

## Remarketing—Full-Book-Entry

On December 16, 2014 and December 1, 2015, respectively, Bond Counsel to the Authority rendered its opinions to the effect that, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the applicable Series of Remarketed Bonds (hereinafter defined) is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date thereof (the “Code”), and (ii) interest on the applicable Series of Remarketed 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. Also, on December 16, 2014 and December 1, 2015, respectively, Bond Counsel rendered its opinion to the effect that, under existing statutes, interest on the applicable Series of Remarketed Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof and the applicable Series of Remarketed 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. In the opinion of Bond Counsel to the Authority under existing statutes and court decisions, the change in the method of determining the interest rate on the Remarketed Bonds will not in and of itself impair (i) the exclusion of interest from gross income for Federal income tax purposes pursuant to Section 103 of the Code on any Remarketed Bonds, the interest on which is otherwise excluded from gross income for Federal income tax purposes under Section 103 of the Code or (ii) the exemption of interest on the Remarketed Bonds from personal income taxes imposed by the State of New York or any political subdivision thereof. For a discussion of certain federal and State income tax matters with respect to the Remarketed Bonds, see “TAX MATTERS” herein.



**\$299,000,000**  
**LONG ISLAND POWER AUTHORITY**  
**ELECTRIC SYSTEM GENERAL REVENUE BONDS**  
**Consisting of**

**\$150,000,000**  
**LONG ISLAND POWER AUTHORITY**  
**ELECTRIC SYSTEM GENERAL REVENUE BONDS,**  
**SERIES 2014C,**  
**(LIBOR Floating Rate Tender Notes)**

**\$149,000,000**  
**LONG ISLAND POWER AUTHORITY**  
**ELECTRIC SYSTEM GENERAL REVENUE BONDS,**  
**SERIES 2015C,**  
**(LIBOR Floating Rate Tender Notes)**

**Dated: Date of Delivery**

**Price: 100%**

**Maturity: May 1, 2033**

The Series 2014C Bonds and the Series 2015C Bonds (collectively, the “Remarketed Bonds”) were 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 acts as securities depository for the Remarketed Bonds under the book-entry-only system described herein. Individual purchases of beneficial ownership interests in the Remarketed Bonds may be made in the principal amount of \$5,000 or any integral multiple thereof. Beneficial Owners of the Remarketed 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 (hereinafter defined).

The Remarketed Bonds are subject to redemption prior to maturity and mandatory tender for purchase, including on an Optional Purchase Date, as described herein.

The Remarketed Bonds will bear interest in the FRN Rate Mode at a variable rate equal to the applicable Adjusted LIBOR Rate, as further described herein. The Adjusted LIBOR Rate for each Interest Rate Period of the Remarketed Bonds will equal 70% of the One-Month LIBOR plus the spread of 0.75%. The Adjusted LIBOR Rate will be determined on the second London Banking Day prior to the first Business Day of each month, and will be effective on the first Business Day of each month. See “DESCRIPTION OF REMARKETED BONDS - Determination of Interest Rates for the Remarketed Bonds” herein.

The Authority reserves the right to convert each Series of the Remarketed Bonds to another Rate Mode as described herein (which conversion cannot be prior to the earliest possible Optional Purchase Date). This Remarketing Circular is intended to provide disclosure relating to the Remarketed Bonds only to the extent the Remarketed Bonds are in the FRN Rate Mode bearing interest at the Adjusted LIBOR Rate.

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**MATURITY SCHEDULE — See Inside Cover Page**

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**The Remarketed 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 Remarketed Bonds are not a debt of the State of New York or of any municipality, and neither the State of New York nor any municipality is 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 Remarketed Bonds. The Authority has no taxing power.**

The Remarketed Bonds are reoffered when, as and if reoffered and accepted by the Remarketing Agents, 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 Anna Chacko, Esquire, General Counsel to the Authority and LIPA, and by Squire Patton Boggs (US) LLP, New York, New York, Disclosure Counsel to the Authority and LIPA. Certain legal matters will be passed upon for the Remarketing Agents by Nixon Peabody LLP, New York, New York, Counsel to the Remarketing Agents.

## Barclays

Lead Remarketing Agent  
for Series 2014C Bonds

## Wells Fargo Bank, N.A. Municipal Products Group

Lead Remarketing Agent for Series 2015C Bonds

## Siebert Cisneros Shank & Co., L.L.C.

Remarketing Agent for the Remarketed Bonds

Dated: September 12, 2018

**Maturity Schedule**

**LONG ISLAND POWER AUTHORITY  
\$299,000,000 ELECTRIC SYSTEM GENERAL REVENUE BONDS  
(LIBOR Floating Rate Tender Notes)**

**\$150,000,000 Series 2014C**

**Barclays Capital Inc. will be the Remarketing Agent for the Series 2014C Bonds. The Series 2014C Bonds shall be subject to redemption in part by lot from the mandatory sinking fund installments specified below.**

<b>Date</b>	<b>Principal Amount</b>
12/1/2030	\$34,900,000
12/1/2031	36,400,000
12/1/2032	37,900,000
05/1/2033 <sup>1</sup>	40,800,000

<sup>1</sup> Final Maturity

**\$149,000,000 Series 2015C**

**Wells Fargo Bank, N.A. Municipal Products Group will be the Remarketing Agent for the Series 2015C Bonds. The Series 2015C Bonds shall be subject to redemption in part by lot from the mandatory sinking fund installments specified below.**

<b>Date</b>	<b>Principal Amount</b>
12/1/2030	\$45,950,000
12/1/2031	48,250,000
12/1/2032	50,850,000
05/1/2033 <sup>1</sup>	3,950,000

<sup>1</sup> Final Maturity

**SUMMARY OF TERMS RELATING TO  
REMARKETED BONDS IN THE FRN RATE MODE**

INTEREST RATE	Variable – 70% of One-Month LIBOR plus 0.75%.
INTEREST PAYMENT DATES AND CALCULATION PERIOD	First Business Day of each month, on actual days over a 365-day year (366 in years when February has 29 days).
RECORD DATE	Opening of business on the first Business Day preceding an Interest Payment Date.
OWNERS' RIGHTS TO TENDER	None.
MANDATORY TENDER FOR PURCHASE	The Business Day after the last day of each Interest Rate Period (a "Purchase Date"). The initial Purchase Date for the Remarketed Bonds is October 1, 2023.  On any Business Day which is no earlier than the earliest Optional Purchase Date, at the option of the Authority. The earliest possible Optional Purchase Date for the Remarketed Bonds is October 1, 2022.  On any Mode Change Date, which such Mode Change Date shall not be prior to the earliest possible applicable Optional Purchase Date.
NOTICE OF MODE CHANGE; MODE CHANGE DATE; REVOCABILITY	Trustee to mail notice to Owners not later than 15 days before the Mode Change Date; the Authority may rescind a conversion notice up to one Business Day before the Mode Change Date.
RATE DETERMINATION DATE	Second London Banking Day prior to the first Business Day of each month.
RATE ADJUSTMENT DATE	First Business Day of each month.
RATE FOLLOWING UNSUCCESSFUL REMARKETING	During the Delayed Marketing Period, the Remarketed Bonds will bear interest at the "Index Mode Delayed Remarketing Period Rate," which shall be equal to 9% per annum.
MAXIMUM ADJUSTED LIBOR 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 Remarketed Bonds) and 10%.
CALCULATION AGENT	The Bank of New York Mellon.
CUSIPS	Series 2014C Bonds: 5426903A8 Series 2015C Bonds: 5426904F6

## 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 C. Cordaro, Ph.D.  
Drew Biondo

Mark Fischl  
Peter J. Gollon  
Jeffrey H. Greenfield  
Thomas J. McAteer

### AUTHORITY MANAGEMENT

Thomas Falcone— *Chief Executive Officer*  
Kenneth Kane\*— *Interim Chief Financial Officer*  
Anna Chacko— *General Counsel*  
Rick Shansky— *Vice President of Operations Oversight*  
Bobbi O'Connor— *Vice President of Policy, Strategy and Administration and Secretary*  
Donna Mongiardo— *Vice President, Controller*  
Kathleen Mitterway— *Vice President, Audit*

#### **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

#### **Municipal Advisor**

Public Financial Management, Inc.  
New York, New York

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\* Joseph A. Branca resigned his position as Chief Financial Officer effective May 11, 2018. Kenneth Kane has been serving as Interim Chief Financial Officer, since May 11, 2018. Mr. Kane had previously been serving as the Vice President of Financial Oversight.

No dealer, broker, salesperson or other person has been authorized by the Authority or the Remarketing Agents to give any information or to make any representation, other than the information and representations contained in this Remarketing Circular, in connection with the reoffering of the Remarketed Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority or the Remarketing Agents. This Remarketing Circular does not constitute an offer to sell or solicitation of an offer to buy any of the Remarketed Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Except for the information expressly provided by the Remarketing Agent as specified below and under the heading “REMARKETING,” the information set forth herein has been furnished by the Authority and LIPA and includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Remarketing Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, LIPA, PSEG, PSEG Long Island, National Grid or National Grid USA since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

This Remarketing Circular contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Authority’s and LIPA’s business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

In connection with the reoffering of the Remarketed Bonds, the Remarketing Agents may over allot or effect transactions that stabilize or maintain the market price of the Remarketed Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Remarketing Agents have provided the following sentence for inclusion in this Remarketing Circular: The Remarketing Agents have reviewed the information in this Remarketing Circular in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agents do not guarantee the accuracy or completeness of such information.

**IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE REMARKETING CIRCULAR AND THE TERMS OF THE REOFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THIS REMARKETING CIRCULAR CONSISTS OF THE COVER PAGE, THE INSIDE COVER PAGE, THE TABLE OF CONTENTS, THE SUMMARY STATEMENT AND THE BODY OF THE REMARKETING CIRCULAR, INCLUDING THE APPENDICES HERETO, AND THE INFORMATION INCLUDED BY SPECIFIC CROSS-REFERENCE HEREIN (ALL OF THE FOREGOING ARE REFERRED TO COLLECTIVELY AS “REMARKETING CIRCULAR”). THE REMARKETING CIRCULAR IS DATED THE DATE SHOWN ON THE COVER PAGE HEREIN. THE REMARKETING CIRCULAR (INCLUDING ALL THE INFORMATION INCLUDED BY SPECIFIC CROSS-REFERENCE HEREIN WHICH INFORMATION SPEAKS AS OF THE APPLICABLE DATE THEREOF) SHOULD BE READ IN ITS ENTIRETY.**

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Remarketing Circular.

For purposes of compliance with Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, this Preliminary Remarketing Circular constitutes a remarketing circular of the Authority that has been deemed final by the Authority as of its date except for the omission of no more than the information permitted by the Rule.

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**SUMMARY STATEMENT**

This Summary Statement is subject in all respects to more complete information contained in this Remarketing Circular and should not be considered a complete statement of the facts material to making an investment decision. The reoffering of the Remarketed Bonds to potential investors is made only by means of the entire Remarketing Circular. Certain terms used herein are defined in this Remarketing Circular.

- The Authority** ..... The Long Island Power Authority (the “Authority” or the “Issuer”) is a corporate municipal instrumentality and political subdivision of the State of New York. The Authority has a wholly-owned subsidiary, the Long Island Lighting Company, which does business under the name of LIPA and Power Supply Long Island (“LIPA”).
- LIPA**..... LIPA owns and operates the electric transmission and distribution system (the “T&D System”) located in its service area, which includes the New York Counties of Nassau and Suffolk (with certain limited exceptions) and a portion of Queens County, New York known as the Rockaways. LIPA also owns an 18% interest in the Nine Mile Point 2 nuclear generating facility located in Oswego, New York.
- Outstanding Indebtedness** ..... As of August 28, 2018, the Authority had senior lien Electric System General Revenue Bonds and other senior lien indebtedness outstanding in the aggregate principal amount of approximately \$3.76 billion. The Remarketed Bonds are on a parity with all of these senior lien indebtedness. The Authority also had outstanding, as of August 28, 2018, subordinate lien indebtedness in the aggregate principal amount of \$0, except for certain obligations of the Authority to make swap payments as described herein. Also, the Authority currently expects to issue additional bonds to finance system improvements in the future. See “DEBT SERVICE” herein.
- System Operation** ..... The Authority is managed by a senior management team supported by a small staff. To assist management in the supervision of its principal agreements and to provide other functions requiring specific expertise, the Authority employs outside consultants.
- The day-to-day operations of the electric system are accomplished through certain principal contracts with various service providers. From 1998 until 2014, the service providers had generally been subsidiaries of National Grid with some exceptions.

**The LIPA Reform Act** ..... The LIPA Reform Act was enacted on July 29, 2013 (the “LIPA Reform Act”) and is divided into two parts.

Part A of the LIPA Reform Act addressed a variety of matters relating to restructuring the Authority and LIPA, and imposed new substantive obligations on PSEG Long Island and effectively shifted major operational and policy-making responsibilities for the T&D System. The Amended and Restated Operations Services Agreement (“OSA”) with PSEG Long Island reflects the changed relationship between the parties in connection with the provision of electric service in LIPA’s Service Area. Beginning on January 1, 2014, PSEG Long Island, became the retail brand for electric service on Long Island. Pursuant to the OSA and in furtherance of the objectives of the LIPA Reform Act, beginning on January 1, 2015, a PSEG Long Island affiliate became responsible for providing energy and fuel management services.

Part A also created a new Long-Island-based office in the Department of Public Service (“DPS”), which is the staff arm of the New York Public Service Commission (“PSC”), to assist with oversight of core utility operations of PSEG Long Island.

Part B of the LIPA Reform Act created the Utility Debt Securitization Authority (“UDSA”) and authorized the issuance of the restructuring bonds to retire a portion of the Authority’s existing debt.

See “INTRODUCTION TO THE AUTHORITY – Restructuring of the Authority and LIPA and Relationship to PSEG Long Island” and “INTRODUCTION TO THE AUTHORITY – The LIPA Reform Act and the OSA” in the ADR (hereinafter defined).

**Authority to Set Electric Rates;  
2016- 2018 Rate Plan**.....

Under current New York law, the Authority is empowered to set rates for electric service in its service area without being required to obtain the approval of PSC or any other State regulatory body.

Part A of the LIPA Reform Act established a rate review process that required that on or before February 1, 2015, the Authority and PSEG Long Island submit for review to DPS a three-year rate proposal for rates and charges to take effect on or after January 1, 2016. After the 2016-2018 period, the Authority and PSEG Long Island are only required to submit a proposed rate increase for DPS review if it would increase the rates and charges by an amount that would increase the Authority’s annual revenues by more than 2.5%. The Authority’s Board retains final rate-setting power.

The Authority does not expect to increase rates and charges by over 2.5% of annual revenues in 2019.

See “RATES AND CHARGES – Authority to Set Electric Rates” in the ADR.

**Current Rate Structure** .....

The Authority has adopted a set of customer rates, which include base rates, the Power Supply Charge (as described herein) and certain riders and credits. See “RATES AND CHARGES – Rate Tariffs and Adjustments” in the ADR.



**Service Area**..... LIPA’s service area includes approximately 1.1 million customers and during the period 2013 through 2017 experienced its peak usage of approximately 5,602 MW in the summer of 2013. In the year ending December 31, 2017, approximately 54.2% of LIPA’s annual retail revenues were received from residential customers, 43.8% from commercial customers and 2.0% from street lighting, public authorities and certain others. The largest customer in the service area (the Long Island Rail Road) accounts for less than 2.0% of total sales and less than 2.0% of revenue.

**Transmission and Distribution Facilities** ..... LIPA’s transmission system includes approximately 1,400 miles of overhead and underground lines with voltage levels ranging from 23 kV to 345 kV. The distribution system has approximately 14,000 circuit miles of overhead and underground line (9,000 overhead and 5,000 underground) and approximately 189,000 line transformers with a total capacity of approximately 13,000 MVA. See “THE SYSTEM” in the ADR for a discussion of the service area and the transmission and distribution system.

**Power Supply Resources**..... LIPA’s power supply resources consist principally of various power purchase contracts. The principal power purchase contract is a Power Supply Agreement (the “PSA”) that commenced in May 2013 for a maximum term of 15 years. The PSA provides approximately 3,700 MW of on-Island capacity for the term of the agreement with National Grid and provides LIPA with the option to ramp down (i.e., cease purchasing capacity from) the PSA units.

In addition, LIPA currently purchases approximately 1,900 MW of capacity from other generating facilities on Long Island and outside the service area through various transmission interconnections between LIPA’s transmission and distribution system and other systems in the region.

LIPA also has an 18% ownership interest in the approximately 1,300 MW Nine Mile Point 2 nuclear unit. Constellation Energy Nuclear Group, LLC owns the remaining 82% interest in the unit and is responsible for its operation.

**Security and Sources of Payment for Bonds**..... The Remarketed Bonds, all Bonds heretofore and hereafter issued on a parity therewith and all Parity Obligations will be payable from and secured by the Trust Estate pledged under the Authority’s Resolution, subject to the prior payment of Operating Expenses. The Trust Estate consists principally of the revenues generated by the operation of LIPA’s electric transmission and distribution system.

The Bond Resolution contains a basic flow of funds, including a Rate Stabilization Fund, but does not require specific periodic advance deposits to be made into, or specific balances maintained in, the various funds and accounts. There is no debt service reserve fund.

Additional Bonds may be issued without any historical or projected debt service coverage test and, in the case of Refunding Bonds, without compliance with any debt service savings test.

See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” in the ADR.

**The Securitization Transactions ....**

Part B of the LIPA Reform Act, also known as the Securitization Law, created UDSA and originally authorized a one-time issuance of the UDSA bonds to retire a portion of the Authority’s existing debt. As amended in 2015, the Securitization Law allows UDSA to issue additional restructuring bonds in an aggregate additional amount not to exceed \$4.5 billion (inclusive of the previously-issued 2013 restructuring bonds). With the November 21, 2017 issuance of approximately \$369.5 million of 2017 restructuring bonds, UDSA effectively exhausted its ability to issue restructuring bonds under the amended Securitization Law.

The restructuring charges are Transition Charges for purposes of the Resolution and amounts collected in respect thereof are thus not Revenues subject to the lien of the Resolution or the Subordinated Resolution. In addition, the UDSA bonds are not obligations of the Authority, LIPA, PSEG Long Island or any of their affiliates and are not secured by the Trust Estate described herein. See “RECENT DEVELOPMENTS – The Securitization Authority and Securitization Transactions” in the ADR.

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**REMARKETING CIRCULAR**

**of the**

**LONG ISLAND POWER AUTHORITY**

**\$299,000,000**

**LONG ISLAND POWER AUTHORITY  
ELECTRIC SYSTEM GENERAL REVENUE BONDS**

**Consisting of:**

**\$150,000,000**

**LONG ISLAND POWER AUTHORITY  
ELECTRIC SYSTEM GENERAL REVENUE  
BONDS, SERIES 2014C  
(LIBOR Floating Rate Tender Notes)**

**\$149,000,000**

**LONG ISLAND POWER AUTHORITY  
ELECTRIC SYSTEM GENERAL REVENUE  
BONDS, SERIES 2015C  
(LIBOR Floating Rate Tender Notes)**

**INTRODUCTION**

The Electric System General Revenue Bonds, Series 2014C (LIBOR Floating Rate Tender Notes) (the “Series 2014C Bonds”) and the Series 2015C Bonds (LIBOR Floating Rate Tender Notes) (the “Series 2015C Bonds,” and collectively, the “Remarketed Bonds,” and individually, each Series thereof, the “Remarketed Bonds of a Series”), 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 amended by the Twenty-Second Supplemental Resolution of the Authority effective May 1, 2018 (the “Amendatory Resolution”), and as supplemented, including as supplemented by a resolution of the Authority authorizing the Remarketed Bonds (the “Supplemental Resolution”) are being remarketed pursuant to this Remarketing Circular. 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 August 28, 2018, the Authority had outstanding approximately \$3.76 billion of senior lien bonds and other senior lien indebtedness all of which were issued under the Bond Resolution (the “Outstanding Senior Lien Indebtedness”). The Remarketed Bonds are on a parity as to security and source of payment with the Outstanding Senior Lien Indebtedness. 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 Indebtedness and the Remarketed Bonds. As used in this Remarketing Circular, the term “Bonds” means the Outstanding Senior Lien Indebtedness, the Remarketed 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.

The Authority has from time to time also issued Subordinated Lien Bonds and other subordinated indebtedness 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”). As used in this Remarketing Circular, the term “Subordinated Indebtedness” means all 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. Any Subordinated Indebtedness is, in all respects, on a junior and subordinate basis as to security and source of payment to the Bonds. As of August 28, 2018, the Authority had no outstanding subordinate lien indebtedness, except for certain obligations of the Authority to make swap payments as described herein. See “DEBT SERVICE.”

Capitalized terms not otherwise defined in this Remarketing Circular have the meanings set forth in “Appendix 4 - Glossary of Defined Terms.”

## **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 Remarketing Circular:

- The Authority’s Annual Disclosure Report for the Fiscal Year 2017 (which includes the Authority’s Basic Financial Statements December 31, 2017 and 2016 (With Independent Auditors’ Report Thereon) and Management’s Discussion and Analysis (Unaudited)) (the “ADR”);
- Interim Financial Information of the Authority as of June 30, 2018 and June 30, 2017 (Unaudited);
- The Resolution;
- The Financing Agreement;
- The Amended and Restated Operations Services Agreement (the “OSA”); and
- The Amended and Restated Power Supply Agreement (the “PSA”).

For convenience, copies of these documents can be found on the Authority’s website ([www.lipower.org](http://www.lipower.org)) under the heading “Investor Relations” and “About LIPA - Contracts & Reports.” No statement on the Authority’s website is included by specific cross-reference herein.

## **REMARKETING PLAN**

The Authority is effectuating a mandatory tender and remarketing of the Remarketed Bonds on September 27, 2018. On the Mandatory Tender Date, (i) the Remarketed Bonds will be subject to mandatory tender at a purchase price equal to the principal amount thereof and interest will be paid in accordance with customary procedures, and (ii) in connection with such mandatory tender for purchase, the Authority is amending the Certificates of Determination delivered in connection with the Remarketed Bonds pursuant to the Resolution, to, among other things, specify and modify certain terms and provisions of the Outstanding Bonds to reflect the terms and provisions described herein.

Each Series of the Remarketed Bonds are being remarketed by the applicable Remarketing Agent at a price that is not in excess of the price on the cover of this Remarketing Circular. The obligations of each Remarketing Agent to purchase and remarket the applicable Series of Remarketed Bonds on the applicable Mandatory Tender Date are subject to certain terms and conditions set forth in Firm Remarketing Agreements with the Authority. See “REMARKETING” herein.

## **DEBT SERVICE**

The following table shows information regarding the Authority’s consolidated debt service requirements following the remarketing of the Remarketed Bonds (based on the assumptions in the footnotes to said table). In addition, the table also shows the debt service relating to the UDSA bonds (based on the assumption in footnote 5 to said table). The UDSA bonds are not obligations of the Authority, LIPA, PSEG Long Island or any of their affiliates and are not secured by the Trust Estate described herein. The UDSA bonds are secured by an irrevocable, non-bypassable consumption-based restructuring charges which secures only those bonds. Restructuring charges are not subject to the lien of the Resolution or Subordinated Resolution.

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**DEBT SERVICE**

Twelve Months Ended 12/31	Remarketed Bonds <sup>(1)</sup>		Outstanding Senior Lien <sup>(2)(3)(4)(5)</sup>		Total Senior Lien Debt Service	UDSA Debt Service <sup>(6)</sup>
	Principal	Interest	Principal	Interest		
2018	-	\$ 1,638,653	\$ 27,770,843	\$ 64,513,208	\$ 93,922,704	\$ 161,748,505
2019	-	6,627,442	34,550,317	144,469,493	185,647,252	327,139,944
2020	-	6,630,625	66,076,458	149,652,169	222,359,252	319,030,117
2021	-	6,642,564	76,964,641	148,704,193	232,311,398	367,388,228
2022	-	6,645,649	83,048,452	147,274,662	236,968,763	357,547,589
2023	-	6,645,649	48,178,523	145,620,136	200,444,307	402,930,167
2024	-	6,666,891	83,571,733	144,558,214	234,796,837	368,128,725
2025	-	6,624,307	84,502,169	142,151,148	233,277,624	370,110,100
2026	-	6,645,649	135,118,608	139,745,921	281,510,177	310,636,975
2027	-	6,645,649	112,690,137	135,199,176	254,534,961	327,815,725
2028	-	6,648,733	99,584,755	131,745,942	237,979,431	343,663,350
2029	-	6,678,979	152,880,237	118,496,785	278,056,001	302,927,875
2030	\$ 80,850,000	6,627,442	82,555,000	79,088,358	249,120,799	361,810,750
2031	84,650,000	4,835,372	80,955,000	75,435,898	245,876,271	357,067,000
2032	88,750,000	2,968,604	86,725,000	71,900,446	250,344,050	352,105,750
2033	44,750,000	413,738	122,370,000	65,883,378	233,417,116	292,357,125
2034	-	-	75,775,000	63,108,900	138,883,900	185,138,000
2035	-	-	55,520,000	59,320,150	114,840,150	209,181,625
2036	-	-	133,375,000	56,544,150	189,919,150	192,205,500
2037	-	-	107,255,000	50,014,600	157,269,600	192,219,750
2038	-	-	112,475,000	44,798,050	157,273,050	192,225,750
2039	-	-	66,675,000	39,327,800	106,002,800	253,592,625
2040	-	-	121,605,000	36,212,300	157,817,300	-
2041	-	-	183,220,000	26,974,000	210,194,000	-
2042	-	-	135,450,000	20,095,500	155,545,500	-
2043	-	-	80,730,000	13,323,000	94,053,000	-
2044	-	-	84,765,000	9,286,500	94,051,500	-
2045	-	-	41,995,000	5,048,250	47,043,250	-
2046	-	-	36,205,000	2,948,500	39,153,500	-
2047	-	-	22,765,000	1,138,250	23,903,250	-
<b>Total</b>	<b>\$ 299,000,000</b>	<b>\$ 89,585,945</b>	<b>\$ 2,635,351,873</b>	<b>\$ 2,332,579,074</b>	<b>\$ 5,356,516,893</b>	<b>\$ 6,546,971,176</b>

- (1) Remarketed Bonds are assumed to pay interest at the relevant index as of August 30, 2018 plus the applicable spread.
- (2) Accreted interest on capital appreciation bonds is shown in the year of maturity.
- (3) Variable rate bonds (excluding the Remarketed Bonds) are assumed to pay interest at the relevant index as of August 28, 2018 plus the respective applicable spread for certain floating rate notes, which are assumed at current levels through maturity. Expected net receipts or payments under interest rate and basis swaps are not reflected. In particular, not reflected in the table above are anticipated payments under an outstanding \$587,225,000 interest rate swap that terminates in 2029 for which the Authority pays 5.12% and receives 69.47% of 1-Month LIBOR. The obligation of the Authority to make payments under such swap constitutes Subordinated Indebtedness.
- (4) Interest has not been reduced on the Series 2010B Bonds to reflect expected receipt of “build America bonds” interest rate cash subsidies equal to 35% of the interest payable; such cash subsidies constitute Revenues under the Resolution.
- (5) Does not include the Authority’s (a) outstanding senior lien General Revenue Notes, which as of August 28, 2018, the Authority had approximately \$560 million issued and outstanding under its \$800 million program. Assuming interest at a rate of 2.5% per annum, maintaining this level of outstanding General Revenue Notes would result in an additional \$14 million per year of debt service interest, and (b) outstanding Senior Credit Facility that allows for borrowing up to \$350 million, under which \$5 million is outstanding as of August 28, 2018.
- (6) Debt service assumes that the UDSA Bonds are paid in accordance with the applicable Scheduled Maturity Date rather than the applicable legal Final Maturity Date which is 2 years later for each Tranche of the UDSA Bonds. The UDSA Bonds are not obligations of the Authority, LIPA, PSEG Long Island or any of their affiliates and are not secured by the Trust Estate described herein. The UDSA Bonds are secured by irrevocable, non-bypassable consumption-based restructuring charges, which secure only the applicable UDSA bonds. Restructuring charges are not subject to the lien of the Resolution or Subordinated General Resolution.

## DESCRIPTION OF THE REMARKETED BONDS

### Interest Payments

Interest on the Remarketed Bonds is payable on the first Business Day of each month, commencing October 1, 2018. So long as The Depository Trust Company, New York, New York (“DTC”) is the sole registered owner of all of the Remarketed 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 Remarketed Bonds are fully registered in Authorized Denominations.

### Securities Depository

Upon the remarketing, the Remarketed Bonds will be available only in book-entry form. DTC will act as securities depository for the Remarketed Bonds, and the ownership of one fully registered bond for each maturity of Remarketed 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 3 to this Remarketing Circular for a description of DTC and its book-entry-only system that will apply to the Remarketed Bonds.

As long as the book-entry system is used for the Remarketed Bonds, The Bank of New York Mellon, New York, New York (in such capacity, the “Trustee”) and the Authority will give any notice required to be given owners of Remarketed 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 Remarketed Bonds

The Remarketed Bonds shall bear interest at the Adjusted LIBOR Rate. The Adjusted LIBOR Rate for the Remarketed Bonds shall equal the sum of 70% of the One-Month LIBOR, plus the per annum spread set forth on the cover and inside cover page hereof. The Adjusted LIBOR Rate shall be determined on the second London Banking Day prior to the first Business Day of each month (each a “Rate Determination Date”), as further described below. Such Adjusted LIBOR Rate shall be effective on the first Business Day of each month (the “Rate Adjustment Date”). Interest will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be. The Adjusted LIBOR Rate shall never exceed an interest 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 Remarketed Bonds) and 10%.

“London Banking Day” is defined as any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, England.

“One-Month LIBOR” means, for a Rate Adjustment Date, the offered rate (rounded up to the next highest one one-thousandth of one percent (0.001%)) for deposits in U.S. dollars for a one-month period that appears on the Bloomberg Screen as of 11:00 a.m., London time, on the Rate Determination Date preceding the Rate Adjustment Date. If such rate is not available at such time for any reason or is illegal to offer by the Calculation Agent, then the Calculation Agent (as defined herein), in consultation with the Authority, shall determine a substitute or replacement rate to effect, to the extent practicable, an aggregate all-in interest rate comparable to the LIBOR-based rate in effect prior to its replacement; provided that if the Calculation Agent determines that there is an industry-accepted successor rate to the one-month London Interbank Offered Rate (“LIBOR”), then the Calculation Agent shall use such rate.

The Bank of New York Mellon is acting as the initial calculation agent (in such capacity, the “Calculation Agent”) with respect to the Remarketed Bonds. The initial Adjusted LIBOR Rate shall be determined by the Calculation Agent based on 70% of the One-Month LIBOR published on August 30, 2018, with the effective date being September 27, 2018. Subsequently, the Adjusted LIBOR Rate shall adjust monthly on each Rate Adjustment Date, based upon 70% of the One-Month LIBOR published on the second London Banking Day before the first Business Day of each month (rounded up to the next highest one one-thousandth of one percent (0.001%) when



calculated), with the effective date for each adjustment of the Adjusted LIBOR Rate to be effective on the first Business Day of each month. If the One-Month LIBOR rate is not available at such time for any reason or is illegal to offer by the Calculation Agent, then the Calculation Agent, in consultation with the Authority, shall determine a substitute or replacement rate to effect, to the extent practicable, an aggregate all-in interest rate comparable to the LIBOR-based rate in effect prior to its replacement; provided that if the Calculation Agent determines that there is an industry-accepted successor rate for One-Month LIBOR, then the Calculation Agent shall use such rate. Upon determining the Adjusted LIBOR Rate for a given month, the Calculation Agent shall notify the Authority of such rate by electronic mail (e-mail) or by telephone or in such other manner as may be appropriate on the date of such determination, which notice, if provided by telephone, shall be promptly confirmed in writing. Such notice shall be provided by not later than 6:00 P.M. New York City time on the Rate Determination Date.

The determination of the Adjusted LIBOR Rate (absent manifest error) shall be conclusive and binding upon the Authority, the Owners of the Remarketed Bonds, the Trustee, the Tender Agent and the Remarketing Agent.

### **LIBOR Manipulation Claims**

The interest rates to be borne by the Remarketed Bonds are based on a spread over LIBOR, as set forth herein. The LIBOR serves as a global benchmark for home mortgages, student loans and what various issuers pay to borrow money. Certain financial institutions have announced settlements with certain regulatory authorities with respect to, among other things, allegations of manipulating LIBOR or have announced that they are involved in investigations by regulatory authorities relating to, among other things, the manipulation of LIBOR. In addition to the ongoing investigations, several plaintiffs have filed lawsuits against various banks in federal court seeking damages arising from alleged LIBOR manipulation. On September 28, 2012, a top official at the United Kingdom's Financial Services Authority (the predecessor to the Financial Conduct Authority ("FCA")), unveiled his recommendations calling for a sweeping overhaul of LIBOR and removing it from the control of the British Bankers' Association (the "BBA"). In December 2012, the United Kingdom passed legislation effective, April 1, 2013, bringing LIBOR activities within the scope of statutory regulation and creating a new criminal offence for misleading statements in relation to benchmarks such as LIBOR. On February 1, 2014, the ICE Benchmark Administration took over administration of LIBOR from the BBA. It is not possible to predict what effect, if any, these events will have on the use of LIBOR as a global benchmark going forward, or on the Remarketed Bonds.

### **Additional LIBOR Disclosure**

The Authority notes that the FCA, a regulator of financial services firms and financial markets in the United Kingdom, has stated that they will plan for a phase out of LIBOR with a target end to the indices in 2021. It is not possible to predict the effect of the FCA announcement or any changes in the method in which LIBOR rates are determined, and any other reforms to LIBOR that will be enacted in the United Kingdom and elsewhere, which may adversely affect the trading market for LIBOR based securities, such as the Remarketed Bonds, or result in the phasing out of LIBOR as a reference rate for securities. In addition, changes announced by the FCA in the method pursuant to which LIBOR rates are determined may result in a sudden or prolonged increase or decrease in LIBOR rates, may affect the level of interest payments, and may affect the value of the Remarketed Bonds. Furthermore, uncertainty about LIBOR and the timing of adoption of LIBOR alternatives by the market may adversely impact the current trading market for the Remarketed Bonds.

### **Tender and Redemption Provisions for the Remarketed Bonds**

The Remarketed Bonds 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 at End of each FRN Rate Mode Interest Rate Period.* The Remarketed Bonds are subject to mandatory tender for purchase on October 1, 2023 (the "Purchase Date") at the Purchase Price. Such Purchase Price plus accrued and unpaid interest through and including September 30, 2023 shall be payable on the first Business Day following such Purchase Date in accordance with customary procedures.

*Mandatory Tender for Purchase at the Option of the Authority.* The Remarketed Bonds are subject to a mandatory tender for purchase at the option of the Authority (each an “Optional Purchase”) at the Purchase Price on any Business Day which Business Day is no earlier than October 1, 2022 (any such Business Day, an “Optional Purchase Date”).

*Mandatory Tender for Purchase on any Mode Change Date.* The Remarketed Bonds are subject to a mandatory tender for purchase on the Mode Change Date at the times and in the manner hereinafter provided in the applicable Certificate of Determination (which Mode Change Date shall not be prior to the applicable earliest possible Optional Purchase Date) at the Purchase Price. Subsequent to such change in Mode, the Remarketed Bonds may again be changed to a different Mode at the times and in the manner as provided in the applicable Certificate of Determination.

*Mandatory Purchase Date and Purchase Price.* The Purchase Date, the Optional Purchase Date and the Mode Change Date are each referred to herein as a Mandatory Purchase Date. The Purchase Price to be paid for the Remarketed Bonds on any Mandatory Purchase Date shall be the principal amount of such Remarketed Bonds, and interest shall be paid in accordance with customary procedures.

*Optional Redemption.* The Remarketed Bonds are subject to redemption prior to maturity as a whole or in part (in accordance with procedures of DTC, so long as DTC is the Owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper), on any Business Day which Business Day is no earlier than October 1, 2022 at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest up to but not including the redemption date.

*Sinking Fund.* The Remarketed Bonds are also 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 such dates the principal amount of such Remarketed Bonds specified for each of the years shown below:

<b>Series 2014C Bonds Due May 1, 2033</b>	
<b>Year</b>	<b>Principal Amount</b>
12/1/2030	\$34,900,000
12/1/2031	36,400,000
12/1/2032	37,900,000
05/1/2033 <sup>1</sup>	40,800,000

<sup>1</sup> Final Maturity

<b>Series 2015C Bonds Due May 1, 2033</b>	
<b>Year</b>	<b>Principal Amount</b>
12/1/2030	45,950,000
12/1/2031	48,250,000
12/1/2032	50,850,000
05/1/2033 <sup>1</sup>	3,950,000

<sup>1</sup> Final Maturity

*Credit Against Sinking Fund Installments.* In the event a principal amount of Remarketed Bonds of a Series is deemed to be no longer Outstanding, except by a redemption from moneys credited to the Debt Service Fund as sinking fund installments, such principal amount shall be applied to reduce the remaining sinking fund installments for such Series of the Remarketed Bonds in such order and amounts as is determined by the Authority.

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

During such time as the Remarketed Bonds are registered in book-entry-only form in the name of Cede & Co. or other nominee of DTC, partial redemptions of the Remarketed 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 3 to this Remarketing Circular.

If less than all of the Remarketed Bonds of a Series and 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 Remarketed Bonds of such maturity to be redeemed in accordance with their procedures as from time to time in effect. If the Remarketed Bonds are not registered in book-entry only form, the particular Remarketed Bonds of such Series 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 Remarketed Bonds are to be redeemed, notice of such redemption is to be mailed by the Trustee to registered owners of such Remarketed Bonds to be redeemed not less than 30 nor more than 45 days preceding each redemption date. 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 Remarketed 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 a Remarketed 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 Remarketed 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 3 to this Remarketing Circular.

### **Notice of Mandatory Tender for Purchase**

The Trustee will, at least fifteen (15) days prior to any Mandatory Purchase Date, give notice to the Notice Parties of the mandatory tender for purchase of the Remarketed Bonds that is to occur on that date.

Notice of any mandatory tender of the Remarketed 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 Remarketed 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 Remarketed 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 the Remarketed 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 Remarketed 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 Remarketed Bonds subject to mandatory tender for purchase on the Mandatory Purchase Date.

## **Changes in Mode**

*General.* Any Remarketed Bonds may be changed to any other Mode at the times and in the manner provided in the applicable Certificate of Determination and summarized below.

*Notice of Intention to Change Mode.* No later than the 15th day preceding the Mode Change Date, the Authority shall give written notice to the Notice Parties of its intention to effect a change in the Mode from the Mode then prevailing (the “Current Mode”) to another Mode (the “New Mode”) specified in such written notice, together with the proposed Mode Change Date.

### *General Provisions Applying to Changes from FRN Rate Mode to Another.*

1. The Mode Change Date must be a Business Day, which is no earlier than the earliest date on which the applicable Remarketed Bonds are subject to an Optional Purchase, as described above under “—Tender and Redemption Provisions for the Remarketed Bonds—Mandatory Tender for Purchase at the option of the Authority.”

2. 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.

3. 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 Remarketed Bonds tendered or deemed tendered, unless otherwise redeemed, have been purchased at a price at least equal to the principal amount thereof.

4. 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.

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

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

### *Partial Mode Changes and Subseries Designations.*

Less than all of the Remarketed Bonds of a Series then subject to a particular Mode may be converted to another Mode; provided, however, that in such event such Remarketed Bonds of a Series shall be re-designated into one or more subseries for each separate Mode with a new CUSIP number for each subseries and further provided that preceding such an event written confirmation of the rating on such Remarketed Bonds is provided by the Rating Agency or Rating Agencies then rating the Remarketed Bonds. If less than all of the Remarketed Bonds of a Series then subject to a particular Mode are converted to another Mode, the particular Remarketed Bonds or portions thereof which are to be converted to a new Mode shall be selected by the Trustee in its discretion subject to the provisions hereof regarding Authorized Denominations of Remarketed Bonds subject to such new Mode. To the extent that Remarketed Bonds of a Series are reoffered in or re-designated into one or more subseries, references herein to Remarketed Bonds shall be deemed to refer to Bonds of such subseries.

*Rescission of Election to Change from One Mode to Another.* The Authority may rescind any election by it to change Mode as described above prior to the Mode Change Date by giving written notice thereof to the Notice Parties prior to 10:00 A.M. on the Business Day preceding such Mode Change Date. If the Tender Agent receives notice of such rescission prior to the time the Tender Agent has given notice to the holders of the Remarketed Bonds, then such notice of change in Mode shall be of no force and effect. If the Tender Agent receives notice from the Authority of rescission of a Mode Change Date after the Tender Agent has given notice thereof to the holders of the Remarketed Bonds, then if the proposed Mode Change Date would have been a Mandatory Purchase Date, such date shall continue to be a Mandatory Purchase Date.

### **Future Remarketing of Remarketed Bonds**

The Authority currently plans to remarket the Remarketed Bonds on or before the Purchase Date, and apply the proceeds of such remarketing to pay the Purchase Price of such Bonds. The remarketing agent to be appointed by the Authority shall offer for sale and use its best efforts to find purchasers for all Remarketed Bonds required to be tendered for purchase.

### **Source of Funds for Purchase of Remarketed Bonds**

On or before 3:00 P.M. on each Mandatory Purchase Date, the Tender Agent shall purchase the Remarketed Bonds 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 Remarketed 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 Remarketed Bonds tendered or deemed tendered as described in this Official Statement and the Purchase Price of which is not paid on the Mandatory Purchase Date. 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 Remarketed 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 Remarketed Bonds shall be purchased, and such Remarketed Bonds shall remain in the FRN Rate Mode and bear interest as described below under “— Consequences of a Failed Remarketing.”

### **Delivery of Remarketed Remarketed Bonds**

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

## **Delivery and Payment for Purchased Remarketed Bonds**

Except as otherwise required or permitted by the book-entry-only system of the Securities Depository, remarketed Remarketed 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 Remarketed Bonds purchased shall be made only if such Remarketed 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 Remarketed 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 Remarketed Bonds in trust in a separate account uninvested, and shall pay such funds to the former bondholders upon presentation of Remarketed Bonds subject to tender. Undelivered Remarketed 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 Remarketed 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 Remarketed 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 Remarketed 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 Remarketed Bonds. The Tender Agent shall authenticate replacement Remarketed Bonds for any undelivered Remarketed 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 Remarketed Bonds 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 Remarketed 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 Remarketed Bonds are successfully remarketed (the "Delayed Remarketing Period") the Remarketed Bonds, will bear interest:

- at the "Index Mode Delayed Remarketing Period Rate," which shall be equal to 9% per annum.
- In no event will the rate exceed a rate per annum equal to the maximum rate permitted by law (currently, there is no statutory cap under New York State law applicable to the Remarketed Bonds).

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 Remarketed Bonds 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 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 Remarketed Bonds, the Trustee, at the direction of the Authority, will give notice by mail to the registered owners of such Remarketed Bonds not later than five Business Days prior to the purchase date, which notice will state (1) that the interest rate on such Remarketed Bonds will continue to be in the FRN Rate Mode or will be adjusted to a different Rate Mode on and after the purchase date; (2) that such Remarketed 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 Remarketed 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 Remarketed Bonds as a whole or in part on any Business Day during the Delayed

Remarketing Period, 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.

During the Delayed Remarketing Period, interest on such Remarketed Bonds shall be paid to the registered owners thereof (i) on the first Business Day of each month occurring during the Delayed Remarketing Period and (ii) on the last day of the Delayed Remarketing Period. Payment of such interest shall be made by the Trustee from the Debt Service Fund pursuant to the Resolution.

During any Delayed Remarketing Period, pursuant to its plan of financing, the Authority currently expects to use its best efforts to cause the remarketing agent to remarket such Remarketed Bonds to another Mode or another Interest Rate Period or to refund such Remarketed Bonds.

## **TAX MATTERS**

### *General*

On December 16, 2014, Hawkins Delafield & Wood LLP as Bond Counsel to the Authority (“Bond Counsel”) rendered its opinion that, under existing statutes and court decisions, (i) interest on the Series 2014C 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 2014C 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.

On December 1, 2015, Bond Counsel rendered its opinion that, under existing statutes and court decisions, (i) interest on the Series 2015C Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code, and (ii) interest on the Series 2015C 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 rendered on December 16, 2014, under existing statutes, interest on the Series 2014C Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, and the Series 2014C 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.

In addition, in the opinion of Bond Counsel rendered on December 1, 2015, under existing statutes, interest on the Series 2015C Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, and the Series 2015C 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.

In rendering such opinions, Bond Counsel to the Authority relied upon and assumed the material accuracy of certain representations, certifications of fact, and statements of reasonable expectations made by the Authority and LIPA in connection with the issuances of the Series 2014C Bonds and the Series 2015C 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 2014C Bonds and the Series 2015C Bonds from gross income under Section 103 of the Code. Copies of such opinions are attached as Appendix 1-1 and Appendix 1-2 hereto.

In the opinion of Bond Counsel, under existing statutes and court decisions, the change in the Mode applicable to the Remarketed Bonds on the Mode Change Date as described herein, will not, in and of itself, impair (i) the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation or (ii) the exemption of interest on the Bonds from personal income taxes imposed by the State of New York or any political subdivision thereof.

Except as necessary to render its opinion, Bond Counsel has undertaken no investigation as to matters affecting the exclusion of interest on the Remarketed Bonds from gross income for Federal income tax purposes since the date of their issuance. In delivering its opinion, Bond Counsel has assumed with respect to the Remarketed Bonds, without investigation, that the Authority and LIPA are in compliance with their covenants and agreements under the Resolution and that the proceeds of the Remarketed Bonds were applied in accordance with the Resolution and the tax certificates of the Authority delivered in connection with the issuance of the Remarketed Bonds. Failure of the Authority and LIPA to have so complied or to have so applied the proceeds of the Remarketed Bonds, or to so comply, could adversely affect the exclusion of interest on the Remarketed Bonds from gross income for Federal income tax purposes. Bond Counsel is expressing no opinion herein as to the conclusions expressed in the opinions delivered on December 16, 2014 and December 1, 2015 or as to whether any matter, action, other than the actions described above, or omission subsequent to December 16, 2014 and December 1, 2015 may have adversely affected the exclusion of interest on the Remarketed Bonds from gross income for Federal income tax purposes.

Bond Counsel expresses no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Remarketed Bonds. This opinion may be relied upon solely in connection with the change in the interest rate Mode applicable to the Bonds occurring on the Mode Change Date. This opinion is issued as of the date hereof, and Bond Counsel assumes no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to Bond Counsel's attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

#### *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 Remarketed Bonds in order that interest on the Remarketed 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 Remarketed 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 Remarketed 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 Remarketed Bonds from gross income under Section 103 of the Code.

Bond Counsel is not responsible for updating its opinions after the respective dates such opinions were or will be provided. Although it is not possible to predict, as of the delivery of such opinions, it is possible that something may have happened or may happen in the future that could change the tax treatment of the interest on the Remarketed Bonds or affect the market price of the Remarketed Bonds.

#### *Certain Collateral Federal Tax Consequences*

The following is a brief discussion of certain collateral federal income tax matters with respect to the Remarketed Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Remarketed 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 Remarketed Bonds.

Prospective owners of the Remarketed 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 Remarketed 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 Remarketed 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 Remarketed 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 Remarketed 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 Remarketed Bonds under federal or state law or otherwise prevent beneficial owners of the Remarketed 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 Remarketed Bonds.

Prospective purchasers of the Remarketed Bonds should consult their own tax advisors regarding the foregoing matters.

## **REMARKETING**

The Remarketing Agents listed on the cover page of this Remarketing Circular for which Barclays Capital Inc. is acting as the lead book-running manager, have agreed, jointly and severally and subject to certain conditions to purchase and remarket the Series 2014C Bonds at prices that are not in excess of the price stated on the cover of this Remarketing Circular. The compensation for services rendered in connection with the purchase and remarketing of the Series 2014C Bonds will be \$608,228.63, inclusive of expenses.

The Remarketing Agents listed on the cover page of this Remarketing Circular for which Wells Fargo Bank, N.A. Municipal Products Group is acting as the lead book-running manager, have agreed, jointly and severally and subject to certain conditions to purchase and remarket the Series 2015C Bonds at prices that are not in excess of the price stated on the cover of this Remarketing Circular. The compensation for services rendered in connection with the purchase and remarketing of the Series 2015C Bonds will be \$591,599.06, inclusive of expenses.

The initial public offering prices of the Remarketed Bonds may be changed from time to time by the Remarketing Agents.

The Remarketed Bonds may be offered and sold to certain dealers (including the Remarketing Agents and other dealers depositing Remarketed Bonds into investment trusts) at prices lower than such public offering prices.

The following paragraphs were provided by the Remarketing Agents of the Remarketed Bonds.

Certain of the Remarketing Agents have entered into distribution agreements with other broker-dealers for the distribution of the Remarketed Bonds at the initial public offering prices. Such agreements generally provide that the relevant Remarketing Agent will share a portion of its remarketing compensation or selling concession with such broker-dealers.

The Remarketing Agents and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Remarketing Agents and their respective affiliates have provided, and may in the future provide, a variety of these services to the Authority and to persons and entities with relationships with the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Remarketing Agents and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Remarketing Agents and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

### **MUNICIPAL ADVISOR**

Public Financial Management, Inc. is the Authority's municipal advisor including for the Remarketed Bonds. The municipal advisor has provided the Authority advice on the plan of financing and reviewed the pricing of the Remarketed Bonds. The municipal advisor has not independently verified the information contained in this Remarketing Circular and does not assume responsibility for the accuracy, completeness or fairness of such information.

### **CONTINUING DISCLOSURE UNDERTAKING**

The Remarketed Bonds will be subject to the continuing secondary market disclosure requirements of the Rule and will be made subject to the Continuing Disclosure Certificate a form of which is attached hereto as Appendix 2 to this Remarketing Circular. Pursuant to the Continuing Disclosure Certificate, the Authority will provide for the benefit of the holders of the Remarketed Bonds certain financial information and operating data relating to the Authority by the dates specified in the Continuing Disclosure Certificate (the "Annual Report"), and provide notices of the occurrence of certain enumerated events with respect to the Remarketed Bonds. The Annual Report will be filed by or on behalf of the Authority with EMMA. The notices of such events would be filed by or on behalf of the Authority with EMMA and with the Trustee. The specific nature of the information to be contained in the Annual Report and the notices of events is set forth in the Form of the Continuing Disclosure Certificate which is included in its entirety in Appendix 2. The Remarketed Bonds being made subject to the Continuing Disclosure Certificate is a condition precedent to the obligation of the Remarketing Agents to purchase the Remarketed Bonds. The Authority's undertakings in the Continuing Disclosure Certificate are being made in order to assist the Remarketing Agents in complying with the Rule.

### **CREDIT RATINGS**

The Remarketed Bonds have been assigned ratings of "A-" by Fitch, Inc. ("Fitch"), "A3" by Moody's Investors Service ("Moody's") and "A-" by S&P Global Ratings ("S&P").

The respective ratings by Fitch, Moody's and S&P of the Remarketed 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 S&P Global Ratings, 55 Water Street, New York, New York 10041. Certain information and materials not included in this Remarketing Circular were furnished to the rating agencies. 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. A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance that such ratings for the Remarketed

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 Remarketed Bonds. The Authority has not undertaken any responsibility after remarketing of the Remarketed Bonds to assure the maintenance of the ratings applicable thereto or to oppose any revision or withdrawal of such ratings.

#### **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.

#### **LEGALITY FOR INVESTMENT**

The Act provides that the Remarketed Bonds will be legal investments for public officers and bodies of the State and all municipalities, insurance companies and associations and other persons carrying on an insurance business, banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies, and other persons carrying on a banking business, all trusts, estates and guardianships, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State, or may properly and legally invest funds, including capital in their control or belonging to them. Under the Act, the Remarketed Bonds are also securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

#### **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 change in the Mode applicable to the Remarketed Bonds in substantially the form set forth in Appendix 1-3 hereto. Certain legal matters with respect to the Authority and LIPA will be passed upon by Anna Chacko, Esquire, General Counsel to the Authority and LIPA, and by Squire Patton Boggs (US) LLP, New York, New York, Disclosure Counsel to the Authority and LIPA. Certain legal matters will be passed upon for the Remarketing Agents by Nixon Peabody LLP, New York, New York, Counsel to the Remarketing Agents.

#### **LITIGATION**

There is no litigation pending or threatened in any court (either State or federal) to restrain or enjoin the remarketing of the Remarketed Bonds or questioning the creation, organization or existence of the Authority, the title to office of the Trustees or officers of the Authority, the validity or enforceability of the Resolution, Financing Agreement, the pledge of the Trust Estate, the proceedings for the authorization, execution, authentication and reoffering of the Remarketed Bonds or the validity of the Remarketed Bonds.

#### **MISCELLANEOUS**

This Remarketing Circular (which includes the ADR) includes, among other things, descriptions of (i) the Authority, LIPA, the System and NMP2 and (ii) the terms of the Remarketed Bonds, certain operating agreements, the Resolution, the Continuing Disclosure Certificate and certain provisions of the Act, some of which are included herein by specific-cross reference. Such descriptions are not complete and all such descriptions and references thereto are qualified by reference to each such document, copies of which may be obtained from the Authority.

The agreements with the holders of the Remarketed Bonds are fully set forth in the Bond Resolution, as supplemented by the Supplemental Resolution, which authorizes their issuance. This Remarketing Circular is not to be construed as a contract with the purchasers of the Remarketed Bonds or of any other obligations of the Authority.

This Remarketing Circular has been executed on behalf of the Authority by its Chief Executive Officer pursuant to the authority of the Trustees.

**LONG ISLAND POWER AUTHORITY**

By: /s/Thomas Falcone  
Chief Executive Officer

APPENDIX 1-1

Opinion of Hawkins Delafield & Wood LLP dated December 16, 2014

*Hawkins Delafield & Wood LLP*

ONE CHASE MANHATTAN PLAZA  
NEW YORK, NY 10005  
WWW.HAWKINS.COM

December 16, 2014

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 \$150,000,000 Electric System General Revenue Bonds, Series 2014C (the "Series 2014C 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 2014C 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 (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 2014C 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 2014C 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 2014C 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 2014C Bonds are not debts of the State or of any municipality thereof, and the Series 2014C 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 2014C 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 2014C Bonds has been obtained.

6. The adoption of the Resolution, compliance with all of the terms and conditions of the Resolution and the Series 2014C Bonds, and the execution and delivery of the Series 2014C 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 2014C 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 2014C 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 2014C 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 2014C 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 2014C Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Series 2014C Bonds, irrespective of the date on which such noncompliance occurs or is ascertained.

9. Under existing statutes, interest on the Series 2014C Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, and the Series 2014C 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 2014C Bonds. We 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 2014C 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 purchasers or prospective purchasers of the Series 2014C 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,

*Hawkins Delapied + Wood LLP*



APPENDIX 1-2

Opinion of Hawkins Delafield & Wood LLP dated December 1, 2015

*Hawkins Delafield & Wood LLP*

28 LIBERTY STREET  
NEW YORK, NY 10005  
WWW.HAWKINS.COM

December 1, 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 \$149,000,000 Electric System General Revenue Bonds, Series 2015C (the "Series 2015C 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 2015C 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 (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 2015C 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 2015C 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 2015C 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 2015C Bonds are not debts of the State or of any municipality thereof, and the Series 2015C 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 2015C 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 2015C Bonds has been obtained.

6. The adoption of the Resolution, compliance with all of the terms and conditions of the Resolution and the Series 2015C Bonds, and the execution and

delivery of the Series 2015C 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 2015C 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 2015C 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 2015C 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 2015C 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 2015C Bonds to be included in gross income for federal income tax purposes, retroactive to the date of issuance of the Series 2015C Bonds, irrespective of the date on which such noncompliance occurs or is ascertained.

9. Under existing statutes, interest on the Series 2015C Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, and the Series 2015C 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 above, we express no opinion regarding any other federal or state tax consequences with respect to the Series 2015C Bonds. We 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 2015C 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 purchasers or prospective purchasers of the Series 2015C 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,

*Hawkins And Field LLP*

**APPENDIX 1-3**

**Form of Opinions of Hawkins Delafield & Wood LLP relating to the Remarketed Bonds**

\_\_\_\_\_, 2018

Long Island Power Authority  
333 Earle Ovington Boulevard  
Uniondale, New York 11553

The Bank of New York,  
as Trustee and Auction Agent  
101 Barclay Street  
New York, New York 10286

Ladies and Gentlemen:

On December 16, 2014, we delivered our final approving opinion (the “2014 Opinion”) as bond counsel with respect to the issuance by Long Island Power Authority (the “Authority”) of \$150,000,000 aggregate principal amount of the Authority’s Electric System General Revenue Bonds, Series 2014 C (the “Bonds”).

The Bonds were issued under and pursuant to the Constitution and laws of the State of New York, particularly the Long Island Power Authority Act (Title 1-a of Article 5 of the Public Authorities Law of New York, as amended (the “Act”) and under and in accordance with the Authority’s Electric System General Revenue Bond Resolution (the “General Resolution”) adopted May 13, 1998, as supplemented by a Twenty-Second Supplemental Subordinated Resolution thereto (the “Twenty-Second Supplemental Resolution”) adopted August 6, 2014 and a Certificate of Determination delivered thereunder dated December 16, 2014, as supplemented and amended to the date hereof (the “Certificate of Determination,” and collectively with the General Resolution and the Twenty-Second Supplemental Resolution, the “Resolution”). All terms used and not defined herein are used as defined in the Resolution.

The Bonds were initially issued in an FRN Mode bearing interest at an Adjusted LIBOR Rate for an Interest Rate Period ending on and including October 31, 2018. The Twenty-Second Supplemental Resolution and the Certificate of Determination set forth procedures pursuant to which, subject to certain conditions, the Mode applicable to all or a portion of the Bonds may be converted from such FRN Mode to another Mode or an FRN Mode with a different Rate Index or a different Interest Rate Period duration, which conversion may occur on any Business Day on or after May 1, 2018. On September 11, 2018, the Authority delivered a notice to the Notice Parties pursuant to the Twenty-Second Supplemental Resolution and the Certificate of Determination of its intention to effect a change in the Mode applicable to the Bonds from an FRN Mode for a period ending on and including October 31, 2018 to an FRN Mode for an Interest Rate Period beginning on the date hereof (the “Mode Change Date”) and ending on and including September 30, 2023. The Twenty-Second Supplemental Resolution and the Certificate of Determination provide that such change in the Mode will take effect only upon the satisfaction of certain

conditions, including delivery of a Favorable Opinion of Bond Counsel on the Mode Change Date to such change in the Mode. This opinion is being delivered in conformity with, and for the purpose of satisfying, such requirement with respect to the Bonds.

In connection with the delivery of this opinion, we have examined and reviewed executed or certified copies of the Resolution and such other documentation as we have determined necessary in order to render the opinion set forth below.

Based upon the foregoing, we are of the opinion that such change in the Mode applicable to the Bonds on the Mode Change Date as described above (a) is permitted under the Act and the Resolution and (b) under existing statutes and court decisions will not, in and of itself, impair (i) the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation or (ii) the exemption of interest on the Bonds from personal income taxes imposed by the State of New York or any political subdivision thereof.

Except as necessary to render this opinion, we have undertaken no investigation as to matters affecting the exclusion of interest on the Bonds from gross income for Federal income tax purposes since the date of their issuance. In delivering this opinion, we have assumed with respect to the Bonds, without investigation, that the Authority and its subsidiary Long Island Lighting Company d/b/a LIPA (the "Subsidiary") are in compliance with their covenants and agreements under the Resolution and that the proceeds of the Bonds were applied in accordance with the Resolution and the tax certificate of the Authority and the Subsidiary delivered in connection with the issuance of the Bonds. Failure of the Authority and the Subsidiary to have so complied or to have so applied the proceeds of the Bonds, or to so comply, could adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. We are expressing no opinion herein as to the conclusions expressed in the 2014 Opinion or as to whether any matter, action, other than the actions described above, or omission subsequent to the date of the 2014 Opinion may have adversely affected the exclusion of interest on the Bonds from gross income for Federal income tax purposes.

We express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Bonds. This opinion may be relied upon solely in connection with the change in the interest rate Mode applicable to the Bonds occurring on the date hereof. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion 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,

\_\_\_\_\_, 2018

Long Island Power Authority  
333 Earle Ovington Boulevard  
Uniondale, New York 11553

The Bank of New York,  
as Trustee and Auction Agent  
101 Barclay Street  
New York, New York 10286

Ladies and Gentlemen:

On December 1, 2015, we delivered our final approving opinion (the “2015 Opinion”) as bond counsel with respect to the issuance by Long Island Power Authority (the “Authority”) of \$149,000,000 aggregate principal amount of the Authority’s Electric System General Revenue Bonds, Series 2015 C (the “Bonds”).

The Bonds were issued under and pursuant to the Constitution and laws of the State of New York, particularly the Long Island Power Authority Act (Title 1-a of Article 5 of the Public Authorities Law of New York, as amended (the “Act”) and under and in accordance with the Authority’s Electric System General Revenue Bond Resolution (the “General Resolution”) adopted May 13, 1998, as supplemented by a Twenty-Second Supplemental Subordinated Resolution thereto (the “Twenty-Second Supplemental Resolution”) adopted August 6, 2014 and a Certificate of Determination delivered thereunder dated December 1, 2015, as supplemented and amended to the date hereof (the “Certificate of Determination,” and collectively with the General Resolution and the Twenty-Second Supplemental Resolution, the “Resolution”). All terms used and not defined herein are used as defined in the Resolution.

The Bonds were initially issued in an FRN Mode bearing interest at an Adjusted LIBOR Rate for an Interest Rate Period ending on and including October 31, 2018. The Twenty-Second Supplemental Resolution and the Certificate of Determination set forth procedures pursuant to which, subject to certain conditions, the Mode applicable to all or a portion of the Bonds may be converted from such FRN Mode to another Mode or an FRN Mode with a different Rate Index or a different Interest Rate Period duration, which conversion may occur on any Business Day on or after May 1, 2018. On September 11, 2018, the Authority delivered a notice to the Notice Parties pursuant to the Twenty-Second Supplemental Resolution and the Certificate of Determination of its intention to effect a change in the Mode applicable to the Bonds from an FRN Mode for a period ending on and including October 31, 2018 to an FRN Mode for an Interest Rate Period beginning on the date hereof (the “Mode Change Date”) and ending on and including September 30, 2023. The Twenty-Second Supplemental Resolution and the Certificate of Determination provide that such change in the Mode will take effect only upon the satisfaction of certain conditions, including delivery of a Favorable Opinion of Bond Counsel on the Mode Change Date to such change in the Mode. This opinion is being delivered in conformity with, and for the purpose of satisfying, such requirement with respect to the Bonds.

In connection with the delivery of this opinion, we have examined and reviewed executed or certified copies of the Resolution and such other documentation as we have determined necessary in order to render the opinion set forth below.

Based upon the foregoing, we are of the opinion that such change in the Mode applicable to the Bonds on the Mode Change Date as described above (a) is permitted under the Act and the Resolution and (b) under existing statutes and court decisions will not, in and of itself, adversely affect (i) the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation or (ii) the exemption of interest on the Bonds from personal income taxes imposed by the State of New York or any political subdivision thereof.

Except as necessary to render this opinion, we have undertaken no investigation as to matters affecting the exclusion of interest on the Bonds from gross income for Federal income tax purposes since the date of their issuance. In delivering this opinion, we have assumed with respect to the Bonds, without investigation, that the Authority and its subsidiary Long Island Lighting Company d/b/a LIPA (the "Subsidiary") are in compliance with their covenants and agreements under the Resolution and that the proceeds of the Bonds were applied in accordance with the Resolution and the tax certificate of the Authority and the Subsidiary delivered in connection with the issuance of the Bonds. Failure of the Authority and the Subsidiary to have so complied or to have so applied the proceeds of the Bonds, or to so comply, could adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. We are expressing no opinion herein as to the conclusions expressed in the 2015 Opinion or as to whether any matter, action, other than the actions described above, or omission subsequent to the date of the 2015 Opinion may have adversely affected the exclusion of interest on the Bonds from gross income for Federal income tax purposes.

We express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Bonds. This opinion may be relied upon solely in connection with the change in the interest rate Mode applicable to the Bonds occurring on the date hereof. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion 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

### Form of Continuing Disclosure Certificate

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Long Island Power Authority (the “Authority”) in connection with the remarketing of its Electric System General Revenue Bonds, Series 2014C and Series 2015C (the “Bonds”). The Bonds are being reoffered pursuant to the Electric System General Revenue Bond Resolution adopted by the Authority on May 13, 1998 as amended and supplemented (the “Resolution”). The Authority covenants and agrees as follows:

SECTION 1. *Purpose of the Disclosure Certificate.* This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. *Definitions.* In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent,” if any, shall mean the person or firm, or any successor Dissemination Agent designated in writing by the Authority pursuant to Section 7 of this Disclosure Certificate and which has filed with the Authority and the Trustee a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriter” shall mean any of the remarketing agents of the Bonds required to comply with the Rule in connection with the reoffering of the Bonds.

“Remarketing Circular” shall mean the Authority’s final Remarketing Circular relating to the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of New York.

“Trustee” shall mean The Bank of New York Mellon, New York, New York and its successors and assigns.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Remarketing Circular.

SECTION 3. *Provision of Annual Reports.* For so long as shall be required by the Rule:

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than 6 months after the end of the Authority’s fiscal year (presently December 31), commencing with the report for the 2018 Fiscal Year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Trustee. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required

above for the filing of the Annual Report if they are not available by that date. If the Authority's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If the Authority is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Authority shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) If a Dissemination Agent is appointed by the Authority, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the MSRB; and

(ii) file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

(d) All documents provided to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 4. *Content of Annual Reports.* The Authority's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the Authority and its subsidiaries for the prior fiscal year, prepared in accordance with U.S. generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Operating results for the prior fiscal year of the type set forth in the Financial Statements of the Authority included by specific cross-reference in the Remarketing Circular.

3. Capital expenditures for the prior fiscal year of the type set forth in the Remarketing Circular under the heading "The System—Capital Improvements" in the Authority's Annual Disclosure Report for the Fiscal Year 2017 (which includes the Authority's Basic Financial Statements December 31, 2017 and 2016 (With Independent Auditors' Report Thereon) and Management's Discussion and Analysis (Unaudited) (the "ADR").

4. Service area loads for the prior fiscal year of the type set forth in the Remarketing Circular under the heading "The System—Loads" in the ADR.

5. A discussion of the Authority's own rates and charges (but not regional comparisons) for the prior fiscal year of the type set forth in the Remarketing Circular under the heading "Rates and Charges" in the ADR.

6. Billings and collections for the prior fiscal year of the type set forth in the ADR under the heading "Billing and Collections."

7. A discussion of operating results, cash flows, uses of cash and capital expenditures of the type set forth in the audited Financial Statements for the years ended December 31, 2017 and 2016 included by specific cross-reference in the Remarketing Circular.

Any or all of the items listed above may be included by specific reference to other documents, including Remarketing Circulars of debt issues of the Authority or related public entities, which have been submitted to the

MSRB or the Securities and Exchange Commission. The Authority shall clearly identify each such other document so included by reference.

SECTION 5. *Reporting of Listed Events.* For so long thereafter as shall be required by the Rule:

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, to the MSRB (with a copy to the Trustee), in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies.
2. non-payment related defaults, if material.
3. modifications to rights of Bondholders, if material.
4. optional, contingent or unscheduled bond calls, if material, and tender offers.
5. defeasances.
6. rating changes.
7. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
8. unscheduled draws on the debt service reserves reflecting financial difficulties.
9. unscheduled draws on the credit enhancements reflecting financial difficulties.
10. substitution of the credit or liquidity providers or their failure to perform.
11. release, substitution or sale of property securing repayment of the Bonds, if material.
12. bankruptcy, insolvency, receivership or similar event of the Authority;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority;

13. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. *Termination of Reporting Obligation.* The Authority's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such

termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. *Dissemination Agent.* The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Certificate. Initially, the Authority will serve as its own dissemination agent. Notwithstanding any other provisions hereof, the Authority or the Dissemination Agent may make the filings required by this Disclosure Certificate either directly with the MSRB or through a central information repository approved in accordance with the Rule.

SECTION 8. *Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. *Additional Information.* Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. *Default.* In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 50% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may (unless the Authority has so complied within 20 days after written notice from the Trustee of its failure to comply) take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a default or an Event of Default under the Resolution, and the sole remedy

under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. *Duties, Immunities and Liabilities of Dissemination Agent.* The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's default or negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. *Beneficiaries.* This Disclosure Certificate shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: September 27, 2018

**LONG ISLAND POWER AUTHORITY**

By: \_\_\_\_\_

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## APPENDIX 3

### Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Remarketed Bonds. The Remarketed Bonds will be reoffered 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 Remarketed 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](http://www.dtcc.com).

Purchases of Remarketed Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Remarketed Bonds on DTC’s records. The ownership interest of each actual purchaser of Remarketed 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 Remarketed 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 Remarketed Bonds, except in the event that use of the book-entry system for a Series of the Remarketed Bonds is discontinued.

To facilitate subsequent transfers, all Remarketed 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 Remarketed 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 Remarketed Bonds; DTC’s records reflect only the identity of the Direct DTC Participants to whose accounts such Remarketed 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 Remarketed 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 Remarketed 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 Remarketed 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 Remarketed 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 Remarketed 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 Remarketed 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 Remarketed Bonds registered in its name for the purposes of payment of the redemption proceeds and principal and interest on the Remarketed Bonds, giving any notice permitted or required to be given to registered owners under the Subordinated Resolution, registering the transfer of the Remarketed 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 Remarketed 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 Remarketed 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 Remarketed 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.



## APPENDIX 4

### Glossary of Certain Defined Terms

The following terms, as generally used in offering documents of the Authority, have the respective meanings provided below. These summary definitions do not purport to be complete or definitive and are qualified in their entirety by reference to the Resolution, the Financing Agreement, the OSA and the PSA, copies of which have been filed with EMMA and are on file with the Trustee.

**“Account”** means one of the special accounts created and established pursuant to the Resolution.

**“Beneficial Owner”** shall have the meaning assigned thereto in the applicable appendix or exhibit to the appropriate offering document.

**“Bondholder” “Owner” or “Holder”** means, when used with reference to a Bond, the person in whose name the Bond is registered on the registry books kept by the Trustee pursuant to the Resolution.

**“Costs”** means costs of any System Improvements or any other purpose related to the System for which bonds, notes or other obligations of the Authority may be issued under the Act or under other applicable State statutory provisions (whether or not also classifiable as an Operating Expense), including but not limited to direct costs, incidental costs (including but not limited to legal, administrative, engineering, consulting and technical services, insurance and financing costs), working capital and reserves deemed necessary or desirable by LIPA and approved by the Authority, and other costs properly attributable thereto including but not limited to the payment of principal, interest, and redemption, tender or purchase price of any (i) obligations issued by the Authority for the payment of any of such costs, (ii) Outstanding LIPA Unsecured Debt, (iii) obligations issued to pay Capitalized Interest or (iv) obligations issued to refund any obligations referred to in clauses (i) or (iii) or Outstanding LIPA Unsecured Debt referred to in clause (ii); all items of expense directly or indirectly payable or reimbursable and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for the insurance of the payment of the Bonds and any other cost, charge or fee in connection with the original issuance of Bonds; termination payments under the PSA or other agreement of the Authority or LIPA for power supply purposes; and termination payments under Financial Contracts.

**“Credit Facility”** means a letter of credit, revolving credit agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution which provides for payment of all or a portion of the Principal Installments or interest due on any Bonds including through a reserve or similar fund.

**“Depository”** means any bank or trust company selected by LIPA or the Authority, as the case may be, as a depository of moneys to be held under the provisions of the Financing Agreement or the Resolution and may include the Trustee.

**“Direct Participants”** shall have the meaning assigned thereto in the applicable appendix or exhibit to the appropriate offering document.

**“Fiduciary”** means the Trustee, any Paying Agent, any Depository, or any Authenticating Agent.

**“IRS”** means the United States Internal Revenue Service.

**“Paying Agent”** means any paying agent for any Bonds, and its successor or successors and any other person which may at any time be substituted in its place pursuant to the Resolution.

**“Qualified Counterparty”** means an entity (i) whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating or claims paying ability are rated (at the time the subject Financial Contract is entered into) in any of the three highest Rating Categories from a nationally recognized statistical rating organization, (ii) whose payment obligations under a Financial Contract are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating or claims paying ability, are rated (at the time the subject Financial Contract is entered into) in any of the three highest Rating Categories from a nationally recognized statistical rating organization, or (iii) whose obligation, if any, to make payment to the Authority upon the termination of the subject Financial Contract is fully collateralized by Investment Securities of the type described in clause (ii) of the definition of Investment Securities; provided, however, that such obligation shall be deemed to be fully collateralized if the Investment Securities shall have a market value, determined periodically in accordance with the Financial Contract, that is not less than 102% of any termination payment.

**“Refunding Bond”** means any Bond authenticated and delivered on original issuance pursuant to the Resolution for the purpose of refunding any Outstanding Bonds, or thereafter authenticated and delivered pursuant to the Resolution in lieu of or substitution for such Bond.

**“Revenue Bonds”** means any bonds, notes or other obligations issued or secured under the Resolution, the Subordinated Resolution or any other bond resolutions to be adopted by the Authority.

**“Sinking Fund Installment”** means, as of any particular date of calculation, the amount required, as of such date of calculation, to be paid by the Authority on a future date for the retirement of Outstanding Bonds which are stated to mature subsequent to such future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond.

**“Suffolk Taxing Jurisdictions”** means, collectively, Suffolk County, the Town of Brookhaven, the Shoreham-Wading River Central School District, the Wading River Fire District, and the Shoreham-Wading River Library District.

**“Trustee”** means, (i) when such term is used in the Resolution and the Financing Agreement, The Bank of New York Mellon as successor to United States Trust Company of New York, New York, New York, as Trustee, and its successor or successors and any other person which may at any time be substituted in its place pursuant to the Resolution and (ii) when such term is used in the OSA or the PSA, the trustee acting under the Resolution, the Subordinated Resolution or any other bond resolutions to be adopted by the Authority for the benefit of the holders of the Revenue Bonds.



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