

As described therein, the attached Direct Placement Memorandum was prepared solely for informational purposes and was furnished by the Long Island Power Authority (the “Authority”) solely in connection with the direct placement of Authority’s Electric System General Revenue Bonds, Series 2015A-1 (MMD FRN Rate) and Series 2015A-2 (MMD FRN Rate) with Wells Fargo Municipal Capital Strategies, LLC, as the Purchaser. The Direct Placement Memorandum is not to be used for any other purpose or relied on by any other party.

DIRECT PLACEMENT MEMORANDUM DATED JUNE 16, 2015

New Issue—Full-Book-Entry

In the opinion of Hawkins Delafield & Wood LLP as Bond Counsel to the Authority ("Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2015A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2015A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Series 2015A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, and the Series 2015A Bonds are exempt from all taxation directly imposed thereon by or under the authority of the State of New York, except estate or gift taxes and taxes on transfers. See "TAX MATTERS" in this Direct Placement Memorandum.

\$200,000,000

**LONG ISLAND POWER AUTHORITY
ELECTRIC SYSTEM GENERAL REVENUE BONDS, SERIES 2015A
(MMD FRN Rate)
consisting of
\$51,000,000 Series 2015A-1 \$149,000,000 Series 2015A-2**

Dated: Date of Delivery

Maturity: as shown on the inside cover

The Electric System General Revenue Bonds, Series 2015A-1 (MMD FRN Rate) (the "Series 2015A-1 Bonds") and Series 2015A-2 (MMD FRN Rate) (the "Series 2015A-2 Bonds" and together with the Series 2015A-1 Bonds, the "Series 2015A Bonds") will be issued only as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2015A Bonds under the book-entry-only system described herein. Individual purchases of beneficial ownership interests in the Series 2015A Bonds may be made in the principal amount of (i) \$100,000 and any integral multiple of \$5,000 in excess thereof while bearing interest at the MMD FRN Rate and (ii) \$5,000 and any integral multiple thereof while bearing interest at the MMD Fixed Rate. Beneficial Owners of the Series 2015A Bonds will not receive physical delivery of bond certificates. The Bank of New York Mellon, New York, New York, is the Trustee under the Resolution (defined herein).

The Series 2015A Bonds will bear interest in the MMD FRN Rate as further described herein. See "DESCRIPTION OF SERIES 2015A BONDS - Determination of Interest Rates for the Series 2015A Bonds" herein.

The Series 2015A Bonds are subject to redemption prior to maturity and mandatory tender for purchase as described herein. The Authority reserves the right to convert the Series 2015A Bonds to another Rate Mode as described herein. **This Direct Placement Memorandum is intended to provide disclosure relating to the Series 2015A Bonds in connection with the direct placement of such Series 2015A Bonds and only to the extent the Series 2015A Bonds are in the MMD FRN Rate or the MMD Fixed Rate.**

The original purchasers and holders of the Series 2015A Bonds shall be deemed to have consented to a proposed amendment to the Resolution relating to the Authority's ability to issue short-term indebtedness as senior lien obligations under the Resolution. See "PROPOSED AMENDMENT TO THE RESOLUTION" in this Direct Placement Memorandum.

The Series 2015A Bonds are special obligations of the Authority payable principally from the revenues generated by the electric system owned by its subsidiary, LIPA, after the payment of operating expenses of the System, on a parity with other Electric System General Revenue Bonds and other Parity Obligations of the Authority. The Series 2015A Bonds shall not be a debt of the State of New York or of any municipality, and neither the State of New York nor any municipality shall be liable thereon. The Authority shall not have the power to pledge the credit, the revenues or the taxing power of the State of New York or any municipality, and neither the credit, the revenues nor the taxing power of the State of New York or any municipality shall be, or shall be deemed to be, pledged to the payment of any of the Series 2015A Bonds. The Authority has no taxing power.

The Series 2015A Bonds are placed when, as and if issued and accepted by the Purchaser, subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority. Certain legal matters with respect to the Authority and LIPA will be passed upon by Jon R. Mostel, Esquire, General Counsel to the Authority and LIPA. The Series 2015A Bonds will be available for delivery in book-entry-only form through The Depository Trust Company in New York, New York on or about the date hereof.

**SUMMARY OF TERMS RELATING TO
SERIES 2015A BONDS (MMD FRN RATE)***

**\$51,000,000 Series 2015A-1
CUSIP 5426904B5****

**\$149,000,000 Series 2015A-2
CUSIP 5426904C3****

MATURITIES	\$51,000,000 Series A-1 maturing May 1, 2033 and \$149,000,000 Series A-2 maturing December 1, 2029.
INTEREST RATE	MMD FRN Rate and MMD Fixed Rate.
INTEREST PAYMENT DATES AND CALCULATION PERIOD	(a) Semi-annually on May 1 and November 1 of each year with respect to the Series 2015A-1 Bonds, and June 1 and December 1 each year with respect to the Series 2015A-2 Bonds, and (b) the Mandatory Purchase Date.
RECORD DATE	Opening of business on the first Business Day preceding an Interest Payment Date.
OWNERS' RIGHTS TO TENDER	None.
MANDATORY TENDER FOR PURCHASE	On any Mode Change Date.
MMD FRN RATE RESET DATE	First Business Day of each month.
FAILED REMARKETING RATE	Twelve percent (12%) per annum.
MAXIMUM RATE	A rate per annum equal to the lesser of the maximum rate permitted by law (currently, there is no statutory cap under New York State law applicable to the Offered Bonds) and 15%.
CALCULATION AGENT	Wells Fargo Bank, National Association.
PURCHASER	Wells Fargo Municipal Capital Strategies, LLC.

* So long as the Series 2015A Bonds are registered in the name of Cede & Co., as Bondholder and Securities Depository Nominee of DTC, mechanics for tender and redemption will be in accordance with procedures established by DTC.

** CUSIP numbers have been assigned by an organization not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2015A Bonds. The Authority is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to the correctness of the CUSIP numbers on the Series 2015A Bonds or as indicated above.

This Direct Placement Memorandum has been prepared solely for informational purposes and is being furnished by the Authority solely in connection with the direct placement of the Series 2015A Bonds with the Purchaser and is not to be used for any other purpose or relied on by any other party.

LONG ISLAND POWER AUTHORITY

333 Earle Ovington Blvd.
Uniondale, New York 11553
Telephone: (516) 222-7700

BOARD OF TRUSTEES

Ralph V. Suozzi — Chairman

Elkan Abramowitz
Sheldon L. Cohen
Matthew Cordaro
Mark Fischl

Jeffrey H. Greenfield
Thomas J. McAteer
Suzette C. Smookler

AUTHORITY MANAGEMENT

John D. McMahon*—*Chief Executive Officer*
Thomas Falcone—*Chief Financial Officer*
Jon R. Mostel—*General Counsel and Secretary*
Rick Shansky—*Managing Director of Contract Oversight*
Kenneth Kane—*Managing Director of Finance and Budgeting*
Donna Mongiardo—*Controller*

Bond Counsel

Hawkins Delafield & Wood LLP
New York, New York

Independent Accountants

KPMG LLP
Melville, New York

Disclosure Counsel

Squire Patton Boggs (US) LLP
New York, New York

Trustee

The Bank of New York Mellon
New York, New York

Financial Advisor

Public Financial Management, Inc.
New York, New York

* On April 30, 2015, Mr. McMahon tendered his resignation to be effective August 31, 2015. As of the date hereof, a replacement has not been named.

TABLE OF CONTENTS

COVER PAGE

INSIDE COVER PAGE

SUMMARY STATEMENT

	Page		Page
INTRODUCTION	1	Delivery and Payment for Purchased Series 2015A Bonds.....	9
INFORMATION INCLUDED BY SPECIFIC CROSS-REFERENCE	1	Consequences of a Failed Remarketing.....	9
PLAN OF FINANCE	2	PROPOSED AMENDMENT TO THE RESOLUTION	9
DESCRIPTION OF THE SERIES 2015A BONDS	2	TAX MATTERS	10
Definitions	2	EXEMPTION FROM CONTINUING DISCLOSURE	12
General	4	CREDIT RATINGS	12
Securities Depository.....	4	AGREEMENT OF NEW YORK STATE.....	12
Determination of Interest Rates for the Series 2015A Bonds	5	APPROVAL OF LEGAL PROCEEDINGS.....	12
Tender and Redemption Provisions for the Series 2015A Bonds	5	ADDITIONAL INFORMATION.....	12
Notice of Redemption.....	7	APPENDIX 1: Form of Opinion of Hawkins Delafield & Wood LLP	App. 1-1
Notice of Mandatory Tender for Purchase	7	APPENDIX 2: Book-Entry-Only System	App. 2-1
Changes in Mode.....	7		
Source of Funds for Purchase of Series 2015A Bonds.....	8		
Delivery of Remarketed Series 2015A Bonds.....	8		

DIRECT PLACEMENT MEMORANDUM
of the
LONG ISLAND POWER AUTHORITY
Relating to its
\$200,000,000
ELECTRIC SYSTEM GENERAL REVENUE BONDS, SERIES 2015A
(MMD FRN Rate)
consisting of
\$51,000,000 Series 2015A-1 \$149,000,000 Series 2015A-2

INTRODUCTION

The Electric System General Revenue Bonds, Series 2015A-1 (MMD FRN Rate) (the “Series 2015A-1 Bonds”) and Series 2015A-2 (MMD FRN Rate) (the “Series 2015A-2 Bonds” and together with the Series 2015A-1 Bonds, the “Series 2015A Bonds”) are being issued by Long Island Power Authority (the “Authority”) pursuant to the Long Island Power Authority Act, being Title 1-A of Article 5 (§ 1020 et seq.) of the Public Authorities Law of the State of New York, as amended (the “Act”), and the Electric System General Revenue Bond Resolution of the Authority adopted on May 13, 1998 (the “Bond Resolution”), as supplemented, including as supplemented by a resolution of the Authority authorizing the Series 2015A Bonds (the “Supplemental Resolution”). The Bond Resolution, as supplemented to the date hereof, including as supplemented by the Supplemental Resolution and as it may be further supplemented or amended in the future, is herein called the “Resolution.”

As of March 31, 2015, the Authority had outstanding approximately \$5.2 billion of senior lien bonds, all of which were issued under the Bond Resolution (the “Outstanding Senior Lien Bonds”). The Series 2015A Bonds will be on a parity as to security and source of payment with the Outstanding Senior Lien Bonds. The Authority has the ability to issue under the Bond Resolution additional senior lien bonds, and other obligations (“Parity Obligations”), that will be on a parity as to security and source of payment with the Outstanding Senior Lien Bonds and the Series 2015A Bonds. As used in this Direct Placement Memorandum, the term “Bonds” means the Outstanding Senior Lien Bonds, the Series 2015A Bonds and all additional senior lien bonds, notes or other evidence of indebtedness and Parity Obligations of the Authority hereafter issued under the Resolution which are on a parity as to security and source of payment. The Bonds have priority as to security and payment over the Subordinated Indebtedness mentioned in the next paragraph.

As of March 31, 2015, the Authority also had outstanding \$500 million of subordinate lien indebtedness, which amount includes \$300 million of commercial paper notes (the “Outstanding Subordinated Lien Bonds”). The Outstanding Subordinated Lien Bonds were all issued under the Authority’s Electric System General Subordinated Revenue Bond Resolution adopted on May 20, 1998 (the “General Subordinated Resolution”) and various supplemental resolutions (the General Subordinated Resolution, as so supplemented, is herein called the “Subordinated Resolution”). The Authority has the ability to issue under the General Subordinated Resolution additional subordinated lien bonds and other obligations that will be on a parity as to security and source of payment with the Outstanding Subordinated Lien Bonds. As used in this Direct Placement Memorandum, the term “Subordinated Indebtedness” means the Outstanding Subordinated Lien Bonds and all other subordinated lien bonds, notes or other evidence of indebtedness of the Authority issued pursuant to the Subordinated Resolution which are on a parity as to security and source of payment. All Subordinated Indebtedness is, in all respects, on a junior and subordinate basis as to security and source of payment to the Bonds. See “PLAN OF FINANCE” in this Direct Placement Memorandum for recent developments relating to the Authority’s outstanding indebtedness.

INFORMATION INCLUDED BY SPECIFIC CROSS-REFERENCE

The following documents filed with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (“MSRB”) by the Authority are included by specific cross-reference in this Direct Placement Memorandum:

- The Resolution; and
- The Financing Agreement.

For convenience, copies of these documents can be found on the Authority's website (www.lipower.org) under the caption "About LIPA – Financials." No statement on the Authority's website is included by specific cross-reference herein.

PLAN OF FINANCE

The proceeds of the Series 2015A Bonds will be used to retire certain outstanding variable rate of indebtedness of the Authority.

DESCRIPTION OF THE SERIES 2015A BONDS

Definitions

As used in this Direct Placement Memorandum, the following terms have the following meanings:

"*Applicable Maturity*" means, in the case of the Series 2015A-1 Bonds, an 18 year maturity, and in the case of the Series 2015A-2 Bonds, a 14 year maturity.

"*Applicable Spread/MMD FRN Rate*" means, with respect to each MMD FRN Rate Period, the following:

During the MMD FRN Rate Period, the number of basis points set forth opposite the rating then assigned to the Series 2015A-1 Bonds or Series 2015A-2 Bonds, as applicable, under the caption "Applicable Spread" in the applicable chart below:

<u>Series 2015A-1 Bond Ratings</u>			<u>Applicable Spread</u>
<u>Moody's</u>	<u>Fitch</u>	<u>S&P</u>	
Aa1 or higher	AA+ or higher	AA+ or higher	70 basis points (.70%)
Aa2	AA	AA	75 basis points (.75%)
Aa3	AA-	AA-	80 basis points (.80%)
A1	A+	A+	85 basis points (.85%)
A2	A	A	90 basis points (.90%)
A3	A-	A-	100 basis points (1.00%)
Baa1	BBB+	BBB+	110 basis points (1.10%)
Baa2	BBB	BBB	125 basis points (1.25%)
Baa3	BBB-	BBB-	150 basis points (1.50%)

<u>Series 2015A-2 Bond Ratings</u>			<u>Applicable Spread</u>
<u>Moody's</u>	<u>Fitch</u>	<u>S&P</u>	
Aa1 or higher	AA+ or higher	AA+ or higher	70 basis points (.70%)
Aa2	AA	AA	75 basis points (.75%)
Aa3	AA-	AA-	80 basis points (.80%)
A1	A+	A+	85 basis points (.85%)
A2	A	A	90 basis points (.90%)
A3	A-	A-	100 basis points (1.00%)
Baa1	BBB+	BBB+	110 basis points (1.10%)
Baa2	BBB	BBB	125 basis points (1.25%)
Baa3	BBB-	BBB-	150 basis points (1.50%)

In determining the Applicable Spread/MMD FRN Rate during the MMD FRN Rate Period, the following shall apply:

In the event there is more than one rating assigned to the Series 2015A Bonds and such ratings are not all equivalent, the lowest rating shall be used for the purpose of determining the applicable level from the grid above. If one or more of the ratings are withdrawn or suspended for credit-related reasons, any rating falls below investment grade, or an Event of Default (as defined in the 2015A Bond Agreement) occurs, the Series 2015A Bonds shall bear interest at the Default Rate.

Any change in the Applicable Spread/MMD FRN Rate shall become effective on the date of announcement or publication by Moody's, Fitch or S&P of a change in such rating, or in the absence of such announcement or publication, on the effective date of such changed rating.

References to the ratings above are to rating categories as determined by Moody's, Fitch or S&P as of the Closing Date and, in the event of the adoption of any new or changed rating system by such rating agency, including, without limitation, any recalibration or realignment of the rating assigned to Series 2015A Bonds in connection with the adoption of a "global" rating scale, the ratings from the rating agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category in effect on the Closing Date.

"Bond Interest is Taxable" means that interest paid or to be paid on a Series 2015A Bond is or will be includable for federal income tax purposes in the gross income of the Purchaser thereof, but excluding the inclusion of interest on such Series 2015A Bond as an item of tax preference for purposes of the calculation of an alternative minimum tax imposed on the Purchaser.

"Closing Date" means June 16, 2015, which is the date of this Direct Placement Memorandum.

"Determination of Taxability" means (a) any determination, decision, decree or advisement by the Commissioner of Internal Revenue, or any District Director of Internal Revenue or any court of competent jurisdiction to the effect that Bond Interest is Taxable, or (b) the delivery to the Authority, the Purchaser and the Trustee of a written opinion of nationally recognized bond counsel acceptable to the Authority to the effect that Bond Interest is Taxable. A Determination of Taxability also shall be deemed to have occurred on the first to occur of the following:

(i) the date when the Authority files any statement, supplemental statement, or other tax schedule, return or document, which discloses that Bond Interest is Taxable;

(ii) the effective date of any federal legislation enacted or federal rule or regulation promulgated after the date of the Indenture which has the effect that Bond Interest is Taxable; or

(iii) if upon sale, lease or other deliberate action within the meaning of Treas. Reg. § 1.141-2(d), the failure of the Authority to receive an unqualified opinion of a nationally recognized bond counsel to the effect that such action will not cause interest on the Series 2015A Bonds to become includable in the gross income of the recipient.

Each such holder and former holder shall also be entitled to receive from the Authority all taxes, interest, penalties or other charges such holder or former holder shall be obligated to make as a result of the Determination of Taxability.

"Failed Remarketing Rate" means twelve percent (12%) per annum.

"Interest Payment Date" means, during the MMD FRN Rate Period or MMD Fixed Rate Period, (a) semi-annually on May 1 and November 1 of each year with respect to the Series 2015A-1 Bonds and semi-annually on June 1 and December 1 of each year with respect to the Series 2015A-2 Bonds, and (b) and with respect to each subseries the applicable Mandatory Purchase Date, if any.

"MMD Fixed Rate" means, with respect to a subseries of Series 2015A Bonds, the per annum rate of interest established on the MMD Fixed Rate Conversion Date in accordance with the Certificate of Determination.

"MMD Fixed Rate Conversion Date" means, with respect to a subseries of Series 2015A Bonds, the day on which the Interest Rate Determination Method shall be converted from the MMD FRN Rate to the MMD Fixed Rate in accordance with the Certificate of Determination.

"MMD Fixed Rate Period" means, with respect to a subseries of Series 2015A Bonds, the period from and including the MMD Fixed Rate Conversion Date to the date of payment in full of such subseries of Series 2015A Bonds.

“MMD FRN Rate” means, with respect to a subseries of Series 2015A Bonds, a per annum rate of interest established on each MMD FRN Rate Reset Date equal to the sum of the prevailing MMD Index and the Applicable Spread/MMD FRN Rate, provided that the MMD FRN Rate shall not exceed fifteen percent (15%) per annum.

“MMD FRN Rate Period” means, with respect to a subseries of Series 2015A Bonds, the period commencing with the Closing Date and ending on the date of payment in full of such subseries; provided, however, that the MMD FRN Rate Period shall terminate earlier upon the conversion of such subseries of Series 2015A Bonds to a different Interest Rate Determination Method.

“MMD FRN Rate Reset Date” means the first Business Day of each month.

“MMD Index” means the AAA Municipal Market Data General Obligation Yield Curve for the Applicable Maturity (“MMD”) on each MMD FRN Rate Reset Date. The MMD is available through the Thomson Municipal Market Monitor (www.tm3.com) and the Municipal Market Data-Line. If the MMD Index is not published or provided on the Wednesday preceding each MMD FRN Rate Reset Date, a comparable or successor index selected by the Calculation Agent shall be used.

“Mode Change Date” means, with respect to a subseries of Series 2015A Bonds, during the MMD Index Rate Period, the date on which such subseries convert from one Mode to another Mode, such date being the first Business Day occurring on or after the six (6)-month anniversary of the Closing Date, and thereafter on any Business Day occurring on or after the first (1st) anniversary of the Closing Date, excluding an MMD FRN Fixed Rate Conversion Date.

“Purchase Price” means, during the MMD FRN Rate Period, the principal amount, plus accrued interest, plus, to the extent that the Series 2015A Bonds being purchased could not be redeemed on the date of such purchase at a redemption price of par, a premium equal to the redemption premium that would have been paid on such purchase date if such Series 2015 A Bonds had been redeemed on such purchase date, as determined pursuant to the Certificate of Determination.

“Taxable Date” means the date on which interest on the Series 2015A Bonds is first includable in gross income of the recipient thereof as a result of a Determination of Taxability.

“Taxable Rate” means, for any date of determination, the rate of interest per annum equal to the product of the interest rate on the applicable subseries of Series 2015A Bonds that would otherwise be in effect multiplied by 1.54.

“2015A Bond Agreement” means the Agreement relating to the Series 2015A Bonds, dated as of June 12, 2015, between the Authority and the Purchaser.

General

The Series 2015A Bonds will be dated the Closing Date, will bear interest from and including such date, payable as described in the Certificate of Determination, with the first Interest Payment Date being November 1, 2015 in the case of the Series 2015A-1 Bonds, and December 1, 2015, in the case of the Series 2015A-2 Bonds. The Series 2015A-1 Bonds will mature on May 1, 2033 and the Series 2015A-2 Bonds will mature on December 1, 2029.

So long as DTC is the sole registered owner of all of the Series 2015A Bonds, all interest payments will be made to DTC by wire transfer of immediately available funds, and DTC's participants will be responsible for payment of interest to beneficial owners. All Series 2015A Bonds will be fully registered in Authorized Denominations.

Securities Depository

Upon initial issuance, the Series 2015A Bonds will be available only in book-entry form. The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for the Series 2015A Bonds, and the ownership of one fully registered bond for each maturity of Series 2015A Bonds in the principal amount of such maturity will be registered in the name of Cede & Co., as nominee for DTC, and deposited with DTC. See Appendix 2 to this Direct Placement Memorandum for a description of DTC and its book-entry-only system that will apply to the Series 2015A Bonds.

As long as the book-entry system is used for the Series 2015A Bonds, The Bank of New York Mellon, New York, New York (the “Trustee”) and the Authority will give any notice required to be given owners of Series 2015A Bonds only to DTC. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS FOR THE DIRECT PARTICIPANT THROUGH WHOSE DTC ACCOUNT THEIR BENEFICIAL OWNERSHIP INTEREST IS

RECORDED TO RECEIVE NOTICES THAT MAY BE CONVEYED TO DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS.

Determination of Interest Rates for the Series 2015A Bonds

Each subseries of the Series 2015A Bonds will initially bear interest at the MMD FRN Rate. Series 2015A Bonds bearing interest at the MMD FRN Rate or the MMD Fixed Rate shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

MMD FRN Rate. During the MMD FRN Rate Period, each subseries of Series 2015A Bonds shall bear interest at the applicable MMD FRN Rate. The Calculation Agent shall determine the MMD FRN Rate for each subseries of the Series 2015A Bonds on each related MMD FRN Rate Reset Date during the MMD FRN Rate Period, and such rate shall become effective on such MMD FRN Rate Reset Date. If the MMD FRN Rate for a subseries of Series 2015A Bonds is not determined by the Calculation Agent on the MMD FRN Rate Reset Date, subseries of Series 2015A Bonds shall continue to bear interest at the MMD FRN Rate in effect on the immediately preceding MMD FRN Rate Reset Date until the Calculation Agent next determines the MMD FRN Rate for such maturity as required under the Certificate of Determination.

MMD Fixed Rate. Each subseries of Series 2015A Bonds shall bear interest at the MMD Fixed Rate during the MMD Fixed Rate Period applicable thereto. The Calculation Agent shall determine the MMD Fixed Rate. The interest rate to be borne by a subseries of Series 2015A Bonds from the applicable MMD Fixed Rate Conversion Date through the end of such MMD Fixed Rate Period shall be the rate determined by the Calculation Agent on the MMD Fixed Rate Conversion Date to be the rate equal to the sum of (a) the prevailing MMD FRN, (b) the prevailing Applicable Spread/MMD FRN Rate, and (c) fifteen basis points (0.15%) if converted prior to the first anniversary of the Closing Date, and thereafter reducing by three basis points (0.03%) per year effective on the next succeeding anniversary of the Closing Date until the fifth anniversary at which time it shall be reduced to zero, provided that the MMD Fixed Rate shall not exceed fifteen percent (15%) per annum.

Default Rate. If one or more of the underlying ratings assigned to the Series 2015A Bonds are withdrawn or suspended for credit-related reasons by the rating agencies, any rating falls below investment grade, or an event of default (as defined in the 2015A Bond Agreement) occurs, the Series 2015A Bond shall bear interest at the Default Rate. If Series 2015A Bonds are in the MMD FRN Rate Mode and bearing interest at the MMD FRN Rate, the Default Rate applicable to such subseries of Series 2015A Bonds shall equal the prevailing MMD Index plus 4.25%, resetting monthly on the first Business Day of each month. If Series 2015A Bonds bear interest at the MMD Fixed Rate, the Default Rate applicable to such Series 2015A Bonds shall be the rate then in effect on such Series 2015A Bonds, plus 2.00%.

Determination of Taxability. In the event a Taxable Date occurs, the Series 2015A Bonds shall bear interest at the Taxable Rate.

Tender and Redemption Provisions for the Series 2015A Bonds

The Series 2015A Bonds of each subseries are subject to tender and redemption prior to maturity on such dates and at such prices as are set forth below.

Mandatory Tender for Purchase on any Mode Change Date. The Series 2015A Bonds are subject to a mandatory tender for purchase on the Mode Change Date at the times and in the manner hereinafter provided in this Certificate of Determination at the Purchase Price. Subsequent to such change in Mode, the Series 2015A Bonds of any affected subseries may again be changed to a different Mode at the times and in the manner as provided in the Certificate of Determination.

Mandatory Purchase Date and Purchase Price. The Purchase Price to be paid for Series 2015A Bonds shall be paid on the Mandatory Purchase Date. While Series 2015A Bonds are in an MMD FRN Rate Period, the Purchase Price shall be required to be paid on each Mandatory Purchase Date only to the extent that (a) remarketing proceeds or (b) other amounts made available by the Authority, in its sole discretion, are available for such purchase, as described below.

Optional Redemption. During the MMD FRN Rate Period applicable to a subseries of the Series 2015A Bonds, such subseries of Series 2015A Bonds shall be subject to redemption, at the direction of the Authority on not less than sixty (60) days' notice to the Owners of such subseries of Series 2015A Bonds, in whole or in part, on the first Business Day occurring on or after the six (6)-month anniversary of the Closing Date, and any Business Day occurring on or after the fifth (5th) anniversary of the Closing Date, in each such case, at a redemption price equal to the principal amount of the Series 2015A Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date.

During the MMD FRN Rate Period applicable to a subseries of the Series 2015A Bonds, such subseries of Series 2015A Bonds shall also be subject to redemption, at the direction of the Authority on not less than sixty (60) days' notice to the Owners of such subseries of Series 2015A Bonds, in whole or in part, on any Business Day occurring on or after the first anniversary of the Closing Date (each such Business Day an "Optional Premium Redemption Date"), in each such case, at a redemption price equal to the principal amount of the Series 2015A Bonds to be redeemed plus the premium shown below plus accrued interest thereon to, but not including, the redemption date:

<u>Period</u>	<u>Redemption Premium</u>
First Anniversary of Closing Date to day preceding second Anniversary of Closing Date	101.00%
Second Anniversary of Closing Date to day preceding third Anniversary of Closing Date	100.75%
Third Anniversary of Closing Date to day preceding fourth Anniversary of Closing Date	100.50%
Fourth Anniversary of Closing Date to day preceding fifth Anniversary of Closing Date	100.25%

On and after any mandatory tender for purchase and conversion to any Mode other than MMD Fixed Rate, the Series 2015A Bonds subject to such mandatory tender and conversion shall be subject to redemption at the option of the Authority as described above or in the Certificate of Determination. After a conversion to the MMD Fixed Rate, the Series 2015A Bonds so converted shall be subject to redemption or conversion without premium at the option of the Authority on any Business Day occurring on or after the 5 year anniversary of the MMD Fixed Rate Conversion Date; provided, however that if the maturity date of such Series 2015A Bond converted is less than 10 years from the MMD Fixed Rate Conversion Date, then the Series 2015A Bond shall not be subject to redemption or conversion.

Extraordinary Optional Redemption. During the MMD FRN Rate Period applicable to any subseries of the Series 2015A Bonds, the Series 2015A Bonds of such subseries are also subject to redemption, upon the occurrence of a Determination of Taxability, at the direction of the Authority on any Business Day and not less than thirty (30) days' notice to the owners of the Series 2015A Bonds at a redemption price equal to 100% of the principal amount thereof, in each case together with accrued and unpaid interest thereon to the redemption date.

Sinking Fund. The subseries of the Series 2015A-2 Bonds shall be subject to redemption in part on the dates and in the respective principal amounts set forth below at 100% of the principal amount thereof, plus accrued interest to the redemption date, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on the dates set forth below the principal amount of such respective series of Series 2015A-2 Bonds specified for each of the years shown below:

Series 2015A-2 Bonds	
<u>December 1,</u>	<u>Principal Amount</u>
2027	\$47,010,000
2028	49,620,000
2029 ¹	52,370,000
¹ Final Maturity	

Credit Against Sinking Fund Installments. In the event a principal amount of the Series 2015A-2 Bonds is deemed to be no longer Outstanding, except by scheduled sinking fund redemption as described above, such principal amount shall be applied to reduce the remaining Sinking Fund Installments for such Series 2015A-2 Bonds in such order and amounts as is determined by an Authorized Representative of the Authority in a written certificate delivered to the Trustee, which certificate shall be conclusive as to such matters.

Selection of Bonds for Redemption. If fewer than all of the Series 2015A Bonds of an entire maturity shall be called for redemption, the particular Series 2015A Bonds or portions of Series 2015A Bonds to be redeemed shall be selected as described below.

During such time as the Series 2015A Bonds are registered in book-entry-only form in the name of Cede & Co. or other nominee of DTC, partial redemptions of the Series 2015A Bonds of a maturity will be determined in accordance with DTC's procedures as from time to time in effect. See "Book-Entry-Only System" in Appendix 2 to this Direct Placement Memorandum.

If less than all of the Series 2015A Bonds of a maturity are to be redeemed, DTC and the Direct Participant and, where appropriate, Indirect Participants will determine the particular beneficial ownership interests of such Series 2015A Bonds of such maturity to be redeemed in accordance with their procedures as from time to time in effect. If the Series 2015A Bonds are not registered in book-entry only form, the particular Series 2015A Bonds to be redeemed will be determined by the Trustee, using such method as it deems fair and appropriate.

Notice of Redemption

If any of the Series 2015A Bonds are to be redeemed, notice of such redemption is to be mailed by the Trustee to registered owners of such Series 2015A Bonds to be redeemed as described above. Any notice of optional redemption may provide that such redemption is conditioned on, among other things, the availability of sufficient moneys on the redemption date.

The Trustee, so long as a book-entry-only system is used for determining ownership of the Series 2015A Bonds, shall send the notice to DTC or its nominee, or its successor. Any failure of DTC or a Direct Participant or, where appropriate, Indirect Participants to do so, or to notify a Beneficial Owner of an Series 2015A Bond of such redemption, will not affect the sufficiency or the validity of the redemption of such Bond. The Authority can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Series 2015A Bonds to be redeemed will distribute such notices to the Beneficial Owners of such Bonds, or that they will do so on a timely basis. See “Book-Entry-Only System” in Appendix 2 to this Direct Placement Memorandum.

Notice of Mandatory Tender for Purchase

The Trustee will, at least sixty (60) days prior to any Mandatory Purchase Date applicable to a subseries of the Series 2015A Bonds, give notice to the Notice Parties of the mandatory tender for purchase of such subseries of Series 2015A Bonds that is to occur on that date.

Notice of any mandatory tender of such subseries of Series 2015A Bonds will be provided by the Trustee or caused to be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail to each Owner of the applicable subseries of Series 2015A Bonds at the respective addresses shown on the registry books. Each notice of mandatory tender for purchase will identify the reason for the mandatory tender for purchase and specify:

- the Mandatory Purchase Date,
- the Purchase Price,
- the place and manner of payment,
- that the Owner has no right to retain such Series 2015A Bonds, and
- that no further interest will accrue from and after the Mandatory Purchase Date to such Owner.

Each notice of mandatory tender for purchase caused by a change in the Mode applicable to a subseries of Series 2015A Bonds will in addition specify the conditions that have to be satisfied pursuant to the Resolution in order for the New Mode to become effective and the consequences that the failure to satisfy any of such conditions would have.

Any notice mailed as described above will be conclusively presumed to have been duly given, whether or not the Owner of any Series 2015A Bonds receives the notice, and the failure of that Owner to receive any such notice will not affect the validity of the action described in that notice. Failure by the Trustee to give a notice as provided under this caption would not affect the obligation of the Tender Agent to purchase the Series 2015A Bonds subject to mandatory tender for purchase on the Mandatory Purchase Date.

Changes in Mode

General. Any subseries of Series 2015A Bonds may be changed to any other Mode at the times and in the manner provided in the Certificate of Determination and summarized below.

Notice of Intention to Change Mode. If the Mode in effect with respect to a subseries of the Series 2015A Bonds prior to the proposed Conversion Date under this Section is an MMD FRN Rate:

- the Authority may elect on not less than two (2) Business Days’ notice to the Owners of such subseries of the Series 2015A Bonds, to convert such subseries of Series 2015A Bonds to the MMD Fixed Rate to maturity effective on the MMD Fixed Rate Conversion Date, which may be any Business Day. On and after such Conversion Date, such subseries of the Series 2015A Bonds will be subject to optional redemption pursuant to the Certificate of Determination; or

- the Authority may elect on not less than sixty (60) days' notice to the Owners of such subseries of Series 2015A Bonds, to convert such subseries of Series 2015A Bonds to any other Mode, other than the MMD Fixed Rate, effective on any Mode Change Date specified by the Authority in such notice. On and after such Conversion Date, (X) the Rate to be borne by such subseries of Series 2015A Bonds shall be determined by the Remarketing Agent as provided in the Certificate of Determination and (Y) such subseries of Series 2015A Bonds will be subject to optional redemption pursuant to the Certificate of Determination.

General Provisions Applying to Changes from MMD FRN Rate Mode to Another Mode (other than the MMD Fixed Rate Mode).

1. On or prior to the date the Authority provides the notice to the Notice Parties, the Authority will deliver to the Trustee (with a copy to all other Notice Parties) a letter from Bond Counsel addressed to the Trustee to the effect that it expects to be able to deliver a Favorable Opinion of Bond Counsel on the Mode Change Date.

2. No change in Mode will become effective unless all conditions precedent thereto have been met and the following items shall have been delivered to the Trustee and the remarketing agent by 2:30 P.M., or such later time as is acceptable to the Authority, the Trustee and the remarketing agent, on the Mode Change Date:

- a Favorable Opinion of Bond Counsel dated the Mode Change Date;
- unless the existing Tender Agency Agreement and Remarketing Agreement are effective on the Mode Change Date, a Tender Agency Agreement and a Remarketing Agreement if required for the New Mode; and; and
- a certificate of an authorized officer of the Tender Agent to the effect that all of the Series 2015A Bonds tendered or deemed tendered, unless otherwise redeemed, have been purchased at a price at least equal to the principal amount thereof.

3. If all conditions to the Mode change are met, the Interest Rate Period for the New Mode shall commence on the Mode Change Date and the interest rate will be determined by the Remarketing Agent.

4. In the event the foregoing conditions have not been satisfied by the Mode Change Date, the New Mode shall not take effect and the Series 2015A Bonds that are the subject of the Mode change:

- will remain subject to mandatory tender for purchase as described below under “ – *Consequences of a Failed Remarketing*”;
- will continue to be in the MMD FRN Rate Mode; and
- will bear interest as described below under “– *Consequences of a Failed Remarketing*.”

Source of Funds for Purchase of Series 2015A Bonds

On or before 3:00 P.M. on each Mandatory Purchase Date, the Tender Agent shall purchase the Series 2015A Bonds subject to purchase on such date from the Owners at the Purchase Price. Funds for the payment of such Purchase Price shall be derived solely from immediately available funds transferred by the remarketing agent to the Tender Agent derived from the remarketing of such Series 2015A Bonds.

Notwithstanding the foregoing, the Authority shall have the option, but shall not be obligated, to transfer immediately available funds to the Tender Agent for the payment of the Purchase Price of any Series 2015A Bonds tendered or deemed tendered. None of the Authority, the Trustee, the Tender Agent nor the Remarketing Agent shall have any liability or obligation to pay or, except from the sources identified above, make available such Purchase Price. The failure to pay any such Purchase Price for Series 2015A Bonds that have been tendered or deemed tendered for purchase from any of the sources identified above shall not constitute an Event of Default under the Resolution and in the case of such failure, none of such Series 2015A Bonds shall be purchased, and such Series 2015A Bonds shall remain in the MMD FRN Rate Mode and bear interest as described below under “Consequences of a Failed Remarketing.”

Delivery of Remarketed Series 2015A Bonds

Except as otherwise required or permitted by DTC's book-entry-only system of the Securities Depository, remarketed Series 2015A Bonds sold by a Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those Series 2015A Bonds by 3:00 P.M. on the Mandatory Purchase Date.

Delivery and Payment for Purchased Series 2015A Bonds

Except as otherwise required or permitted by the book-entry-only system of the Securities Depository, remarketed Series 2015A Bonds purchased as set forth above shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Mandatory Purchase Date at the office of the Tender Agent in New York, New York; provided, however, that payment of the Purchase Price of any remarketed Series 2015A Bonds purchased shall be made only if such Series 2015A Bonds so delivered to the Tender Agent conform in all respects to the description thereof in the notice of tender. Payment of the Purchase Price shall be made by wire transfer in immediately available funds by the Tender Agent by the close of business on the Mandatory Purchase Date or, if the bondholder has not provided or caused to be provided wire transfer instructions, by check mailed to the bondholder at the address appearing in the books required to be kept by the Trustee pursuant to the Resolution. If Series 2015A Bonds to be purchased are not delivered by the bondholders to the Tender Agent by 12:00 noon on the Mandatory Purchase Date, the Tender Agent shall hold any funds received for the purchase of those Series 2015A Bonds in trust in a separate account uninvested, and shall pay such funds to the former bondholders upon presentation of Series 2015A Bonds subject to tender. Undelivered Series 2015A Bonds are deemed tendered and cease to accrue interest as to the former bondholders on the Mandatory Purchase Date if moneys representing the Purchase Price shall be available against delivery of those Series 2015A Bonds at the Principal Office of the Tender Agent; provided, however, that any funds so held by the Tender Agent that remain unclaimed by the former holder of any such Series 2015A Bonds not presented for purchase for a period of two years after delivery of such funds to the Tender Agent shall, to the extent permitted by law, upon request in writing by the Authority and the furnishing of security or indemnity to the Tender Agent's satisfaction, be paid to the Authority free of any trust or lien and thereafter the former holder of such Series 2015A Bonds shall look only to the Authority and then only to the extent of the amounts so received by the Authority without any interest thereon and the Tender Agent shall have no further responsibility with respect to such moneys or payment of the Purchase Price of such Series 2015A Bonds. The Tender Agent shall authenticate replacement Series 2015A Bonds for any undelivered Series 2015A Bonds which may then be remarketed by the remarketing agent.

Consequences of a Failed Remarketing

In the event that remarketing proceeds are insufficient to pay the purchase price of all Outstanding Series 2015A Bonds subject to tender on the applicable Mandatory Purchase Date, (1) no purchase shall be consummated on such Mandatory Purchase Date and the Tender Agent shall, after any applicable grace period, (a) return all tendered Series 2015A Bonds to the registered owners thereof and (b) return all remarketing proceeds to the remarketing agent for return to the persons providing such moneys; and (2) during the period of time from and including the applicable Mandatory Purchase Date to (but not including) the date that all such Series 2015A Bonds are successfully remarketed (the "Delayed Remarketing Period") the Series 2015A Bonds, will bear interest at the Failed Remarketing Rate until such time as they can be successfully remarketed. Until they are so remarketed, the Series 2015A Bonds shall be subject to par call or mandatory tender at the option of the Authority at any time.

On each Business Day following the failed remarketing on the applicable Mandatory Purchase Date, the Remarketing Agent shall continue to use its best efforts to remarket the Series 2015A Bonds subject to tender on such Mandatory Tender Date into the Mode designated by the Trustee, at the direction of the Authority (or such other Mode as the Trustee, at the direction of the Authority, shall thereafter designate to the Remarketing Agent and the prospective owners thereof) or an additional Interest Rate Period in the MMD FRN Rate Mode. Once the Remarketing Agent has advised the Trustee that it has a good faith belief that it is able to remarket all of the applicable Series 2015A Bonds, the Trustee, at the direction of the Authority, will give notice by mail to the registered owners of such Series 2015A Bonds not later than five Business Days prior to the purchase date, which notice will state (1) that the interest rate on such Series 2015A Bonds will continue to be in the MMD FRN Rate Mode or will be adjusted to a different Mode on and after the purchase date; (2) that such Series 2015A Bonds will be subject to mandatory tender for purchase on the purchase date; (3) the procedures for such mandatory tender; (4) the purchase price of such Series 2015A Bonds on the purchase date (expressed as a percentage of the principal amount thereof); and (5) the consequences of a failed remarketing.

During the Delayed Remarketing Period, the Trustee may, upon direction of the Authority, apply available amounts to the redemption of the Series 2015A Bonds as a whole or in part on any Business Day, at a redemption price equal to the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium. Notice of redemption shall be provided at least five Business Days prior to the date fixed for redemption.

PROPOSED AMENDMENT TO THE RESOLUTION

The Authority has amended the Resolution as described below, subject to the consent or deemed consent of the holders of a majority in principal amount of all Outstanding Bonds. The original purchasers and holders of the Series 2015A Bonds, by their purchase and acceptance thereof, thereby (i) consent, and shall be deemed to have consented, to

such amendment, and (ii) waive, and shall be deemed to have waived, any and all other formal notices, implementation or timing requirements that may otherwise be required under the Resolution.

The Twenty-Second Supplemental Resolution authorizing the Series 2015A Bonds amends the General Resolution by deleting a proviso appearing in a section of the General Resolution relating to Supplemental Resolutions which authorize the issuance of Bonds. Such proviso stated that “no Bonds shall have a stated maturity less than 271 days after the date of issue thereof unless constituting a serial maturity of a Series with principal maturing in more than three consecutive Fiscal Years including the year of such maturity.” The proposed amendment is intended to provide the Authority with additional flexibility in its issuance of short-term indebtedness as senior lien obligations under the Resolution; when and if the necessary consents or deemed consents are received, there would be no minimum stated maturity for Bonds.

Following the issuance of the Series 2015A Bonds, the holders of approximately 17% of the Outstanding Bonds will have consented to the amendment described above. However, such amendment may become effective at a later date as a result of consents or deemed consents of holders of additional Bonds, consents solicited from other Bondholders, or the retirement or defeasance of Bonds which may reduce the principal amount of Bonds Outstanding for purposes of computing the percentage of Bondholders consenting to the proposed amendment.

Any consent to any such proposed amendment may be revoked, as to any Bond, by the then current holder thereof through written notice filed with the Authority and the Trustee prior to the effectiveness of the amendment. Under the Resolution, the Authority and the Trustee may deem and treat the person in whose name any Bond is registered at the time on the books of registry as the absolute owner of such Bond for all purposes whatsoever, and neither the Authority nor the Trustee will be affected by any notice to the contrary.

Any beneficial owner of Series 2015A Bonds desiring to revoke a consent given with respect to the proposed amendment must make arrangements with the Direct Participant or Indirect Participant of DTC through which such beneficial owner’s ownership interest in the Series 2015A Bonds is recorded (see Appendix 2 – “BOOK-ENTRY ONLY SYSTEM”) in order for such revocation to be made by the Direct Participant in whose account such ownership interest is recorded. NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY OBLIGATION TO BENEFICIAL OWNERS, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WITH RESPECT TO ANY PROCEDURES OR ARRANGEMENTS AMONG THEM OR WITH DTC RELATING TO THE REVOCATION OF ANY SUCH CONSENT, THE ADHERENCE TO ANY DTC PROCEDURES OR ARRANGEMENTS OR THE EFFECTIVENESS OF ANY ACTION TAKEN PURSUANT TO SUCH PROCEDURES OR ARRANGEMENTS.

The amendment made by the Twenty-Second Supplemental Resolution will be effective upon the filing with the Trustee of consents (which have not been revoked), executed by Holders (or, to the extent provided by the Supplemental Resolution authorizing any series of Bonds, bond insurers or others deemed to be Holders or the underwriters of any series of Bonds), or upon the deemed consent of the Holders, of not less than a majority in principal amount of the Bonds then Outstanding. The Twenty-Second Supplemental Resolution provides that following the effectiveness of such amendment, the Authority will mail notice of such amendment to the Holders of the Bonds as provided in the General Resolution. The General Resolution provides that, upon the filing of certain proofs with the Trustee as to such consent and the giving of required notice to the Holders of Bonds, the amendment made by the Twenty-Supplemental Resolution shall be deemed conclusively binding upon the Authority, the Trustee and the Holders of all Bonds.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority (“Bond Counsel”), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2015A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Series 2015A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and LIPA in connection with the Series 2015A Bonds, and Bond Counsel has assumed compliance by the Authority and LIPA with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2015A Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Series 2015A Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, and the Series 2015A Bonds are exempt from all taxation directly imposed thereon by or under the authority of the State of New York, except estate or gift taxes and taxes on transfers.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Series 2015A Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, or any facts or circumstances that may thereafter come to its attention, or changes in law or in interpretations thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action thereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 2015A Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2015A Bonds in order that interest on the Series 2015A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2015A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2015A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Authority and LIPA have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2015A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2015A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2015A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2015A Bonds.

Prospective owners of the Series 2015A Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series 2015A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series 2015A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2015A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2015A Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2015A Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2015A Bonds from realizing the full current benefit of the tax status of

such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series 2015A Bonds. For example, the Fiscal Year 2016 Budget proposed by the Obama Administration recommends a 28% limitation on “all itemized deductions, as well as other tax benefits” including “tax-exempt interest.” The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of federal income tax with respect to the interest on such tax-exempt bond regardless of issue date.

Prospective purchasers of the Series 2015A Bonds should consult their own tax advisors regarding the foregoing matters.

EXEMPTION FROM CONTINUING DISCLOSURE

The Series 2015A Bonds are being directly purchased by the Purchaser in a transaction exempt from Rule 15c2-12 (the “Rule”) promulgated by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Accordingly, the Authority will not provide any continuing or ongoing disclosure with respect to the Series 2015A Bonds or the Authority to the Trustee or to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access pursuant to the Rule.

CREDIT RATINGS

The Series 2015A Bonds have been assigned ratings of “A-” by Fitch, Inc. (“Fitch”), “Baa1” by Moody’s Investors Service (“Moody’s”) and “A-” by Standard & Poor’s Rating Services (“S&P”).

The respective ratings by Fitch, Moody’s and S&P of the Series 2015A Bonds reflect only the views of such organizations and any desired explanation of the significance of such ratings and any outlooks or other statements given by the rating agencies with respect thereto should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004; Moody’s Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and Standard & Poor’s Ratings Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings for the Series 2015A Bonds will continue for any given period of time or that any of such ratings will not be revised downward or withdrawn entirely by any of the rating agencies, if, in the judgment of such rating agency or agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2015A Bonds.

AGREEMENT OF NEW YORK STATE

In the Act, the State pledges to and agrees with the holders of any obligations issued under the Act and the parties to any contracts with the Authority that the State will not limit or alter the rights vested in the Authority until such obligations together with the interest thereon are fully met and discharged and/or such contracts are fully performed on the part of the Authority, provided that nothing therein contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such obligations of the Authority, or those entering into such contracts with the Authority. The Authority, as agent for the State, is authorized to include such pledge and agreement by the State in all agreements with the holders of such obligations and in all such contracts. The Authority has included such pledge in the Resolution.

APPROVAL OF LEGAL PROCEEDINGS

Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority, will render its opinions with respect to the validity of the Series 2015A Bonds in substantially the form set forth in Appendix 1. Certain legal matters with respect to the Authority and LIPA will be passed upon by Jon R. Mostel, Esquire, General Counsel to the Authority and LIPA.

ADDITIONAL INFORMATION

The references herein to the Resolution and the Financing Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete, and reference is made to such documents for full and complete statements of such documents. Copies of such documents are on file at the Trustee. Copies of certain of such documents may also be obtained from EMMA.

APPENDIX 1

Form of Opinion of Hawkins Delafield & Wood LLP Bond Counsel to the Authority

June __, 2015

Long Island Power Authority
333 Earle Ovington Blvd.
Uniondale, NY 11553

Ladies and Gentlemen:

We have examined a certified record of proceedings relating to the issuance of \$200,000,000 Electric System General Revenue Bonds, Series 2015A (the “Series 2015A Bonds”) of the Long Island Power Authority (the “Authority”), a corporate municipal instrumentality of the State of New York (the “State”) constituting a body corporate and politic and a political subdivision of the State.

The Series 2015A Bonds are issued under and pursuant to the Constitution and statutes of the State, including the Long Island Power Authority Act, being Title 1-A of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended (herein called the “Act”), and under and pursuant to proceedings of the Authority duly taken, including a resolution adopted by the Trustees of the Authority on May 13, 1998 entitled “Electric System General Revenue Bond Resolution”, as supplemented by the Twenty-Second Supplemental Electrical System General Revenue Bond Resolution of said Trustees adopted on August 6, 2014, and by the Certificate of Determination relating to the Series 2015A Bonds, dated as of June 12, 2015 (collectively, the “Resolution”).

The Authority has heretofore issued bonds (the “Outstanding Bonds”) and incurred Parity Obligations (as defined in the Resolution) under the Resolution. The Resolution provides that the Authority may issue additional Bonds (as defined in the Resolution), and incur additional Parity Obligations, thereunder from time to time on the terms and conditions and for the purposes stated therein. The Outstanding Bonds, the Series 2015A Bonds, the outstanding Parity Obligations and such additional Bonds, if issued, and such additional Parity Obligations, if incurred, will be equally and ratably secured under the Resolution, except as otherwise provided therein.

The Series 2015A Bonds are dated, mature, are payable, bear interest and are subject to redemption, all as provided in the Resolution.

We are of the opinion that:

1. The Authority is duly created and validly existing under the laws of the State, including the Constitution of the State and the Act. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. The Authority has the right and power under the Act to adopt the Resolution and to perform its obligations thereunder, including its rate covenant relating to the establishment and maintenance of System fees, rates, rents, charges and surcharges; provided, however, that the Act directs the Authority to seek the review and recommendation of the New York State Public Service Commission as to certain rate proposals prior to implementation and to implement such recommendations unless the

Authority determines, after complying with certain procedural requirements and subject to any applicable judicial review proceeding, that any particular recommendation is inconsistent with the Authority's sound fiscal operating practices, any existing contractual or operating obligations or the provision of safe and adequate service. Notwithstanding the direction to seek such review and recommendation, the Act permits the Authority to place rates and charges into effect on an interim basis subject to possible prospective rate adjustment. The Authority has received all approvals of any governmental agency, board or commission necessary for the adoption of the Resolution.

3.The Resolution has been duly and lawfully adopted by the Authority, is in full force and effect, is valid and binding upon the Authority, and is enforceable in accordance with its terms. The Resolution creates the valid pledge which it purports to create of the Trust Estate (as defined in the Resolution), subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

4.The Series 2015A Bonds have been duly and validly authorized and issued in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolution, and are valid and binding special obligations of the Authority, enforceable in accordance with their terms and the terms of the Resolution, payable solely from the Trust Estate as provided in the Resolution. The Authority has no taxing power, the Series 2015A Bonds are not debts of the State or of any municipality thereof, and the Series 2015A Bonds will not constitute a pledge of the credit, revenues or taxing power of the State or of any municipality thereof. The Authority reserves the right to issue additional Bonds and to incur additional Parity Obligations on the terms and conditions, and for the purposes, provided in the Resolution, on a parity of security and payment with the Series 2015A Bonds and the Outstanding Bonds and outstanding Parity Obligations.

5.Any registration with, consent of, or authorization or approval by, any governmental agency, board, or commission that is necessary for the execution and delivery and the issuance of the Series 2015A Bonds has been obtained.

6.The adoption of the Resolution, compliance with all of the terms and conditions of the Resolution and the Series 2015A Bonds, and the execution and delivery of the Series 2015A Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law, or of any approval by any governmental agency, board or commission necessary for the adoption of, or performance of the Authority's obligations under, the Resolution.

7.The Financing Agreement, dated as of May 1, 1998, between the Authority and Long Island Lighting Company d/b/a LIPA (as successor by merger to LIPA Acquisition Corp.) (the "Subsidiary") has been duly authorized, executed and delivered by the Authority and the Subsidiary and is a valid and binding obligation of the parties thereto, enforceable in accordance with its terms.

8.Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Series 2015A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2015A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering the opinions in this paragraph 8, we have relied upon and assumed the material accuracy of certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and the Subsidiary in connection with the Series 2015A Bonds, and we have assumed compliance by the Authority and the Subsidiary with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2015A Bonds from gross income for federal income tax purposes under Section 103 of the Code. Under the Code, failure to comply with such procedures and covenants may cause the interest on the Series 2015A Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Series 2015A Bonds, irrespective of the date on which such noncompliance occurs or is ascertained.

9.Under existing statutes, interest on the Series 2015A Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, and the Series 2015A Bonds are

exempt from all taxation directly imposed thereon by or under the authority of the State, except estate or gift taxes and taxes on transfers.

The opinions expressed in paragraphs 2, 3, 4 and 7 above are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights, and are subject to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforcement is considered in a proceeding in equity or at law.

Except as stated in paragraphs 8 and 9 above, we express no opinion regarding any other federal or state tax consequences with respect to the Series 2015A Bonds. In addition, we express no opinion as to any transaction that is not expressly referenced in this opinion or the effect of any such transaction on the exclusion of interest on the Series 2015A Bonds from gross income for federal income tax purposes. We also express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 2015A Bonds, or under state and local tax law.

We express no opinion herein as to the accuracy, adequacy, sufficiency or completeness of any financial or other information that has been or will be supplied to the purchaser of the Series 2015A Bonds.

This letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material or matters of any kind not specifically opined on above. No other opinions are intended nor should they be inferred.

This letter is issued as of the date hereof, and we assume no obligation to update, revise or supplement this letter to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

Very truly yours,

APPENDIX 2

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2015A Bonds. The Series 2015A Bonds will be issued as fully-registered bonds in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for the Series 2015A Bonds in the aggregate principal amount of the maturity of such Notes, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct DTC Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s Rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2015A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015A Bonds on DTC’s records. The ownership interest of each actual purchaser of Series 2015A Bonds (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2015A Bonds, except in the event that use of the book-entry system for a Series of the Series 2015A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015A Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2015A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015A Bonds; DTC’s records reflect only the identity of the Direct DTC Participants to whose accounts such Series 2015A Bonds are credited, which may or may not be the Beneficial Owners. The Direct or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2015A Bonds within a maturity of a Series are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (or any other DTC nominee) will consent or vote with respect to Series 2015A Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI procedures. Under its usual procedures, DTC mails an omnibus proxy (the “Omnibus Proxy”) to the Authority as soon as possible after the record date. The Omnibus

Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Series 2015A Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct DTC Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to a Series of the Series 2015A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2015A Bonds are required to be printed and delivered.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2015A Bonds registered in its name for the purposes of payment of the redemption proceeds and principal and interest on the Series 2015A Bonds, giving any notice permitted or required to be given to registered owners under the Subordinated Resolution, registering the transfer of the Series 2015A Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2015A Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2015A Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as a registered owner.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Series 2015A Bonds will be printed and delivered to DTC.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this Appendix has been extracted from information given by DTC. Neither the Authority, the Trustee nor the dealers make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR SUCH PARTICIPANTS, INDIRECT DTC PARTICIPANTS, OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE AUTHORITY'S OBLIGATION UNDER THE ACT AND THE BOND RESOLUTION TO THE EXTENT OF SUCH PAYMENTS.

CERTIFICATE OF DETERMINATION
Electric System General Revenue Bonds
Series 2015A

I, the undersigned Authorized Representative of the **LONG ISLAND POWER AUTHORITY** (the “Authority”), as of June 12, 2015, DO HEREBY CERTIFY AND DETERMINE as follows:

1. Pursuant to the power granted under the Electric System General Revenue Bond Resolution adopted by the Authority on May 13, 1998 (the “General Resolution”), and the Twenty-Second Supplemental Electric System General Revenue Bond Resolution authorizing Electric System General Revenue Bonds, adopted by the Authority on August 6, 2014 (the “Supplemental Resolution” and, collectively with the General Resolution, the “Resolution”), the Authority has authorized the issuance and sale of up to \$1,375,000,000 aggregate principal amount of “Electric System General Revenue Bonds, Series 201_” in one or more series (the “Newly Authorized Bonds”). Newly Authorized Bonds in an aggregate principal amount of \$728,020,000 have heretofore been issued pursuant to the Supplemental Resolution, leaving a remaining unutilized authorized amount prior to the issuance of the Series 2015A Bonds (as hereinafter defined) of \$646,980,000 under the Supplemental Resolution.

2. The Certificate of Determination Provisions for Multi-Modal Obligations appended hereto as **Appendix A** (“Appendix A”) constitute an integral part of this Certificate of Determination and have the same force and effect as if set forth in the forepart of this Certificate of Determination, provided that, as to the extent of any conflict between this Certificate and Appendix A while Series 2015A Bonds remain in an MMD FRN Rate Period or MMD Fixed Rate Period (each as defined herein), the terms of the forepart of this Certificate of Determination shall control with respect to such Series 2015A Bonds. All terms used in this Certificate of Determination, including Appendix A, and not otherwise defined in the forepart of this Certificate of Determination or in Appendix A shall have the meanings given to them in the Resolution.

3. Definitions.

As used in the forepart of this Certificate of Determination, the following terms have the following meanings:

“*Applicable Maturity*” means, in the case of the Series 2015A-1 Bonds, an 18-year maturity, and in the case of the Series 2015A-2 Bonds, a 14-year maturity.

“*Applicable Spread/MMD FRN Rate*” means, with respect to each MMD FRN Rate Period, the following:

During the MMD FRN Rate Period, the number of basis points set forth opposite the rating then assigned to the Series 2015A-1 Bonds or Series 2015A-2 Bonds, as applicable, under the caption “Applicable Spread” in the applicable chart below:

<u>Series 2015A-1 Bond Ratings</u>			<u>Applicable Spread</u>
<u>Moody's</u>	<u>Fitch</u>	<u>S&P</u>	
Aa1 or higher	AA+ or higher	AA+ or higher	70 basis points (.70%)
Aa2	AA	AA	75 basis points (.75%)
Aa3	AA-	AA-	80 basis points (.80%)
A1	A+	A+	85 basis points (.85%)
A2	A	A	90 basis points (.90%)
A3	A-	A-	100 basis points (1.00%)
Baa1	BBB+	BBB+	110 basis points (1.10%)
Baa2	BBB	BBB	125 basis points (1.25%)
Baa3	BBB-	BBB-	150 basis points (1.50%)

<u>Series 2015A-2 Bond Ratings</u>			<u>Applicable Spread</u>
<u>Moody's</u>	<u>Fitch</u>	<u>S&P</u>	
Aa1 or higher	AA+ or higher	AA+ or higher	70 basis points (.70%)
Aa2	AA	AA	75 basis points (.75%)
Aa3	AA-	AA-	80 basis points (.80%)
A1	A+	A+	85 basis points (.85%)
A2	A	A	90 basis points (.90%)
A3	A-	A-	100 basis points (1.00%)
Baa1	BBB+	BBB+	110 basis points (1.10%)
Baa2	BBB	BBB	125 basis points (1.25%)
Baa3	BBB-	BBB-	150 basis points (1.50%)

In determining the Applicable Spread/MMD FRN Rate during the MMD FRN Rate Period, the following shall apply:

In the event there is more than one rating assigned to the Series 2015A Bonds and such ratings are not all equivalent, the lowest rating shall be used for the purpose of determining the applicable level from the grid above. If one or more of the ratings are withdrawn or suspended for credit-related reasons, any rating falls below investment grade, or an Event of Default (as defined in the 2015A Bond Agreement) occurs, the Series 2015A Bonds shall bear interest at the Default Rate.

Any change in the Applicable Spread/MMD FRN Rate shall become effective on the date of announcement or publication by Moody's, Fitch or S&P of a change in such rating, or in the absence of such announcement or publication, on the effective date of such changed rating.

References to the ratings above are to rating categories as determined by Moody's, Fitch or S&P as of the Closing Date and, in the event of the adoption of any new or changed rating system by such rating agency, including, without limitation, any recalibration or realignment of the rating assigned to Series 2015A Bonds in connection with the adoption of a "global" rating scale, the ratings from the rating agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category in effect on the Closing Date.

"Bond Interest is Taxable" means that interest paid or to be paid on a Series 2015A Bond is or will be includable for federal income tax purposes in the gross income of the Purchaser thereof, but excluding the inclusion of interest on such Series 2015A Bond as an item of tax preference for purposes of the calculation of an alternative minimum tax imposed on the Purchaser.

"Calculation Agent" shall mean Wells Fargo Bank, National Association, or any successor as Calculation Agent with respect to the Series 2015A Bonds.

"Closing Date" has the meaning set forth in the 2015A Bond Agreement.

"Determination of Taxability" means (a) any determination, decision, decree or advisement by the Commissioner of Internal Revenue, or any District Director of Internal Revenue or any court of competent jurisdiction to the effect that Bond Interest is Taxable, or (b) the delivery to the Authority, the Purchaser and the Trustee of a written opinion of nationally recognized bond counsel acceptable to the Authority to the effect that Bond Interest is Taxable. A Determination of Taxability also shall be deemed to have occurred on the first to occur of the following:

- (i) the date when the Authority files any statement, supplemental statement, or other tax schedule, return or document, which discloses that Bond Interest is Taxable;
- (ii) the effective date of any federal legislation enacted or federal rule or regulation promulgated after the date of the Indenture which has the effect that Bond Interest is Taxable; or
- (iii) if upon sale, lease or other deliberate action within the meaning of Treas. Reg. § 1.141-2(d), the failure of the Authority to receive an unqualified opinion of a nationally recognized bond counsel to the effect that such action will not cause interest on the Series 2015A Bonds to become includable in the gross income of the recipient.

Each such holder and former holder shall also be entitled to receive from the Authority all taxes, interest, penalties or other charges such holder or former holder shall be obligated to make as a result of the Determination of Taxability.

"Failed Remarketing Rate" means twelve percent (12%) per annum.

"Interest Payment Date" means, during the MMD FRN Rate Period or MMD Fixed Rate Period, (a) semi-annually on May 1 and November 1 of each year with respect to the Series 2015A-1 Bonds and semi-annually on June 1 and December 1 of each year with respect to

the Series 2015A-2 Bonds, and (b) and with respect to each subseries the applicable Mandatory Purchase Date, if any.

“MMD Fixed Rate” means, with respect to a subseries of Series 2015A Bonds, the per annum rate of interest established on the MMD Fixed Rate Conversion Date in accordance with Section 9(b) hereof.

“MMD Fixed Rate Conversion Date” means, with respect to a subseries of Series 2015A Bonds, the day on which the Interest Rate Determination Method shall be converted from the MMD FRN Rate to the MMD Fixed Rate in accordance with Section 9(c) hereof.

“MMD Fixed Rate Period” means, with respect to a subseries of Series 2015A Bonds, the period from and including the MMD Fixed Rate Conversion Date to the date of payment in full of such subseries of Series 2015A Bonds.

“MMD FRN Rate” means, with respect to a subseries of Series 2015A Bonds, a per annum rate of interest established on each MMD FRN Rate Reset Date equal to the sum of the prevailing MMD Index and the Applicable Spread/MMD FRN Rate, provided that the MMD FRN Rate shall not exceed fifteen percent (15%) per annum. For the initial period, beginning on the Closing Date and ending on the next succeeding MMD FRN Rate Reset Date, the MMD FRN Rate shall be 4.09% per annum in the case of the Series 2015A-1 Bonds and 3.86% per annum in the case of the Series 2015A-2 Bonds.

“MMD FRN Rate Period” means, with respect to a subseries of Series 2015A Bonds, the period commencing with the Closing Date and ending on the date of payment in full of such subseries; provided, however, that the MMD FRN Rate Period shall terminate earlier upon the conversion of such subseries of Series 2015A Bonds to a different Interest Rate Determination Method.

“MMD FRN Rate Reset Date” means the first Business Day of each month.

“MMD Index” means the AAA Municipal Market Data General Obligation Yield Curve for the Applicable Maturity (“MMD”) on each MMD FRN Rate Reset Date. The MMD is available through the Thomson Municipal Market Monitor (www.tm3.com) and the Municipal Market Data-Line. If the MMD Index is not published or provided on the Wednesday preceding each MMD FRN Rate Reset Date, a comparable or successor index selected by the Calculation Agent shall be used.

“Mode Change Date” means, with respect to a subseries of Series 2015A Bonds, during the MMD Index Rate Period, the date on which such subseries convert from one Mode to another Mode, such date being the first Business Day occurring on or after the six (6)-month anniversary of the Closing Date, and thereafter on any Business Day occurring on or after the first (1st) anniversary of the Closing Date, excluding an MMD FRN Fixed Rate Conversion Date.

“Purchase Price” means, during the MMD FRN Rate Period, the principal amount, plus accrued interest, plus, to the extent that the Series 2015A Bonds being purchased could not be redeemed on the date of such purchase at a redemption price of par, a premium

equal to the redemption premium that would have been paid on such purchase date if such Series 2015 A Bonds had been redeemed on such purchase date, as determined pursuant to Section 10(b) hereof.

“Purchaser” means Wells Fargo Municipal Capital Strategies, LLC.

“Taxable Date” means the date on which interest on the Series 2015A Bonds is first includable in gross income of the recipient thereof as a result of a Determination of Taxability.

“Taxable Rate” means, for any date of determination, the rate of interest per annum equal to the product of the interest rate on the applicable subseries of Series 2015A Bonds that would otherwise be in effect multiplied by 1.54.

“2015A Bond Agreement” means the Agreement Relating to Electric System General Revenue Bonds, Series 2015A dated as of the date hereof between the Authority and the Purchaser.

4. Pursuant to the Supplemental Resolution and an additional resolution adopted by the Authority on August 6, 2014, the Authority hereby determines to issue and sell a series of Newly Authorized Bonds (the “Series 2015A Bonds”) to the Purchaser. The Series 2015A Bonds shall be issued on the Closing Date in two subseries to be designated “Electric System General Revenue Bonds, Series 2015A-1” (the “Series 2015A-1 Bonds”) and “Electric System General Revenue Bonds, Series 2015A-2” (the “Series 2015A-2 Bonds”) in the respective aggregate principal amounts of \$51,000,000 and \$149,000,000. The Series 2015A Bonds of each subseries while in an MMD FRN Mode shall be issued in authorized denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof; and while in an MMD Fixed Rate Mode, shall be issued in authorized denominations of \$5,000 and any integral multiple thereof.

5. The Series 2015A Bonds shall be sold to the Purchaser pursuant to the 2015A Bond Agreement. The aggregate purchase price for the Series 2015A Bonds under the 2015A Bond Agreement is the par amount thereof (\$200,000,000).

6. The Series 2015A Bonds are being issued for the purpose of refunding \$27,700,000 principal amount of the Authority’s Electric System Subordinated General Revenue Bonds, Series 1-A, currently outstanding in the aggregate principal amount of \$100,000,000, \$23,300,000 principal amount of the Authority’s Electric System Subordinated General Revenue Bonds, Series 2-B, currently outstanding in the aggregate principal amount of \$100,000,000 and the entire outstanding principal amount of the Authority’s Electric System General Revenue Bonds, Series 2012D (the “Series 2012 D Bonds”) currently outstanding in the principal amount of \$149,000,000 (the portion of such bonds being refunded collectively referred to herein as the “Refunded Bonds”).

The Series 2015A Bonds shall be dated the Closing Date, shall bear interest from and including such date, payable as described below and in Appendix A, with the first Interest Payment Date being November 1, 2015 in the case of the Series 2015A-1 Bonds, and December

1, 2015, in the case of the Series 2015A-2 Bonds. The Series 2015A-1 Bonds shall mature on May 1, 2033, and the Series 2015A-2 Bonds shall mature on December 1, 2029.

7. The Series 2015A Bonds will initially bear interest at the MMD FRN Rate and shall constitute Variable Rate Bonds as defined in the Resolution. This Certificate of Determination, including Appendix A, sets forth procedures pursuant to which, subject to certain conditions, the interest rates on the Series 2015A Bonds will be determined from time to time and the Mode applicable to the Series 2015A Bonds may be determined and changed from one Mode to another.

8. Interest Payments. While the Series 2015A Bonds remain in an MMD FRN Rate Period, interest on the Series 2015A Bonds shall be payable on each Interest Payment Date, commencing November 1, 2015 in the case of the Series 2015A-1 Bonds, and December 1, 2015, in the case of the Series 2015A-2 Bonds. So long as DTC is the sole registered owner of all of the Series 2015A Bonds, all interest payments will be made to DTC by wire transfer of immediately available funds, and DTC's participants will be responsible for payment of interest to beneficial owners. All Series 2015A Bonds will be fully registered in Authorized Denominations.

9. Interest Rates on Series 2015A Bonds. The Series 2015A Bonds shall initially be in an MMD FRN Rate Period. Series 2015A Bonds bearing interest at the MMD FRN Rate or the MMD Fixed Rate shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

(a) *MMD FRN Rate.* During the MMD FRN Rate Period, each subseries of Series 2015A Bonds shall bear interest at the applicable MMD FRN Rate. The Calculation Agent shall determine the MMD FRN Rate for each subseries of the Series 2015A Bonds on each related MMD FRN Rate Reset Date during the MMD FRN Rate Period, and such rate shall become effective on such MMD FRN Rate Reset Date. If the MMD FRN Rate for a subseries of Series 2015A Bonds is not determined by the Calculation Agent on the MMD FRN Rate Reset Date, such subseries of Series 2015A Bonds shall continue to bear interest at the MMD FRN Rate in effect on the immediately preceding MMD FRN Rate Reset Date until the Calculation Agent next determines the MMD FRN Rate for such maturity as required hereunder.

(b) *MMD Fixed Rate.* Each subseries of Series 2015A Bonds shall bear interest at the MMD Fixed Rate during the MMD Fixed Rate Period applicable thereto. The Calculation Agent shall determine the MMD Fixed Rate. The interest rate to be borne by a subseries of Series 2015A Bonds from the applicable MMD Fixed Rate Conversion Date through the end of such MMD Fixed Rate Period shall be the rate determined by the Calculation Agent on the MMD Fixed Rate Conversion Date to be the rate equal to the sum of (a) the prevailing MMD FRN, (b) the prevailing Applicable Spread/MMD FRN Rate, and (c) fifteen basis points (0.15%) if converted prior to the first anniversary of the Closing Date, and thereafter reducing by three basis points (0.03%) per year effective on the next succeeding anniversary of the Closing Date until the fifth anniversary at which time it shall be reduced to zero, provided that the MMD Fixed Rate shall not exceed fifteen percent (15%) per annum.

(c) *Conversion Date.* If the Mode in effect with respect to a subseries of the Series 2015A Bonds prior to the proposed Conversion Date under this Section is an MMD FRN Rate:

(i) the Authority may elect on not less than two (2) Business Days' notice to the Owners of such subseries of the Series 2015A Bonds, to convert such subseries of Series 2015A Bonds to the MMD Fixed Rate to maturity effective on the MMD Fixed Rate Conversion Date, which may be any Business Day. On and after such Conversion Date, such subseries of the Series 2015A Bonds will be subject to optional redemption pursuant to Section 10(d) hereof; or

(ii) the Authority may elect on not less than sixty (60) days' notice to the Owners of such subseries of Series 2015A Bonds, to convert such subseries of Series 2015A Bonds to any other Mode, other than the MMD Fixed Rate, effective on any Mode Change Date specified by the Authority in such notice. On and after such Conversion Date, (X) the Rate to be borne by such subseries of Series 2015A Bonds shall be determined by the Remarketing Agent as provided in the applicable section of Appendix A hereto and (Y) such subseries of Series 2015A Bonds will be subject to optional redemption pursuant to the applicable section of Appendix A hereto.

(d) *Failed Remarketing during MMD FRN Rate Period.* In the event that during the MMD FRN Rate Period, the Remarketing Agent is unable to place all of the principal amount of a subseries of Series 2015A Bonds at the Purchase Price on a Mandatory Purchase Date, such subseries of Series 2015A Bonds shall be returned to the Owners thereof and such subseries of Series 2015A Bonds shall bear interest at a rate equal to the Failed Remarketing Rate until such subseries of Series 2015A Bonds are able to be remarketed.

(e) *Default Rate.* If one or more of the underlying ratings assigned to the Series 2015A Bonds are withdrawn or suspended for credit-related reasons by the rating agencies, any rating falls below investment grade, or an event of default (as defined in the 2015A Bond Agreement) occurs, the Series 2015A Bond shall bear interest at the Default Rate. If Series 2015A Bonds are in the MMD FRN Rate Mode and bearing interest at the MMD FRN Rate, the Default Rate applicable to such subseries of Series 2015A Bonds shall equal the prevailing MMD Index plus 4.25%, resetting monthly on the first Business Day of each month. If Series 2015A Bonds bear interest at the MMD Fixed Rate, the Default Rate applicable to such Series 2015A Bonds shall be the rate then in effect on such Series 2015A Bonds, plus 2.00%.

(f) *Determination of Taxability.* In the event a Taxable Date occurs, the Series 2015A Bonds shall bear interest at the Taxable Rate.

10. Optional Redemption of Series 2015A Bonds.

(a) During the MMD FRN Rate Period applicable to a subseries of the Series 2015A Bonds, such subseries of Series 2015A Bonds shall be subject to redemption, at the direction of the Authority on not less than sixty (60) days' notice to the Owners of such subseries of Series 2015A Bonds, in whole or in part, on the first Business Day occurring on or after the

six (6)-month anniversary of the Closing Date, and any Business Day occurring on or after the fifth (5th) anniversary of the Closing Date, in each such case, at a redemption price equal to the principal amount of the Series 2015A Bonds to be redeemed plus accrued interest thereon to, but not including, the redemption date.

(b) During the MMD FRN Rate Period applicable to a subseries of the Series 2015A Bonds, such subseries of Series 2015A Bonds shall also be subject to redemption, at the direction of the Authority on not less than sixty (60) days' notice to the Owners of such subseries of Series 2015A Bonds, in whole or in part, on any Business Day occurring on or after the first anniversary of the Closing Date (each such Business Day an "Optional Premium Redemption Date"), in each such case, at a redemption price equal to the principal amount of the Series 2015A Bonds to be redeemed plus the premium shown below plus accrued interest thereon to, but not including, the redemption date:

<u>Period</u>	<u>Redemption Premium</u>
First Anniversary of Closing Date to day preceding second Anniversary of Closing Date	101.00%
Second Anniversary of Closing Date to day preceding third Anniversary of Closing Date	100.75%
Third Anniversary of Closing Date to day preceding fourth Anniversary of Closing Date	100.50%
Fourth Anniversary of Closing Date to day preceding fifth Anniversary of Closing Date	100.25%

(c) On and after any mandatory tender for purchase and conversion to any Mode other than MMD Fixed Rate, the Series 2015A Bonds subject to such mandatory tender and conversion shall be subject to redemption at the option of the Authority as described above or in Appendix A hereto. After a conversion to the MMD Fixed Rate, the Series 2015A Bonds so converted shall be subject to redemption or conversion without premium at the option of the Authority on any Business Day occurring on or after the 5 year anniversary of the MMD Fixed Rate Conversion Date; provided, however that if the maturity date of such Series 2015A Bond converted is less than 10 years from the MMD Fixed Rate Conversion Date, then the Series 2015A Bond shall not be subject to redemption or conversion.

(d) During the MMD FRN Rate Period applicable to any subseries of the Series 2015A Bonds, the Series 2015A Bonds of such subseries are also subject to redemption, upon the occurrence of a Determination of Taxability, at the direction of the Authority on any Business Day and not less than thirty (30) days' notice to the owners of the Series 2015A Bonds at a redemption price equal to 100% of the principal amount thereof, in each case together with accrued and unpaid interest thereon to the redemption date.

11. Tender Provisions for the Series 2015A Bonds. While in the MMD FRN Rate Period, the Series 2015A Bonds of each subseries are subject to tender prior to maturity on such dates and at such prices as are set forth below.

Mandatory Tender for Purchase on any Mode Change Date. The Series 2015A Bonds are subject to a mandatory tender for purchase on the Mode Change Date at the times and in the manner hereinafter provided in this Certificate of Determination at the Purchase Price. Subsequent to such change in Mode, the Series 2015A Bonds of any affected subseries may again be changed to a different Mode at the times and in the manner as provided in the Certificate of Determination.

Mandatory Purchase Date and Purchase Price. The Purchase Price to be paid for Series 2015A Bonds shall be paid on the Mandatory Purchase Date.

While Series 2015A Bonds are in an MMD FRN Rate Period, the Purchase Price shall be required to be paid on each Mandatory Purchase Date only to the extent that (a) remarketing proceeds or (b) other amounts made available by the Authority, in its sole discretion, are available for such purchase, as described below.

12. Notice of Mandatory Tender for Purchase. The Trustee will, at least sixty (60) days prior to any Mandatory Purchase Date applicable to a subseries of the Series 2015A Bonds, give notice to the Notice Parties of the mandatory tender for purchase of such subseries of Series 2015A Bonds that is to occur on that date.

Notice of any mandatory tender of such subseries of Series 2015A Bonds will be provided by the Trustee or caused to be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail to each Owner of the applicable subseries of Series 2015A Bonds at the respective addresses shown on the registry books. Each notice of mandatory tender for purchase will identify the reason for the mandatory tender for purchase and specify:

- the Mandatory Purchase Date,
- the Purchase Price,
- the place and manner of payment,
- that the Owner has no right to retain such Series 2015A Bonds, and
- that no further interest will accrue from and after the Mandatory Purchase Date to such Owner.

Each notice of mandatory tender for purchase caused by a change in the Mode applicable to a subseries of Series 2015A Bonds will in addition specify the conditions that have to be satisfied pursuant to the Resolution in order for the New Mode to become effective and the consequences that the failure to satisfy any of such conditions would have.

Any notice mailed as described above will be conclusively presumed to have been duly given, whether or not the Owner of any Series 2015A Bonds receives the notice, and the failure of that Owner to receive any such notice will not affect the validity of the action described in that notice. Failure by the Trustee to give a notice as provided under this caption would not affect the obligation of the Tender Agent to purchase the Series 2015A Bonds subject to mandatory tender for purchase on the Mandatory Purchase Date.

13. Changes in Mode. General. While the Series 2015A Bonds of a subseries are in a MMD FRN Rate Period, the Series 2015A Bonds of such subseries may be changed to any other Mode at the times and in the manner set forth below. While Series 2015A Bonds of a subseries are in any Mode other than an MMD FRN Rate Period, interest payable on such Series 2015A Bonds shall be determined and be payable and such Series 2015A Bonds shall be subject to optional redemption and to tender for purchase as set forth in Appendix A hereto.

General Provisions Applying to Changes from MMD FRN Rate Mode to Another Mode (other than the MMD Fixed Rate Mode).

1. On or prior to the date the Authority provides the notice to the Notice Parties, the Authority will deliver to the Trustee (with a copy to all other Notice Parties) a letter from Bond Counsel addressed to the Trustee to the effect that it expects to be able to deliver a Favorable Opinion of Bond Counsel on the Mode Change Date.

2. No change in Mode will become effective unless all conditions precedent thereto have been met and the following items shall have been delivered to the Trustee and the remarketing agent by 2:30 P.M., or such later time as is acceptable to the Authority, the Trustee and the remarketing agent, on the Mode Change Date:

- a Favorable Opinion of Bond Counsel dated the Mode Change Date;
- unless the existing Tender Agency Agreement and Remarketing Agreement are effective on the Mode Change Date, a Tender Agency Agreement and a Remarketing Agreement if required for the New Mode; and
- a certificate of an authorized officer of the Tender Agent to the effect that all of the Series 2015A Bonds tendered or deemed tendered, unless otherwise redeemed, have been purchased at a price at least equal to the principal amount thereof.

3. If all conditions to the Mode change are met, the Interest Rate Period for the New Mode shall commence on the Mode Change Date and the interest rate will be determined by the Remarketing Agent.

4. In the event the foregoing conditions have not been satisfied by the Mode Change Date, the New Mode shall not take effect and the Series 2015A Bonds that are the subject of the Mode change:

- will remain subject to mandatory tender for purchase as described below under “ – *Consequences of a Failed Remarketing*”;
- will continue to be in the MMD FRN Rate Mode; and
- will bear interest as described below under “– *Consequences of a Failed Remarketing.*”

14. Source of Funds for Purchase of Series 2015A Bonds during MMD FRN Mode. On or before 3:00 P.M. on each Mandatory Purchase Date, the Tender Agent shall purchase the Series 2015A Bonds subject to purchase on such date from the Owners at the Purchase Price. Funds for the payment of such Purchase Price shall be derived solely from immediately available funds transferred by the remarketing agent to the Tender Agent derived from the remarketing of such Series 2015A Bonds.

Notwithstanding the foregoing, the Authority shall have the option, but shall not be obligated, to transfer immediately available funds to the Tender Agent for the payment of the Purchase Price of any Series 2015A Bonds tendered or deemed tendered. None of the Authority, the Trustee, the Tender Agent nor the Remarketing Agent shall have any liability or obligation to pay or, except from the sources identified above, make available such Purchase Price. The failure to pay any such Purchase Price for Series 2015A Bonds that have been tendered or deemed tendered for purchase from any of the sources identified above shall not constitute an Event of Default under the Resolution and in the case of such failure, none of such Series 2015A Bonds shall be purchased, and such Series 2015A Bonds shall remain in the MMD FRN Rate Mode and bear interest as described below under “Consequences of a Failed Remarketing.”

15. Delivery of Remarketed Series 2015A Bonds. Except as otherwise required or permitted by DTC’s book-entry-only system of the Securities Depository, remarketed Series 2015A Bonds sold by a Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those Series 2015A Bonds by 3:00 P.M. on the Mandatory Purchase Date.

16. Delivery and Payment for Purchased Series 2015A Bonds. Except as otherwise required or permitted by the book-entry-only system of the Securities Depository, remarketed Series 2015A Bonds purchased as set forth above shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Mandatory Purchase Date at the office of the Tender Agent in New York, New York; provided, however, that payment of the Purchase Price of any remarketed Series 2015A Bonds purchased shall be made only if such Series 2015A Bonds so delivered to the Tender Agent conform in all respects to the description thereof in the notice of tender. Payment of the Purchase Price shall be made by wire transfer in immediately available funds by the Tender Agent by the close of business on the Mandatory Purchase Date or, if the bondholder has not provided or caused to be provided wire transfer instructions, by check mailed to the bondholder at the address appearing in the books required to be kept by the Trustee pursuant to the Resolution. If Series 2015A Bonds to be purchased are not delivered by the bondholders to the Tender Agent by 12:00 noon on the Mandatory Purchase Date, the Tender Agent shall hold any funds received for the purchase of those Series 2015A Bonds in trust in a separate account uninvested, and shall pay such funds to the former bondholders upon presentation of Series 2015A Bonds subject to tender. Undelivered Series 2015A Bonds are deemed tendered and cease to accrue interest as to the former bondholders on the Mandatory Purchase Date if moneys representing the Purchase Price shall be available against delivery of those Series 2015A Bonds at the Principal Office of the Tender Agent; provided, however, that any funds so held by the Tender Agent that remain unclaimed by the former holder of any such Series 2015A Bonds not presented for purchase for a period of two years after delivery of such funds to the Tender Agent shall, to the extent permitted by law, upon request in writing by the Authority and the furnishing of security or indemnity to the Tender Agent’s satisfaction, be paid to the Authority free of any trust or lien and thereafter the former holder of such Series 2015A

Bonds shall look only to the Authority and then only to the extent of the amounts so received by the Authority without any interest thereon and the Tender Agent shall have no further responsibility with respect to such moneys or payment of the Purchase Price of such Series 2015A Bonds. The Tender Agent shall authenticate replacement Series 2015A Bonds for any undelivered Series 2015A Bonds which may then be remarketed by the remarketing agent.

17. Consequences of a Failed Remarketing. In the event that remarketing proceeds are insufficient to pay the purchase price of all Outstanding Series 2015A Bonds subject to tender on the applicable Mandatory Purchase Date, (1) no purchase shall be consummated on such Mandatory Purchase Date and the Tender Agent shall, after any applicable grace period, (a) return all tendered Series 2015A Bonds to the registered owners thereof and (b) return all remarketing proceeds to the remarketing agent for return to the persons providing such moneys; and (2) during the period of time from and including the applicable Mandatory Purchase Date to (but not including) the date that all such Series 2015A Bonds are successfully remarketed (the “Delayed Remarketing Period”) the Series 2015A Bonds, will bear interest at the Failed Remarketing Rate until such time as they can be successfully remarketed. Until they are so remarketed, the Series 2015A Bonds shall be subject to par call or mandatory tender at the option of the Authority at any time.

On each Business Day following the failed remarketing on the applicable Mandatory Purchase Date, the Remarketing Agent shall continue to use its best efforts to remarket the Series 2015A Bonds subject to tender on such Mandatory Tender Date into the Mode designated by the Trustee, at the direction of the Authority (or such other Mode as the Trustee, at the direction of the Authority, shall thereafter designate to the Remarketing Agent and the prospective owners thereof) or an additional Interest Rate Period in the MMD FRN Rate Mode. Once the Remarketing Agent has advised the Trustee that it has a good faith belief that it is able to remarket all of the applicable Series 2015A Bonds, the Trustee, at the direction of the Authority, will give notice by mail to the registered owners of such Series 2015A Bonds not later than five Business Days prior to the purchase date, which notice will state (1) that the interest rate on such Series 2015A Bonds will continue to be in the MMD FRN Rate Mode or will be adjusted to a different Mode on and after the purchase date; (2) that such Series 2015A Bonds will be subject to mandatory tender for purchase on the purchase date; (3) the procedures for such mandatory tender; (4) the purchase price of such Series 2015A Bonds on the purchase date (expressed as a percentage of the principal amount thereof); and (5) the consequences of a failed remarketing.

During the Delayed Remarketing Period, the Trustee may, upon direction of the Authority, apply available amounts to the redemption of the Series 2015A Bonds as a whole or in part on any Business Day, at a redemption price equal to the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium. Notice of redemption shall be provided at least five Business Days prior to the date fixed for redemption.

18. *Sinking Fund Redemption.* The Series 2015A-2 Bonds shall be subject to redemption in part on the dates and in the respective principal amounts set forth below at 100% of the principal amount thereof, plus accrued interest to the redemption date, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on the

dates set forth below the principal amount of such respective Series 2015A-2 Bonds specified for each of the years shown below:

Sinking Fund Installments	
<u>Date (December 1)</u>	<u>Principal Amount</u>
2027	\$47,010,000
2028	49,620,000
2029 [†]	52,370,000

[†]Final Maturity

In the event a principal amount of the Series 2015A-2 Bonds is deemed to be no longer Outstanding, except by scheduled sinking fund redemption as described above, such principal amount shall be applied to reduce the remaining Sinking Fund Installments for such Series 2015A-2 Bonds in such order and amounts as is determined by an Authorized Representative of the Authority in a written certificate delivered to the Trustee, which certificate shall be conclusive as to such matters.

19. Pursuant to the authority granted in Section 205 of the Supplemental Resolution, the Series 2015A Bonds shall be in substantially the forms set forth in Exhibit A attached hereto, with necessary or appropriate variations and insertions as are incidental to their numbers, denominations, maturities and other details thereof and of their form or as are otherwise permitted or required by law or by the Resolution, including this Certificate of Determination.

20. The Authority shall deliver the Series 2015A Bonds in definitive form on the Closing Date.

21. The proceeds of the sale of the Bonds, together with other moneys of the Authority, shall be applied by or at the direction of the Authority to the reimbursement of the banks who issued letters of credit securing the Refunded Bonds for amounts drawn on such letters of credit for the payment of the purchase price of the Series 2012D Bonds and for the redemption of the balance of the Refunded Bonds. Proceeds allocable to the Series 2012D Bonds (\$149,000,000) shall be so applied on the Closing Date and the balance of the proceeds (\$51,000,000) shall be so applied on July 1, 2015.

22. This certificate is executed by me, as an Authorized Representative, pursuant to and in accordance with the delegation of authority authorized by and contained in Article II of the General Resolution, and Article II of the Supplemental Resolution and constitutes the determination authorized by the last paragraph of Section 205 of the General Resolution, the last paragraph of Section 204 of the Supplemental Resolution and a resolution adopted by the Authority on August 6, 2015.

IN WITNESS WHEREOF, I have hereunto set my hand as of the date first above
written.

LONG ISLAND POWER AUTHORITY

By /s/ Thomas Falcone
Name: Thomas Falcone
Title: Chief Financial Officer

[Signature Page of Certificate of Determination Relating to Electric
System General Revenue Bonds, Series 2015A]

Execution Copy

**AGREEMENT RELATING TO
ELECTRIC SYSTEM GENERAL REVENUE BONDS, SERIES 2015A**

DATED JUNE 12, 2015

Between

LONG ISLAND POWER AUTHORITY,

WELLS FARGO MUNICIPAL CAPITAL STRATEGIES, LLC

Contract No. C-000839

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1. DEFINITIONS; INTERPRETATION.	1
Section 1.1. Definitions	1
Section 1.2. Interpretation.....	9
Section 1.3. Change in Accounting Principles.....	9
SECTION 2. PURCHASE OF BONDS.	9
Section 2.1. Purchase of Series 2015 Bonds.....	9
Section 2.2. Applicable Interest Rates	10
Section 2.3. Default Rate.....	10
Section 2.4. Determination of Taxability	10
Section 2.5. Delayed Remarketing Period	10
SECTION 3. NET OF TAXES, ETC.	11
Section 3.1. Net of Taxes, Etc.	11
SECTION 4. PLACE AND APPLICATION OF PAYMENTS.....	12
Section 4.1. Place and Application of Payments	12
Section 4.2. Non-Business Days	12
Section 4.3. Payments Set Aside	12
Section 4.4. Account Debit.....	12
SECTION 5. REPRESENTATIONS AND WARRANTIES.	12
Section 5.1. Organization	12
Section 5.2. Authorization, Conflicts, Binding Effect	12
Section 5.3. Litigation; Adverse Facts.....	13
Section 5.4. Title to Properties; Liens	13
Section 5.5. Disclosure	13
Section 5.6. Payment of Taxes	13
Section 5.7. Borrower Documents; Subsidiary Documents	13
Section 5.8. Reaffirmation of Representations and Warranties	13
Section 5.9. Regulatory Compliance	13
Section 5.10. Registration, Consent and Approval.....	14
Section 5.11. Liens	14
Section 5.12. Sovereign Immunity.....	14
Section 5.13. No Default	14
Section 5.14. ERISA	14
Section 5.15. Enforceability	14
Section 5.16. No Default under Other Agreements.....	15
Section 5.17. Status under Certain Laws	15
Section 5.18. Environmental Law	15
Section 5.19. Interest	15
Section 5.20. Financial Information	15
Section 5.21. Application of Proceeds.....	15
SECTION 6. CONDITIONS PRECEDENT.	16
Section 6.1. Purchase of Series 2015 Bonds.....	16
SECTION 7. COVENANTS.	17
Section 7.1. Maintenance of Existence, Etc.	17
Section 7.2. Access and Reporting	17
Section 7.3. Further Assurances	18
Section 7.4. Compliance with Legal Requirements	19
Section 7.5. Payment of Debt.....	19
Section 7.6. Related Documents	19
Section 7.7. Rate Covenant.....	19
Section 7.8. Creation of Debt and Liens.....	19
Section 7.9. Maintenance of Insurance	20
Section 7.10. ERISA	20

Section 7.11.	Compliance with Laws, Etc.	20
Section 7.12.	Reserved	20
Section 7.13.	Taxes	20
Section 7.14.	Maintenance of Rate Stabilization Fund.....	20
Section 7.15.	Covenants of Subsidiary	21
Section 7.16.	Sovereign Immunity.....	21
Section 7.17.	Environmental Covenant.....	21
Section 7.18.	Investment of Funds	21
Section 7.19.	Ratings.....	21
Section 7.20.	PILOT.....	21
Section 7.21.	Maintenance of Ratings.....	21
Section 7.22.	Credit Facilities.....	22
Section 7.23.	Organization Amendments	22
Section 7.24.	Documents	22
Section 7.25.	Adverse Agreements	22
Section 7.26.	Loans or Guarantees	22
Section 7.27.	Additional Debt.....	22
Section 7.28.	Acquisitions.....	23
Section 7.29.	Mergers, Consolidations and Sales; Privatization.....	24
Section 7.30.	Transactions with Affiliates.....	24
Section 7.31.	No Debt to Be Issued by LIPA Subsidiary	24
Section 7.32.	No Disposition of LIPA Subsidiary.....	25
Section 7.33.	Disclosure	25
Section 7.34.	Licenses and Permits.....	25
SECTION 8.	EVENTS OF DEFAULT AND REMEDIES.....	25
Section 8.1.	Events of Default	25
Section 8.2.	Remedies.....	27
Section 8.3.	Post-Default Collections	27
Section 8.4.	Mandatory Payment	27
Section 8.5.	Special Provisions Relating to Mandatory Tender.....	27
SECTION 9.	MISCELLANEOUS.....	28
Section 9.1.	Notices	28
Section 9.2.	Successors and Assigns	29
Section 9.3.	Amendments.....	29
Section 9.4.	Costs and Expenses; Indemnification	29
Section 9.5.	No Waiver, Cumulative Remedies	31
Section 9.6.	Right of Setoff.....	31
Section 9.7.	Survival of Representations.....	31
Section 9.8.	Counterparts; Integration; Effectiveness.....	31
Section 9.9.	Headings	32
Section 9.10.	Severability of Provisions.....	32
Section 9.11.	Construction	32
Section 9.12.	Excess Interest.....	32
Section 9.13.	No Advisory or Fiduciary Responsibility.....	32
Section 9.14.	Governing Law; Jurisdiction; Consent to Service of Process.....	33
Section 9.15.	Waiver of Jury Trial.....	33
Section 9.16.	USA Patriot Act.....	33
Section 9.17.	Confidentiality	34
Section 9.18.	Comptroller's Approval; Standard Clauses.....	34

APPENDIX A – Standard Clauses

AGREEMENT RELATING TO ELECTRIC SYSTEM GENERAL REVENUE BONDS, SERIES 2015A

This Agreement relating to Electric System General Revenue Bonds, Series 2015A is entered into June 12, 2015 (this "**Agreement**"), by and between Long Island Power Authority, a corporate municipal instrumentality of the State of New York (the "**Borrower**") and Wells Fargo Municipal Capital Strategies, LLC, as Purchaser, as provided herein.

PRELIMINARY STATEMENT

The Borrower has requested, and the Purchaser has agreed to purchase the Borrower's Electric System General Revenue Bonds, Series 2015A (the "**Series 2015 Bonds**") on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION.

Section 1.1. Definitions. The following terms when used herein shall have the following meanings:

"**Act**" means the Long Island Power Authority Act, constituting Title 1-A of Article 5 (§1020 et. seq.) of the Public Authorities Law of the State, as amended.

"**Affiliate**" means any other Person Controlling or Controlled by or under common Control with the Borrower.

"**Applicable Spread**" shall have the meaning set forth in the Supplemental Resolution.

"**Approval**" shall have the meaning set forth in Section 5.10 hereof.

"**Authority Budget**" has the meaning set forth in the General Resolution.

"**Authorized Representative**" means in the case of both the Borrower and the LIPA Subsidiary, their respective Chairman, Chief Executive Officer, Chief Financial Officer, Controller or Chief Operating Officer and any other officer, general partner or managing member or similar official thereof with responsibility for the administration of the obligations of such person in respect of this Agreement, in each case, whose signature and incumbency shall have been certified to the Purchaser on or after the Closing Date pursuant to an incumbency certificate of the type contemplated by Section 6.1 hereof.

"**Balloon Debt**" shall mean Debt, 25% or more of the original principal of which matures during any consecutive twelve (12) month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or mandatory prepayment prior to such twelve (12) month period; provided that in no event shall the term "Balloon Debt" include Debt that would otherwise be classified hereunder as "Put Debt."

"**Bank Affiliate**" means any other Person directly or indirectly controlling or controlled by or under common control with such Person. Without limiting the foregoing, the definition of "Bank Affiliate" of any Person shall include any subsidiary of such Person and shall include Wells Fargo Securities (a trade name) and Wells Fargo Bank, National Association.

"**Bank Agreement**" means any credit agreement, bond purchase agreement, liquidity agreement, direct purchase agreement or other agreement or instrument (or any amendment, supplemental or modification thereto) entered into by the Borrower with any Person, directly or indirectly, or otherwise consented to by the Borrower, under which any Person or Persons undertakes

to make loans, or extend credit or liquidity to the Borrower in connection with, or purchase on a private placement basis, any Bonds.

"Bank Documents" means (a) this Agreement, and (b) all certificates, opinions, financing statements and other documents or instruments made or delivered in accordance with any of the foregoing agreements, each as amended from time to time in accordance with their respective terms and with this Agreement.

"Bond Interest is Taxable" means that interest paid or to be paid on a Series 2015 Bond is or will be includable for federal income tax purposes in the gross income of the Purchaser thereof, but excluding the inclusion of interest on such Series 2015 Bond as an item of tax preference for purposes of the calculation of an alternative minimum tax imposed on the Purchaser.

"Bonds" has the meaning set forth in the General Resolution.

"Borrower" has the meaning set forth in the introductory paragraph of this Agreement.

"Borrower Documents" means (a) the General Resolution, (b) the Supplemental Resolution, (c) the Certificate of Determination, (d) the Financing Agreement, and (e) each of the other Bank Documents to the extent the Borrower is a party thereto.

"Business Day" means any day (other than a Saturday or Sunday) on which banks are not authorized or required to close in New York, New York.

"Capitalized Interest" has the meaning set forth in the General Resolution.

"Capital Lease" has the meaning set forth in the General Resolution.

"Certificate of Determination" means the Certificate of Determination, dated the Closing Date, executed by the Borrower and pertaining to this Agreement and the Series 2015 Bonds.

"Closing Date" means the Business Day on which the Bonds are purchased.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414 of the Code.

"Credit Facility" has the meaning set forth in the General Resolution.

"Debt" of any Person means (without duplication), all liabilities, obligations and indebtedness of such Person (i) for borrowed money, (ii) evidenced by bonds, indentures, notes, or other similar instruments (other than instruments endorsed by such Person for collection or deposit in the ordinary course of business), (iii) to pay the deferred purchase price of property or services, except trade accounts payable in the ordinary course of business, (iv) as lessee under leases that shall have been or should be, in accordance with GAAP, recorded as capital leases, (v) under reimbursement agreements or similar agreements with respect to the issuance of letters of credit (other than obligations in respect of letters of credit (to the extent undrawn) opened to provide for the payment of goods or services purchased or other obligations incurred in the ordinary course of business), (vi) under direct guaranties and indemnities in respect of, and to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, or to assure an obligee against failure to make payment in respect of, liabilities, obligations or indebtedness of others of the kinds referred to in clauses (i) through (v) above, in each case to the extent reasonably quantifiable, and (vii) liabilities in

respect of unfunded vested benefits under plans covered by Title IV of ERISA; provided, however, that "Debt" shall not include indebtedness related to Separately Financed Projects.

"Debt Ratings" means the long-term unenhanced, unsecured debt ratings assigned by the Rating Agencies to any Senior Lien Debt of the Borrower.

"Debt Service" means, for any period, without duplication, the sum of the amounts required for such period to pay the principal of, to fund any sinking fund requirements for, and to pay interest (except to the extent such interest is to be paid from Capitalized Interest) on Bonds or Subordinated Indebtedness.

The following assumptions shall apply in determining Debt Service:

(i) **Balloon Debt.** Balloon debt shall be deemed (A) to amortize in equal amount installments over a term of twenty (20) years, and (B) to bear interest on the unpaid principal balance in the manner assumed for Variable Rate Debt.

(ii) **Put Debt.** Put Debt shall be deemed (A) to mature over a term (commencing on such Put Date) equal to twenty (20) years less the number of years (counting fractions of any year as a whole year) to elapse between the date such Put Debt is incurred and such Put Date, and (B) to bear interest on the unpaid principal balance in the manner assumed for Variable Rate.

(iii) **Variable Rate Debt.** In determining the amount of interest payable on Variable Rate Debt for any future period (the "Determination Period"), such interest shall be computed by assuming that the rate of interest applicable to the Determination Period is equal to the greatest of (A) the rate or rates which were assumed by the Borrower in the Authority Budget for such Determination Period to be borne by Variable Rate Debt during such Determination Period, (B) the average of the rate of interest which was in effect on the last day of each of the six consecutive full calendar months (or if such Variable Rate Debt shall have been outstanding less than six months, the lesser number of full calendar months for which such Variable Rate Debt shall have been outstanding) immediately preceding the calendar month in which such calculation is made, and (C) an interest rate calculated by multiplying 1.15 times the weighted average of the rate or rates borne by such Variable Rate Debt for each day during the thirty day period immediately preceding the date of calculation; provided, however, that if the Borrower has in connection with any Variable Rate Debt entered into a Financial Contract which provides that the Borrower is to pay to the Qualified Counterparty an amount determined based upon a fixed rate of interest on the outstanding principal amount of such Variable Rate Debt or that the Qualified Counterparty is to pay to the Borrower an amount determined based upon the amount by which the rate at which such Variable Rate Debt bears interest exceeds a stated rate of interest on all or any portion of such Variable Rate Debt, it will be assumed that such Variable Rate Debt bears interest at the fixed rate of interest to be paid by the Borrower or the rate in excess of which the Qualified Counterparty is to make payment to the Borrower in accordance with such agreement.

"Debt Service Component" has the meaning set forth in the General Resolution.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Default Rate" means [REDACTED] %.

"Delayed Remarketing Period" has the meaning set forth in the Supplemental Resolution.

"Determination of Taxability" means (a) any determination, decision, decree or advisement by the Commissioner of Internal Revenue, or any District Director of Internal Revenue or any court of competent jurisdiction to the effect that Bond Interest is Taxable, or (b) the delivery to

the Purchaser or the Trustee of a written opinion of nationally recognized bond counsel to the effect that Bond Interest is Taxable. A Determination of Taxability also shall be deemed to have occurred on the first to occur of the following:

(i) the date when the Borrower files any statement, supplemental statement, or other tax schedule, return or document, which discloses that Bond Interest is Taxable;

(ii) the effective date of any federal legislation enacted or federal rule or regulation promulgated after the date of the Indenture which has the effect that Bond Interest is Taxable; or

(iii) if upon sale, lease or other deliberate action within the meaning of Treas. Reg. § 1.141-2(d), the failure to receive an unqualified opinion of a nationally recognized bond counsel to the effect that such action will not cause interest on the Series 2015 Bonds to become includable in the gross income of the recipient.

"Downgrade" means each rating category reduction of the Debt Rating by any Rating Agency; for example, a rating reduction by any Rating Agency from "A-" (or its equivalent) to "BBB" (or its equivalent) would constitute two rating category reductions for purposes of this definition.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Event of Default" means any event or condition identified as such in Section 8.1 hereof.

"Excess Interest" has the meaning set forth in Section 9.12 hereof.

"Excluded Taxes" means, with respect to the Purchaser, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Purchaser is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located.

"Failed Remarketing Rate" has the meaning set forth in the Supplemental Resolution.

"Financial Contract" has the meaning set forth in the General Resolution.

"Financing Agreement" means the Financing Agreement dated as of May 1, 1998, between the Borrower and the LIPA Subsidiary, as amended and supplemented from time to time in accordance with the terms hereof and thereof.

"Financing Agreement Note" means the **"Note"** as defined in the Financing Agreement.

"Fiscal Year" means the fiscal year used by the Borrower, which, as of the date hereof, is for the period from and including January 1 to and including December 31.

"Fitch" means Fitch, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally-recognized securities rating agency selected by the Borrower and approved by the Purchaser (which shall not be under any liability by reason of such approval).

"GAAP" means generally accepted accounting principles in the United States as in effect from time to time, applied on a basis consistent with those used in preparation of the audit report referred to in Section 5.20 hereof.

"General Resolution" means the Electric System General Revenue Bond Resolution adopted by the Borrower on May 13, 1998, as amended and supplemented to the date hereof and as may be

further amended and supplemented from time to time in accordance with the terms hereof and thereof.

"Governmental Authority" means the government of the United States of America or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnification and Reimbursement Installments" has the meaning set forth in Section 9.4 hereof.

"Interest Payment Date" means each May 1 and November 1, commencing November 1, 2015.

"IRS" means the United States Internal Revenue Service.

"Legal Action" has the meaning set forth in Section 5.3 hereof.

"Legal Requirements" applicable to any Person means (a) all decisions, statutes, ordinances, rulings, directions, rules, regulations, orders, writs, decrees, injunctions, permits, certificates, treaties, conventions, laws, licenses, governmental approvals, judgments, consent decrees or other requirements of any court or other Governmental Authority in any way applicable to or affecting such property, such transaction or such Person or its business operations, or assets, (b) all such Person's bylaws (or code or regulations) and articles of incorporation or partnership, limited partnership, joint venture, trust or other form of business association agreement, and (c) all other written contractual obligations of any nature applicable to or affecting such property or such Person.

"Lien" means any mortgage, deed of trust, lien, security interest, assignment, pledge, charge, hypothecation or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale or other title retention arrangement.

"LIPA Subsidiary" means the Long Island Lighting Company d/b/a LIPA, as successor to LIPA Acquisition Corp.

"Liquidity Facility" has the meaning set forth in the General Resolution.

"Mandatory Payment Event" has the meaning set forth in Section 8.4 hereof.

"Material Adverse Effect" means (a) any material adverse effect on the properties, assets, condition (financial or otherwise), results of operations or business prospects of the Borrower and the LIPA Subsidiary taken as a whole, and (b) with respect to the obligations of the Borrower or the LIPA Subsidiary under the Related Documents, a material adverse effect upon the Borrower's or the LIPA Subsidiary's ability to perform its obligations hereunder or thereunder.

"Maximum Rate" means the lesser of (a) the maximum non-usurious lawful rate of interest permitted by applicable law and (b) fifteen percent (15%) per annum.

"MMD Index" has the meaning set forth in the Supplemental Resolution.

"Moody's" means Moody's Investors Service, Inc. a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally

recognized securities rating agency selected by the Borrower and approved by the Purchaser (which shall not be under any liability by reason of such approval).

"Obligations" means all obligations of the Borrower to pay principal and interest on the Series 2015 Bonds and all other payment obligations of the Borrower arising under or in relation to this Agreement, in each case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

"Operating Expenses" has the meaning set forth in the General Resolution.

"Operations and Services Agreement" means that certain Amended and Restated Operations and Services Agreement dated as of December 31, 2013 between the LIPA Subsidiary and PSEG Long Island LLC as such Agreement is in effect as of the Closing Date.

"Outstanding" has the meaning set forth in the General Resolution.

"Parity Contract Obligations" has the meaning set forth in the General Resolution.

"Parity Obligations" has the meaning set forth in the General Resolution.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Permitted Discretion" means a determination made in good faith and in the exercise of reasonable (from the perspective of a lender) business judgment.

"Permissible Investments" means any of the Investment Securities defined in the General Resolution, if and to the extent (i) such Investment Securities constitute legal investments for the funds held under the General Resolution, and (ii) such Investment Securities conform to the policies set forth in any investment guidelines adopted by the Authority and in effect at the time of the making of such investment.

"Permitted Subordinate Debt" means Debt of the Borrower payable from or secured by a lien on Revenues that is subordinate to the payments provided for in, and the respective liens created by, the General Resolution and the Subordinate Resolution.

"Person" means any natural Person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"PILOT" means any payments in lieu of taxes due and owing by the Borrower or the LIPA Subsidiary in accordance with Section 1020-q of the Act or other applicable law.

"Potential Default" shall mean any event or condition which, with the lapse of time, or giving of notice, or both, would constitute an Event of Default.

"Principal Installment" has the meaning set forth in the General Resolution.

"Principal Office" has the meaning set forth in the General Resolution.

"Privatization" means (i) any sale, transfer, lease (including, without limitation, any long-term lease or sale/lease and leaseback) or other disposition (whether in a single transaction or a series of transactions) of all or any substantial part of the System, the Property or other assets of the Borrower or the LIPA Subsidiary to any private entity or private concern, that results in the Borrower no longer owning or controlling the operation of the System, (ii) any sale or other disposition of, or encumbrance or grant of a security interest in, any common or preferred stock or other evidence of the Borrower's equity interest in any of its Subsidiaries, that results in the Borrower and the LIPA Subsidiary no longer owning or effectively controlling the ownership and operation of the System, or (iii) the Borrower or the LIPA Subsidiary transferring, ceding or losing control (whether by force of law, by contract or otherwise) of the ability to manage, determine or control the operations and

management of the System or a substantial part (as defined in Section 8.29 hereof) of its Property and the services relating thereto (as in effect on the Closing Date); provided that, contracting with a third party service provider for management and operation services of the same type contracted for in the Operations and Services Agreement shall not be deemed to be the transferring, ceding or loss of control of the ability of the Borrower or the LIPA Subsidiary to manage, determine or control the operations and management of the System or any substantial part of its Property and the services relating thereto so long as (x) such contract shall not provide such third party service provider or any Person other than the Borrower and the LIPA Subsidiary with any legal, equitable, tax, beneficial or other ownership or leasehold interest in the System or in any other Property of the Borrower or the LIPA Subsidiary or in any Revenues and (y) all additions to the System and other Property of the Borrower or the LIPA Subsidiary purchased or constructed in conjunction or for the use with any part of the System or other Property of the Borrower or the LIPA Subsidiary remains and shall be the property of the Borrower or the LIPA Subsidiary. A Privatization shall be deemed to occur on the date the relevant action or event takes effect and not on the date of any contract or law providing for such action or event to become effective on a future date. Privatization shall not include (i) optional capital additions permitted by the Service Provider (as such term is defined in the Operations and Services Agreement pursuant to Section 4.2(a)(7) of the Operations and Services Agreement, and (ii) capital additions pursuant to Utility 2.0 plan required by Section 4.2(a)(5) of the Operations and Services Agreement.

"Property" means, as to any Person, all types of real, personal, tangible, intangible or mixed property owned by such Person, whether now owned or hereafter acquired, whether or not included in the most recent balance sheet of such Person and its subsidiaries under GAAP.

"Purchaser" shall mean Wells Fargo Municipal Capital Strategies, LLC and any transferee pursuant to Section 9.2(b)(i) or (ii).

"Put Debt" shall mean Debt that is (i) payable or required to be purchased or redeemed by or on behalf of the underlying obligor, at the option of the owner thereof, prior to its stated maturity date or (ii) payable or required to be purchased or repurchased from the owner thereof by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity, other than pursuant to any tax call, extraordinary mandatory redemption or prepayment, optional redemption or prepayment, mandatory sinking fund payments or other similar form of amortization.

"Qualified Counterparty" has the meaning set forth in the General Resolution.

"Rate Consultant" has the meaning set forth in the General Resolution.

"Rate Stabilization Fund" has the meaning set forth in the General Resolution.

"Rate Stabilization Fund Requirement" has the meaning set forth in Section 7.14 hereof.

"Rating Agencies" means Fitch, Moody's and S&P.

"Redemption Price" has the meaning set forth in the General Resolution.

"Related Documents" means the Bank Documents, the Borrower Documents, the Subsidiary Documents and each other instrument or document to be delivered hereunder or thereunder or otherwise in connection therewith.

"Related Parties" means, with respect to any Person, such Person's Bank Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Bank Affiliates.

"Required Deposits" has the meaning set forth in the General Resolution.

"Revenues" has the meaning set forth in the General Resolution.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and its successors and assigns, except that if such division shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Borrower and approved by the Purchaser (which shall not be under any liability by reason of such approval).

"Senior Lien Debt" means all Bonds, Parity Obligations and all other Debt issued or incurred by or on behalf of the Borrower secured by a senior lien on Revenues.

"Separately Financed Projects" has the meaning set forth in the General Resolution.

"Series 2015 Bonds" has the meaning set forth in the recitals of this Agreement.

"State" means the State of New York.

"Subordinate Resolution" means the Electric System General Subordinated Revenue Bond Resolution, adopted by the Borrower on May 20, 1998, as amended and supplemented from time to time in accordance with the terms hereof and thereof.

"Subordinated Indebtedness" has the meaning set forth in the General Resolution.

"Subsidiary" means, for any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person. Unless otherwise expressly provided herein, all references herein to a "Subsidiary" or "Subsidiaries" shall mean a Subsidiary or Subsidiaries of the Borrower.

"Subsidiary Documents" means (a) the Financing Agreement, (b) the Financing Agreement Note and (c) any other Related Document to which the LIPA Subsidiary is a party relating to this transaction.

"Subsidiary Unsecured Debt" means any Debt issued or incurred by or on behalf of the LIPA Subsidiary which is an unsecured obligation of the LIPA Subsidiary.

"Supplemental Resolution" means the resolution entitled Twenty-Second Supplemental Electric System General Revenue Bond Resolution authorizing Electric System General Revenue Bonds, adopted by the Borrower on August 6, 2014, as amended and supplemented from time to time in accordance with the terms hereof and thereof, including without limitation the Certificate of Determination.

"Supply Contracts" has the meaning set forth in the General Resolution. "System" has the meaning set forth in the General Resolution.

"System Agreements" has the meaning set forth in the General Resolution. "Tax Installments" has the meaning set forth in Section 4.1 hereof.

"Taxable Date" means the date on which interest on the Series 2015 Bonds is first includable in gross income of the Purchaser thereof as a result of a Determination of Taxability.

"Taxable Period" shall have the meaning assigned to such term in Section 2.4.

"Taxable Rate" has the meaning set forth in the Supplemental Resolution.

"**Taxes**" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

"**Trust Estate**" has the meaning set forth in the General Resolution. "Trustee" has the meaning set forth in the General Resolution.

"**U.S. Dollars**" and "\$" each means the lawful currency of the United States of America.

"**Variable Rate Debt**" shall mean Debt (which may also be Balloon Debt or Put Debt) the terms of which require or permit interest thereon for the period of time for which calculated to be borne at a varying or adjustable rate *per annum* or a formula rate.

Section 1.2. Interpretation. The foregoing definitions are equally applicable to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. All references to time of day herein are references to New York, New York, time unless otherwise specifically provided. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, it shall be done in accordance with GAAP except where such principles are inconsistent with the specific provisions of this Agreement.

Section 1.3. Change in Accounting Principles. If, after the date of this Agreement, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Section 6.5 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement, either the Borrower or the Purchaser may by notice to the Borrower, respectively, require that the Purchaser and the Borrower negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Borrower and its Subsidiaries shall be the same as if such change had not been made. No delay by the Borrower or the Purchaser in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles. Without limiting the generality of the foregoing, the Borrower shall neither be deemed to be in compliance with any financial covenant hereunder nor out of compliance with any financial covenant hereunder if such state of compliance or noncompliance, as the case may be, would not exist but for the occurrence of a change in accounting principles after the date hereof.

SECTION 2. PURCHASE OF BONDS.

Section 2.1. Purchase of Series 2015 Bonds.

(a) Initial Purchase Price. Upon the terms and conditions and based on the representations, warranties and covenants of the Borrower set forth herein and in the Related

Documents, the Purchaser hereby agrees to purchase all of the Series 2015 Bonds at the purchase price of \$200,000,000 representing the aggregate principal amount of the Series 2015 Bonds (the "**Initial Purchase Price**").

(b) **Closing.** On the Closing Date, the Borrower shall deliver to the Purchaser the documents described in Section 6. Upon delivery of such documents, the Purchaser will pay the Initial Purchase Price for the Series 2015 Bonds in immediately available federal funds payable to the Trustee on behalf of the Borrower. One fully registered Series 2015 Bond, in the aggregate principal amount equal to the Initial Purchase Price, shall be issued to and registered in the name of Cede & Co., nominee for the Depository Trust Company ("**DTC**"), as securities depository, and the beneficial interests in the Series 2015 Bonds so registered will be credited to such accounts with DTC as the Purchaser shall designate. The Series 2015 Bonds shall be so issued and registered to and held by DTC or its nominee, and beneficial interests therein shall be transferable in accordance with the book-entry system.

Section 2.2. Applicable Interest Rates. The Series 2015 Bonds shall initially bear interest at a rate equal to the sum of the MMD Index and the Applicable Spread.

Section 2.3. Default Rate. Notwithstanding anything to the contrary contained herein, while any Event of Default or Mandatory Payment Event exists or after acceleration, the Borrower shall pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of outstanding Series 2015 Bonds and other amounts outstanding at a rate *per annum* equal to the Default Rate.

Section 2.4. Determination of Taxability.

(a) In the event a Taxable Date occurs, in addition to (but not in duplication of) the amounts required to be paid pursuant to the Related Documents, the Borrower hereby agrees to pay to the Purchaser on demand therefor (i) an amount equal to the difference between (A) the amount of interest paid to the Purchaser on the Series 2015 Bonds during the period in which interest on the Series 2015 Bonds is includable in the gross income of the Purchaser beginning on the Taxable Date (the "Taxable Period") and (B) the amount of interest that would have been paid to the Purchaser during such Taxable Period had the Series 2015 Bonds borne the Taxable Rate, and (ii) an amount equal to any interest, penalties or charges owed by the Purchaser as a result of interest of the Series 2015 Bonds becoming includable in the gross income of the Purchaser, together with any and all attorneys' fees, court costs, or other out of pocket costs incurred by the Purchaser in connection therewith, other than those resulting from the Purchaser's own gross negligence or willful misconduct.

(b) Subject to the provisions of subsection (c) and (d) below, the Purchaser shall afford the Borrower the opportunity, at the Borrower's sole cost and expense, to contest (i) the validity of any amendment to the Code which causes the interest on the Series 2015 Bonds to be includable in the gross income of the Purchaser or (ii) any challenge to the validity of the tax exemption with respect to the interest on the Series 2015 Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals).

(c) As a condition precedent to the exercise by the Borrower of its right to contest set forth in subsection (c) above, the Borrower shall, on demand, immediately reimburse the Purchaser, for (i) any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by the Purchaser, in its sole discretion) that may be incurred by the Purchaser in connection with any such contest, and (ii) any and all penalties or other charges payable by the Purchaser for failure to include such interest in its gross income.

(d) The obligations of the Borrower under this Section shall survive the termination of this Agreement and the payment in full of the Series 2015 Bonds.

Section 2.5. Delayed Remarketing Period. During any Delayed Remarketing Period as set forth in the Supplemental Resolution, the Series 2015 Bonds shall bear interest at the Failed Remarketing Rate until such time as the Series 2015 Bonds can be successfully remarketed.

SECTION 3. NET OF TAXES, ETC.

Section 3.1. Net of Taxes, Etc. (a) Any and all payments to the Purchaser by the Borrower hereunder or with respect to the Series 2015 Bonds shall be made free and clear of and without deduction or withholding for any and all Indemnified Taxes. If the Borrower shall be required by law to deduct or withhold any Indemnified Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder or with respect to the Series 2015 Bonds, then (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Purchaser receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall timely pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Borrower shall make any payment under this Section to or for the benefit of the Purchaser with respect to Indemnified Taxes and if the Purchaser shall claim any credit or deduction for such Indemnified Taxes against any other taxes payable by the Purchaser to any taxing jurisdiction in the United States then the Purchaser shall pay to the Borrower an amount equal to the amount by which such other taxes are actually reduced; provided, that the aggregate amount payable by the Purchaser pursuant to this sentence shall not exceed the aggregate amount previously paid by the Borrower with respect to such Indemnified Taxes. In addition, the Borrower agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States or any state of the United States from any payment made hereunder or under the Series 2015 Bonds or from the execution or delivery of this Agreement or the Series 2015 Bonds, or otherwise with respect to this Agreement or the Series 2015 Bonds (hereinafter referred to as "Other Taxes"). The Purchaser shall provide to the Borrower within a reasonable time a copy of any written notification it receives with respect to Indemnified Taxes or Other Taxes owing by the Borrower to the Purchaser hereunder; provided, that the Purchaser's failure to send such notice shall not relieve the Borrower of its obligation to pay such amounts hereunder.

(b) The Borrower shall, to the fullest extent permitted by law and subject to the provisions hereof, pay the Purchaser for the full amount of Indemnified Taxes and Other Taxes including any Indemnified Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section paid by the Purchaser or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally asserted; *provided*, that the Borrower shall not be obligated to pay the Purchaser for any penalties, interest or expenses relating to Indemnified Taxes or Other Taxes arising from the Purchaser's gross negligence or willful misconduct. The Purchaser agrees to give notice to the Borrower of the assertion of any claim against the Purchaser relating to such Indemnified Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; provided, that the Purchaser's failure to notify the Borrower promptly of such assertion shall not relieve the Borrower of its obligation under this Section. Payments by the Borrower pursuant to this Section shall be made within thirty (30) days from the date the Purchaser makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Purchaser agrees to repay to the Borrower any refund (including that portion of any interest that was included as part of such refund) with respect to Indemnified Taxes or Other Taxes paid by the Borrower pursuant to this Section received by the Purchaser for Indemnified Taxes or Other Taxes that were paid by the Borrower pursuant to this Section and to contest, with the cooperation and at the expense of the Borrower, any such Indemnified Taxes or Other Taxes which the Purchaser or the Borrower reasonably believes not to have been properly assessed.

(c) Within thirty (30) days after the date of any payment of Indemnified Taxes by the Borrower, the Borrower shall furnish to the Purchaser, the original or a certified copy of a receipt evidencing payment thereof.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section shall survive the termination of this Agreement and the payment in full of the Series 2015 Bonds and the obligations of the Borrower thereunder and hereunder, *provided*, that the Purchaser shall not be entitled to demand any payment under this Section 3.1 more than one year following the last day of the fiscal year of the

Purchaser during which the liability in respect of such Taxes or Other Taxes was incurred; *provided further, however*, that the foregoing proviso shall in no way limit the right of the Purchaser to demand or receive any payment under this Section 3.1 to the extent that such payment relates to the retroactive application of any Taxes or Other Taxes if such demand is made within one year after the implementation of such Taxes or Other Taxes.

SECTION 4. PLACE AND APPLICATION OF PAYMENTS.

Section 4.1. Place and Application of Payments. All Obligations payable by the Borrower under this Agreement, except for payments of principal of and interest on the Series 2015 Bonds, shall be made by the Borrower to the Purchaser by no later than 4:00 p.m. (New York time) on the due date thereof. Any payments received after such time shall be deemed to have been received by the Purchaser on the next Business Day. All such payments shall be made in U.S. Dollars, in immediately available funds, in each case without set-off or counterclaim.

Section 4.2. Non-Business Days. If any payment hereunder becomes due and payable on a day which is not a Business Day, the due date of such payment shall be extended to the next succeeding Business Day on which date such payment shall be due and payable. In the case of any payment of principal falling due on a day which is not a Business Day, interest on such principal amount shall continue to accrue during such extension at the rate *per annum* then in effect, which accrued amount shall be due and payable on the next scheduled date for the payment of interest.

Section 4.3. Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Purchaser, or the Purchaser exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Purchaser) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

Section 4.4. Account Debit. The Borrower hereby irrevocably authorizes the Purchaser to charge any of the Borrower's deposit accounts maintained with the Purchaser for the amounts from time to time necessary to pay any then due Obligations, except for payments of principal of and interest on the Series 2015 Bonds; provided that the Borrower acknowledges and agrees that the Purchaser shall not be under an obligation to do so and the Purchaser shall not incur any liability to the Borrower or any other Person for the Purchaser's failure to do so.

SECTION 5. REPRESENTATIONS AND WARRANTIES.

The Borrower represents and warrants to the Purchaser as follows:

Section 5.1. Organization. The Borrower is a duly organized, validly existing corporate municipal instrumentality of the State. The LIPA Subsidiary is a business corporation, duly incorporated, validly existing and in good standing under the laws of the State. Each of the Borrower and the LIPA Subsidiary has all requisite power and authority, rights and franchises to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, and to enter into and perform its obligations under the Related Documents.

Section 5.2. Authorization, Conflicts, Binding Effect. The execution, delivery and performance of the Related Documents by the Borrower are within the Borrower's powers and have been duly authorized by all necessary action by the Borrower including, if necessary, the adoption of any necessary regulations or resolutions by its Board. The execution, delivery and performance of the Related Documents by the Borrower will not violate (i) the Act or the Borrower's Bylaws or any other law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award, or (ii) the provisions of any indenture, instrument or agreement to which the Borrower, the LIPA Subsidiary or any other Subsidiary is a party or is subject, or by which it, or its property, is bound. The Borrower is not in violation of or default under any such Legal Requirement, and no condition exists that would, with the giving of notice or lapse of time, or both, constitute such a violation or default. The Related

Documents have each been duly executed by the Borrower and are legally valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws affecting creditors' rights generally and by general principles of equity.

Section 5.3. Litigation; Adverse Facts. Except as otherwise disclosed in writing to the Purchaser, there is no action, suit, investigation, proceeding or arbitration (whether or not purportedly on behalf of the Borrower or the LIPA Subsidiary), at law or in equity or before or by any foreign or domestic court or other Governmental Authority (a "**Legal Action**"), pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or the LIPA Subsidiary, or any of their respective assets which could reasonably be expected to result in any Material Adverse Effect. Neither the Borrower nor the LIPA Subsidiary is in violation of any applicable law, rule, regulation, order, writ, judgment, injunction, decree or award of any court or other agency or government, which violation has a Material Adverse Effect. Except as otherwise disclosed in writing to the Purchaser, there is no Legal Action pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or the LIPA Subsidiary, questioning the validity or the enforceability of any Related Document or any Subsidiary Document, respectively.

Section 5.4. Title to Properties; Liens. The Borrower and the LIPA Subsidiary have good, sufficient and legal title to all of their respective properties and assets. All of the properties of the Borrower and the LIPA Subsidiary are free and clear of Liens, except for (i) Liens arising in connection with the Related Documents and (ii) such Liens as would not have a Material Adverse Effect. The Borrower's properties and all revenues therefrom are exempt from taxation by the State or any of its subdivisions, municipalities or other governmental or taxing entities; provided, however, that the Borrower is obligated under the Act to make certain PILOT payments.

Section 5.5. Disclosure. There is no fact known to the Borrower (other than matters of a general economic nature) which has or could reasonably be expected to have a Material Adverse Effect, which has not been disclosed in this Agreement or in other documents, certificates and written statements furnished to the Purchaser in connection herewith.

Section 5.6. Payment of Taxes. All tax returns and reports of the Borrower and the LIPA Subsidiary required to be filed have been timely filed, and all taxes, assessments, fees and other governmental charges, including PILOT payments, upon the Borrower and the LIPA Subsidiary and upon their respective properties, assets, income and franchises which are due and payable have been paid when due and payable on a current basis, except to the extent that such taxes or PILOT payments are being contested by the Borrower or the LIPA Subsidiary in good faith by appropriate proceedings with appropriate reserves.

Section 5.7. Borrower Documents; Subsidiary Documents. Each of the Borrower Documents and the Subsidiary Documents is in full force and effect and represents a valid and binding obligation of the Borrower or the LIPA Subsidiary, as applicable, enforceable in accordance with its respective terms; no Potential Default, Event of Default or Mandatory Payment Event presently exists under any of the Borrower Documents or the Subsidiary Documents except as previously disclosed in writing to the Purchaser; nor has the Borrower, the LIPA Subsidiary or any other party thereto waived or deferred performance of any material obligation under any other Borrower Document or Subsidiary Document except as previously disclosed in writing to the Purchaser.

Section 5.8. Reaffirmation of Representations and Warranties. The Borrower hereby makes to the Purchaser the same representations and warranties as are set forth by the Borrower in each Borrower Document, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference for the benefit of the Purchaser with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to any Borrower Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Purchaser.

Section 5.9. Regulatory Compliance. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of

Regulation T, U or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds of the Series 2015 Bonds or any other extension of credit made hereunder will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

Section 5.10. Registration, Consent and Approval. The execution, delivery and performance by the Borrower of this Agreement and the Borrower Documents do not and with respect to the execution and delivery will not require registration with, or the consent or approval of, or any other action by, any Federal, State or other Governmental Authority or regulatory body other than those which have been made or given and are in full force and effect, except for the approval of the Comptroller of the State of New York provided for in Section 1020-k of the Act (the "**Approval**") and any Federal securities laws or Blue Sky regulations, as to which no representation is given.

Section 5.11. Liens. The General Resolution creates, for the benefit and security of the Series 2015 Bonds (together with other Bonds and other Parity Obligations), the legally valid, binding and irrevocable statutory lien on and pledge of the Revenues and the Trust Estate. There is no lien on the Trust Estate other than the liens created by or pursuant to the General Resolution and the Subordinate Resolution. Neither the General Resolution nor the Subordinate Resolution permits the issuance of any debt secured by the Revenues to rank senior to the Series 2015 Bonds. The payment of the principal of and interest on the Series 2015 Bonds ranks on a parity with the payment of principal of and interest on other Bonds and is not subordinate to any payment secured by a lien on the Revenues or the Trust Estate or any other claim, and is prior as against all other persons having claims of any kind in tort, contract or otherwise, whether or not such persons have notice of the lien. No filing, registering, recording or publication of the General Resolution or any other instrument is required to establish the pledge under the Resolution and the General Resolution or to perfect, protect or maintain the lien created thereby on the Revenues and the Trust Estate.

Section 5.12. Sovereign Immunity. The defense of sovereign immunity is not available to the Borrower in any proceeding by the Purchaser to enforce any of the obligations of the Borrower under this Agreement or the Related Documents and, to the fullest extent permitted by law, the Borrower consents to the initiation of any such proceeding in any federal or state court as provided in Section 9.14(b) hereof.

Section 5.13. No Default. No Potential Default, Event of Default or Mandatory Payment Event exists on the date hereof.

Section 5.14. ERISA. The Borrower and its Subsidiaries are in compliance in all material respects with ERISA to the extent applicable to them and neither the Borrower nor any Subsidiary thereof has received any notice to the contrary from the PBGC or any other governmental entity or agency except where such noncompliance could not reasonably be expected to result in a Material Adverse Effect. No steps have been taken to terminate any Plan other than a "standard termination" meeting the requirements of Section 4041(b) of ERISA, and no contribution failure has occurred with respect to any Plan sufficient to give rise to a lien under Section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Plan which is reasonably likely to result in the incurrence by the Borrower or any Subsidiary thereof of any fine, penalty or liability (other than the liability for making contributions when due to such Plan in accordance with Section 302 of ERISA) which could reasonably be expected to result in a Material Adverse Effect. Neither the Borrower nor any Subsidiary thereof has any contingent liability with respect to any post-retirement benefit, other than liability for continuation coverage described in Part 6 of Title I of ERISA that could reasonably be expected to have a Material Adverse Effect, except as disclosed in writing to the Purchaser prior to the date hereof.

Section 5.15. Enforceability. This Agreement and the other Related Documents are the legal, valid and binding agreements of the Borrower and, to the extent a signatory thereto, the LIPA Subsidiary, enforceable against them in accordance with their terms, except as may be limited by (a) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws or judicial decisions for the relief of debtors or the limitation of creditors' rights generally and (b) equitable principles of general applicability.

Section 5.16. No Default under Other Agreements. None of the Borrower, the LIPA Subsidiary or any other Subsidiary is in default with respect to any note, indenture, loan agreement, mortgage, lease, deed, or other agreement to which it is a party or by which it or its Property is bound, which default could materially and adversely affect any rights of the Purchaser under the Related Documents or could reasonably be expected to result in a Material Adverse Effect.

Section 5.17. Status under Certain Laws. Neither the Borrower nor any of its Subsidiaries is an "investment company" or a person directly or indirectly controlled by or acting on behalf of an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 5.18. Environmental Law. To the best of the Borrower's knowledge, after reasonable diligence with respect thereto, except as otherwise described to the Purchaser in writing on or prior to the Closing Date, (a) neither the Borrower nor any Subsidiary thereof has received any notice to the effect, or has any knowledge, that its Property or operations are not in compliance with any of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations including, without limitation, regulations promulgated under the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§6901 *et seq.* ("**Environmental Laws**"), or are the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to result in a Material Adverse Effect; (b) there have been no releases of hazardous materials at, on or under any Property now or previously owned or leased by the Borrower or any Subsidiary that, singly or in the aggregate, have, or may reasonably be expected to have, a Material Adverse Effect; (c) there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any Property now or previously owned or leased by the Borrower or any Subsidiary that, singly or in the aggregate, have, or could reasonably be expected to result in, a Material Adverse Effect; (d) neither the Borrower nor the Subsidiary is the subject of any remedial investigation under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §9601 *et seq.* ("**CERCLA**") that is reasonably expected to have a Material Adverse Effect; and (e) no conditions exist at, on or under any Property now or previously owned or leased by the Borrower or any subsidiary which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law, except to the extent such liability could not reasonably be expected to result in a Material Adverse Effect.

Section 5.19. Interest. None of the Related Documents provide for any payments that would violate any applicable law regarding permissible maximum rates of interest.

Section 5.20. Financial Information. The audited financial statements of the Borrower and its consolidated Subsidiaries for the Fiscal Year ended December 31, 2014, true and correct copies of which have heretofore been delivered or made available to the Purchaser, fairly present, in conformity with GAAP, the financial position of the Borrower and its consolidated Subsidiaries and its results of operations and changes in financial position at the dates and for the periods indicated. Since December 31, 2014, there has been no material adverse change in the business, financial position or results of operations of the Borrower and the LIPA Subsidiary other than those events or circumstances otherwise disclosed in writing to the Purchaser. Except as reflected in the financial statements referenced above or as otherwise disclosed by the Borrower to the Purchaser in writing, there are as of the date hereof no liabilities or obligations with respect to the Borrower of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, in the aggregate, would be material to the Borrower or the LIPA Subsidiary. The Borrower does not know of any basis for the assertion against the Borrower or any of its Subsidiaries of any liability or obligation of any nature whatsoever that is not reflected in the financial statements referenced above or otherwise disclosed in writing to the Purchaser which, in the aggregate, could be material to the Borrower or any of its consolidated Subsidiaries.

Section 5.21. Application of Proceeds. The Borrower will apply the proceeds of the Series 2015 Bonds solely and entirely to the purposes specified in the General Resolution, and not in violation of any Legal Requirements.

SECTION 6. CONDITIONS PRECEDENT.

Section 6.1. Purchase of Series 2015 Bonds. The obligation of the Purchaser to purchase the Series 2015 Bonds is subject to the following conditions precedent being satisfied or waived on or prior to the seventh (7th) day from the dated date hereof, in a manner acceptable to the Purchaser in its discretion:

(a) the Purchaser shall have received this Agreement duly executed by the Borrower and the Purchaser;

(b) the Purchaser shall have received specimen copies of the Series 2015 Bonds;

(c) the Purchaser shall have received the following, each in form and content satisfactory to the Purchaser and its counsel:

(i) certified copies of each of the Related Documents;

(ii) certificates of the Chief Executive Officer or Chief Financial Officer of the Borrower and the Chief Operating Officer or Chief Financial Officer or Secretary of the LIPA Subsidiary, each dated as of the Closing Date in the form and content satisfactory to the Purchaser and its counsel;

(iii) evidence satisfactory to the Purchaser that no lawsuits or governmental actions other than those disclosed in writing pursuant to Section 5.3 hereto are pending against the Borrower in respect of the Bonds or in connection with the Related Documents;

(iv) certified copies of the organizational documents of the Borrower certified by its Secretary or Chief Executive Officer;

(v) certified copies of the organizational documents of the LIPA Subsidiary certified by its Secretary or Chief Executive Officer;

(vi) audited financial statements and unaudited quarterly financial statements (including an income statement, a balance sheet, and a cash flow statement) of the Borrower for the prior three (3) years and any other financial information regarding the Borrower and its Subsidiaries as the Purchaser may reasonably request;

(vii) evidence of all necessary third party approvals (including, without limitation, the Approval and all other necessary governmental approvals) required in connection with the Borrower's execution and delivery of this Agreement and the other Related Documents; and

(viii) evidence that the Debt Ratings as of the Closing Date are not less than "Baa1" by Moody's, "A-" by Fitch and "A-" by S&P and that no such long-term unenhanced rating has been downgraded, suspended or withdrawn.

(d) the Purchaser shall have received (i) an opinion of Counsel to the Borrower and to the LIPA Subsidiary, dated the Closing Date, and addressed to the Purchaser, in form and content satisfactory to the Purchaser and its counsel and (ii) an opinion and reliance letters of Hawkins Delafield & Wood LLP, dated the Closing Date, and addressed to the Purchaser, in form and content satisfactory to the Purchaser and its counsel.

(e) other than those events or circumstances disclosed in writing pursuant to Section 5.20, no event or circumstance shall have occurred since December 31, 2014, which could reasonably be expected to materially and adversely affect the rights or remedies of the Purchaser hereunder, or the ability of the Borrower, the LIPA Subsidiary or any of the Borrower's other Subsidiaries to perform its respective obligations hereunder or under any other Related Document to which it is a party or which could have a Material Adverse Effect;

(f) all legal (including tax implications) and regulatory matters incident to the execution and delivery of this Agreement and the other Related Documents and to transactions contemplated hereby shall be satisfactory to the Purchaser and its counsel;

(g) the Purchaser shall have received the costs and expenses called for by Section 9.4 hereof as of the Closing Date;

(h) the Purchaser shall have received, sufficiently in advance of the Closing Date, all documentation and other information requested by the Purchaser required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation, the United States Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) including, without limitation, the information described in Section 13.24; and the Purchaser shall have received a fully executed Internal Revenue Service Form W-9 (or its equivalent) for the Borrower; and

(i) the Purchaser shall have received such other agreements, instruments, documents, certificates, and opinions as the Purchaser and its counsel may reasonably request.

SECTION 7. COVENANTS.

The Borrower agrees that, so long as the Purchaser owns the Series 2015 Bonds, except to the extent compliance in any case or cases is waived in writing pursuant to the terms of Section 9.3:

Section 7.1. Maintenance of Existence, Etc.. The Borrower will maintain and preserve its existence and all rights material to its function; maintain its assets in good order and repair; and conduct its business in an orderly manner without voluntary interruption. The Borrower shall maintain its legal existence as a corporate municipal instrumentality of the State and shall maintain and preserve the legal existence of the Subsidiary as a wholly owned subsidiary of the Borrower except (i) where the dissolution of a Subsidiary would not have a Material Adverse Effect and (ii) for mergers permitted by Section 7.29 hereof.

Section 7.2. Access and Reporting. The Borrower will permit the representatives of the Purchaser at any time or from time to time during normal business hours, upon one (1) Business Day's notice, to inspect all of its properties, books and records and to discuss the affairs, finances and account of the Borrower with its officers. The Borrower will maintain a system of accounting established and administered in accordance with sound business practices to permit preparation of financial statements in conformity with GAAP. The Borrower, at its expense, will furnish or cause to be furnished to the Purchaser, the following:

(a) (i) Within sixty (60) days after the end of each of the first three fiscal quarters of the Borrower's Fiscal Year, unaudited consolidated financial statements consisting of a statement of financial position of the Borrower and its consolidated Subsidiaries as of the end of such fiscal period and a statement of cash flows and a statement of revenues, expenses and accumulated (deficit)/net revenues of the Borrower and its consolidated Subsidiaries for such fiscal period, prepared in accordance with GAAP, and in the case of such Fiscal Year, setting forth in comparative form the corresponding figures (if any) for the preceding Fiscal Year, prepared in accordance with GAAP, and (ii) within one hundred twenty (120) days after the end of each Fiscal Year, audited consolidated financial statements of the Borrower and its consolidated Subsidiaries consisting of a statement of financial position, and a statement of cash flows and a statement of revenues, expenses and accumulated (deficit)/net revenues for such Fiscal Year (including comparative form of the corresponding figures (if any) for the preceding Fiscal Year) all in reasonable detail (in the case of the report set out in (ii), prepared in accordance with GAAP and accompanied by the report of a nationally recognized firm of certified public accountants, and in all other cases prepared in accordance with GAAP for interim financial information). In connection with the requirements in clauses (i) and (ii) above, the Borrower shall also provide a letter from the Chief Financial Officer of the Borrower addressed to the Purchaser stating that, in so far as they relate to accounting matters, no Event of Default, no Mandatory Payment Event and no Potential Default has come to his/her attention and was continuing at the end of such fiscal period or on the date of his/her letter or, if such an event, in so far as it relates to accounting matters, has come to his/her attention and was continuing as of such date,

indicating the nature of such event and the action which the Borrower proposed to take with respect thereto and, in connection with the requirements in clause (ii) above, the Borrower shall provide a letter from the nationally recognized firm of certified public accountants that prepared the report required by clause (ii) addressed to the Purchaser, stating that, in so far as they relate to accounting matters, no Event of Default, no Mandatory Payment Event and no Potential Default has come to such firm's attention and was continuing at the end of such fiscal period or on the date of such firm's letter or, if, in so far as they relate to accounting matters, such an event has come to such firm's attention and was continuing as of such date, indicating the nature of such event. Such letter shall also set forth the calculations supporting such statements in respect of Sections 7.7 and 7.14 hereof;

(b) Within one hundred twenty (120) days after the end of each Fiscal Year, a certificate of an Authorized Representative of the Borrower (i) setting forth in reasonable detail the Borrower's historical Debt Service coverage for such Fiscal Year, together with detailed calculations thereof, and (ii) certifying that no Event of Default, no Mandatory Payment Event and no Potential Default has occurred and is continuing.

(c) Promptly upon their becoming available, a copy of the Borrower's operating budget for the following Fiscal Year, official statement and other similar reports, but no later than 15 days after such information is made available by the Borrower and, in any event, not later than 120 days after the end of each Fiscal Year, and such budget shall include, without limitation, the following information: (i) a forecast of projected operating results for the next Fiscal Year, (ii) estimated capacity requirements and resources for the next fiscal year, and (iii) a summary of estimated capital expenditures for the four (4) succeeding Fiscal Years;

(d) Promptly upon their becoming available, copies of any non-routine periodic or special reports filed by the Borrower with any Governmental Authority if such reports indicate any material adverse change in the business, operations, affairs or condition of the Borrower and/or the LIPA Subsidiary, and copies of any material adverse notice or other material adverse communications from any governmental authority, its board or committee of its board which specifically relate to the operations of the Borrower and/or the LIPA Subsidiary;

(e) Written notice of (i) any litigation, legal proceeding or dispute with any Governmental Agency or with any other party which if determined adversely to the Borrower or the LIPA Subsidiary would have a material adverse effect on the Borrower's or the LIPA Subsidiary's performance of its obligations under this Agreement or any Related Document or the transactions contemplated hereby or thereby, (ii) failure by the Borrower or the LIPA Subsidiary to pay and discharge any of its material obligations and liabilities when due, and (iii) any breach of warranty, lack of correctness of warranty, event of default, breach of covenant or any lack of validity or contest as to validity in any Document to which the Borrower or the LIPA Subsidiary is a party.

(f) As soon as reasonably available, copies of any material notices, certificates or other communications given to or received from the Trustee or the LIPA Subsidiary pursuant to or in connection with the Related Documents; and

(g) Such other information respecting the operations and properties, financial or otherwise, of the Borrower and the LIPA Subsidiary as the Purchaser may from time to time reasonably request.

The Borrower shall be deemed to have complied with the requirements to provide the information set forth in this Section 7.2 to the extent such information (i) has been duly posted on the Borrower's website (www.lipower.org) or (ii) has been duly filed with EMMA and is publicly available, in either case, within the time periods set forth above and the Borrower shall have given the Purchaser notice of the same within the time periods set forth above.

Section 7.3. Further Assurances. From time to time hereafter, the Borrower will, and will cause the LIPA Subsidiary to, execute and deliver such additional instruments, certificates or documents, and will take all such actions as the Purchaser may reasonably request, for the purposes of implementing or effectuating the provisions of this Agreement and the other Related Documents or for the purpose of more fully perfecting or renewing the Purchaser's rights with respect to the rights,

properties or assets subject to such documents (or with respect to any additions thereto or replacements or proceeds thereof or with respect to any other property or assets hereafter acquired by the Borrower which are or become a part thereof) pursuant hereto or thereto. Without limiting the generality of the foregoing, upon the exercise by the Purchaser of any power, right, privilege or remedy pursuant to this Agreement or any Related Documents which requires any consent, approval, registration, qualification or authorization of any governmental authority or instrumentality, the Borrower will, and will cause the LIPA Subsidiary to, execute and deliver all necessary applications, certifications, instruments and other documents and papers that may be required in order to obtain such governmental consent, approval, registration, qualification or authorization.

Section 7.4. Compliance with Legal Requirements. The Borrower will comply and shall take all action necessary or advisable to cause others, including without limitation the LIPA Subsidiary, to comply in all material respects with all the Legal Requirements affecting the Borrower and/or the LIPA Subsidiary, including all the Legal Requirements the non-compliance with which would materially adversely affect (a) the business, operations, assets, or condition (financial or otherwise) of the Borrower or the LIPA Subsidiary and (b) the ability of the Borrower or the LIPA Subsidiary to perform its obligations under the Related Documents.

Section 7.5. Payment of Debt. The Borrower will (a) duly and punctually pay or cause to be paid all principal of and interest on any and all Debt of the Borrower unless diligently contested in good faith and by appropriate proceedings by the Borrower, subject to the exceptions, limitations and waivers set forth in the documents under which such Debt was incurred, (b) comply with and perform all conditions, terms and obligations of the notes or other instruments or agreements evidencing or securing such Debt, (c) promptly inform the Purchaser of any material default, or anticipated default, under any such note, agreement, or instrument, and (d) forward to the Purchaser a copy of any notice of default or notice of any event that might result in default under any such note, agreement or instrument.

Section 7.6. Related Documents. The Borrower agrees that it will, and will cause the LIPA Subsidiary to, perform and comply with each and every covenant and agreement required to be performed or observed by it or the LIPA Subsidiary, as the case may be, in the Related Documents which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Purchaser and shall be enforceable by the Purchaser against the Borrower, which covenants, agreements, definitions and provisions shall continue in effect with regard to the Purchaser without regard or giving effect to any amendment or modification of such provisions or any waiver of compliance therewith.

Section 7.7. Rate Covenant. The Borrower shall establish and maintain System fees, rates, rents, charges and surcharges sufficient in each Fiscal Year so that Revenues reasonably expected to be produced in such Fiscal Year will be at least equal to the sum of (a) 110% of Debt Service with respect to Bonds, Parity Obligations and Subordinated Indebtedness payable by the Borrower in such Fiscal Year, (b) 100% of the Operating Expenses payable in such Fiscal Year, (c) 100% of the amount necessary to pay all PILOTS payable in such Fiscal Year and (d) 100% of the amount necessary to pay all other Required Deposits, all other payments required pursuant to the General Resolution, the Subordinate Resolution, this Agreement, the other Related Documents and all other payments required for the System, for such Fiscal Year, including, but not limited to, payments necessary to satisfy the Rate Stabilization Fund Requirement in accordance with Section 7.14 of this Agreement and payments of the principal of and interest on Permitted Subordinate Debt.

Section 7.8. Creation of Debt and Liens. The Borrower shall not, and shall not permit the LIPA Subsidiary to: (i) issue, incur, assume, create or have outstanding any Debt payable from the Revenues or the Trust Estate, (ii) create, incur or permit to exist any lien of any kind on the Revenues or the Trust Estate, other than, in either case, as expressly provided in or permitted by this Agreement, the General Resolution and the Subordinate Resolution or (iii) create, incur, assume or permit to exist any Lien with respect to any assets or Property now owned or hereafter acquired which generate Revenues or are used in connection with the System, other than mechanic's or materialman's Liens created in the ordinary course of business.

Section 7.9. Maintenance of Insurance. (a) The Borrower shall maintain or cause the LIPA Subsidiary to maintain with responsible insurers all insurance required and reasonably obtainable in the amounts and of the types customarily maintained by electric utilities consistent with prudent utility practice, to indemnify for loss of or damage to the System, and against public and other liabilities relating to the operations of the Borrower, the LIPA Subsidiary and the System.

(b) The Borrower shall also maintain or cause to be maintained any additional or other insurance which is required by the Financing Agreement or the System Agreements.

(c) Any insurance required to be maintained by this Section shall be in the form of policies or contracts for insurance with insurers of good standing qualified to do business in the State and shall be payable to the Borrower, the LIPA Subsidiary, the Trustee or the Purchaser, as their interests may appear.

(d) Any insurance procured and maintained by the Borrower pursuant to this Section, including any blanket insurance policy, may include reasonable deductibles.

(e) No provision of this Section shall be construed to prohibit the Borrower from self-insuring against any risk at the recommendation of an independent insurance consultant chosen by or acceptable to an Authorized Representative of the Borrower; provided, however, that the Borrower shall provide or cause to be provided adequate funding of such self-insurance if and to the extent recommended by such insurance consultant.

(f) The Borrower shall file with the Purchaser annually a certificate of an Authorized Representative of the Borrower setting forth (i) a description in reasonable detail of the insurance then in effect pursuant to the requirements of this Section and that the Borrower has complied in all respects with the requirements of this Section, and (ii) if during such year any Property of the System has been damaged or destroyed and the amount necessary to repair such loss or damage is estimated to exceed the amount of insurance proceeds or expected Federal reimbursements covering such loss or damage by more than \$25 million, a summary of the loss or damage and the estimated reasonable and necessary costs of reconstruction or replacement.

Section 7.10. ERISA. The Borrower shall, and shall cause each Subsidiary to, promptly pay and discharge all obligations and liabilities arising under ERISA of a character which if unpaid or unperformed may result in the imposition of a lien against any of its Property, and will promptly notify the Purchaser of (a) the occurrence of any reportable event (as defined in ERISA) for which the notice requirement has not been waived by the PBGC and which is reasonably likely to result in the termination by the PBGC of any Plan, (b) receipt of any notice from PBGC of its intention to seek termination of any such Plan or appointment of a trustee therefor, and (c) its intention to terminate or withdraw from any Plan, other than a "standard termination" meeting the requirements of Section 4041(b) of ERISA. The Borrower will not, and will not permit any Subsidiary to, terminate any such Plan or withdraw therefrom unless it shall be in compliance with all of the terms and conditions of this Agreement after giving effect to any liability to PBGC resulting from such termination or withdrawal.

Section 7.11. Compliance with Laws, Etc. The Borrower will, and will cause each of its Subsidiaries to, comply in all material respects with all Governmental Requirements and Legal Requirements, except where the failure to do so would not have a Material Adverse Effect.

Section 7.12. Reserved.

Section 7.13. Taxes. Any and all payments by the Borrower hereunder shall be made, in accordance with Section 3.1 hereof.

Section 7.14. Maintenance of Rate Stabilization Fund. The Borrower shall at all times maintain on deposit in the Rate Stabilization Fund an amount not less than \$150,000,000; *provided, however,* that the failure to maintain such amount shall not constitute an Event of Default hereunder so long as (a) any such deficiency is cured within a period not exceeding thirty (30) days following the initial date of such deficiency, *provided, however,* that if such deficiency cannot be cured without increasing System fees, rates and charges, such deficiency shall be cured within one hundred twenty

(120) days following the implementation of the increase in System fees, rates or charges but in no event later than one hundred eighty (180) days following the initial date of such deficiency (the "**Rate Stabilization Fund Requirement**") and (b) until such deficiency has been cured, no amounts of Revenues shall be used by the Borrower for any purpose other than for the satisfaction of the obligations set forth in paragraphs FIRST through FIFTH of Section 505(a) of the General Resolution. Nothing contained in this Section 7.14 shall prohibit the Borrower from curing any deficiency in the Rate Stabilization Fund by depositing unencumbered cash on hand from sources other than Revenues into the Rate Stabilization Fund subject to the grace periods set forth above.

Section 7.15. Covenants of Subsidiary. The Borrower shall cause the LIPA Subsidiary to fully comply with any and all of its obligations, agreements and covenants set forth in the Financing Agreement and any other Related Document to which it is a party, including without limitation its obligation to maintain insurance under Section 6.11 of the Financing Agreement.

Section 7.16. Sovereign Immunity. To the extent permitted by law in effect at the time of the related dispute or legal action referred to in this Section 7.16, in the event the Borrower has or hereafter acquires under any applicable law any right of immunity from set off or legal proceedings on grounds of sovereignty or otherwise, the Borrower hereby waives such rights to immunity for itself in all disputes or legal actions brought by the Purchaser with respect to obligations of the Borrower arising under this Agreement or any other Related Document to which the Borrower or any of its Subsidiaries is a party.

Section 7.17. Environmental Covenant. The Borrower will, and will cause the LIPA Subsidiary to:

(a) use and operate all of its facilities and Properties in compliance with all Environmental Laws where the failure to do so could reasonably be expected to result in a Material Adverse Effect; keep all material permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in material compliance therewith; and handle all hazardous materials in material compliance with all applicable Environmental Laws;

(b) immediately notify the Purchaser and provide copies upon receipt of all material written claims, complaints, notices or inquiries relating to the condition of its facilities and Property or compliance with Environmental Laws, and shall promptly cure and have dismissed, to the reasonable satisfaction of the Purchaser, any actions and proceedings relating to compliance with Environmental Laws, provided that the foregoing shall not prevent the Borrower from contesting any claim, complaint, action or proceeding so long as such contest is prosecuted with reasonable diligence and its prosecution could not reasonably be expected to result in a Material Adverse Effect; and

(c) provide such information and certifications which the Purchaser may reasonably request from time to time to evidence compliance with this Section 7.17.

Section 7.18. Investment of Funds. The Borrower shall cause all moneys held in the funds and accounts of the Borrower established under the General Resolution, including without limitation the Revenue Fund, the Operating Expense Fund, the Debt Service Fund, the Parity Contract Obligations Fund, the Subordinated Indebtedness Fund, the Construction Fund, the Subsidiary Unsecured Debt Fund, the PILOTS Fund and the Rate Stabilization Fund, to be invested in Permissible Investments; provided that in no event shall any such investment be made by purchasing securities on margin or by otherwise investing or compounding the dollar amount of such investment by obtaining loans or issuing debt.

Section 7.19. Ratings. The Borrower shall promptly provide the Purchaser with written notice of any change, suspension, withdrawal or unavailability of any Debt Rating.

Section 7.20. PILOT. The Borrower shall cause to be timely paid such amounts as are payable in respect of PILOT in accordance with the Act.

Section 7.21. Maintenance of Ratings. The Borrower shall maintain at least two Debt Ratings at all times.

Section 7.22. Credit Facilities. In the event that on or after the date hereof the Borrower shall, directly or indirectly, enter into or otherwise consent to any credit agreement, bond purchase agreement, liquidity agreement or other agreement or instrument (or any amendment, supplement or modification thereto) under which, directly or indirectly, any Person or Persons undertakes to make or provide funds to purchase Bonds or any other obligations secured by a pledge, lien or charge upon any of the Revenues on a parity with the lien securing the Series 2015 Bonds, which such agreement (or amendment thereto) provides such Person with more restrictive financial tests, covenants and ratios, different or more restrictive events of default or greater rights and remedies for default (including rights of acceleration, declaration of mandatory tender, or amortization of bank bonds), and/or greater rights with respect to the security for any Parity Obligations than are provided to the Purchaser in this Agreement (collectively, the "**Incorporated Provisions**"), the Borrower shall provide the Purchaser with a copy of each such agreement (or amendment thereto) and such Incorporated Provisions shall automatically be incorporated into this Agreement and the Purchaser shall have the benefits of such Incorporated Provisions as if specifically set forth herein, but only for the period during which such credit agreement, bond purchase agreement or liquidity agreement or other agreement or instrument remains in force and effect. The Borrower shall promptly enter into an amendment to this Agreement to include such Incorporated Provisions (provided that the Purchaser shall maintain the benefit of such Incorporated Provisions even if the Borrower fails to provide such amendment). Notwithstanding the foregoing, this Section 7.22 does not apply to any provisions other than those set forth above and, in particular, does not apply to different or higher fees, different or higher interest rates or different or higher drawn pricing set forth in any such document. For purposes of clarification, "financial tests, covenants and ratios" refers to covenants to maintain coverage ratios at certain levels prior to the incurrence of additional debt, to maintain certain liquidity levels and similar financial covenants and agreements to deliver financial information and other information within a specified time period.

Section 7.23. Organization Amendments. The Borrower will not, and will not permit others to, amend, supplement, or otherwise modify its organizational documents in any way which could reasonably be expected to materially impair its ability to carry out its obligations under this Agreement, or adversely affect the rights and remedies of the Purchaser hereunder or under the other Related Documents.

Section 7.24. Documents. The Borrower will not enter into or consent to any amendment to, modification of or waiver of compliance with the provisions of any of the Related Documents, except that the Borrower may amend, modify or waive any term or provision with respect to any Related Document in a manner (i) not having an adverse effect, as determined in the Purchaser's sole discretion, on (x) the ability of the Borrower to pay when due the principal of or interest on the Series 2015 Bonds and the obligations of the Borrower under this Agreement or (y) the security, rights or remedies of the Purchaser hereunder or under any other Related Document. In connection with any such amendment, modification or waiver, the Borrower agrees to deliver to the Purchaser copies of all such amendments, modifications or waivers at least fifteen (15) calendar days prior to the effective date thereof. The Purchaser shall, within ten (10) calendar days after receiving such copies, inform the Borrower in writing if, in the Purchaser's sole discretion, such amendment, modification or waiver requires the prior written consent of the Purchaser in accordance with this Section 7.24.

Section 7.25. Adverse Agreements. The Borrower will not enter, or permit the LIPA Subsidiary to enter, into any contract, agreement or transaction which would reasonably be foreseen by the Borrower to materially and adversely affect its or the LIPA Subsidiary's business, Property, assets, operations, condition (financial or otherwise), or its ability to perform its obligations under any of the Related Documents.

Section 7.26. Loans or Guarantees. The Borrower will not make, or permit the LIPA Subsidiary to make, any advances, loans or other investments, other than those involving prime money market investments or investments otherwise authorized under the terms of this Agreement, the General Resolution or the Subordinate Resolution, or guarantee the obligations of any Person.

Section 7.27. Additional Debt. The Borrower will not, except in the case of Refunding Bonds issued pursuant to Section 206 of the General Resolution, issue any Bonds, Parity Obligations,

Subordinated Indebtedness or other Debt payable from or secured by Revenues (collectively, "**Additional Debt**") unless the Purchaser shall receive the following:

(a) A certificate of an Authorized Representative of the Borrower setting forth (i) the Revenues for any twelve (12) consecutive calendar months out of the eighteen (18) calendar months immediately preceding the month in which such Additional Debt is to be issued, (ii) the Debt Service for all Outstanding Bonds and Subordinated Indebtedness and the amount payable under all Parity Obligations during such twelve (12) month period for which Revenues are determined in accordance with clause (i) above, excluding in each case any amount thereof paid from sources other than Revenues, and (iii) the sum of the Required Deposits for such twelve (12) month period (excluding Required Deposits for the payment of Outstanding Bonds, Subordinated Indebtedness, and Parity Obligations accounted for under clause (ii) of this subsection (a)), all other payments required pursuant to the General Resolution, the Subordinate Resolution, this Agreement, any Credit Facility or Liquidity Facility issued to support Bonds or Subordinated Indebtedness, or any other Related Document, and all other payments required for the System for such twelve (12) month period, including but not limited to payments necessary to satisfy the Rate Stabilization Fund Requirement in accordance with Section 7.14 hereof and payments of the principal of and interest on Permitted Subordinate Debt, and showing that the amount set forth in clause (i) is at least equal to the sum of (x) 110% of the amount set forth in clause (ii) and (y) 100% of the amount set forth in clause (iii); or

(b) A Certificate of a Rate Consultant setting forth (i) the estimated Revenues for each of the full Fiscal Years in the period beginning with the Fiscal Year in which such Additional Debt is to be issued and ending with the fifth full Fiscal Year after the date such Additional Debt is to be issued, (ii) the estimated Debt Service for all Bonds and Subordinated Indebtedness and estimated amounts payable under all Parity Contract Obligations, during each Fiscal Year for which Revenues are estimated, (iii) the projected Debt Service for all Bonds and Subordinated Indebtedness, including such Additional Debt, and projected amounts payable under Parity Contract Obligations, projected to be issued for any purpose during each Fiscal Year for which Revenues are estimated, and (iv) the sum of the estimated and projected Required Deposits for each such Fiscal Year (excluding Required Deposits for the payment of Outstanding Bonds, Subordinated Indebtedness and Parity Obligations accounted for under clause (ii) and clause (iii) of this subsection (b)), all other payments required pursuant to the General Resolution, the Subordinate Resolution, this Agreement, any Credit Facility or Liquidity Facility issued to support Bonds or Subordinated Indebtedness, or any other Related Document, and all other payments required for the System for such twelve month period, including but not limited to payments necessary to satisfy the Rate Stabilization Fund Requirement in accordance with Section 7.14 hereof and payments of the principal of and interest on Permitted Subordinate Debt, and showing that for each such Fiscal Year the amount set forth in clause (i) is at least equal to the sum of (x) 110% of the sum of the amounts set forth in clauses (ii) and (iii), and (y) 100% of the amount set forth in clause (iv). The Rate Consultant may base its estimates and projections upon such factors as it shall consider reasonable, a statement to which effect shall be included in such Certificate.

(c) For purposes of this Section 7.27, (1) Revenues shall include any amount withdrawn in any Fiscal Year from the Rate Stabilization Fund which was on deposit therein prior to such Fiscal Year, (2) Revenues shall not include any proceeds from the sale of assets of the LIPA Subsidiary or proceeds of insurance, and (3) any Debt Service for Bonds or Subordinated Indebtedness, Parity Contract Obligations and Required Deposits shall not include any amounts thereof expected by the Borrower to be paid from any funds, other than the Revenues, reasonably expected by the Borrower to be available therefor (including, without limitation, the anticipated receipt of proceeds of sale of Bonds or Subordinated Indebtedness, or moneys not a part of the Trust Estate, expected by the Borrower to be used to pay the principal of Bonds, Parity Obligations, Subordinated Indebtedness or Subsidiary Unsecured Debt.

Section 7.28. Acquisitions. The Borrower will not, and will not permit any Subsidiary to, make or commit to make acquisitions of any Person or substantially all of its assets (each an "**Acquisition**"); *provided, however*, that the Borrower and any Subsidiary each may make Acquisitions if: (i) the Borrower or such Subsidiary acquires by reason of such Acquisition either (x) assets used or useful in a business which is the same or similar to that currently conducted by the Borrower or (y) the capital stock of a corporation or any other equity interest of any partnership or

other firm engaged in such a same or similar business and after giving effect to such Acquisition, the corporation, partnership or other such firm so acquired becomes a Subsidiary; (ii) no Mandatory Payment Event, no Event of Default and no Potential Default exists or would exist at the time of or after giving effect to such Acquisition; (iii) the Borrower provides the Purchaser with a statement, certified as true and correct by an Authorized Representative, which describes the feasibility and benefits of such Acquisition and includes a forecast of projected operating results for the remainder of the Fiscal Year in which such Acquisition takes place and the next succeeding Fiscal Year, in each case, after giving effect to such Acquisition, such certificate to be accompanied by supporting financial projections based on reasonable assumptions; (iv) the Board of Directors or other governing body of such Person whose property or voting stock is being so acquired has approved the terms of such Acquisition; and (v) the Borrower has provided the Purchaser with such financial and other information regarding the Person whose property or voting stock is being so acquired, including historical financial statements, and a description of such Person, as the Purchaser may reasonably request.

Section 7.29. Mergers, Consolidations and Sales; Privatization. (a) The Borrower will not, and will not permit any Subsidiary to be a party to any merger or consolidation, or sell, transfer, lease (including, without limitation, any long-term lease with respect to the System, the Property of the Borrower or any substantial portion thereof) or otherwise dispose of (whether in a single transaction or a series of transactions) all or any substantial part of its Property, including any disposition of Property as part of a sale and leaseback transaction, or in any event sell or discount (with or without recourse) any of its notes or accounts receivable; provided that the foregoing shall not operate to prevent (i) any such transaction that will not have a Material Adverse Effect, (ii) any Subsidiary from merging into the LIPA Subsidiary or into any other wholly owned Subsidiary (in each case, so long as the LIPA Subsidiary or such Subsidiary, as applicable, is the surviving entity and remains a subsidiary of the Borrower) or (iii) transactions related to Separately Financed Project (so long as the Obligations under this Agreement and any debt service on Senior Lien Debt or Subordinated Indebtedness issued and outstanding are not and may not be payable from or secured by the revenues generated by such Separately Financed Project). The term "substantial" as used herein shall mean, as to the Borrower or any Subsidiary, the sale, transfer, lease or other disposition of 10% or more of the total assets of such Person (whether in a single transaction or a series of transactions), provided, however, that a disposition of the LIPA Subsidiary's interest in the Nine Mile Point 2 Nuclear Power Plant shall not constitute the disposition of a substantial part of the assets of the Borrower or the LIPA Subsidiary for purposes of this Section 7.29.

(b) Unless all outstanding Series 2015 Bonds and all other amounts payable to the Purchaser under the Related Documents have been paid in full, the Borrower shall not permit any Privatization.

Section 7.30. Transactions with Affiliates. Subject to the further limitations set forth in Section 7.29 hereof, the Borrower will not, and will not permit any Subsidiary to, enter into any transaction, including without limitation, the purchase, sale, lease or exchange of any Property, or the rendering of any service, with any Affiliate of the Borrower except pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable than the Borrower or such Subsidiary than would be obtained in a comparable arm's length transaction with a Person not an Affiliate of the Borrower or such Subsidiary.

Section 7.31. No Debt to Be Issued by LIPA Subsidiary. From and after the Closing Date, the Borrower shall not permit the LIPA Subsidiary or any other Subsidiary of LIPA to issue or incur any Debt, provided, however, that the foregoing shall not prohibit the LIPA Subsidiary or any other Subsidiary of LIPA from entering into obligations the payment of which would constitute (i) Operating Expenses, (ii) (x) Capital Leases which are payable from funds withdrawn from the Revenue Fund as permitted by Section 505(b) of the General Resolution, or (y) Capital Leases which constitute Parity Contract Obligations providing for total principal payments of not more than \$100,000,000, (iii) Supply Contracts in an aggregate principal amount of not more than \$250,000,000, or (iv) other Debt evidenced by bonds, indentures, notes or other similar instruments with Debt Service Components in an aggregate principal amount of not more than \$25,000,000.

Section 7.32. No Disposition of LIPA Subsidiary. The Borrower shall not hereafter transfer, sell or otherwise dispose of or encumber or grant a security interest in, any common or preferred stock or other evidence of the Borrower's equity interest in the LIPA Subsidiary.

Section 7.33. Disclosure. The Borrower shall not make reference to any financial information relating to the Purchaser in any other written or published materials without the Purchaser's prior written consent thereto.

Section 7.34. Licenses and Permits. The Borrower shall maintain all licenses and permits necessary to own and operate the System.

SECTION 8. EVENTS OF DEFAULT AND REMEDIES.

Section 8.1. Events of Default. Any one or more of the following shall constitute an "**Event of Default**" hereunder:

(a) The Borrower shall fail to pay to the Purchaser when due (whether upon demand or otherwise), any of the Obligations or shall fail to remit or deposit funds as required by this Agreement, the General Resolution, or the Series 2015 Bonds; or

(b) The Borrower shall fail to observe any material warranty made by it hereunder or to perform any covenant, condition or agreement hereunder or in any of the other Related Documents on its part to be observed or performed (other than a failure referred to in clause (a) of this definition), and (i) in the case of the covenants set forth in Section 7.1, 7.14, 7.16, 7.23, 7.24, 7.25, 7.26, 7.27, 7.28, 7.29, 7.30, 7.31, 7.32 or 7.33 hereof, on the earlier to occur of (A) the date of delivery of written notice of such failure to the Borrower by the Purchaser and (B) the date on which the Borrower has actual knowledge of the circumstances constituting such failure and actual knowledge that such circumstances constitute such failure, and (ii) in the case of all other covenants such failure shall not have been cured within thirty (30) days after the earlier to occur of (A) the date of delivery of written notice of such failure to the Borrower by the Purchaser, and (B) the date on which the Borrower has actual knowledge of the circumstances constituting such failure and actual knowledge that such circumstances constitute such failure; or

(c) The Borrower or the LIPA Subsidiary shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of the Borrower or the LIPA Subsidiary or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, (vi) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against the Borrower or the LIPA Subsidiary in any involuntary case under said Federal Bankruptcy Code, (vii) be a party to, or the subject of, a moratorium, repudiation, debt restructuring, debt adjustment or other comparable extraordinary restriction with respect to any of its debt or (viii) take any action for the purpose of effecting any of the foregoing; or

(d) A proceeding or case shall be commenced, without the application or consent of the Borrower or the LIPA Subsidiary, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up or composition or readjustment of debts of the Borrower or the LIPA Subsidiary, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like, of the Borrower or the LIPA Subsidiary, or of all or any substantial part of the Borrower's or the LIPA Subsidiary's assets, or (iii) similar relief in respect of the Borrower or the LIPA Subsidiary under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition, moratorium, repudiation or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) days from commencement of such proceeding or case, or an order for relief against the Borrower or the LIPA Subsidiary shall be entered in an involuntary case under said Federal Bankruptcy Code; or

(e) Any representation or warranty made by the Borrower or the LIPA Subsidiary in any of the Related Documents or Subsidiary Documents, or in this Agreement, or in any certificate, financial report or other statement furnished by the Borrower or the LIPA Subsidiary pursuant to this Agreement, any other Bank Documents, any Subsidiary Documents or any Related Documents, shall prove to be untrue or incomplete in any material respect when made; or

(f) The independent certified public accountants retained by the Borrower shall fail or refuse to deliver an opinion, unqualified in scope (other than an opinion qualified as a result of a change in application of GAAP, such change being one with which such accountants concur) with respect to the financial statements of the Borrower; or

(g) (i) Any material provision of this Agreement or any other Related Documents (A) shall at any time for any reason cease to be valid and binding on the Borrower or the LIPA Subsidiary (with respect to those Documents to which it is a party), or (B) shall be declared to be null and void, or (ii) the validity or enforceability thereof shall be contested by the Borrower or the LIPA Subsidiary (with respect to those Documents to which it is a party), or (iii) the Borrower or the LIPA Subsidiary (with respect to those Documents to which it is a party) shall deny that it has any or further liability or obligation under this Agreement or any of the other Related Documents; or

(h) One or more final, non appealable judgments against the Borrower or the LIPA Subsidiary for the payment of money not covered by insurance, the operation and result of which, individually or in the aggregate, equal or exceed \$25,000,000 shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of ninety (90) days; or

(i) The Borrower or the LIPA Subsidiary fails to pay any debt or obligation owing under a financial instrument or contract and the outstanding principal under such financial instrument or contract is in excess of \$25,000,000, and such failure results in an acceleration, or a mandatory tender, of the obligations thereunder; or

(j) The occurrence of an event of default or an event which, with the passage of time or the giving of notice, would be an event of default under any other Subsidiary Document, Related Document, or any Bank Agreement if the result is to permit an acceleration, or cause a mandatory tender, of the obligations thereunder; or

(k) The Borrower fails to make any payment with respect to any Bonds, Parity Contract Obligations or any Financial Contract that is secured or payable on a basis senior to, on a parity with or subordinate to the Obligations, or any other Debt payable from Revenues when due, or any event or condition shall occur which would permit the acceleration, or mandatory tender, of the maturity of any such Bonds, Parity Contract Obligations or other Debt payable from Revenues; or

(l) The Borrower or the LIPA Subsidiary, or any member of its Controlled Group, shall fail to pay when due an amount or amounts aggregating in excess of \$25,000,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Vested Liabilities in excess of \$25,000,000 (collectively, a "**Material Plan**") shall be filed under Title IV of ERISA by the Borrower or the LIPA Subsidiary, or any other member of its Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against the Borrower or the LIPA Subsidiary, or any member of its Controlled Group, to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within thirty (30) days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or

(m) The LIPA Subsidiary shall fail to make any payment under the Financing Agreement, the Financing Agreement Note or on any other note delivered thereunder as and when due; or

(n) The Borrower or any of its Subsidiaries shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any indebtedness or any obligation under any Financial

Contract of the Borrower or any of its Subsidiaries secured by or payable from the Trust Estate that is senior to or on a parity with the Series 2015 Bonds or (b) any Governmental Authority having appropriate jurisdiction over the Borrower shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any Bonds or any other indebtedness or any obligation under any Financial Contract of the Borrower secured by the Trust Estate or payable from Revenues; or

(o) The long term unenhanced rating by any of the Rating Agencies then rating the Series 2015 Bonds or any other indebtedness of the Borrower senior to or on a parity with the Series 2015 Bonds and secured by and payable from the Trust Estate shall be withdrawn or suspended for credit related reasons or is reduced below "Baa3" (or its equivalent) by Moody's, "BBB-" (or its equivalent) by S&P, or "BBB-" (or its equivalent) by Fitch.

Section 8.2. Remedies. Subject to Section 8.5 below, when any Event of Default has occurred and is continuing, the Purchaser may deliver a written notice to the Trustee and the Borrower stating that an Event of Default has occurred and is continuing and directing the Trustee and the Borrower to cause a mandatory tender of the Series 2015 Bonds pursuant to Section 9 of the Certificate of Determination. In addition, the Purchaser may exercise all other rights and remedies available to it under the Related Documents or applicable law or equity when any such Event of Default has occurred and is continuing.

Section 8.3. Post-Default Collections. Anything contained herein or in the other Related Documents to the contrary notwithstanding, all payments and collections received in respect of the Series 2015 Bonds and any other Obligations and all proceeds of the Trust Estate received, in each instance, by the Purchaser after acceleration, mandatory tender or the final maturity of the Series 2015 Bonds as a result of an Event of Default shall be remitted to the Purchaser and distributed as follows:

(a) first, to the payment of any outstanding costs and expenses incurred by the Purchaser in protecting, preserving or enforcing rights under the Related Documents, and in any event including all costs and expenses of a character which the Borrower has agreed to pay the Purchaser under Section 9.4 hereof;

(b) second, to the payment of any outstanding interest and fees due under the Related Documents;

(c) third, to the payment of principal on the Series 2015 Bonds;

(d) fourth, to the payment of all other unpaid Obligations; and

(e) finally, to the Borrower or whoever else may be lawfully entitled thereto.

Section 8.4. Mandatory Payment. In the event (i) the Borrower shall cease to exist as a corporate municipal instrumentality or an agency of the State, (ii) the Borrower shall lose its ability to independently set rates and charges with respect to the System in a manner consistent with applicable law in effect on the Closing Date, or (iii) any Privatization shall occur (each of the foregoing is a "Mandatory Payment Event"), then in each and every such case, all Series 2015 Bonds shall be subject to mandatory redemption, without presentment, demand, protest or notice of any kind. Notwithstanding the foregoing, any mandatory redemption of the Series 2015 Bonds pursuant to this Section 8.4, shall not be declared or directed by the Purchaser until seven (7) days after the occurrence of such events.

Section 8.5. Special Provisions Relating to Mandatory Tender. Notwithstanding the provisions of Sections 8.2 to the contrary,

(a) solely in the case of an Event of Default under Sections 8.1 (a), (c), (d), (g), (j), (m), (n) or (o), a mandatory tender of the Series 2015 Bonds pursuant to Section 8.2 shall not be declared or directed by the Purchaser until seven (7) days after the occurrence of such Event of Default; and

(b) solely in the case of an Event of Default under Sections 8.1 (b), (e), (f), (h), (k), or (l), a mandatory tender of the Series 2015 Bonds pursuant to Section 8.2 shall require one-hundred eighty (180) days' prior written notice from the Purchaser to the Borrower, provided that such 180 days shall run concurrently with any cure period provided with respect to the applicable Event of Default set forth in Section 8.1.

Notwithstanding the foregoing, if any other holder, credit enhancer or insurer of Debt or any counterparty to any interest rate protection agreement related thereto causes any such Debt or other obligations of the Borrower to become immediately due and payable, the Purchaser may immediately, without notice, avail itself of the remedies set forth in Section 8.2 above and cause a mandatory tender of the Series 2015 Bonds and the other Related Documents.

SECTION 9. MISCELLANEOUS.

Section 9.1. Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

(i) If to the Borrower, to it at:

Long Island Power Authority

[REDACTED]

(ii) If to the Purchaser, to it at:

Wells Fargo Municipal Capital Strategies, LLC
c/o Wells Fargo Bank, National Association

[REDACTED]

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications, to the extent provided in subsection (b) below, shall be effective as provided in said subsection (b).

(b) Electronic Communications. Notices and other communications to the Purchaser hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Purchaser. The Purchaser or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Purchaser otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) *Change of Address, etc.* Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

Section 9.2. Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Purchaser, and the Purchaser may not assign or otherwise transfer any of its rights or obligations hereunder except (i) as set forth in paragraph (b) of this Section, or (ii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (c) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of the Purchaser) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Transfer of Bonds. The Purchaser may assign, sell or transfer the Series 2015 Bonds to (i) a Bank Affiliate, (ii) a trust or other custodial arrangement established by the Purchaser or a Bank Affiliate, or (iii) any other Person not contemplated by clauses (i) or (ii) hereof; *provided, however,* that any assignment, sale or transfer pursuant to clause (iii) hereof shall be without the benefit of this Agreement and upon any such assignment, sale or transfer of the Series 2015 Bonds pursuant to clause (iii), this Agreement shall terminate.

(c) Certain Pledges. The Borrower hereby consents and agrees that the Purchaser may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of the Purchaser, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or assignee for the Purchaser as a party hereto..

Section 9.3. Amendments. Any provision of this Agreement or the other Related Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by (a) the Borrower, and (b) the Purchaser. Amendments to any provision of this Agreement (or any other Bank Document) shall be subject to approval by the New York Attorney General and the New York State Comptroller.

Section 9.4. Costs and Expenses; Indemnification.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Purchaser and its Bank Affiliates (including, without limitation, the reasonable fees, charges and disbursements of counsel for the Purchaser), and shall pay all fees and time charges and disbursements for attorneys who may be employees of the Purchaser, in connection with the preparation, negotiation, execution, and delivery of this Agreement and the other Related Documents, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all out-of-pocket expenses incurred by the Purchaser (including the fees, charges and disbursements of any counsel for the Purchaser), and shall pay all fees and time charges for attorneys who may be employees of the

Purchaser, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Related Documents, including its rights under this Section, or (B) in connection with the purchase of the Series 2015 Bonds, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Series 2015 Bonds (including all such costs and expenses incurred in connection with any proceeding under the United States Bankruptcy Code involving the Borrower as a debtor thereunder).

(b) Indemnification by the Borrower. The Borrower shall indemnify the Purchaser, and each Related Party of any of the foregoing Persons (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from and reimburse each Indemnitee for, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from, and reimburse each Indemnitee for, all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including any third party or the Borrower) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Related Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, and their Related Parties, the administration and enforcement of this Agreement and the other Related Documents (including all such costs and expenses incurred in connection with any proceeding under the United States Bankruptcy Code involving the Borrower as a debtor thereunder), (ii) any Series 2015 Bonds or the use or proposed use of the proceeds therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto (including, without limitation, any settlement arrangement arising from or relating to the foregoing); provided that such indemnity and reimbursement shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Related Document, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. This subsection (b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim. Upon receiving knowledge of any suit, claim or demand asserted by a third party that the Purchaser believes is covered by this indemnity, the Purchaser shall give the Borrower notice of the matter, provided that prior to retaining such counsel, the purchaser shall obtain the Borrower's consent of the counsel so selected, which consent shall not be unreasonably withheld or delayed; provided that any such Indemnitee shall be permitted to participate in any such proceeding and to retain counsel for such purpose, all at its own cost and expense; and provided, further, that (1) failure to give such notice shall not relieve the parties of any of its obligations hereunder, unless such failure shall have materially adversely affected the Borrower's ability to defend against such suit, claim or demand. In connection with any such suit, claim, demand or other proceeding, the Purchaser shall have the right to retain counsel to represent the Indemnitees, and the Borrower shall pay the reasonable fees and expenses of such counsel; and provided that such Indemnitee or its counsel shall keep the Borrower apprised as to the progress of such suit, claim, demand or other proceeding and shall provide the Borrower with such information relating thereto as is reasonably requested by the Borrower and (2) neither the Indemnitee nor its counsel shall be authorized to consent to any judgment, or otherwise compromise or settle any such suit, demand proceedings or claim without the prior written consent of the Borrower, which consent shall not be unreasonably withheld.. Nothing in this Section is intended to limit the obligations of the Borrower contained in Section 2. Without prejudice to the survival of any other obligation of the Borrower hereunder, the indemnities and obligations of the Borrower contained in this Section shall survive performance of all obligations hereunder and the termination of this Agreement or the exercise by the Purchaser of any of its remedies hereunder or any other Related Document.

(c) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, the parties hereto agree that they will not assert, and hereby waive, any claim against any other party hereto, on any theory of liability, for special, indirect, consequential or punitive damages (as

opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Related Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Series 2015 Bonds, or the use of the proceeds thereof. No Indemnitor referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Related Documents or the transactions contemplated hereby or thereby.

(d) Payments. All amounts due under this Section shall be payable after demand therefor. All amounts required to be paid by the Borrower pursuant to this Section 9.4 are referred to herein as "Indemnification and Reimbursement Installments."

(e) Survival. Each party's obligations under this Section shall survive the termination of the Related Documents and payment of the obligations hereunder.

Section 9.5. No Waiver, Cumulative Remedies. No delay or failure on the part of the Purchaser, or on the part of the holder or holders of any of the Obligations, in the exercise of any power or right under any Related Document shall operate as a waiver thereof or as an acquiescence in any default, nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof or the exercise of any other power or right. The rights and remedies hereunder of the Purchaser and of the holder or holders of any of the Obligations are cumulative to, and not exclusive of, any rights or remedies which any of them would otherwise have.

Section 9.6. Right of Setoff. In addition to any rights now or hereafter granted under the Related Documents or applicable law and not by way of limitation of any such rights, if an Event of Default or Mandatory Payment Event shall have occurred and be continuing, the Purchaser and any of its Bank Affiliates are hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by the Purchaser or any such Bank Affiliate, to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Related Document to the Purchaser or its Bank Affiliates, irrespective of whether or not the Purchaser or Bank Affiliate shall have made any demand under this Agreement or any other Related Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch, office or Bank Affiliate of such Purchaser different from the branch, office or Bank Affiliate holding such deposit or obligated on such indebtedness. The rights of the Purchaser and its Bank Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that the Purchaser or its Bank Affiliates may have. The Purchaser agrees to notify the Borrower promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 9.7. Survival of Representations. All representations and warranties made herein or in any other Related Document or in certificates given pursuant hereto or thereto shall survive the execution and delivery of this Agreement and the other Related Documents, and shall continue in full force and effect with respect to the date as of which they were made as long as any credit is in use or available hereunder.

Section 9.8. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Related Documents, and any separate letter agreements, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 6.1 hereof, this Agreement shall become effective when it shall have been executed by the Purchaser and when the Purchaser shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto and provided that in accordance with Section 112 of the New York State Finance Law, this Agreement shall not be valid, effective or binding upon the Authority until it has been approved by the State Comptroller and filed in his office.

Section 9.9. Headings. Section headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

Section 9.10. Severability of Provisions. Any provision of any Related Document which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. All rights, remedies and powers provided in this Agreement and the other Related Documents may be exercised only to the extent that the exercise thereof does not violate any applicable mandatory provisions of law, and all the provisions of this Agreement and other Related Documents are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Agreement or the other Related Documents invalid or unenforceable.

Section 9.11. Construction. The parties acknowledge and agree that the Related Documents shall not be construed more favorably in favor of any party hereto based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation of the Related Documents. NOTHING CONTAINED HEREIN SHALL BE DEEMED OR CONSTRUED TO PERMIT ANY ACT OR OMISSION WHICH IS PROHIBITED BY THE TERMS OF ANY RELATED DOCUMENT, THE COVENANTS AND AGREEMENTS CONTAINED HEREIN BEING IN ADDITION TO AND NOT IN SUBSTITUTION FOR THE COVENANTS AND AGREEMENTS CONTAINED IN THE RELATED DOCUMENTS.

Section 9.12. Excess Interest. Notwithstanding any provision to the contrary contained herein or in any other Related Document, no such provision shall require the payment or permit the collection of any amount of interest in excess of the maximum amount of interest permitted by applicable law to be charged for the use or detention, or the forbearance in the collection, of all or any portion of the Series 2015 Bonds or other obligations outstanding under this Agreement or any other Related Document ("**Excess Interest**"). If any Excess Interest is provided for, or is adjudicated to be provided for, herein or in any other Related Document, then in such event (a) the provisions of this Section shall govern and control, (b) neither the Borrower nor any guarantor or endorser shall be obligated to pay any Excess Interest, (c) any Excess Interest that the Purchaser may have received hereunder shall, at the option of the Purchaser, be (i) applied as a credit against the then outstanding principal amount of Obligations hereunder and accrued and unpaid interest thereon (not to exceed the Maximum Rate), (ii) refunded to the Borrower, or (iii) any combination of the foregoing, (d) the interest rate payable hereunder or under any other Related Document shall be automatically subject to reduction to the Maximum Rate, and this Agreement and the other Related Documents shall be deemed to have been, and shall be, reformed and modified to reflect such reduction in the relevant interest rate, and (e) neither the Borrower nor any guarantor or endorser shall have any action against the Purchaser for any damages whatsoever arising out of the payment or collection of any Excess Interest. Notwithstanding the foregoing, if for any period of time interest on any of Borrower's Obligations is calculated at the Maximum Rate rather than the applicable rate under this Agreement, and thereafter such applicable rate becomes less than the Maximum Rate, the rate of interest payable on the Borrower's Obligations shall remain at the Maximum Rate until the Purchaser has received the amount of interest which it would have received during such period on the Borrower's Obligations had the rate of interest not been limited to the Maximum Rate during such period.

Section 9.13. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) no fiduciary, advisory or agency relationship between the Borrower and its Affiliates and the Purchaser is intended to be or has been created in respect of the transactions contemplated hereby or by the other Related Documents, irrespective of whether the Purchaser has advised or is advising the Borrower or any of its Affiliates on other matters, (ii) the arranging and other services regarding this Agreement provided by the Purchaser are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Purchaser, on the other hand, (iii) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent that it has deemed appropriate, and (iv) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; and (b) (i) the Purchaser is and has been

acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person; (ii) the Purchaser has no obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Related Documents; and (iii) the Purchaser and its respective Bank Affiliates may be engaged, for their own accounts or the accounts of customers, in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and the Purchaser has no obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Purchaser with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 9.14. Governing Law; Jurisdiction; Consent to Service of Process. (a) THIS AGREEMENT, THE BONDS AND THE OTHER RELATED DOCUMENTS (EXCEPT AS OTHERWISE SPECIFIED THEREIN), AND THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE CONSTRUED AND DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK) WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THAT WOULD REQUIRE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

(b) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction and venue of the state and federal courts located in the City of New York, Borough of Manhattan and in Nassau County, New York, in any action or proceeding arising out of or relating to any Related Document, or for recognition or enforcement of any judgment, and each party hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such state or federal court or, to the extent permitted by applicable Legal Requirements. Each party hereto hereby agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Legal Requirements.

(c) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent permitted by applicable Legal Requirements, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Related Document in any court referred to in Section 9.14(b). Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable Legal Requirements, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in any action or proceeding arising out of or relating to any Related Document, in the manner provided for by applicable Legal Requirements.

Section 9.15. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LEGAL REQUIREMENTS, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 9.16. USA Patriot Act. The Purchaser is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Patriot Act**") and hereby notifies the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify, and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Purchaser to identify the Borrower in accordance with the Patriot Act.

Section 9.17. Confidentiality. The Purchaser agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Bank Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Related Document or any action or proceeding relating to this Agreement or any other Related Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of, or any prospective assignee of, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder; (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Affiliates or this Agreement or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to this Agreement; (h) with the consent of the Borrower; or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to the Purchaser or any of its Bank Affiliates on a nonconfidential basis from a source other than the Borrower. For purposes of this Section, "**Information**" means all information received from the Borrower or any of its Subsidiaries relating to the Borrower or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Purchaser on a nonconfidential basis prior to disclosure by the Borrower or any of its Affiliates; provided that, in the case of information received from the Borrower or any of its Affiliates after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 9.18. Standard Clauses. All contracts entered into by the Authority are required under State law to contain certain terms and conditions, as set forth in Appendix A hereto. The Bank agrees to comply with such terms and conditions. To the extent of any conflict between any other provision of this Agreement and Appendix A, Appendix A shall control.

[SIGNATURE PAGES TO FOLLOW]

This Agreement relating to Electric System General Revenue Bonds, Series 2015A is entered into between us for the uses and purposes hereinabove set forth as of the date first above written.

BORROWER

LONG ISLAND POWER AUTHORITY

By: _____
Name: _____
Title: _____

Approved by:

OFFICE OF THE STATE COMPTROLLER

By: _____
Name: _____
Title: _____

Approved as to form:

OFFICE OF THE NEW YORK ATTORNEY GENERAL

By: _____
Name: _____
Title: _____

PURCHASER

**WELLS FARGO MUNICIPAL CAPITAL STRATEGIES,
LLC**

By: _____
Name: _____
Title: _____

This Agreement relating to Electric System General Revenue Bonds, Series 2015A is entered into between us for the uses and purposes hereinabove set forth as of the date first above written.

BORROWER

LONG ISLAND POWER AUTHORITY

By: _____
Name: _____
Title: _____

Approved by:

OFFICE OF THE STATE COMPTROLLER

By: _____
Name: _____
Title: _____

Approved as to form:

OFFICE OF THE NEW YORK ATTORNEY GENERAL

By: _____
Name: _____
Title: _____

PURCHASER:

**WELLS FARGO MUNICIPAL CAPITAL STRATEGIES,
LLC**

By: _____
Name: _____
Title: _____

FORM OF ACKNOWLEDGEMENT

State of,)

County of)

On the day of _____, 20____, before me personally came _____, to me known to be the individual described in the foregoing instrument in his capacity as _____ of _____, the corporation described in and which executed the foregoing instrument, who being duly sworn did acknowledge that he/she executed same on behalf of _____.

____ Notary Public

APPENDIX A

For the purposes of this Appendix A, the Long Island Power Authority and its operating subsidiary the Long Island Lighting Company d/b/a LIPA are hereinafter referred to as "LIPA."

The parties to the attached contract, license, lease, amendment or other agreement of any kind (hereinafter, "*the contract*" or "*this contract*") agree to be bound by the following clauses which are hereby made a part of the contract (the word "*Contractor*" herein refers to any party other than LIPA, whether a contractor, consultant, licensor, licensee, lessor, lessee or other party):

NON-ASSIGNMENT CLAUSE. In accordance with Section 138 of the State Finance Law, this contract may not be assigned by Contractor or its right, title or interest therein assigned, transferred, conveyed, sublet or otherwise disposed of without the previous consent, in writing, of LIPA, and any attempts to assign the contract without LIPA's written consent are null and void. Contractor may, however, assign its right to receive payment without LIPA's prior written consent unless this contract concerns Certificates of Participation pursuant to Article 5-A of the State Finance Law.

COMPTROLLER'S APPROVAL. In accordance with Section 112 of the New York State Finance Law (the "*State Finance Law*"), this Agreement shall not be valid, effective or binding upon LIPA until it has been approved by the State Comptroller and filed in his office.

WORKER'S COMPENSATION BENEFITS. In accordance with Section 142 of the State Finance Law, this Agreement shall be void and of no force and effect unless Contractor provides and maintains coverage during the life of this Agreement for the benefit of such employees as are required to be covered by the provisions of the Workers' Compensation Law.

NON-DISCRIMINATION REQUIREMENTS. In accordance with Article 15 of the Executive Law (also known as the Human Rights Law) and all other New York State and Federal statutory and constitutional non-discrimination provisions, Contractor shall not discriminate against any employee or applicant for employment because of race, creed, color, sex, national origin, age, disability, marital status, sexual orientation, genetic predisposition or carrier status. Furthermore, in accordance with Article 220-e of the New York Labor Law, and to the extent that this Agreement shall be performed within the State of New York, Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, disability, sex, national origin, sexual orientation, genetic predisposition or carrier status; (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee for the performance of work under this Agreement.

WAGE AND HOURS PROVISIONS. If this is a public work contract covered by Article 8 of the Labor Law or a building service contract covered by Article 9 thereof, neither Contractor's employees nor the employees of its subcontractors may be required or permitted to work more than the number of hours or days stated in said statutes, except as otherwise provided in the Labor Law and as set forth in prevailing wage and supplement schedules issued by the State Labor Department. Furthermore, Contractor and its subcontractors must pay at least the prevailing wage rate and pay or provide the prevailing supplements, including the premium rates for overtime pay, as determined by the State Labor Department in accordance with the Labor Law and shall comply with all requirements set forth in Article 8 or Article 9 of the Labor Law whichever Article applies.

NON-COLLUSIVE BIDDING CERTIFICATION. In accordance with Section 2878 of the Public Authorities Law, if this contract was awarded based upon the submission of bids, Contractor warrants, under penalty of perjury, that its bid was arrived at independently and without collusion aimed at restricting competition. Contractor further warrants that, at the time Contractor submitted its bid, an authorized and responsible person executed and delivered to LIPA a non-collusive bidding certification on Contractor's behalf.

INTERNATIONAL BOYCOTT PROHIBITION. In accordance with Section 220-f of the Labor Law and Section 139-h of the State Finance Law, if this contract exceeds \$5,000, Contractor agrees, as a material condition of the contract, that neither Contractor nor any substantially owned or affiliated person, firm, partnership or corporation has participated, is participating, or shall participate in an international boycott in violation of the federal Export Administration Act of 1979 (50 USC app. Sections 2401 et seq.) or regulations thereunder. If such Contractor, or any of the aforesaid affiliates of Contractor, is convicted or is otherwise found to have violated said laws or regulations upon the final determination of the United States Commerce Department or any other appropriate agency of the United States subsequent to the contract's execution, such contract, amendment or modification thereto shall be rendered forfeit and void. Contractor shall so notify the State Comptroller within five (5) business days of such conviction, determination or disposition of appeal (2NYCRR 105.4).

SET-OFF RIGHTS. LIPA shall have all of its common law, equitable and statutory rights of set-off. These rights shall include, but not be limited to, LIPA's option to withhold for the purposes of set-off any moneys due to Contractor under this contract up to any amounts due and owing to LIPA with regard to this contract, any other contract with LIPA, including any contract for a term commencing prior to the term of this contract, plus any amounts due and owing to LIPA for any other reason including, without limitation, tax delinquencies, fee delinquencies or monetary penalties relative thereto. LIPA shall exercise its set-off rights in accordance with normal State practices including, in cases of set-off pursuant to an audit, the finalization of such audit by LIPA, its representatives, or the State Comptroller.

RECORDS. Contractor shall establish and maintain complete and accurate books, records, documents, accounts and other evidence directly pertinent to performance under this contract (hereinafter, collectively, "*the Records*"). The Records must be kept for six (6) years following the expiration or earlier termination of the contract. The State Comptroller, the Attorney General and any other person or entity authorized to conduct an examination, as well as the agency or agencies involved in this contract, shall have access to the Records during normal business hours at an office of Contractor within the State of New York or, if no such office is available, at a mutually agreeable and reasonable venue within the State, for the term specified above for the purposes of inspection, auditing and copying. LIPA shall take reasonable steps to protect from public disclosure any of the Records which are exempt from disclosure under Section 87 of the Public Officers Law (the "*Statute*") provided that: (i) Contractor shall timely inform LIPA in writing, that said records should not be disclosed; and (ii) said records shall be sufficiently identified; and (iii) designation of said records as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, the State's right to discovery in any pending or future litigation.

DISCLOSURE OF LIPA RECORDS OR INFORMATION. If any third party requests that Contractor disclose LIPA records or information, as defined in subdivision 4 of section 86 of the Public Officers Law, to the extent permitted by law, Contractor shall notify LIPA of such request and LIPA shall determine, in accordance with Chapter 39 of the Laws of 2010, whether such LIPA records or information may be disclosed.

EQUAL EMPLOYMENT FOR MINORITIES AND WOMEN. In accordance with Section 312 of the New York Executive Law: (i) Contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, genetic predisposition or carrier status and shall undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination. Affirmative action shall mean recruitment, employment, job assignment, promotion, upgradings, demotion, transfer, layoff, or termination and rates of pay or other forms of compensation; (ii) at the request of LIPA, Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, genetic predisposition or carrier status and that such union or representative will affirmatively cooperate in the implementation of Contractor's obligations herein; and (iii) Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of this Agreement, all qualified applicants will be afforded

equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, genetic predisposition or carrier status. Contractor shall include the provisions of (i), (ii) and (iii) above, in every subcontract over twenty-five thousand dollars (\$25,000.00) for the construction, demolition, replacement, major repair, renovation, planning or design of real property and improvements thereon (the "Work") except where the Work is for the beneficial use of Contractor.

MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES. It is the policy of the Authority to provide Minority and Women-Owned Business Enterprises (M/WBEs) the greatest practicable opportunity to participate in the Authority's contracting activity for the procurement of goods and services. To effectuate this policy, Contractor shall comply with the provisions of this Schedule A and the provisions of Article 15-A of the New York Executive Law. The Contractor will employ good faith efforts to achieve the below-stated M/WBE Goals set for this contract, and will cooperate in any efforts of the Authority, or any government agency which may have jurisdiction, to monitor and assist Contractor's compliance with the Authority's M/WBE program.

Minority-Owned Business Enterprise (MBE) Subcontracting Goal 0%

Women-Owned Business Enterprise (WBE) Subcontracting Goal 0%

Waivers shall only be considered in accordance with the provisions of Article 15-A of the Executive Law.

To help in complying, Contractor may inspect the current New York State Certification Directory of Minority and Women Owned Businesses, prepared for use by state agencies and contractors in complying with Executive law Article 15-A, (the Directory) at the same location where the Authority's bid document or request for proposals may be obtained or inspected and also at the Authority's office at 333 Earle Ovington Boulevard, Suite 403, Uniondale, NY 11553. In addition, printed or electronic copies of the Directory may be purchased from the New York State Department of Economic Development, Minority and Women's Business Division.

If requested, Contractor shall submit within ten (10) days of such request, a complete Utilization Plan, which shall include identification of the M/WBEs which the Contractor intends to use; the dollar amount of business with each such M/WBE; the Contract Scope of Work which the Contractor intends to have performed by such M/WBEs; and the commencement and end dates of such performance. The Authority will review the plan and, within twenty (20) days of its receipt, issue a written acceptance of the plan or comments on deficiencies in the plan.

The Contractor shall include in each Subcontract, in such a manner that the provisions will be binding upon each Subcontractor, all of the provisions herein including those requiring Subcontractors to make a good faith effort to solicit participation by M/WBEs.

If requested, the Contractor shall submit monthly compliance reports regarding its M/WBE utilization activity. Reports are due on the first business day of each month, beginning thirty (30) days after Contract award.

The Contractor shall not use the requirements of this section to discriminate against any qualified company or group of companies.

CONFLICTING TERMS. In the event of a conflict between the terms of the contract (including any and all attachments thereto and amendments thereof) and the terms of this Appendix A, the terms of this Appendix A shall control.

GOVERNING LAW. This contract shall be governed by the laws of the State of New York except where the Federal supremacy clause requires otherwise.

LATE PAYMENT. Timeliness of payment and any interest to be paid to Contractor for late payment shall be governed by Section 2880 of the Public Authorities Law and the guidelines adopted by LIPA thereto.

PROHIBITION ON PURCHASE OF TROPICAL HARDWOODS. Contractor certifies and warrants that all wood products to be used under this contract award will be in accordance with, but not limited to, the specifications and provisions of State Finance Law §165 (Use of Tropical Hardwoods) which prohibits purchase and use of tropical hardwoods, unless specifically exempted, by the State or any governmental agency or political subdivision or public benefit corporation. Qualification for an exemption under this law will be the responsibility of Contractor to establish to meet with the approval of the State. In addition, when any portion of this contract involving the use of woods, whether supply or installation, is to be performed by any subcontractor, Contractor will indicate and certify in the submitted bid proposal that the subcontractor has been informed and is in compliance with specifications and provisions regarding use of tropical hardwoods as detailed in §165 State Finance Law. Any such use must meet with the approval of the State; otherwise, the bid may not be considered responsive. Under bidder certifications, proof of qualification for exemption will be the responsibility of Contractor to meet with the approval of the State.

MACBRIDE FAIR EMPLOYMENT PRINCIPLES. In accordance with the MacBride Fair Employment Principles (Chapter 807 of the New York Laws of 1992), Contractor hereby stipulates that Contractor either (i) has no business operations in Northern Ireland, or (ii) shall take lawful steps in good faith to conduct any business operations in Northern Ireland in accordance with the MacBride Fair Employment Principles (as described in Article 165 of, the New York State Finance Law), and shall permit independent monitoring of compliance with such principles.

OMNIBUS PROCUREMENT ACT OF 1992. It is the policy of New York State to maximize opportunities for the participation of New York State business enterprises, including minority and women-owned business enterprises as bidders, subcontractors and suppliers on its procurement contracts. Information on the availability of New York State subcontractors and suppliers is available from:

NYS Department of Economic Development
Division for Small Business
One Commerce Plaza
Albany, New York 12245.

A directory of certified minority and women-owned business enterprises is available from:

NYS Department of Economic Development
Minority and Women's Business Development Division
One Commerce Plaza
Albany, New York 12245

The Omnibus Procurement Act of 1992 requires that by signing this Agreement, Contractor certifies that:

(a) Contractor has made commercially reasonable efforts to encourage the participation of New York State Business Enterprises as suppliers and subcontractors, including certified minority and woman-owned business enterprises, on this Project, and has retained the documentation of these efforts to be provided upon request to the State;

(b) Contractor has complied with the Federal Equal Opportunity Act of 1972 (P.L. 92-261), as amended; and

(c) Contractor agrees to make commercially reasonable efforts to provide notification to New York State residents of employment opportunities on this Project through

listing any such positions with the Job Service Division of the New York State Department of Labor, or providing such notification in such manner as is consistent with existing collective bargaining contracts or agreements. Contractor agrees to document these efforts and to provide said documentation to the State upon request.

(d) Contractor acknowledges that the State may seek to obtain offset credits from foreign countries as a result of this contract and agrees to cooperate with the State in these efforts.

RECIPROCITY AND SANCTIONS PROVISIONS. Contractor is hereby notified that if its principal place of business is located in a state that penalizes New York State vendors, and if the goods or services it offers are substantially produced or performed outside New York State, the Omnibus Procurement Act 1994 amendments (Chapter 684, Laws of 1994) require that Contractor be denied contracts which it would otherwise obtain.

PURCHASES OF APPAREL. In accordance with State Finance Law 162 (4-a), LIPA shall not purchase any apparel from any Contractor unable or unwilling to certify that: (i) such apparel was manufactured in compliance with all applicable labor and occupational safety laws, including, but not limited to, child labor laws, wage and hours laws and workplace safety laws, and (ii) Contractor will supply, with its bid (or, if not a bid situation, prior to or at the time of signing a contract with LIPA), if known, the names and addresses of each subcontractor and a list of all manufacturing plants to be utilized by the bidder.

CONTRACTOR AFFIRMATION OF COMPLIANCE AND CERTIFICATION OF DISCLOSURE. Contractor affirms that it understands and agrees to comply with the procedures of the Governmental Entity relative to permissible contacts as required by the State Finance Law § 139-j (3) and § 139-j (6)(b). Furthermore, Contractor certifies that the information disclosed pursuant to State Finance Law § 139-k (5) is complete true and accurate.

OPTIONAL TERMINATION BY THE AUTHORITY. LIPA reserves the right to terminate this contract in the event it is found that the certification filed by Contractor in accordance with New York State Finance Law § 139-k was intentionally false or intentionally incomplete. Upon such finding, LIPA may exercise its termination right by providing written notification to Contractor in accordance with the written notification terms of the contract.

CONTINGENT FEES. Contractor hereby certifies and agrees that (a) Contractor has not employed or retained and will not employ or retain any individual or entity for the purpose of soliciting or securing any LIPA contract or any amendment or modification thereto pursuant to any agreement or understanding for receipt of any form of compensation which in whole or in part is contingent or dependent upon the award of any such contract or any amendment or modification thereto; and (b) Contractor will not seek or be paid an additional fee that is contingent or dependent upon the completion of a transaction by LIPA.

NONPUBLIC PERSONAL INFORMATION. Contractor shall comply with the provisions of the New York State Information Security Breach and Notification Act (General Business Law Section 899-aa; State Technology Law Section 208). Contractor shall be liable for the costs associated with such breach if caused by Contractor's negligent or willful acts or omissions, or the negligent or willful acts or omissions of the Contractor's agents, officers, employees or subcontractors.

IRAN DIVESTMENT ACT CERTIFICATION. Contractor certifies under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to paragraph (b) of subdivision 3 of Section 165-a of the State Finance Law. In addition, Contractor agrees that no person on the list created pursuant to paragraph (b) of subdivision 3 of Section 165-a of the State Finance Law will be utilized as a subcontractor on this contract.