

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 120th MEETING

HELD ON FEBRUARY 3, 2000

Pursuant to notice dated January 26, 2000, the Long Island Power Authority (the "Authority") was convened for the one hundred and twentieth time at 11:15 AM at the Omni Teleconference Center in Uniondale, NY.

The following Trustees of the Authority were present:

**Richard M. Kessel, Chairman
Patrick Foye, Deputy Chairman
Michael Affrunti
NancyAnn Akeson
Harvey Auerbach
Thomas Doherty
Michael Faltischek
Harriet Gilliam
Robert Maimoni
Nancy Miklos
Vincent Polimeni**

Also representing the Authority were Seth Hulkower, Chief Operating Officer, Stanley Klimberg, General Counsel, David Warren, Chief Financial Officer, Edward Murphy, Vice President and Controller, David Feldman, Budget Director, Ellen Markowski, Special Assistant to the Chairman, William Davidson, Director – Government Affairs, Richard Bolbrock, Vice President – Power Markets, Bert Cunningham, Vice President – Communications, Christopher Furlong, Director – Customer Relations, Bruce Germano, Vice President – Retail Services, Campbell

Ayling, Associate General Counsel and Laurie Leat, Secretary to the Board.

Upon determining that a quorum was present, the Chairman called the meeting to order.

Chairman Kessel entertained a motion to go into executive session to discuss the proposed Shoreham Settlement Agreement and personnel issues.

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

466. 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 11:17 a.m. the open session of the Board of Trustees was temporarily adjourned and an executive session of the Board of Trustees was convened.

At 1:20 p.m. the executive session was adjourned and the open session was reconvened.

Chairman Kessel stated that the first item on the agenda is approval of the minutes of the December 16 Board Meeting.

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

467. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE DECEMBER 16, 1999 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on December 16, 1999, 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.

*** * ***

Chairman Kessel stated that the next item on the agenda is his report providing updates on some LIPA activities. He commended the work force of LIPA and KeySpan for the outstanding job they did in the difficult weather in January. He indicated that there were approximately 10,000 outages during the recent ice storm, and that all service restorations were made safely within two hours.

Chairman Kessel commended Mr. Warren, Mr. Murphy and the entire financial team for their great job in keeping down expenses and managing funds. He stated that LIPA's revenues over expenses are considerably more than had been

projected, and that this represents an extraordinary accomplishment.

Chairman Kessel stated that due to its financial success and ingenuity, LIPA, unlike many of the other utilities in the Northeast, will not have to raise electric rates because of the recent high fuel prices.

Chairman Kessel stated that the next item on the agenda is the operating report. He asked Mr. Hulkower to present the report to the Board.

Mr. Hulkower stated that in regard to economic development, LIPA completed 1999 just slightly short of its goals. He stated that overall LIPA made good efforts in achieving \$3.6 million in additional sales, representing 8.8 megawatts. He indicated that LIPA's goal had been to achieve \$3.9 million in additional sales, representing 10.1 megawatts.

Mr. Hulkower stated that in reference to revenue collection, as of the end of 1999, LIPA was at approximately the same level of arrears as the prior year, which is a good sign in light of the fact that sales are up considerably. He stated that in reference to customer service, the percentage of meters estimated in 1999 was under ten percent. He stated that the call answer rate for 1999 was nearly ninety-four percent.

Mr. Hulkower stated that LIPA is meeting targeted levels for the System Average Interruption Frequency Index (SAIFI) and is meeting acceptable

performance levels for the Customer Average Interruption Duration Index (CAIDI). He indicated that the average duration of an interruption through December was sixty-eight minutes and is now sixty-five minutes.

Mr. Hulkower indicated that LIPA will be targeting fifty circuits for the circuit improvement program in 2000, half of which are repeats from 1993 and 1994. He stated that LIPA has increased the number of circuits for the tree trimming program to a hundred and fifty-seven in 2000, as compared to a hundred and forty-five in 1999.

Mr. Hulkower reported that participation in the Long Island Choice program has not changed from last month.

Concerning the proposed new transmission line in Southampton, Mr. Hulkower stated that LIPA filed its initial briefs in the New York PSC case on February 1. He stated that final briefs are due to be filed on February 8, and that he hopes for a favorable decision within a few weeks after that, at which point construction can begin. He indicated that LIPA is targeting an in-service date of June 30.

Trustee Faltischek asked how the Long Island Choice Plan participation level compares to the expectations under the program and how many megawatts were allocated for the program. Mr. Hulkower replied that 200 megawatts were

allocated for Long Island Choice but since residential demand did not develop, this level was not reached.

Chairman Kessel asked Mr. Warren and Mr. Murphy to deliver the financial report.

Mr. Warren stated that LIPA is in the process of closing its books for 1999, which was a very good year overall, and will have more to report on this topic at the next few meetings.

Mr. Murphy stated that in reference to sales, LIPA continues to be ahead of its forecasts and is up 6.7 percent for January through November 1999. With respect to that period, he stated that revenues are about \$98 million, five percent ahead of forecast; power and fuel expenses are up because of higher sales; operation and maintenance expenses are up primarily because of storms; depreciation and amortization expenses are down slightly because of a lower depreciable base; revenue taxes are under the forecast by \$10 million; and the cumulative amount of revenues over expenses is \$55 to \$60 million ahead of budget.

Mr. Warren indicated that LIPA's cash position as of the end of the period January through November was about \$804 million, with about \$282 million in cash generated from operations. He stated that LIPA's cash at the end of 1999 was \$524 million. He indicated that as of February 2, 2000, LIPA's cash position was \$533

million.

Chairman Kessel stated that the next item on the agenda is a resolution approving the Shoreham Settlement Agreement. He recommended that the Trustees approve this settlement. Chairman Kessel stated that reaching this settlement has been a very complex and very difficult process, and that overall LIPA gains much from this settlement. He indicated that overall the settlement balances the interests of LIPA's ratepayers along with Long Island's taxpayers and the economy, especially the economy of Suffolk County and the Town of Brookhaven. He stated that the ratepayers in Suffolk County will be spared from potentially massive increases in property taxes and/or sales taxes. He indicated that Nassau County ratepayers, in addition to already receiving benefits from the \$232 rebate checks and various bill credits, will benefit from the \$20 million payment to be made to Nassau County for clean energy and conservation programs. He indicated that the settlement has strong support from the Governor, as well as from members of the business community, the two Counties' Executives, the Nassau County legislature, and many town and local officials.

Trustee Miklos stated that this is a multi-faceted solution to a very complex problem and that she is pleased to support this settlement.

Trustee Faltischek stated that he believes the final resolution is both fair and reasonable and that he supports the settlement. He commended Chairman

Kessel and the LIPA staff as well as Mr. Kremer for their terrific work.

Trustee Akeson stated that she believes this settlement is in the best interest of the Long Island economy as well as the ratepayers and LIPA, and that she supports this settlement.

Trustee Auerbach congratulated all the parties that worked so hard to put this issue to rest. He stated that he supports the resolution.

Trustee Doherty stated that it is very good to resolve the uncertainty and to continue with a good, strong economy on Long Island. He indicated that he supports the settlement.

Deputy Chairman Foye stated he is strongly in favor of the settlement for a number of reasons, including: the settlement significantly benefits LIPA and its ratepayers by settling actions that assert a significant liability against LIPA; in his view the settlement is mandated by statutory language of the LIPA Act; enforcement of the full judgment could adversely affect Suffolk County, other taxing jurisdictions, and LIPA customers, and be very divisive; and it is important to honor commitments made in the context of the original LIPA transaction. He noted that there has been extensive discussion of this settlement over a series of years, and that the Trustees have been advised on this matter by Mr. Klimberg and Rivkin, Radler & Kremer. Deputy Chairman Foye thanked Mr. Klimberg, Mr. Warren, Mr. Hulkower and Rivkin,

Radler & Kremer for their terrific work on the settlement.

Trustee Affrunti stated that the settlement is a milestone for Long Island and Chairman Kessel deserves a major share of the credit for it.

Trustee Polimeni indicated that he supported a Shoreham settlement previously. However, he explained that in his view circumstances have changed in that the New York Court of Appeals has recently issued a final ruling that removes the full judgment from further legal challenge. He noted the intransigence of the Suffolk County legislators, and observed that those legislators in effect gambled and lost. He stated that as a LIPA Trustee, his role is to be guardian of the ratepayers' interests, and in that capacity he cannot in good conscience approve the settlement.

Trustee Gilliam stated that she supports the settlement agreement. She stated that in respect to the \$20 million set aside for Nassau County for clean energy and conservation programs, she looks forward to hearing from Nassau County in the future as to how they allocated these funds and the projects and programs that were implemented pursuant to this grant.

Trustee Maimoni stated that he believes the settlement is good for the taxpayers and ratepayers of Nassau and Suffolk Counties. He stated that LIPA kept its commitment to protect the economic conditions on Long Island and he supports the settlement.

Upon motion duly made and seconded, the following resolution was approved with Trustee Polimeni opposing:

468. RESOLUTION APPROVING SHOREHAM SETTLEMENT AGREEMENT

WHEREAS, the Long Island Power Authority (the "Authority"), as part of its acquisition of the Long Island Lighting Company on May 28, 1998, acquired certain assets, including the litigation brought by LILCO against the Shoreham taxing jurisdictions, including Suffolk County, the Town of Brookhaven and the Shoreham-Wading River School District, challenging the assessment of the Shoreham plant and related property for the tax years 1984-85 through 1991-92; and

WHEREAS, prior to the Authority's acquisition of the Long Island Lighting Company, the Authority proposed a comprehensive settlement of the Shoreham property tax litigation as well as the Authority's claims against the Shoreham taxing jurisdictions for excessive payments in lieu of taxes ("PILOTS") on Shoreham from 1992 to the present, for \$625 million; and

WHEREAS, following intensive and complex negotiations and litigation spanning a number of years, during which a final judgment was rendered against the Shoreham taxing jurisdictions in the property tax litigation and the courts upheld the Authority's right to enforce or settle the judgment as well as the Authority's right to seek refunds for overpayments of PILOTS on Shoreham, the Authority and its subsidiary, LIPA, have reached a comprehensive settlement of the property tax and PILOT litigation and related matters with the Shoreham taxing jurisdictions and Nassau County, and that settlement has now been embodied in a Settlement Agreement executed by Suffolk County, the Town of Brookhaven, the Shoreham-Wading River School District, the Wading River Fire District and the North Shore Library District; and

WHEREAS, the Shoreham Settlement Agreement, which is annexed to this Resolution, includes the following provisions, among others:

1. All Shoreham-related property tax and PILOT litigation will be settled for \$620 million, and the Shoreham taxing jurisdictions will withdraw and discontinue, with prejudice, all of the Shoreham-related litigation that they initiated.

2. LIPA will provide rebates and credits over five years (May 1998-May 2003) totaling \$457.5 million, consisting of \$310 million to its Nassau County and

Rockaway customers (accounting for about 50% of the Authority's total customers) and, to minimize the rate differential between the two counties, \$147.5 million to LIPA's Suffolk County customers, and LIPA will also provide an additional \$5 million of credits to all ratepayers to maintain the 5-year, 20% rate reduction.

3. The Authority will issue approximately \$457.5 million in bonds on behalf of Suffolk County to fund the settlement (the Authority has already issued approximately \$142.5 million of this amount).

4. LIPA will impose a Surcharge on the rates of its Suffolk County customers, beginning on May 30, 2003, sufficient to pay the principal and interest on the Authority's Shoreham Tax Settlement Bonds and related costs.

5. The Authority will continue to make PILOT payments to the Suffolk taxing jurisdictions on a declining basis through March 2002.

6. LIPA will withdraw and discontinue, with prejudice, all pending non-Shoreham tax certiorari proceedings (totaling approximately \$395 million in Nassau County and approximately \$160 million in Suffolk County).

7. LIPA will not pursue its interest in the tax litigation involving Nassau County, Bell Atlantic, KeySpan Energy and the New York Water Company (LIPA's portion of this claim is approximately \$9 million).

8. The Authority and LIPA will retain the right to bring any action including an action to collect the unpaid balance of the Reduced Property Tax Judgment -- where the Reduced Property Tax Judgment generally will be the greater of (a) \$620 million, plus interest, less the principal of the Shoreham Tax Settlement Bonds paid with the Surcharge or (b) the amount required to fully satisfy the Authority's remaining debt service and related obligations in connection with the Shoreham Tax Settlement Bonds -- if either (i) due to action by a court or governmental entity, the Authority or LIPA is unable to collect any sums due by reason of the Surcharge to Suffolk County ratepayers or any other Shoreham Settlement Agreement obligations or (ii) a court or governmental entity determines any portion of the Shoreham Settlement Agreement to be invalid or unenforceable.

9. The parties agree not to directly or indirectly challenge any of the provisions of the Shoreham Settlement Agreement or any of the matters resolved therein or to provide funding for any such challenge, and the Authority will have the discretion to declare the Shoreham Settlement Agreement and the Reduced Property Tax Judgment null and void if the Suffolk County Legislature or any member acting in its behalf commences any action or proceeding or asserts a claim or argument in any action or proceeding commenced by another party, challenging the Shoreham Settlement Agreement or any provision thereof; and

WHEREAS, as part of the comprehensive settlement, the Authority and LIPA have also agreed with Nassau County to take the following actions: LIPA will issue rebate checks of \$50 per customer metered account to all LIPA ratepayers in Nassau County and the Rockaways; LIPA will, from its Clean Energy Fund, make a grant to Nassau County of \$20 million to be used by Nassau County for clean energy and conservation programs, and LIPA will increase that Fund by \$20 million, so that provision of the grant to Nassau County will not reduce the funds otherwise available to implement LIPA's Clean Energy Initiative;

NOW, THEREFORE, BE IT RESOLVED, that the Trustees hereby approve the Shoreham Settlement Agreement; and be it further

RESOLVED, that the Chairman and his designees are authorized to enter into and execute the Shoreham Settlement Agreement as well as any other agreements and instruments, and to perform such further acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chairman, to effect the approved Shoreham Settlement Agreement.

*** * ***

Chairman Kessel stated that the next item on the agenda is a resolution authorizing the Chairman and Chief Financial Officer, or such other officers as the Chairman may designate, to proceed with all preliminary actions necessary to permit the Authority to issue bonds for the purpose of financing the program of customer rebates and credits to be implemented as part of the Shoreham Settlement Agreement.

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

469. AUTHORIZING CERTAIN OFFICERS TO PREPARE NECESSARY FINANCING AND OTHER DOCUMENTS, SEEK NECESSARY APPROVALS TO SECURE FINANCING OF THE REBATES AND CREDITS TO BE FUNDED UNDER THE SHOREHAM SETTLEMENT AGREEMENT AND TO DISTRIBUTE A PRELIMINARY OFFICIAL STATEMENT RELATING TO SUCH FINANCING

WHEREAS, the Long Island Power Authority (the "Authority") has heretofore approved a plan of finance contemplating the issuance of bonds (the "Shoreham Tax Settlement Bonds") for the purpose of funding rebates and credits to customers associated with certain overpayments of property taxes and payments in lieu of taxes imposed on the Shoreham Nuclear Power Station;

WHEREAS, on January 13, 2000 the Authority entered into a Shoreham Settlement Agreement (the "Shoreham Settlement Agreement") with Suffolk County, Nassau County and various other taxing jurisdictions settling various claims relating to such overpayments and other related matters, which agreement contemplates the issuance of additional Shoreham Tax Settlement Bonds to fund the program of rebates and credits described therein;

WHEREAS, the Authority has heretofore issued \$145,792,638.05 of Shoreham Tax Settlement Bonds and it is expected that the Authority may issue as much as \$325,000,000 additional Shoreham Tax Settlement Bonds to fully fund the contemplated rebates and credits; and

WHEREAS, the Authority wishes to implement the Shoreham Settlement Agreement as promptly as practicable;

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

1. The Chairman and the Chief Financial Officer, or such other officers as the Chairman may designate, are each hereby authorized to take the preliminary actions necessary to permit the Authority to issue additional Shoreham Tax Settlement Bonds in accordance with the Shoreham Settlement Agreement in an original principal amount not to exceed \$330,000,000, including preparation of necessary resolutions, disclosure documents and other financing documents, the development of a definitive plan for the issuance of the Shoreham Tax Settlement Bonds, and the filing of requests for all necessary approvals of the issuance of such Shoreham Tax Settlement Bonds. The terms of the Shoreham Tax Settlement Bonds shall be subject to the approval of the Trustees by resolution adopted at a subsequent meeting of the Trustees.

2. The Authority hereby approves the preparation and distribution of one or more preliminary official statements in connection with the offering and sale of the Shoreham Tax Settlement Bonds in accordance with applicable legal requirements, in such form as may be approved by the Chairman or the Chief Financial Officer, or such other officers as the Chairman may designate. The Chairman and the Chief Financial Officer, or such other officers as the Chairman may designate, are each hereby authorized to deem any such preliminary official statement to be "final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934.

*** * ***

Chairman Kessel stated that the next item on the agenda is a resolution authorizing the Chairman to engage six additional law firms to provide legal services on an as-needed basis to the Authority and its subsidiary, LIPA, in the areas of environmental, real estate and general litigation, among others. He thanked Deputy Chairman Foye, Trustee Faltischek, Trustee Sinnreich and Mr. Klimberg for their work on this matter. The Chairman noted that this resolution would not necessarily result in business being given to any of the six law firms, but would simply enable the Authority to assign legal matters to these firms as it chooses in the future. The Chairman expressed a high degree of satisfaction with the current work being performed by the law firms engaged by the Authority. Trustee Faltischek stated that he is pleased that four of the six firms are Long Island based.

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

470. ENGAGEMENT OF ADDITIONAL LAW FIRMS

RESOLVED, that the Chairman be, and hereby is, authorized to engage the following six additional law firms to provide legal services as needed by the Authority and LIPA: Bee, Eisman & Ready; Certilman Balin Adler & Hyman; Lazer, Aptheker, Feldman, Rosella & Yedid; Reisman, Peirez, Reisman & Calica; Rosenman & Colin; and Warshaw Burstein Cohen Schlesinger & Kuh.

* * *

Chairman Kessel stated that the next item on the agenda is a resolution for the engagement of an executive search consultant to assist in the recruitment of managers and directors with specific technical expertise. He observed that in today's tight labor market, given that the Authority is paying salaries much lower than market, it is difficult to attract talented people, especially in technical areas. He commended Mr. Hulkower for all his work on this matter.

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

471. ENGAGEMENT OF EXECUTIVE SEARCH CONSULTANT

RESOLVED, that the Chairman be, and hereby is authorized to engage Gilbert Tweed Associates, Inc. as the Long Island Power Authority's ("Authority") executive search consultant to assist the Authority in recruitment of managers with specific technical expertise.

* * *

Chairman Kessel stated that the next item on the agenda is a resolution authorizing the Chairman to provide up to \$325,000 to help defray the cost of a Statewide reliability study to be undertaken by the New York State Energy Planning Board.

Trustee Polimeni inquired as to why costs of the study are allocated evenly between the New York Power Authority and LIPA. Mr. Hulkower stated that the investor-owned utilities are also contributing to the study. Chairman Kessel stated that since LIPA is at the end of the transmission system in the State, the ultimate results of the study will likely be more valuable to LIPA than to the New York Power Authority. Mr. Bolbrock stated that LIPA has encouraged the study team to perform as much work in-house as possible to keep down the costs. Chairman Kessel noted that, in connection with the subject of reliability, Mr. Bolbrock has worked very hard on the creation and development of the State Independent System Operator, and that Mr. Bolbrock is the top official on the State Reliability Council.

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

472. APPROVAL OF CO-FUNDING FOR STATE-WIDE RELIABILITY STUDY

WHEREAS, the Long Island Power Authority (“Authority”), through its wholly owned subsidiary, LIPA, owns and operates the electric transmission and distribution (“T&D”) system serving the Counties of Nassau and Suffolk, with limited exceptions, and the portion of the County of Queens known as the Rockaways; and

WHEREAS, the Authority and its customers have a keen interest in the current and future reliability of the New York State electric power system; and

WHEREAS, Governor Pataki recently signed legislation that requires the New York State Energy Planning Board to study the reliability of the State's electric transmission and distribution systems as those systems become more competitive; and

WHEREAS, the legislation authorizes the Authority "to make a voluntary contribution toward the [reliability study]" as "deemed feasible and advisable by the [Authority's Board]"; and

WHEREAS, an estimated one-time funding commitment of \$500,000 is required to perform the analyses necessary to cover the elements of the study outlined in the legislation; and

WHEREAS, the Authority and the New York Power Authority have been requested by the New York State Energy Research and Development Authority ("NYSERDA"), which is serving as staff to the Energy Planning Board on this study, to each pay half of the study costs;

NOW, THEREFORE BE IT RESOLVED, that the Chairman be, and hereby is, authorized to contribute up to \$250,000 to help defray the estimated \$500,000 cost of a State-wide reliability study to be undertaken by the New York State Energy Planning Board; and be it further

RESOLVED, that if the total costs of the State-wide reliability study exceed \$500,000, the Chairman is authorized to make additional contributions up to \$75,000 as he deems advisable and prudent to cover half of those costs.

*** * ***

Chairman Kessel stated that the last item on the agenda is a resolution approving the defeasance of certain debentures issued by the Long Island Lighting Company d/b/a LIPA. Mr. Warren indicated that LIPA will be using some of its cash to defease some of its high cost debt that was assumed from the former LILCO in

the LIPA transaction. He stated that in defeasing these bonds, LIPA will be able to suspend its requirements to report separately under the 1934 Act in the 10Q and 10K filings. He emphasized that in no way are the Authority and LIPA diminishing disclosure and reporting responsibilities to the financial community. The Authority and LIPA will provide consolidated information in continued annual and quarterly reporting pursuant to SEC requirements.

Trustee Polimeni asked why LIPA is not defeasing more debt. Mr. Warren stated that LIPA will be retiring more debt.

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

473. RESOLUTION APPROVING THE DEFEASANCE OF CERTAIN DEBENTURES ISSUED BY LONG ISLAND LIGHTING COMPANY (D/B/A/ as LIPA)

WHEREAS, Long Island Lighting Company (“LIPA”), a wholly owned subsidiary of the Long Island Power Authority (the “Authority”), currently has outstanding the following debentures (collectively, the “Debentures”):

<u>Trustee</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
Chase Bank, N.A.	March 15, 2003	7.05%	\$5,690,000.00
Chase Bank, N.A.	March 1, 2004	7.00	2,905,000.00
State Street Bank & Trust Company, N.A.	July 15, 2001	6.25	8,434,000.00
State Street Bank & Trust Company,	June 1, 2005	7.125	13,611,000.00

N.A

State Street Bank & Trust Company, N.A	November 1, 2022	9.00	<u>23,562,000.00</u>
		Total	<u>\$54,202,000.00</u>

WHEREAS, Section 4.03 of the Indenture dated as of November 1, 1992 (the “Chase Indenture”) between LIPA and Chase Bank, N.A., relating to the Debentures maturing March 15, 2003 and March 1, 2004 (the “Chase Debentures”) provides for LIPA to defease certain Chase Debentures;

WHEREAS, Section 403 of the Indenture dated as of November 1, 1986 (the “State Street Indenture”) between LIPA and State Street Bank & Trust Company relating to the Debentures maturing July 15, 2001, June 1, 2005 and November 1, 2022 (the “State Street Debentures”) provides for LIPA to defease certain State Street Debentures;

WHEREAS, it has been determined that it is in the financial best interest of the Authority to apply certain cash of the Authority to the defeasance of the Debentures as provided in the Chase Indenture and the State Street Indenture;

WHEREAS, it is expected that such defeasance will eliminate the burden of certain reporting requirements LIPA currently has under the Securities Exchange Act of 1934, as amended;

NOW THEREFORE, BE IT RESOLVED, as follows:

1. The Chairman and the Chief Financial Officer, or such other officers as the Chairman may designate, are hereby authorized to take all actions required by the Chase Indenture and the State Street Indenture to effectuate the defeasance of the Debentures.

2. The Chairman and the Chief Financial Officer, or such other officers as the Chairman may designate, are hereby authorized to transfer funds not in excess of \$12,000,000.00 in the aggregate to Chase Bank, N.A. to be held in trust and applied pursuant to Section 4.03 of the Chase Indenture or the benefit of the holders of the Chase Debentures and funds not in excess of \$53,000,000.00 in the aggregate to State Street Bank & Trust Company to be held in Trust and applied pursuant to Section 403 of the State Street Indenture for the benefit of the holders of the State Street Debentures.

3. The Chairman and the Chief Financial Officer, or such other officers as the Chairman may designate, are hereby authorized to execute any and all documents in the name of the Authority which in their judgment are necessary or desirable to effectuate such defeasances.

*** * ***

Chairman Kessel entertained a motion to adjourn. Upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 12:30 p.m.

Respectfully submitted,

Stanley B. Klimberg