to date has been inside the industry with a group called Intelligrid, which has been putting together the standards. He continued that this was initially an effort by the Electric Power Research Institute (EPRI) on one of LIPA's significant research and development efforts, and LIPA has been working, along with many of the utilities, including some of the leaders in the field and the leaders in the industry, to develop the standards for modernizing the electric system by putting together the communications, electric power, computing and internet networks that need to be in place in order for all of this to work seamlessly.

Mr. Hervey stated that the key points that he would like to review regarding Intelligrid is that the standards that LIPA has worked on provide open communications architecture so that the equipment and devices from many manufacturers can seamlessly speak to each other out there. He continued that when they have to transfer old data between each other, there is a two-way energy portal that LIPA can develop going right out to the customer's meter. He indicated as LIPA sees this, it goes beyond the customer's meter and LIPA knows that there are large appliances in development that can take pricing signals and data signals right from our meter that we would put in the field and be able to automatically, in the background, manage the customer's energy usage. He added that LIPA sees that type of application coming in the near future and it has been called by some "Prices to Devices," that enable some of the management of energy, even at the residential level, to be essentially seamless and automatic.

Mr. Hervey reported that the value added energy services that can also come out of this and be enabled by this are additional demand response, net metering and then advanced energy management from buildings such as the one LIPA's offices are in. He continued that each building has an energy management system already in place, but the automated meter technology and the Smart Grid technology allows a seamless interface between LIPA's system and the pricing signals that are out there on the market and the energy management systems for buildings, thereby allowing large commercial buildings to better manage their energy usage. He indicated that this introduces the

concept of Advanced Metering Infrastructure (AMI). He noted that when you hear people talk about Smart Grid it is not just with respect to the meter, as the meter is just a change out of the meter that is out there in the field. He indicated that LIPA needs to put into place a communications and data infrastructure behind that and the combination of data infrastructure and the meter itself are what is called Advanced Metering Infrastructure.

Mr. Hervey reported that once LIPA has the ability to use the system, LIPA can enable rate structures that will let LIPA flatten off the tops of peaks, which is what LIPA builds for with respect to both the transmission and distribution system and generation resources. He continued that in addition to the ELI program that was just discussed, it is also a way to help LIPA manage down that peak, and therefore, reduce the need for the building of that next generating plant. He indicated that the AMI becomes a cornerstone and LIPA has about 13,000 customers across Long Island that are in that drive-by technology currently, where LIPA does not have to go to the home to read a meter. He noted that it was really a last generation type technology, and AMI takes over that technology and becomes an integral and key part to the Smart Grid.

Mr. Hervey reported that LIPA's next steps are that LIPA is now in the RFP evaluation stages of a technology pilot. He continued that LIPA's plan is to deploy this in what was formerly called the Bethpage Utility District, which essentially is the former Grumman site in Bethpage, and also in the Hauppauge

Industrial Park. He added that this is basically a way for LIPA to shake out any bugs that may be in the technology before LIPA lays out plans to build a large-scale deployment.

Mr. Hervey reported that LIPA expects to get both of those projects in place by the end of this year and as LIPA proceeds first for commercial customers in those areas and then quickly expanding out into nearby residential customers, LIPA plans to be able to develop and test the Customer Information Portal that would give customers real-time access to their actual energy use conceptually by way of a webpage. He continued that one of the other things that LIPA hopes to accomplish, and will accomplish in that test, is to perform some market research on the way that customers react to the time of these rates, which are the types of rates that encourage use in the lower priced time periods.

Mr. Hervey indicated that the next item is a complete refined business case and it will be LIPA's intent to be able to show that this has positive cash flow netted with it, so that there is a net savings to LIPA's customers. He added that LIPA would then go ahead and develop a build-out timeline for deployment.

Mr. Hervey reported that LIPA would build out the technology to be able to implement this on any number of timelines as the forces that are pushing LIPA towards doing this can change. He continued that certainly a change of national energy policy could force LIPA to do it faster, and also the desire to induce more

changes in customer behavior and customer usage patterns, forces the timeline in different directions. He indicated that nevertheless, from a technology and hardware standpoint, LIPA would be ready to support any of those policy choices that it would make. He further indicated that also very important in this process is the development of communication and back office IT infrastructure, a significant investment which LIPA has to build out over time.

President Law stated that LIPA staff is not looking for action from the Board on either the ELI program or the Smart Meters, they just want to bring it to the Board's attention. He continued that Smart Metering is something that helps LIPA have a much more efficient system and certainly compliments LIPA's energy efficiency program. He indicated that LIPA staff will come back to the Board regarding the implementation of this program, probably in the capital budget that they will likely be sharing in the month of June. He further indicated that he is excited about this, and it is where technology and regulation are heading, and that is also the case with efficiency programs. He added that the Public Service Commission is looking to start imposing energy efficiency programs on the utilities that it regulates, and as LIPA is a public utility, LIPA should be held to a better and higher standard, so LIPA is moving out in front, before it is told to do so.

Vice Chairman Steinberg asked whether Mr. Hervey could estimate what the cost of this program might be, as LIPA has not budgeted for it, and it sounds

like a great and very ambitious program in that LIPA would replace everybody's meter. Mr. Hervey answered that LIPA estimates that this is in the neighborhood of about two hundred and sixty dollars per customer, so if you multiply that by LIPA's 1.1 million customers, you would be in the two hundred sixty to three hundred million dollar range. He continued that this certainly goes to the need to create a robust business case that really justifies this on its own merits.

Vice Chairman Steinberg asked whether the robust business case meant that this is eventually going to be offset by savings. Mr. Hervey answered that LIPA staff wanted to show that this is offset by savings, and that LIPA will have the capital and other operational savings to offset this expenditure.

Vice Chairman Steinberg asked roughly over what period of time that expenditure would be. Mr. Hervey answered that this is a key part to the business case. He continued that generically, he can state that this will be paid off over time, if LIPA implements it gradually. He indicated that if public policy accelerates that over time, then LIPA may have a need to go quicker. He stated that conceptually this would be something you could do quicker than in about three years time and that is an all out change out, massive effort, and a very expensive way to go about it. He indicated that it would be much more economically done over a period of ten or more years.

Vice Chairman Steinberg asked for clarification of the cost estimate, whether the estimate includes the cost of labor as well as equipment. Mr. Hervey answered that it includes equipment, labor and the IT and communications infrastructure.

President Law stated that LIPA envisions beginning to implement this over its capital program over several budgets. He indicated that LIPA wants to start off and see how it works, as well as take the kinks out. He added that the technology changes just like every time you get a Blackberry or cell phone and then the next month they come out with a better one, so it does not make sense to implement it all at once.

Mr. Hervey stated that not getting to technology dead-ends has been a key part of what LIPA has been trying to accomplish on the technology side.

Trustee Fabio stated that it seems as though with every advancement in technology comes concerns about security, invasion of privacy, and the ability of any digital system to withstand hacking and possibly being compromised. He asked whether the technology is too new to have any information on this. Mr. Hervey responded that it has been a key concern of LIPA's to have this security issue addressed in the technology and that is one of the reasons why LIPA has not advanced at this point to a more in-depth implementation than LIPA has. He noted that LIPA needs to have the most robust security available if LIPA is not

just using this to transfer meter data, which arguably is not that important for the security process. He indicated that the communication system will be used to actually operate and monitor the system so it has to have the highest level of security. He added that LIPA is really at the point, the way that the standards have been developed, where LIPA believes that it can implement something that, in fact, is as secure as anything that is in the data infrastructure.

Trustee Fabio asked whether there were any concerns that have been raised in other venues about an invasion of privacy or that monitoring usage as a “big brother” is watching everything we may do. Mr. Hervey answered that there is a concern about that, but one must also keep in mind that LIPA has usage data already compiled in the traditional way. He continued that this is just more frequent usage data, so LIPA would certainly protect the customer’s privacy as it already does. He indicated that LIPA would really just be moving usage data over the airwaves and radio and communication and fiber systems that support this, and the data is not necessarily associated with the customer as it travels, so you could not put those two types of things together. He further indicated that precautions certainly need to be taken in the process.

Trustee Nugent asked whether the communities that have implemented the Smart Grid before LIPA, have been able to hold steady in terms of placement of employees who use to take care of those functions that are now taken over by the Smart Grid program. Mr. Hervey answered that there are a number of ways to do

this. He indicated that there would be a very long duration for the implementation, and the implementation itself takes much more manpower than the typical meter reading does, so, for the duration of the implementation, he would foresee that manpower would actually be increased. He further indicated that the other opportunity that LIPA has during the implementation, is that for every Smart Meter that LIPA puts in, a meter reader is freed up, and now LIPA can go into more frequent meter reads on the old manual meters, instead of every other month. He added that LIPA has had discussions with the union, which is concerned about it, but he thinks that there certainly is a way to manage that, and LIPA is looking at ways to make sure that the work force is included rather than excluded in LIPA's plans.

Trustee Fabio asked with respect to the reliability report, whether LIPA is concerned about the SAIFI index for 2008 which seems to be above the target level and somewhat approaching a penalty trigger. Mr. Hervey answered that LIPA does have its eyes squarely on this, and there has been a long-term trend over the past year which he discussed a little bit last month, in that this is higher than LIPA would like it to be. He indicated that LIPA has implemented two things right off the bat in order to address this, and LIPA does expect to see that level out. He added that he knows enough about the day-to-day numbers to know that it is leveling out. He continued that, primarily, LIPA has increased or accelerated the tree trim program mostly loaded into the first half of the year. He added that

instead of finishing up the tree trimming program in December, LIPA will be done with that program in September of this year.

Mr. Hervey stated that LIPA has also redirected some capital dollars into the reliability program in order to level this out. He continued that the SAIFI indicator is a performance line for National Grid and that line is also the normal operating balance for LIPA. He indicated that anything up to that is normal, and LIPA has been at that spot before and will be again. He added that given the fluctuation of the weather, anything between the bands on the index is normal for LIPA, but it is also a penalty level for National Grid, so clearly they are concerned about not getting into that penalty area, and they have been working with him to avoid that.

No other comments having been heard, Chairman Larocca stated that the next item on the agenda is approval of an energy conservation agreement with the North Shore Central School District. After calling for a motion on the resolution, which was seconded, the Chairman stated that the matter will be presented by Ms. Nicolino.

Ms. Nicolino stated that the Trustees are being requested to approve and adopt a resolution authorizing the President and CEO or his designee, to enter into an Energy Conservation Agreement between the Long Island Power Authority and the North Shore Central School District for LIPA to provide funding

in a one-time amount of seven hundred thousand dollars for energy conserving capital improvements within the school district related to the KeySpan-Glenwood Energy Center in Glenwood Landing, Nassau County. She continued that at the January 24, 2008 meeting of the Board, LIPA staff presented, but did not obtain, authorization to proceed with the Energy Conservation Agreement with the North Shore School District, and at that time, set forth the history of the tax dispute between LIPA and the Nassau County Assessor's Office in connection with a proposed tax assessment of the generation equipment at the KeySpan-Glenwood Energy Center.

Ms. Nicolino noted that, as indicated at the January 24, 2008 meeting, LIPA had previously challenged the proposed tax assessment through an administrative appeal with the County, whereafter a settlement of this dispute was reached with the County, which provided for, among other things, LIPA's commitment to provide energy conservation funding to the school district in an amount to be later determined between the parties.

Ms. Nicolino stated that LIPA staff believes that the commitment to provide funding to the school district was not only a necessary component to settling the tax matter related to the Glenwood project, but as proposed, serves to reduce electrical energy consumption in a manner that would directly benefit LIPA's customers. She continued that specifically, the LIPA funding would be a one time payment of \$700,000 and would be applied exclusively to replacing and

retrofitting existing lighting fixtures in six different buildings throughout the school district, as part of a comprehensive energy conservation program being undertaken by the district.

Ms. Nicolino indicated that since the January 24, 2008 meeting, and as requested, the Trustees have been provided with additional information including, but not limited to, a full briefing of the matter by in-house and outside counsel regarding the potential for litigation and other risks related to this matter if the Board were to choose not to proceed. She added that comments on the matter were addressed to the Board at its March 27, 2008 meeting, by the Nassau County Assessor, Harvey Levinson, and the Superintendent of the North Shore Schools, Dr. Edward Melnick.

Ms. Nicolino stated that based on this additional information, the Trustees expressed their willingness to support reconsideration of the agreement; provided, however, an additional reporting requirement related to the electrical usage and/or other savings to be realized by the district in connection with the use of the LIPA funding is added to the agreement. She continued that LIPA staff has incorporated that additional reporting requirement into the proposed agreement and believes it is still appropriate and in LIPA's best interest to proceed with the agreement as modified at this time. She indicated that accordingly, LIPA staff recommends approval of the resolution presented at this meeting related to this action item.

Chairman Larocca reminded the Board that they spent considerable time in Executive Session last time reviewing this because of its administrative law setting and so this is an item that is familiar to them.

Chairman Larocca then entertained questions on the matter.

Vice Chairman Steinberg stated that he has no problem with the settlement, but he will need to abstain from the vote because Honeywell is a recipient of the funding and his firm represents Honeywell. He continued that he would like to further state that neither he nor any member of his firm participated in any way in the negotiation of the settlement.

Chairman Larocca noted that Vice Chairman Steinberg also recused himself during the Executive Session on this matter.

No other questions or comments having been heard, the following resolution was approved, with Vice Chairman Steinberg abstaining.

863. AUTHORIZATION OF THE EXECUTION OF AN ENERGY CONSERVATION AGREEMENT WITH THE NORTH SHORE CENTRAL SCHOOL DISTRICT

WHEREAS, in accordance with its statutory powers and functions, LIPA has acquired title to land located at Glenwood Landing, Town of Oyster Bay, New York, described on the Nassau County Land and Tax Map as Section 21, Block 596 (the "Land"); and

WHEREAS, LIPA has entered into an agreement with KeySpan-Glenwood Energy Center, LLC (“KeySpan”) under which LIPA has leased the Land to KeySpan for the purpose of constructing and operating two gas-fired electric generating units with a total capacity of 79.9 megawatts (the “Project”); and

WHEREAS, the generation units were constructed by KeySpan and went into operation in May 2002, and are separately assessed on the Nassau County Land and Tax Map as Section 21, Block M, Lot 596E (the “Property”); and

WHEREAS, LIPA has also entered into an agreement with KeySpan under which KeySpan will make available to LIPA all of the capacity and to the extent requested, energy from the Property; and

WHEREAS, a dispute arose regarding the nature and extent of taxes and/or payments-in-lieu of taxes (“PILOTs”) to be paid by LIPA to the County of Nassau (the “County”) related to the Property and Land for the Project; and

WHEREAS, LIPA filed a grievance with the County’s Assessment Review Commission (“ARC”) related to such dispute; and

WHEREAS, in order to avoid continued administrative action and potential litigation, the County, the North Shore Central School District (the “School District”) and LIPA engaged in various discussions related to prospective PILOTs and/or other benefits that may be provided to the County and the School District in recognition of the presence of the Project; and

WHEREAS, in consideration of the foregoing, LIPA and the County stipulated to settle the ARC tax grievance matter by agreeing, among other things, to enter into a PILOT agreement pursuant to which payments will be made by LIPA to the County in a specified amount over a specified period of time; and

WHEREAS, LIPA also agreed as part of the settlement to enter into an agreement with the School District to provide assistance for energy-conserving capital improvements or other similar assistance in a manner and amount to be specified in such agreement; and

WHEREAS, LIPA and the School District have reached consensus on the nature and amount of such assistance related to an upcoming energy-conserving capital improvement project planned by the School District; and

WHEREAS, LIPA staff believes that it is appropriate to proceed with the funding at this time since the commitment to provide energy conservation funding to the School District was a necessary component to settling the tax matter related to the Glenwood Project and, as currently proposed, will also serve to reduce

electrical energy consumption in a manner that will benefit LIPA's customers;
and

WHEREAS, a proposed Energy Conservation Agreement (the "Agreement") was presented to the Trustees but failed to be approved at the January 24, 2008 meeting of the Board, after which the Trustees were further briefed on the matter by in-house and outside counsel; and

WHEREAS, in light of that further briefing and other information presented to the Trustees for consideration, the Trustees have expressed their support for the reconsideration of the Agreement, provided an additional reporting requirement on the part of the School District related to reduction of electric usage is added to the Agreement; and

WHEREAS, LIPA staff has incorporated that additional reporting requirement into the proposed Agreement, as requested;

NOW, THEREFORE, BE IT RESOLVED, that the Trustees authorize the President and Chief Executive Officer or his designee to execute the Agreement with the School District substantially in the form presented at this meeting.

* * *

Chairman Larocca stated that the next item on the agenda is consideration of approval to adopt a Finance and Audit Charter, to be presented by Ms. McCarthy.

Ms. McCarthy stated that the Trustees are requested to approve and adopt a resolution approving the Long Island Power Authority's Finance and Audit Committee Charter. She continued that pursuant to the Public Authorities Accountability Act, public authorities, including LIPA, are required to establish an Audit Committee comprised of independent members who, among other things, have direct oversight of the performance of the independent audit performed for

the Authority. She indicated that on March 22, 2007, the Trustees modified by resolution certain aspects of the Finance and Audit Committee to, among other things, more fully meet the requirements. She added that in furtherance of the Authority's efforts in this regard, it is desirable to adopt by resolution, a governing charter to formalize the purpose, powers, activities, structures, composition and responsibilities of the Finance and Audit Committee.

Ms. McCarthy stated that the proposed charter has been reviewed by the Finance and Audit Committee, and with the modifications to be noted, found to be in all respects appropriate for consideration of adoption by the full Board. She continued that the resolution in the fifth "whereas" clause will be changed to, "it is desirable to formalize the purpose, powers, activities, structures, compositions and responsibilities of the committee through adoption and implementation of a governing charter." She noted that they are also deleting "at this time" and inserting "the adoption."

Ms. McCarthy stated that on the charter itself, on the first page, in the first sentence, which indicates that the Finance and Audit Committee shall consist of three or more Trustees as determined, "by the Chairman of" will be deleted, and it will now read "as determined by the Board of Trustees." She further stated that on page six of the charter in the "limitations of responsibility" section, for the purpose of clarity, the first sentence, which recognizes that the members of the committee are not full-time employees, should be modified to reflect that they are

not any type of employees; thus the phrase “full-time” has been struck from that reference. It will read that “members of the committee are not employees of the Authority.” She added that with those modifications, the recommendation of the Finance and Audit Committee was that this was appropriate for adoption.

Chairman Larocca stated that in reviewing that language, he wants to make clear that while the Trustees are not employees, they do work for the Authority.

The Chairman called for comments and entertained a motion to approve the new charter of the committee.

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

**864. ADOPTION OF THE CHARTER OF THE FINANCE AND AUDIT COMMITTEE
OF THE AUTHORITY BOARD OF TRUSTEES**

WHEREAS, the Public Authorities Accountability Act of 2005 (the “Act”) requires public authorities including the Long Island Power Authority (the “Authority”) to establish an audit committee comprised of independent members, as defined therein; and

WHEREAS, the Act requires that the audit committee members be, to the extent practicable, familiar with corporate financial and accounting principles; and

WHEREAS, the Act further requires that the audit committee be responsible for, among other things, the direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes; and

WHEREAS, the Authority’s current Finance and Audit Committee (the “Committee”), meets the requirements of the Act;

WHEREAS, it is desirable to formalize the purpose, powers, activities, structure, composition and responsibilities of the Committee through adoption and implementation of a governing Charter; and

WHEREAS, the Committee has reviewed the proposed Charter, as attached hereto, and recommends, by way of resolution, that the Board of Trustees adopt the Charter accordingly;

NOW, THEREFORE, BE IT RESOLVED, that the Trustees hereby adopt the Finance and Audit Committee Charter presented at this meeting; and be it further

RESOLVED, that this resolution take effect immediately.

*** * ***

Chairman Larocca stated that the next item on the agenda is consideration of approval of the engagement of a firm to provide commercial real estate brokerage services. The Chairman entertained a motion, which was seconded, and indicated that the matter will be presented by Ms. Nicolino.

President Law stated that for those that may recall, last year he thought it would make sense for LIPA to examine its space needs. He continued that the Omni is a beautiful building and the landlord has been good, but LIPA is on two different floors in a very expensive building. President Law stated that he wanted to see what other options are out there. He continued that to do that, he thought it would make sense for LIPA to secure the services of a commercial real estate broker to assess its space needs and determine whether it makes sense to stay in the current location and consolidate or to look at other options. He indicated that

this is what is before the Board and Ms. Nicolino is now going to go through the procurement process for that proposal.

Ms. Nicolino stated that in light of President Law's desires, LIPA issued an RFP on January 9th, for a firm to provide commercial real estate brokerage services. She continued that it was advertised in accordance with LIPA's procurement guidelines and on February 6th, LIPA received eight responses to that RFP. She indicated that a selection committee comprised of Authority members examined each of the proposals and determined that the three top scoring firms should be brought in for an interview.

Ms. Nicolino stated that based upon the written submissions, the interviews and an assessment of the Authority's needs, it was determined that CB Richard Ellis, Inc., is best suited to fulfill the Authority's needs based upon their superior qualifications, experience and expertise in performing these types of services, which qualifications are more appropriately laid out in the Board memo. She indicated that based upon that, LIPA staff determined that they should be recommended for an agreement to provide those commercial real estate brokerage services to the Authority for three years. She added that LIPA staff is making that recommendation to the Board at this time.

Chairman Larocca then entertained comments with respect to the matter.

Trustee Sinnreich stated that he hopes that one consideration, if LIPA does move, is to move to a more central location in terms of its overall service area.

Trustee Damianos noted that he has to abstain from this as a commercial landlord who has had multiple dealings with most of the people that are on the list. He continued that he can state that the brokers that did respond to this RFP were fairly representative of the commercial brokers that are out there and the finalist and the actual one that is before this Board, would represent LIPA well. He added for the record that he was not part of the selection process on this.

Vice Chairman Steinberg stated that he also needs to abstain because CB Richard Ellis has been represented by his firm. He indicated that neither he nor his firm participated in any way in this selection.

President Law stated that one of the things that he will carve out, is that to the extent that LIPA decides to build its own headquarters on its own property or some other state-owned property, there would be no fee. He continued that LIPA having its own building is also a possible option.

No other comments having been heard, the following resolution was approved, with Trustee Damianos and Vice Chairman Steinberg abstaining:

865. ENGAGEMENT OF FIRM TO PROVIDE COMMERCIAL REAL ESTATE BROKERAGE SERVICES

RESOLVED, that the President and Chief Executive Officer be, and hereby is, authorized to engage CB Richard Ellis, Inc. to provide commercial real estate brokerage services to the Authority and LIPA, with the contract term to be three years.

*** * ***

Chairman Larocca stated that the next item on the agenda is consideration of approval of the engagement of a firm to provide independent auditing services. After requesting a motion on the resolution, which was seconded, the Chairman stated that the matter will be presented by Ms. Nicolino.

Ms. Nicolino stated that the Trustees are being requested to approve a resolution authorizing the President and CEO, or his designee, to negotiate and execute an agreement with KPMG to provide independent financial auditing services to the Authority and its subsidiary, LIPA, for a term of five years. She continued that under the LIPA Act, the Division of State Budget is responsible for selecting LIPA's independent auditors and they have been doing so since LIPA was created. She indicated that most recently, on January 3, 2008, the Division of Budget issued a request for proposals seeking accounting firms experienced in public finance and electric utility accounting to perform LIPA's audits for the next five years. She further indicated that on January 31st, the Division of Budget received responses from three firms: KMPG, Deloitte & Touche and Ernst & Young. She added that a selection committee comprised of three Department of

Budget staff members and one LIPA staff member conducted an evaluation of these proposals, and in accordance with the Division of Budget's procurement requirements, determined that KPMG is best suited to fulfill LIPA's needs going forward.

Ms. Nicolino stated that although the Division of Budget procures and selects LIPA's auditors, the resulting contract is between LIPA and KPMG directly, and as a result, in accordance with LIPA's procurement guidelines, LIPA staff is seeking the Board's authorization for the negotiation and execution of that agreement at this time. She noted that pursuant to the requirements of the Public Authorities Accountability Act, the lead auditing partner of any accounting firm providing auditing services to the Authority may not continue to serve that Authority, including LIPA, if they have served in that capacity for the five previous fiscal years. She indicated that in light of that statutory requirement, and the fact that KPMG has been serving as LIPA's auditors for the previous five fiscal years, KPMG has proposed a new lead auditing partner to service LIPA's account going forward, and LIPA has determined the selected person is qualified and acceptable. She added that based on the foregoing, LIPA staff recommends adoption of the resolution related to this item at this time.

Chairman Larocca then called for comments or questions on the matter, and requested a vote on the resolution.

No comments having been heard, the following resolution was approved, with Vice Chairman Steinberg abstaining:

866. ENGAGEMENT OF FIRM TO PROVIDE INDEPENDENT FINANCIAL AUDITING SERVICES

RESOLVED, that the President and Chief Executive Officer be, and hereby is, authorized to negotiate and execute an agreement with KPMG, LLP to provide independent financial auditing services to the Authority and LIPA, with the term to be five years.

* * *

Chairman Larocca stated that the next item on the agenda is consideration of approval of an authorization to extend the agreement with the New York Power Authority regarding support for the Brookhaven National Laboratory. After requesting a motion on the resolution, which was seconded, Chairman Larocca stated that the matter would be presented by Ms. McCarthy.

Ms. McCarthy stated that the Trustees are being requested to approve and adopt a resolution authorizing the President and CEO to amend LIPA's current agreement with the New York Power Authority, to retain a portion or all of a debt service savings from a partial refinancing of the Y-49 transmission cable in order to provide, on behalf of LIPA, support to the Brookhaven National Lab. She continued that the agreement would extend an existing agreement that LIPA has with the Power Authority beyond its current expiration date of June 30, 2008, to December 31, 2008, and allow NYPA on LIPA's behalf, to provide an additional

\$750,000 to Brookhaven National Lab. She noted that at the June 23, 2005 meeting, the Trustees approved a resolution enabling LIPA to provide the support to Brookhaven National Lab as part of an overall state-wide assistance package to minimize Brookhaven National Lab's exposure to sharply higher electric costs to enable the lab to continue with its current research and development plan and to retain and grow its work force. She indicated that NYPA, the Empire State Development Corporation and the New York State Senate also participated in that assistance package to Brookhaven National Lab.

Chairman Larocca at that point noted that in the interest of time, he would excuse a full reading of the memo in support. He then directed that such memo be incorporated into the presentation as part of the minutes of the meeting, and invited any questions or comments on the matter.

Trustee Fragin questioned how this is a LIPA project as opposed to a federal project, given the fact that it is a federal laboratory. President Law answered that a few years ago, LIPA, NYPA and the Empire State Development Corporation found that it is the State's interest to assist Brookhaven National Lab because they are one of the largest employers on Long Island, in addition to the role they play for the entire country. He continued that in addition to providing efficient, reliable energy to Long Island, the other part of LIPA's mission in its enabling statute, is to grow economic development on Long Island, and that was how LIPA got into this three years ago.

Chairman Larocca stated that with respect to at least thirty years of history that he is aware of, there is frequent partnering between the State and its resident Federal laboratory. He continued that NYSERDA has had partnerships with the laboratory and its member universities over the course of many years with respect to solar power energy conservation and energy efficiency and so forth. He indicated that he sees this as part of a long continuum of involvement which has special consideration. He added that in states where the federal laboratories exist, partnering with the host state frequently enhances the acquisition of business on the federal level.

Trustee Fragin stated that this is in effect a subsidy, as opposed to a program, and LIPA is not partnering with them on any type of energy efficiency program. He indicated that he just wants to be clear as to what exactly the Board would be voting on, since LIPA is essentially giving them a cash subsidy in order to operate on Long Island. He further indicated that Brookhaven National Lab is an important part of Long Island's economy, and it is good for Long Island, but he just wanted to make sure that it is clear that LIPA is extending to them a cash subsidy.

Chairman Larocca stated that he would prefer not to characterize it that way, but rather as a partnering. He continued that whether LIPA is directly involved in an energy-specific project or not, he thinks that this fits into the broader mandate that LIPA is also deeply involved in and mandated to be part of

the economic development health of the region that it serves, and he sees this as part of that.

No other comments having been heard, the following memorandum was incorporated by reference and the corresponding resolution was approved unanimously:

FOR CONSIDERATION

April 30, 2008

TO: The Trustees

FROM: Kevin S. Law

SUBJECT: Extension of Agreement with New York Power Authority Regarding Support to Brookhaven National Laboratory

REQUEST: Approval of Resolution Authorizing the President and Chief Executive Officer to Extend the Existing Agreement with New York Power Authority Regarding Support of Brookhaven National Laboratory

Requested Action

The Trustees are being requested to approve and adopt a resolution authorizing the President and Chief Executive Officer, or his designee, to amend LIPA's current agreement with the New York Power Authority ("NYPA") to retain a portion of debt service savings from a partial refinancing of the Y-49 transmission cable in order to provide, on behalf of LIPA, support to Brookhaven National Laboratory ("BNL") (the "Agreement"). The amendment would extend the Agreement beyond its current expiration date of June 30, 2008 to December 31, 2008, and allow NYPA on LIPA's behalf, to provide an additional \$750,000 of support to BNL.

Background

At its June 23, 2005 meeting, the LIPA Trustees approved a resolution enabling LIPA to provide support to BNL as part of an overall statewide assistance package to minimize BNL's exposure to sharply higher electric costs to enable the lab to continue with its current research plan and to retain and grow its workforce. NYPA, Empire State Development Corporation ("ESDC") and the New York State Senate also participated in the assistance package to BNL. Accordingly, LIPA entered into the Agreement with NYPA, wherein NYPA was required to retain a portion of its debt financing savings from a partial refinancing of the Y-49 transmission cable and provide, on behalf of LIPA, support to BNL in the amount of \$1.5 million per year for a three year period, ending June 30, 2008.

By extending this agreement through December 31, 2008, NYPA will continue to bill LIPA \$125,000 per month, a majority of which will come from debt service savings, and provide those benefits to BNL in accordance with the agreement.

Discussion

LIPA, NYPA and ESDC continue to recognize the impact that sharply higher electric costs would have on BNL's future and the importance of BNL to the Long Island economy. In anticipation of the expiration of the current agreement, LIPA, NYPA and ESDC have been working with BNL and believe it is necessary to extend the current assistance package for an additional six months to allow time for discussions with the Governor's Office regarding a long term energy solution.

Accordingly, LIPA proposes to extend the Agreement to authorize NYPA to charge LIPA \$125,000 per month to provide assistance to BNL, on LIPA's behalf, for the period of July 1, 2008 through December 31, 2008. NYPA would be required to provide those amounts on LIPA's behalf under the same terms and conditions as exist under the Agreement.

Recommendation

For the reasons stated, I recommend approval of the above requested action by adoption of a resolution in the form of the attached draft resolution.

Attachment Resolution

867. AUTHORIZATION TO AMEND THE AGREEMENT WITH NEW YORK POWER AUTHORITY REGARDING SUPPORT OF BROOKHAVEN NATIONAL LABORATORY

WHEREAS, LIPA, and the New York Power Authority (“NYPA”) are parties to an agreement dated February 15, 2006, under which NYPA retains a portion of the savings realized by the refinancing of its Series 2000A bonds for the Y-49 cable on behalf of LIPA to provide assistance to Brookhaven National Laboratory (“BNL”) (the “Agreement”) as part of an overall statewide assistance package to minimize BNL’s exposure to sharply higher electric costs to enable BNL to continue with its current research plan and to retain and grow its workforce; and

WHEREAS, the terms of the Agreement provide for LIPA to provide assistance to BNL of \$1.5 million annually for the period beginning July 1, 2005 through June 30, 2008; and

WHEREAS, LIPA is part of a concerted New York State effort to continue to work with BNL to provide economic development assistance for BNL through the end of 2008; and

WHEREAS, LIPA staff proposes to extend the Agreement with NYPA, under which NYPA will continue to bill LIPA \$125,000 per month, a majority of which will come from debt service savings, and provide those benefits to BNL in accordance with the agreement, through December 31, 2008;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth in the preceding Memorandum and herein, the President and Chief Executive Officer or his designee, be hereby authorized to execute and effect the above-mentioned extension to the Agreement, and to perform such further acts and deeds as may be necessary, convenient or appropriate, in the judgment of the President and Chief Executive Officer or his designee, to assure that the foregoing is carried out.

*** * ***

After indicating that there will be a public session following the Board meeting and then an Executive Session to deal with matters of litigation, Chairman Larocca stated that the final item on the agenda is Board consideration of the approval of the engagement of a firm to provide interim financial advisory

services. After requesting a motion on the matter, which was seconded, the Chairman indicated that the matter will be presented by Ms. McCarthy.

Ms. McCarthy stated that the Trustees are being requested to approved a resolution to engage Public Financial Management, Inc. to provide interim financial advisory services to the Authority through a period to end no later than March 31, 2009. She continued that the Finance and Audit Committee was fully briefed on this, and in the interest of time, referred to the memorandum of recommendation before the Board. She added that the Finance and Audit Committee did resolve to recommend adoption of this resolution by the Board.

Chairman Larocca asked Ms. McCarthy to confirm that the underlying occasion creating the request is the change in ownership of Bear Sterns. Ms. McCarthy stated that he was correct.

Chairman Larocca then invited questions or comments on the matter.

No comments having been heard, the following memorandum was incorporated by reference and the corresponding resolution was approved unanimously:

FOR CONSIDERATION**April 30, 2008**

TO: The Trustees

FROM: Kevin S. Law

SUBJECT: Financial Advisor

REQUEST: Authority to Engage Firm to Provide Interim Financial Advisory Services

Requested Action

The Trustees are being requested to approve a resolution authorizing the President and Chief Executive Officer or his designee to engage Public Financial Management, Inc. to provide interim financial advisory services to the Long Island Power Authority (the "Authority") through a period to end no later than March 31, 2009.

Background

In December 2007, the Trustees approved the extension of the engagement of Bear Stearns & Co., Inc. ("Bear Stearns") to serve as the Authority's financial advisor for an interim term which was to expire on September, 30 2008. However, due to the recent announcement of the proposed acquisition of the parent of Bear Stearns (The Bear Stearns Companies Inc.) by JP Morgan Chase & Co., Bear Stearns is no longer be able to fulfill its obligations to the Authority under the extended financial advisor engagement due to the existence of a conflict of interest. JP Morgan Chase & Co. currently provides banking services to the Authority through more than one of its subsidiaries, and as such, Bear Stearns will no longer be able to provide independent advice to the Authority in connection with its finances. Therefore, on April 28, 2008, Bear Stearns and the Authority terminated the interim financial advisory engagement dated January 9, 2008 between the parties.

The Authority currently intends to issue a request for proposals ("RFP") for financial advisory services in the second quarter of 2008. However, given the complexity of the current financial markets and the potential financial transactions the Authority is currently evaluating, it is necessary and prudent to contract with a financial advisory firm on an expedited basis in order to ensure that there is continuity in such financial advisory services throughout the RFP process, or March 31, 2009, whichever occurs first.

Accordingly, Authority staff requested and received Statements of Qualifications and fee quotes from three well known financial advisory firms with considerable experience in public finance: Capital Markets Advisors, LLC, (“CMA”), Public Financial Management, Inc. (“PFM”) and Public Resources Advisory Group (“PRAG”). An evaluation team comprised of Authority finance staff reviewed the Statements of Qualifications and conducted interviews of CMA, PFM and PRAG to assess the strengths and weaknesses of each firm with respect to the Authority’s needs and the proposed cost.

Based on the written submissions, the interviews, and an assessment of the Authority’s needs, it was determined that PFM is best suited to fulfill the Authority’s needs based on their qualifications, experience, expertise and proposed cost for performing the services required by the Authority. In this regard, some of the strengths of PFM include:

- Familiarity with the Authority’s present and future debt portfolio and financial management needs (a lead team member of PFM has served as the Authority’s financial advisor in the past when he was at Morgan Stanley);
- Extensive knowledge and experience in public finance and specialization in the public power field;
- The quality of its derivative risk management software system that measures and monitors risk exposure;
- Reasonableness of the proposed fee structure.

The Authority staff believes that selecting and engaging PFM to provide financial advisory services to the Authority provides the best value to its customers during this interim period. As reflected in the attached resolution, the proposed selection of PFM has been presented to and reviewed by the Finance and Audit Committee, and found to be in all respects appropriate for consideration of adoption by the full Board.

Recommendation

Based on the foregoing, I recommend approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

Attachment **Resolution**

868. ENGAGEMENT OF FIRM TO PROVIDE INTERIM FINANCIAL ADVISORY SERVICES

RESOLVED, that the President and Chief Executive Officer or his designee be, and hereby is, upon recommendation of the Finance and Audit Committee, authorized to engage Public Financial Management, Inc. to provide interim financial advisory services to the Long Island Power Authority, with the contract term to expire no later than March 31, 2009.

* * *

Chairman Larocca stated that the Board will hear public comment and then adjourn for an Executive Session to follow the public session.

After hearing all public comment, the Chairman thanked all in attendance for their patience and participation at the meeting and entertained a motion to go into Executive Session.

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

869. 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 litigation and personnel matters.

* * *

At 1:25 p.m. the open session of the Board of Trustees was temporarily adjourned and an Executive Session of the Board of Trustees was convened.

At 2:30 p.m. the Executive Session was adjourned and the open session was reconvened.

After noting that no votes were taken in the Executive Session, Chairman Larocca entertained a motion to adjourn. Upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 2:31 p.m.

Respectfully submitted,

Lynda Nicolino