

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 131st MEETING

HELD ON MARCH 1, 2001

Pursuant to notice dated February 21, 2001, the Long Island Power Authority (the "Authority") was convened for the one hundred and thirty-first time at 11:20 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
Howard Steinberg, Deputy Chairman
Michael Affrunti
NancyAnn Akeson
Harvey Auerbach
Thomas Doherty
Michael Faltischek
Harriet Gilliam
Joseph Janoski
Robert Maimoni
Nancy Nugent
Jonathan Sinnreich**

Also representing the Authority were Stanley Klimberg, General Counsel, Seth Hulkower, Chief Operating Officer, Edward Grilli, Chief of Staff, Diana Taylor, Chief Financial Officer, Edward Murphy, Chief Administrative Officer and Vice President and Controller, Bert Cunningham, Vice President - Communications,

Richard Bolbrock, Vice President – Power Markets, William Davidson, Director of Government Relations, Christopher Furlong, Director of Customer Relations, Bruce Germano, Vice President – Retail Services, and Rosemarie Fama, Secretary to the Board.

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

Chairman Kessel stated that the first item on the agenda is approval of the minutes of the January 23 Board Meeting.

Upon motion duly made and seconded, the following resolution was approved with Trustee Maimoni abstaining:

526. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JANUARY 23, 2001 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on January 23, 2001, 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 Kessel then delivered the Chairman's report. He indicated that in a recent speech before the Hauppauge Industrial Association he spoke on how LIPA needs to take an aggressive role to ensure Long Island will be supplied with adequate power in the upcoming months. He stated that Governor Pataki's deregulation policy for New York State was formulated and carried out very intelligently and creatively. Chairman Kessel observed that unlike the California situation, LIPA has proceeded very cautiously and prudently, which ultimately will have a substantial impact in being able to keep the lights on this summer.

Chairman Kessel stated that a workshop to brief the Trustees on the California power crisis has been scheduled for Tuesday, March 6. He indicated that the workshop will be presented by one of LIPA's consultants from Navigant, which is based in California.

Chairman Kessel discussed LIPA's need for additional generation resources on Long Island and additional transmission capability to Long Island. He indicated that LIPA is pursuing a number of options to ensure LIPA will have enough power for this summer and beyond. He discussed some of LIPA's plans, including aggressively moving forward with its energy conservation program. He stated that last year LIPA saved approximately one hundred megawatts of electric load in that

program, which exceeded LIPA's targets. He commended the LIPA staff that worked on conservation, as well as all the people that worked on the Clean Energy Initiative, for their extraordinary job. He indicated that LIPA, along with Governor Pataki and NYSERDA, will be announcing a series of aggressive steps to increase our commitment to energy efficiency and new technologies over the weeks and months ahead.

Chairman Kessel reported that the TransEnergie cross-Sound cable project is moving forward. He indicated that the project should be operational in the summer of 2002. He commented that this would be the first merchant line of its kind and would allow for LIPA to import an additional 330 megawatts in the summer of 2002. He reported that LIPA is also negotiating for a second cross-Sound cable to be built that could be ready for service by the summer of 2003.

Chairman Kessel stated that LIPA is working aggressively with the New York Power Authority and the Governor to complete construction for the 44-megawatt power plant at the Brentwood site. He indicated that the project is on schedule and the plant should be on line by June 2001. He thanked the Brentwood community for its cooperation towards getting this plant built and operational.

Chairman Kessel stated that LIPA should take the lead in the siting of at

least two new power plants on Long Island and the commencement of the permitting process this year, so as to ensure sufficient resources in the coming years. He indicated that LIPA is looking at several sites on Long Island and is speaking with several private companies about the construction of several new power plants.

Chairman Kessel announced that on February 26, 2001, LIPA issued a Request for Proposals to Provide Generation Management Services. He indicated that if LIPA exercises its right to purchase the on-Island generation plants owned by KeySpan, a management company would be needed to run the day-to-day operations. He stated that a Proposers' Conference will be held on March 12 and the responses to the RFP are due to LIPA by April 6, 2001. He recommended that a committee be selected to work with LIPA staff and consultants in evaluating whether LIPA should exercise its purchase right under the Generation Purchase Right Agreement, and in on preparing the necessary recommendations to the Trustees.

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

527. ESTABLISHMENT OF GENERATION PURCHASE RIGHT AGREEMENT COMMITTEE

RESOLVED, that a Generation Purchase Right Agreement Committee be established to work with LIPA staff and consultants in evaluating whether LIPA should exercise

its purchase right under the Generation Purchase Right Agreement and in preparing the necessary recommendations to the Trustees; and be it further

RESOLVED, that Jonathan Sinnreich is appointed Chairman of that Committee, and Robert Maimoni, Nancy Nugent, Harvey Auerbach, Nancy Ann Akeson, Patrick Foye and Michael Affrunti are appointed members of that Committee, and that the Authority Chairman is empowered to make such changes to these appointments and to make such other appointments and changes thereto to that Committee as the Authority Chairman deems appropriate; and be it further

RESOLVED, that this resolution shall take effect immediately.

* * *

Chairman Kessel then commended KeySpan, Mr. Catell, Mr. Ranghelli, Ms. Musacchio and the IBEW unions for all their efforts and cooperation in the negotiations of the IBEW union contracts. He stated that agreements on those contracts were reached prior to the deadline, averting a possible work stoppage. He thanked the unions for the extraordinary job they do for LIPA in running, maintaining and repairing the electric system. Mr. Ranghelli thanked the Trustees and the LIPA staff for their full support during the recent negotiations, and indicated that the members of IBEW Local 1049 never felt alone.

Chairman Kessel stated the next item on the agenda is the Operations Report, to be delivered by Mr. Hulkower. Mr. Hulkower credited Mr. Cunningham and his staff for their terrific job in making sure that important LIPA information and

documents, such as the Generation Manager RFP, are readily available on the LIPA web site. Mr. Hulkower then gave an explanation of the sales and marketing load growth and revenue growth. He indicated that the annual goal is 32.50 megawatts of additional load and the year-end projection is 28.77 megawatts. He stated he is optimistic that the annual goal will be attained.

With respect to the Clean Energy Initiative, Mr. Hulkower indicated that the residential programs on lighting and appliances had a fast start, with over 33,000 units already provided to customers. He reported that the direct load control program will be tracked very closely in the coming months. He stated that the goal is to include 18,000 customers in the program and achieve a 17-megawatt reduction. He indicated this program is very important to LIPA to help meet our peak load reduction goals for the summer months. He further reported that in regard to revenue collection, the arrears at the end of January were \$66.1 million, the lowest total since March 1999. He attributed this in part to a good economy and ongoing improvements to the program. He then reported that the Reliability Performance Measurement results have been terrific. He indicated that LIPA's System Average Interruption Frequency Index is seventeen months and LIPA's Customer Average Interruption Duration Index is sixty-four minutes. He stated that these positive results are due to mild weather over a long stretch of time. He remarked that LIPA has begun the 2001 circuit improvement program, which is targeting the fifty worst circuits, and

particularly the Central Nassau area which has the heaviest tree coverage.

Chairman Kessel then commented on the number of storms LIPA has recently experienced during these winter months. He stated he was forwarding a memo to the Trustees from Mr. Spatz of KeySpan, which indicates that due to LIPA's aggressive work in maintaining and upgrading the electric system, the number of outages has declined substantially. Chairman Kessel explained the various types of storms that affect the electric system and how LIPA has increased its spending for capital improvements, which has been very beneficial. He also praised Mr. Hulkower for his efforts in aggressively moving forward with the capital programs.

Trustee Gilliam then asked for an elaboration on LIPA's energy affordability partnership effort as referred to in the Operations Report. Mr. Bolbrock responded that one element of the Clean Energy Initiative, as approved previously by the Trustees, was to direct about ten percent of the funds towards low-income areas. He stated in this regard that the program is on target to meet the goals that were established. Chairman Kessel expounded on the specific activities under the program. He stated that LIPA is working with the Village of Hempstead Housing Authority to equip with energy efficient appliances all of the retrofitted and revamped apartments in several North Hempstead Housing Authority complexes. He stated that LIPA is looking into expanding that program elsewhere on Long Island.

Chairman Kessel stated that the next item on the agenda is the Finance Report, to be presented by Ms. Taylor and Mr. Murphy. Mr. Murphy explained that the income statement shows one major change from prior months, consisting of the write-off of certain fuel costs in respect of LIPA's intent to pass through to customers only a portion of the unrecovered year 2000 fuel costs. He indicated LIPA is showing a favorable budget variation for the period ended December 31, 2000 of approximately \$60 million in revenues and LIPA's fuel cost write-off is about \$180 million. He reported that as of year-end 2000, expenses over revenues were \$120 million, and he explained that this reflects the above-noted \$60 million favorable budget variation in revenues and the fuel cost write-off of \$180 million. He went on to report that the increase in interest expense is due to the sizing of the 2000A bond issue.

Ms. Taylor reported that the cash position for year-end was approximately \$377 million. She stated that the cash position should be at \$250 million, which is LIPA's Rate Stabilization Fund amount, plus \$162 million for the Shoreham credits, which adds up to \$412 million. She explained that LIPA is about \$35 million short of its intended year end cash position, and this will be remedied when LIPA issues approximately \$300 million worth of debt in March. She indicated this debt will be used to reimburse LIPA for \$250 million of capital expenditures that have been paid

out of current revenues and the remaining \$50 million will be used to cover capital expenditures in the coming year. She stated that LIPA has been unable to go to the capital market to issue debt due to the undetermined disposition of the fuel cost recovery issue. Chairman Kessel highlighted the importance of moving forward to decide the fuel cost recovery issue today so that LIPA can access the capital market and solidify its cash position in the future.

Deputy Chairman Steinberg asked if the financial report is subject to audit adjustments and Ms. Taylor responded yes. He also asked if the cash position shortfall violated any bond covenant. Ms. Taylor responded no, and Chairman Kessel noted that LIPA's required Rate Stabilization Fund is \$150 million, and LIPA has a policy of maintaining an additional \$100 million in that Fund. He indicated that LIPA's \$250 million Rate Stabilization Fund is probably greater than most utilities, and LIPA has chosen not to change that amount since LIPA is still a relatively new company with significant debt.

Chairman Kessel indicated that the next item on the agenda is approval of the Fuel and Purchased Power Cost Adjustment with respect to year 2000 unrecovered fuel costs. He explained it is proposed that LIPA partially waive its tariff for electric service, which includes a fuel and purchased power cost adjustment whereby customer bills are adjusted automatically to reflect significant changes in

the cost of fuel and purchased power that is embedded in LIPA's rates. He indicated that the sharply increased prices in natural gas, oil and purchased power experienced nationwide in recent months have led LIPA to take action on this issue. He stated that the Trustees are being requested to limit the surcharge recovery to approximately 42 percent or \$125 million of the extraordinarily high fuel and purchased power cost for 2000. He explained that the remaining 58 percent would be met through a change in the pace of optional Shoreham-related debt retirement. He stated that the average increase in residential customers' bills would be limited to 5.8 percent, which equates to a surcharge of \$4.69 a month.

Chairman Kessel indicated that most utilities in the country are passing through all their fuel costs. He stated that the fact LIPA is able to limit the surcharge is a credit to Governor Pataki's successful efforts in accomplishing the LIPA transaction. Chairman Kessel highlighted that the former LILCO would have already recovered in customer electric bills all the excess fuel costs.

Chairman Kessel stated that, following issuance of a public notice, including legal notices published in Newsday and over a hundred weekly newspapers, LIPA held three public hearings on February 26, 2001 addressing the proposed fuel surcharge. He indicated that the public hearings were held in Nassau and Suffolk Counties, and that all these hearings were sparsely attended. He thanked

Trustees Maimoni and Faltischek for attending the hearings on behalf of the Board. He stated that at the hearings several members of the public expressed opposition to LIPA's proposal, and several members of the public expressed support for the proposal. He explained that many of the people who spoke at the hearings addressed other issues, including their gas bills, fuel cell activities and customer service issues related to LIPA. He indicated that LIPA received a small number of written comments prior to the hearings, and he observed that he thinks the public recognizes the fact that LIPA is making a great effort to limit the impact of the fuel costs on its customers. He further indicated that the surcharge would be implemented on March 7, 2001. He stated LIPA needs to implement the surcharge without further deferral or delay so as to protect LIPA's future financial credibility. In this regard, he indicated it is necessary and appropriate to act on this matter pursuant to the expedited procedures of Section 202(6) of the State Administrative Procedure Act (SAPA). He noted that there will be an additional public comment period under SAPA and this matter will be presented to the Board for final action later in the year.

Chairman Kessel opened the floor for comments from the Trustees. Trustee Janoski stated that as a member of the Finance Committee, he fully supports the proposal. Trustee Sinnreich inquired whether KeySpan will profit in any way or increase its revenues as a result of this surcharge, and Chairman Kessel responded no. Trustee Sinnreich noted his agreement with the proposal. Trustee Auerbach

stated that as a Trustee of LIPA, he believes it is incumbent upon him to maintain the fiscal integrity of LIPA and of its debt, and he stated he is in full support of this surcharge. Trustee Faltischeck commended Chairman Kessel and LIPA's staff for the tremendous job in assessing the options available to LIPA, its financial circumstances, the overall policies of the Board, the needs of the bondholders and the fuel costs incurred. He stated that this matter certainly does not involve any snap decision and that he heartily supports the proposal.

Deputy Chairman Steinberg asked for an explanation as to how LIPA arrived at the \$125 million figure for proposed fuel cost recovery and why a three-month deferral is not workable. Chairman Kessel explained that LIPA examined all options ranging from a monthly surcharge of zero up to 12.92 percent. He stated that LIPA worked with its financial advisors to develop a surcharge that would not have a negative impact on our debt retirement program. He further explained that the 5.8 percent surcharge was arrived at considering the need to mitigate the bill impact on customers and also to give LIPA some flexibility in dealing with the higher fuel costs this year. He observed that this is not a one-year problem and, in fact, LIPA estimates that between now and 2008, LIPA will have excess fuel costs of approximately \$1.8 billion. He indicated a deferral would undermine LIPA's ability to borrow money for its capital programs and would likely have an adverse effect on its ratings in the capital market. He asked Ms. Taylor to further elaborate on this point. Ms. Taylor

stated that if LIPA does not put a surcharge in place at this time, the letter of credit facilities will not view LIPA as a good risk and will not renew our letter of credit for the \$1.5 billion worth of variable rate debt from our original bond issue. Deputy Chairman Steinberg asked if the surcharge on the bill will be a separate line item, and Mr. Hulkower responded yes and indicated this item will be identified as an excess fuel price surcharge.

Deputy Chairman Foye observed that the proposed action is environmentally and financially responsible, and it is important to recognize that Long Island ratepayers are better off under the LIPA proposal as compared to how the former LILCO would have passed through all the costs. He stated he is in full favor of the proposal, and that action should by LIPA not be deferred any longer.

Trustee Maimoni indicated that the lack of turnout at the public hearings reflected the public's support for the proposal. He asked Mr. Kessel to address a comment made by a member of the public at the hearings to the effect that LIPA makes unnecessary expenditures on advertising. Chairman Kessel explained that most of the advertising conducted by LIPA is informational in nature, such as to encourage energy conservation and efficiency, and that absent this advertising LIPA would be criticized for not promoting the programs. He indicated that LIPA's advertising budget is modest, consisting of less than \$1 million, plus \$1.5 million

which is a segment of the Clean Energy Initiative budget. Trustee Maimoni noted that the advertising costs equate to only about one-half of one percent of the proposed fuel surcharge.

Trustee Doherty stated that as a member of the Finance Committee, he believes the Board has been very well informed on the fuel surcharge issue. He recalled that when LIPA acquired LILCO, the goal was to pay off the debt in thirty-two years, but due to lower interest rates, LIPA has been able to accelerate the goal to sixteen years, one-half the time. He commended LIPA for all its efforts to keep operating costs well under control. He also noted that LIPA has been so successful that, even though the excess fuel costs increased to over \$300 million, LIPA is able to absorb \$180 million of those costs and still be on target to repay its debt. Trustee Affrunti stated that the 5.8 percent surcharge is modest, and it would be irresponsible and a dereliction of duty to the ratepayers were the Board not to take action now to effect a surcharge.

Mr. Ranghelli commended the Trustees for all the time and effort they devoted to the surcharge issue, and he indicated that the Trustees have carried out their responsibility for the fiscal integrity of LIPA with prudence and appropriate conservatism.

Trustee Gilliam indicated she agrees with the proposal and recommends an amendment to the resolution to reflect that this surcharge does not constitute a rate increase, and does not require LIPA to obtain the approval of the Public Service Commission under the condition in the Public Authorities Control Board's July 1997 resolution that provides that LIPA may not increase average customer rates by more than two and one-half percent without approval of the Public Service Commission following a full evidentiary hearing.

Upon motion duly made and seconded, the following amendment to the proposed resolution regarding partial recovery via a surcharge of unrecovered year 2000 fuel and purchased power costs was approved, with Trustee Faltischek opposing:

528. AMENDMENT OF PROPOSED RESOLUTION REGARDING PARTIAL RECOVERY VIA A SURCHARGE OF UNRECOVERED YEAR 2000 FUEL AND PURCHASED POWER COSTS

RESOLVED, that the proposed resolution regarding partial recovery via a surcharge (i.e., Fuel and Purchased Power Cost Adjustment ("FPPCA")) of unrecovered year 2000 fuel and purchased power costs is hereby amended to add the following two Whereas clauses:

WHEREAS, implementation of the FPPCA is fully consistent with the Authority's April 1998 Rate Decision approving a 20% rate reduction; and

WHEREAS, implementation of the FPPCA does not constitute a rate increase and, therefore, such action does not require LIPA to obtain the approval of the Public Service Commission pursuant to the condition contained in the Public Authorities

Control Board's July 1997 resolution approving LIPA's acquisition of LILCO which provides that "LIPA will not implement an increase in average customer rates exceeding two and one half percent over a twelve month period, nor will LIPA extend or reestablish any portion of a temporary rate increase over two and one half percent, without approval of the Public Service Commission following a full evidentiary hearing."

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

529. APPROVAL OF PARTIAL RECOVERY VIA A SURCHARGE OF UNRECOVERED YEAR 2000 FUEL AND PURCHASED POWER COSTS

WHEREAS, the Long Island Power Authority's ("Authority") staff issued a proposal ("Proposal") indicating that, due to the extraordinary increases in the prices of natural gas, oil and purchased power, LIPA's unrecovered fuel and purchased power costs for the year 2000 are approximately \$296 million; and

WHEREAS, under LIPA's Tariff for Electric Service, the \$296 million in increased costs normally would be passed on to customers automatically through a surcharge (i.e., Fuel and Purchased Power Cost Adjustment ("FPPCA")) over a twelve-month period commencing in 2001; and

WHEREAS, the Proposal recommends that, in order to lessen bill impacts on customers but still maintain LIPA's solid financial footing, the FPPCA surcharge for the year 2000 unrecovered fuel and purchased power costs should be limited to approximately \$125 million, to be recovered over a twelve-month period; and

WHEREAS, following issuance of a public notice of the Authority's proposed action on the matters addressed in the Proposal, three public hearings were held on February 26, 2001; and

WHEREAS, subsequent to the issuance of the Proposal, LIPA's financial books for 2000 have been closed and, as a result, although the proposed FPPCA recovery amount of approximately \$125 million has not changed, certain figures presented in the Proposal have changed slightly, i.e., the unrecovered fuel and purchased power

costs for 2000 are approximately \$307 million, full recovery of that amount would result in an average increase in customers' electric bills of approximately 13.4%, and under the Proposal LIPA would be foregoing recovery of approximately \$182 million in costs, representing approximately 59% of the unrecovered costs; and

WHEREAS, implementation of the FPPCA is fully consistent with the Authority's April 1998 Rate Decision approving a 20% rate reduction; and

WHEREAS, implementation of the FPPCA does not constitute a rate increase and, therefore, such action does not require LIPA to obtain the approval of the Public Service Commission pursuant to the condition contained in the Public Authorities Control Board's July 1997 resolution approving LIPA's acquisition of LILCO which provides that "LIPA will not implement an increase in average customer rates exceeding two and one half percent over a twelve month period, nor will LIPA extend or reestablish any portion of a temporary rate increase over two and one half percent, without approval of the Public Service Commission following a full evidentiary hearing"; and

WHEREAS, in order not to delay commencement of implementation of the FPPCA surcharge, it is necessary for the Authority to act on this matter pursuant to the expedited procedures of Section 202(6) of the State Administrative Procedure Act; and

WHEREAS, such action will preserve the general welfare by enabling the FPPCA surcharge recovery to promptly commence and thereby effect the goals of ensuring LIPA's financial integrity and mitigating bill impacts on customers, and it would be contrary to the public interest to delay accomplishment of either of these goals;

NOW, THEREFORE, BE IT RESOLVED, that for the reasons set forth herein and in the preceding Memorandum, the Proposal with the above-noted modifications to reflect updated financial figures is hereby adopted and approved with the FPPCA surcharge recovery to commence on March 7, 2001.

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Chairman Kessel indicated that the next item on the agenda is approval of a

Fourth Supplemental Resolution authorizing issuance of Series 2001A Bonds pursuant to the Electric System General Revenue Bond Resolution. He indicated that this action will allow LIPA to sell the Series 2001A bonds to the underwriters, execute and deliver the bond purchase agreement, produce and deliver the official statements, execute and deliver the continuing disclosure certificate relating to the Series 2001A Bonds, and authorize certain officers to approve the forms of such documents and to take certain actions to implement the issuance of the Series 2001A Bonds.

Deputy Chairman Steinberg requested a schedule of the projects that will use the proceeds from this issuance. Chairman Kessel indicated the Board will be furnished with a list of past and future capital projects to which monies from that bond issuance have been budgeted. In response to a request from Trustee Doherty, Mr. Murphy stated that a brief report on the capital budget will be included in future Board packages.

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

530. ISSUANCE OF CERTAIN ADDITIONAL ELECTRIC SYSTEM GENERAL REVENUE BONDS AND APPROVAL OF CERTAIN RELATED AGREEMENTS AND INSTRUMENTS

WHEREAS, Long Island Power Authority (the "Authority") was created by the Long Island Power Authority Act (the "Act"), constituting title 1-A of Article 5 of the Public Authorities Law of the State of New York; and

WHEREAS, the Act empowers the Authority, among other things, to issue its bonds for any purposes authorized thereby and to adopt bond resolutions establishing the contract with its bond and note holders; and

WHEREAS, on May 13, 1998 the Authority adopted its Electric System General Revenue Bond Resolution (the "General Bond Resolution"), which, consistent with the Act, authorizes bonds of the Authority, designated as "Electric System General Revenue Bonds" (the "Bonds"), as special obligations of the Authority in accordance with the terms thereof for, among other purposes, funding Costs of System Improvements (as defined therein); and

WHEREAS, Section 205 of the General Bond Resolution requires that the issuance of each series of Bonds by the Authority shall be authorized by a supplemental resolution or resolutions of the Authority adopted at or prior to the time of issuance, subject to further delegation to certain officers to establish the details of the terms of such Bonds; and

WHEREAS, that there has been prepared and submitted to the Trustees a form of Fourth Supplemental Resolution (the "Fourth Supplemental Bond Resolution") for the purpose of authorizing the issuance, sale and delivery of Electric System General Revenue Bonds, Series 2001A of the Authority (the "Series 2001A Bonds") in order to finance Costs of System Improvements and to finance certain other costs therein described;

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

1. The Fourth Supplemental Bond Resolution, in the form presented to this meeting and made a part of this resolution as though set forth in full herein, is hereby approved and adopted. The Chairman of the Authority is hereby authorized to deliver the Fourth Supplemental Bond Resolution to the Trustee (as defined in the General Bond Resolution), with such amendments, supplements, changes, insertions and omissions thereto as may be approved by the Chairman, which amendments, supplements, insertions and omissions shall be deemed to be part of such resolution as approved and adopted hereby.

2. Each Authorized Representative (as defined in the Fourth Supplemental Bond Resolution) is hereby authorized and directed to execute and deliver any and all documents and instruments and to do any and all acts necessary or proper for carrying out the issuance, sale and delivery of the Series 2001A Bonds and for implementing the terms of, and the transactions contemplated by, the Fourth Supplemental Bond Resolution and this resolution and each of the documents authorized thereby and thereby.

3. This resolution shall take effect immediately.

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Chairman Kessel entertained a motion to go into executive session to discuss personnel and litigation matters. Upon motion duly made and seconded, the following resolution was approved unanimously:

531. EXECUTIVE SESSION - PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Trustees of the Long Island Power Authority shall convene in Executive Session for the purpose of discussing personnel and litigation matters.

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At 11:50 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 entertained a motion to adjourn. Upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 1:25 p.m.

Respectfully submitted,

Stanley B. Klimberg