

LONG ISLAND POWER AUTHORITY

GOVERNANCE, PLANNING AND PERSONNEL COMMITTEE - 2018 REPORT

On October 24, 2018, the Long Island Power Authority Board of Trustees (the “Board”) approved amendments to the Authority’s By-Laws and Committee Charters to combine the Personnel and Compensation Committee and the Governance Committee to form the Governance, Planning and Personnel Committee (the “Committee”).

The Committee has prepared this report related to its obligations pursuant to the Committee’s Charter¹.

Among its responsibilities, the Committee must report to the Board on at least an annual basis on the actions and recommendations it has undertaken to discharge its duties and meet its responsibilities pursuant to its Charter.

The Committee is charged with specific responsibilities² including:

- Develop and recommend to the Board policies for the sound governance of the Authority including but not limited to the Board’s Mission, the purpose and role of the Board, the Board’s relationship with the CEO of the Authority and other Board- appointed officers, Codes of Ethics and Conduct, performance standards for the Board and employees of the Authority, and other such policies as it deems necessary or appropriate to address transparency, independence, accountability, fiduciary responsibilities, and management oversight (which responsibility may be delegated by this Committee to other board committees that have greater first-hand knowledge or experience with the issue, at its discretion).
- Develop and recommend to the Board the number and structure of committees to be created by the Board, including this Committee.
- Develop and provide recommendations to the Board for the performance of the Board, its committees and senior management in the Authority’s governance process, including coordination and oversight of such Board performance evaluations.
- Examine potential ethical and conflict of interest issues and situations.
- Develop, review on a regular basis, and update as necessary the Authority’s Mission Statement, Policies and Work Plan (collectively, the “Strategic Plan”) to ensure that the Authority is establishing and following the appropriate and necessary direction for itself, the CEO and all of LIPA’s service providers for the immediate and long-term benefit of the customer-owners and residents of Long Island.
- Develop, review on a regular basis, and update as necessary the Authority’s Code of Ethics and Conduct, which shall be at least as stringent as the laws, rules, regulations and policies applicable to state officers and employees.

¹ This self-report collectively covers all activities conducted by the Committee, as well as the former Personnel and Compensation and Governance Committees.

² The responsibilities listed were the 2018 responsibilities as set forth in the former Committee Charters for the Personnel and Compensation Committee and Governance Committee.

- Review and develop any recommended revisions to the Authority's written policies regarding the protection of whistleblowers from retaliation.
- Develop and recommend to the Board any required updates on the Authority's written policies regarding procurement of goods and services, including policies relating to the disclosure of persons who attempt to influence the Authority's procurement process.
- Develop and recommend to the Board any required updates on the Authority's written policies regarding the disposition of real and personal property.
- Develop and recommend to the Board all updates on the Authority's other written policies that are required by statute or by resolution of the Board which have not been delegated to other Board committees or retained to itself by the Board.
- Develop and recommend to the Board any other policies or documents relating to the governance of the Authority, including rules and procedures for conducting the business of the Board, such as the Authority's by-laws and other governance documents.
- Develop a description of the competencies and personal attributes required of Trustees to assist those authorized to appoint members to the Board in identifying qualified individuals.
- Develop and provide recommendations to the Board regarding Trustee education, including new Trustee orientation and regularly scheduled Trustee training.
- Review and report to the Board on the requirement under the LIPA Reform Act to keep the Authority's staffing at only those levels necessary to ensure that the Authority is able to meet its obligations with respect to its bonds and notes and all applicable statutes and contracts and oversee the activities of its service provider.
- Monitor and make recommendations to the Board with respect to the Authority's staffing and employment policies, practices, and programs, including those that seek to attract and retain a qualified workforce, support the continued professional development of the Authority's staff, and ensure employment practices that meet or exceed relevant laws and regulations.
- Recommend for approval by the Trustees the appointment and compensation of the Chief Executive Officer and annually evaluate and make recommendations to the Board regarding the performance of the Chief Executive Officer relative to the mission, values, governance, and operating principles approved by the Board.
- Annually review and, if appropriate, recommend to the Trustees changes in the compensation of the Chief Executive Officer taking into account such factors as:
 - the compensation and benefits of those at utilities of similar size and complexity;
 - an appropriate balance of compensation practices among public and private organizations;
 - industry and regional cost-of-living trends; and
 - individual performance and contribution.
- Recommend for approval, in consultation with the Chief Executive Officer, the appointment of the Chief Financial Officer and General Counsel.
- In consultation with the Chief Executive Officer, advise the Board with respect to emergency succession planning for the position of the Chief Executive Officer.
- Review and report to the Board at least annually on the effectiveness of the Board, the Board's governance structure and the Board's policies, and make such recommendations to the Board as will improve the effectiveness of the Board, the utilization of the Authority's assets and the Board's oversight of the Authority's operations. The Committee

will similarly assess its own activities and effectiveness as a Committee and report that to the Board annually, including a report on any proposed changes to the charter or the staffing and employment policies of the Board.

- Carry out such other activities consistent with its purpose as may be requested from time to time by the Chair of the Board or the Board of Trustees.

Membership

The Committee's Charter requires that a minimum of three Trustees serves as members of the Committee. As appointed by the Chair of the Board, the following three Trustees served on the Committee as of December 31, 2018:

Elkan Abramowitz, Chair
Mark Fischl
Drew Biondo

Meetings

The Committee is required to meet as often as it determines necessary, but not less frequently than four times per year. As of December 31, 2018: (i) the Personnel and Compensation Committee met two times; and (ii) the Governance Committee met four times.

Committee Activities

During 2018, collectively, the Committee and the former Personnel and Compensation and Governance Committees satisfied each of the obligations contained in their respective charters including the following key activities:

- Review of LIPA Staffing Levels;
- Recommendation to Approve Amendments to Committee's Charter;
- Appointment of a new General Counsel;
- Committee's Annual Self Report to the Board;
- Review of Annual Governance Package, including Committee Charter;
- Discussion of 2017 Goals and Accomplishments;
- Discussion of LIPA's 2018-2020 Workplan;
- Discussion of Proposed Governance Initiatives;
- Discussion of the 2018 Management Audit;
- Recommendation to Approve the Amendments to the Authority's Bylaws and Committee Charters to Combine the REV and Oversight Committees, and the P&C and Governance Committees;
- Recommendation to Approve the Annual Report and Amendments to the Board's Policy on Staffing and Employment; and
- Recommendation to Approve the Annual Report and Amendments to the Board's Policy on Development, Retention and Succession.

Conclusion

The Committee will continue to keep the Board informed of best governance practices, update the Authority's corporate governance principles, and ensure that the Board's policies provide strategic direction for the Authority and that the Board is being effective in the utilization of the Authority's assets and oversight of activities. The Committee remains available to provide assistance and guidance regarding its other charter obligations and any additional responsibilities requested by the Trustees or the Chair of the Board.