

UTILITY DEBT SECURITIZATION AUTHORITY

MINUTES OF THE 16TH MEETING

HELD ON MARCH 26, 2018

AT THE OFFICES OF HAWKINS DELAFIELD & WOOD, LLP

7 WORLD TRADE CENTER, 250 GREENWICH STREET, NEW YORK, NY

The Board of Trustees of the Utility Debt Securitization Authority (“UDSA” or the “Authority”) was convened at 11:58 a.m. at the offices of Hawkins Delafield & Wood LLP, 7 World Trade Center, 250 Greenwich Street, New York, NY, pursuant to legal notice given on March 20, 2018; and electronic notice posted on the website of the Long Island Power Authority (“LIPA”) and the UDSA.

The following Trustees of the Authority were in attendance:

**Robert Gurman, Acting Chair
Bruce Levy**

Representing the Authority were Joseph Branca, Chief Financial Officer; and Bobbi O’Connor, Secretary to the Board of Trustees. Representing LIPA were Jon R. Mostel, General Counsel; Donna Mongiardo, Controller; Kathleen Mitterway, Director of Audit; Thomas Tran, Manager of Finance; and, Jason Horowitz, Assistant General Counsel.

Also in attendance were Bruce Van Dusen, Esq. and Arthur Kimball-Stanley, Esq. of Hawkins Delafield & Wood LLP; and, by phone, Virginia Wong, Esq. of Nixon Peabody and Christopher Reitzel, Esq. of Squire Patton Boggs.

The Acting Chair welcomed everyone to the 16th meeting of the Authority.

The Acting Chair stated that the first item on the agenda is the adoption of minutes from the January 5, 2018 meeting. He asked if there were any changes or deletions. Hearing none,

the Acting Chair entertained a motion to adopt the minutes. Upon motion duly made and seconded, the following resolution was approved:

46. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JANUARY 5, 2018 MEETING OF THE BOARD OF TRUSTEES OF THE UTILITY DEBT SECURITIZATION AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on January 5, 2018 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

The Acting Chair stated that the next item on the agenda is consideration of approval of 2017 Financial Report to be presented by Joseph Branca.

Mr. Branca presented the following action item:

Requested Action

The Board of Trustees (“Board”) is being requested to approve the proposed financial report section of the 2017 annual report of the Utility Debt Securitization Authority (the “Authority”), prepared in accordance with Section 2800(1) of the Public Authorities Law (“PAL”), in the form attached hereto as Exhibit “B”.

Background

Section 2800(1) of the PAL requires that the Authority submit an annual report to the Governor, the Chairman and ranking minority member of the Senate Finance committee, the Chairman and ranking minority member of the Assembly Ways and Means committee, the State Comptroller, and the Authorities Budget Office, within ninety days after the end of the Authority’s fiscal year. The annual report includes, among other things, the Authority’s financial report for the fiscal year just ended. Under Section 2800(1)(a)(2) of PAL, the financial report shall include the following: audited financials; grant and subsidy programs; operating and financial risks; current bond ratings; and long-term liabilities (the “Financial Report”). Section 2800(3) of PAL requires the Financial Report to be approved by the Trustees.

Recommendation

Based upon the foregoing, it is recommended that the Board adopt a resolution in the form of the draft resolution attached hereto as Exhibit “A”.

The Acting Chair noted that the action was recommended by the Finance and Audit Committee of the Board of Trustees. Upon motion duly made and seconded the following resolution was approved.

47. RESOLUTION APPROVING THE 2017 FINANCIAL REPORT OF THE UTILITY DEBT SECURITIZATION AUTHORITY

WHEREAS, Section 2800(1) of the Public Authorities Law (“PAL”) requires public authorities such as the Utility Debt Securitization Authority (the “Authority”) to prepare an annual report; and

WHEREAS, the Authority’s annual report includes, among other things, a financial report, as defined under Section 2800(1)(a)(2) of PAL (the “Financial Report”); and

WHEREAS, the Authority has prepared its Financial Report, which, pursuant to Section 2800(3) of PAL, is subject to the approval of the Trustees;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees hereby approves the 2017 Financial Report of the Utility Debt Securitization Authority, in the form presented at this meeting.

The Acting Chair stated that the next item on the agenda is consideration of approval of the 2017 Annual Investment Report and Investment Guidelines to be presented by Joseph Branca.

Mr. Branca presented the following action item:

Requested Action

The Board of Trustees is requested to adopt a resolution approving the Investment Guidelines in the form attached hereto as Exhibit “B” and the 2017 Annual Investment Report of the Utility Debt Securitization Authority (the “Authority”), in the form attached hereto as Exhibit “C”.

Background

Section 2925 of the Public Authorities Law (“PAL”) requires that the Authority annually review and approve an investment report and to periodically review and approve investment guidelines which detail the Authority’s operative policy and instructions regarding the investing, monitoring and reporting of funds of the Authority. The Authority adopted the

Utility Debt Securitization Authority Guidelines for Investing, Securing, Monitoring and Reporting Authority Funds Available for Investment in November 2013, and last reviewed and approved them, with modifications, in March 2017 (as so modified, the “Investment Guidelines”). Staff of the Long Island Power Authority (“LIPA”) has reviewed the Investment Guidelines and is not recommending any modifications at this time.

Pursuant to the Investment Guidelines, an Annual Investment Report is to be prepared and submitted to the Board for approval.

As shown in the report, UDSA had investments ranging from approximately \$73 million at June 30, 2017 to in excess of \$152 million for the quarter ended September with the quarters ended March and December at approximately \$149 million and \$109 million dollars, respectively. As of the September quarter end, the collection accounts were invested in Blackrock Federal Funds Institutional Shares, Dreyfus Government Cash Management Institutional Shares, and Goldman Sachs Financial Square Treasury Instruments Fund Shares, which are all triple-A rated money market funds. For the year ended December 31, 2017, the funds generated returns of 0.77%, 0.79% and 0.72% respectively, and is shown in the latest report, which is attached for your convenience.

Recommendation

Based upon the foregoing, I recommend the approval of the above requested action by adoption of a resolution in the form attached hereto as Exhibit “A”.

The Acting Chair noted that the action was recommended by the Finance and Audit Committee of the Board of Trustees. Upon motion duly made and seconded the following resolution was approved.

48. APPROVAL OF THE AUTHORITY’S: (1) INVESTMENT GUIDELINES AND (2) THE 2017 ANNUAL INVESTMENT REPORT

WHEREAS, the Utility Debt Securitization Authority (the “Authority”) is required by Section 2925 of the Public Authorities Law (“PAL”) to annually review and approve an investment report and to periodically review and approve investment guidelines which detail the Authority’s operative policy and instructions regarding the investing, monitoring and reporting of funds of the Authority; and

WHEREAS, the Authority adopted the Utility Debt Securitization Authority Guidelines for Investing, Securing, Monitoring and Reporting Authority Funds Available for Investment in November 2013, and last reviewed and approved them, with modifications, in March 2017 (as so modified, the “Investment Guidelines”); and

WHEREAS, staff of the Long Island Power Authority (“LIPA”) has reviewed the Investment Guidelines and is not recommending any modifications at this time; and
WHEREAS, the Investment Guidelines and the PAL require that the Board annually approve an investment report to be prepared by LIPA staff; and

WHEREAS, the Finance and Audit Committee of the Authority’s Board of Trustees has reviewed the Investment Guidelines and annual investment report for 2017 (the “2017 Investment Report”) with the appropriate members of LIPA staff and has recommended to the Board the approval of the Investment Guidelines and the 2017 Investment Report.

NOW THEREFORE BE IT RESOLVED, that the Trustees approve the Investment Guidelines in the form presented at this meeting; and

BE IT FURTHER RESOLVED, that the Trustees approve the 2017 Annual Investment Report in the form presented at this meeting.

At approximately 12:03 p.m. The Acting Chair entertained a motion to adjourn, which was duly made and seconded.