

LONG ISLAND POWER AUTHORITY

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING

HELD ON JANUARY 25, 2017

The Finance and Audit Committee of the Long Island Power Authority (the "Authority") was convened at 8:01 a.m. at LIPA Headquarters, Uniondale, NY, pursuant to legal notice given on January 20, 2017 and electronic notice posted on the Authority's website annually.

The following Trustees of the Authority were present:

**Shelly L. Cohen, Committee Chair
Elkan Abramowitz
Mark Fischl
Thomas McAteer**

Representing the Authority were Thomas Falcone, Chief Executive Officer; Joseph Branca, Chief Financial Officer; Jon Mostel, General Counsel; Bobbi O'Connor, Deputy General Counsel; Kenneth Kane, Vice President of Financial Oversight; Donna Mongiardo, Controller; Corey Horowitz, Director of Power Supply Risk Management; Kathleen Mitterway, Director of Audit; Rick Shansky, Vice President of Operations Oversight; and John Little, Vice President of Strategy and Policy.

Representing PSEG LI were John O'Connell, Vice President of Transmission and Distribution; David Lyons, Director of Corporate Integration; Gary Ahern, Director of Finance; and Markus Ramlall, Accounting Services Manager

Chair Cohen welcomed everyone to the Finance and Audit Committee meeting of the Long Island Power Authority Board of Trustees.

Chair Cohen stated that the first item on the agenda is the adoption of the minutes from the December 20, 2016 Committee meeting.

Chair Cohen made a motion to accept the minutes of the December 20, 2016 meeting.

Upon motion duly made and seconded, the minutes were approved unanimously.

Trustee Cohen stated that next item on the agenda is the Overview of Financial Results & Hedge Report.

Mr. Branca and Ms. Mongiardo presented LIPA's financial results through December 31, 2016, Mr. Horowitz presented the Hedge Report, and Mr. Lyons of PSEG LI reported on the PSEG LI Operating Results.

Chair Cohen stated that next item on the agenda is Internal Audit Activities which would be presented by Kathleen Mitterway.

Ms. Mitterway gave a presentation regarding the Authority's internal audit activities and then took questions from Trustees.

Chair Cohen stated that the next item on the agenda is consideration of Recommendation to approve revisions to Committee Charter, which would be presented by Jon Mostel.

Mr. Mostel presented the following action item and took questions from the Trustees:

Requested Action

The Finance and Audit Committee (the "Committee") is being requested to adopt a resolution recommending revisions to the Long Island Power Authority (the "Authority") Finance and Audit Committee Charter (the "Charter") in the form attached hereto.

Background

The Charter, which was most recently revised by the Board of Trustees on June 26, 2014, establishes the purpose, membership, meeting requirements and responsibilities of the Committee and serves as the governing document for the Committee. Consistent with the Charter, the Committee has undertaken a thorough review of the Charter's adequacy and recommends some changes that clarify the Committee's responsibilities, updates the references to members of the Internal Audit staff and adopts a common format for all of

the Board Committee charters.

Recommendation

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

A motion was made and seconded, and the Trustees unanimously adopted the following resolution:

RECOMMENDATION FOR APPROVAL OF REVISED LONG ISLAND POWER AUTHORITY FINANCE AND AUDIT COMMITTEE CHARTER

WHEREAS, the Trustees adopted on June 26, 2014, a Finance and Audit Committee Charter (“Charter”) which establishes, among other things, the purpose, powers, composition and key responsibilities of the Finance and Audit Committee (the “Committee”); and

WHEREAS, the Committee has reviewed the proposed revised Charter and believes it is reasonable and appropriate to revise it for the reasons set forth in the accompanying memorandum:

NOW, THEREFORE, BE IT RESOLVED, that the Committee hereby recommends adoption by the Board of Trustees of the Long Island Power Authority’s “Finance and Audit Committee Charter (January 25, 2017)” in the form presented at this meeting; and be it further

RESOLVED, that this resolution take effect immediately.

Chair Cohen then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 8:40 a.m.