

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 281ST MEETING

HELD ON MARCH 20, 2019

The Long Island Power Authority (the “Authority”) was convened for the two-hundred-and-eighty-first time at 9:36 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on March 15, 2019, and electronic notice posted on the Authority’s website.

The following Trustees of the Authority were present:

**Ralph Suozzi, Chairman
Elkan Abramowitz
Drew Biondo
Sheldon Cohen
Matthew Cordaro
Mark Fischl
Peter Gollon
Thomas McAteer**

Representing the Authority were Thomas Falcone, Chief Executive Officer; Anna Chacko, General Counsel; Rick Shansky, Vice President of Operations Oversight; Kenneth Kane, Interim Chief Financial Officer, Bobbi O’Connor, Vice President of Policy, Strategy and Administration & Secretary to the Board of Trustees; and Michael Deering, Director of Customer Service Oversight and Stakeholder Relations.

Representing PSEG Long Island were Daniel Eichhorn, President and COO; Rick Walden, Vice President of Customer Service; Paul Napoli, Vice President of Power Markets; and Andrea Elder-Howell, Managing Director and Vice President of Legal.

Chairman Suozzi welcomed everyone to the 281st meeting of the Long Island Power Authority Board of Trustees and led the Pledge of Allegiance.

Chairman Suozzi stated that the first item on the agenda was the Chairman’s remarks.

After the Chairman’s remarks, Chairman Suozzi stated that the next item on the agenda was the Consideration of the Consent Agenda Items.

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolutions were unanimously adopted by the Trustees based on the memoranda summarized below:

1467. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JANUARY 23, 2019 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on January 23, 2019 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

Requested Action

The Board of Trustees of the Long Island Power Authority (the “Authority”) is requested to adopt a resolution approving: (i) the Authority’s Annual Investment Report for 2018 in the form attached hereto as Exhibit “B”; and (ii) the 2019 Board Policy on Investments in the form attached hereto as Exhibit “D”.

Annual Investment Report for 2018

Section 2925 of the Public Authorities Law (“PAL”) requires that the Authority annually review and approve an investment report. The Authority’s investments are either (i) managed by an investment manager in primarily short term, highly liquid investments; or (ii) invested in broad-based, low cost equity and fixed-income mutual funds. All investments of Authority funds are governed by the Board Policy on Investments.

The Authority’s investments were compliant with the terms and conditions of the Policy for 2018 and performed consistent with Staff’s expectations given the nature of the investments.

2019 Board Policy on Investments

The Board is also required by Section 2925(6) of the PAL to annually review and approve the Board Policy on Investments that details the Authority’s operative instructions to staff regarding the investing, monitoring and reporting of funds of the Authority. The Board Policy on Investments was last reviewed and approved on March 29, 2018.

The proposed revisions to the Board Policy on Investments seek to clarify, simplify and ensure continued compliance with the various contractual and regulatory requirements.

Based on Staff's review, which was performed in consultation with the Authority's investment advisor, bond counsel and disclosure counsel, Staff proposes the following amendments to the Policy:

- With respect to the Policy requirements of the Authority's OPEB Account, the proposed changes include: (i) decreasing the allocation to domestic equity mutual funds from 45% to 40%; (ii) increasing the allocation to international equity mutual funds from 20% to 25%; and (iii) eliminating provisions dealing with the purchase of individual securities, as all funds are held in mutual funds.
- With respect to the Policy requirements of the Authority's Nuclear Decommissioning Trust Fund ("NDTF"), the proposed changes include: (i) increasing the allocation to domestic and international equity mutual funds from a combined 50% to a combined 55%; (ii) separately delineating the portion of equity mutual funds held in domestic equity mutual funds as 35% and the portion held in international equity mutual funds as 20% (previously, the Policy stated that no more than half of the 50% allocated to equity mutual funds could be invested in international equity mutual funds); and (iii) allocating a portion of the funds to be held in fixed income mutual funds to funds holding inflation protected bonds. Additionally, the Authority is in the process of liquidating investments in individual fixed income securities and buying fixed income mutual funds for the NDTF. As such, Staff recommends removal of the portion of the Policy relating to individual securities to simplify the investment guidelines.
- The addition of provisions to authorize specific individuals who are permitted to transact on behalf of the Authority with certain commercial banks or financial institutions subject to certain minimum rating conditions as set forth in the Policy.
- Certain other nonmaterial and clarification changes.

All proposed changes to the Policy are more fully set forth in Exhibit "C".

Recommendation

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

1468. RESOLUTION APPROVING THE ANNUAL INVESTMENT REPORT FOR 2018 AND THE 2019 BOARD POLICY ON INVESTMENTS

RESOLVED, that the Board of Trustees hereby approves the Annual Investment Report for the period ended December 31, 2018, in the form presented at this meeting; and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby approves and adopts the revised Board Policy on Investments in the form presented at this meeting to be effective immediately.

Requested Action

The Board of Trustees of the Long Island Power Authority (the “Authority”) is being requested to adopt a Resolution reviewing and approving certain Mission, Governance and Compliances Board Policies.

Discussion

In accordance with the New York State Public Authorities Law (“PAL”) and governance best practices, the Board has adopted various policies relating to the Authority’s mission, governance and compliance¹. Specifically, these include the: (i) Mission Statement; (ii) By-laws; (iii) Board Policy on Procurement²; (iv) Board Policy on Property Disposition³; (v) Board Policy on Real Property Acquisition; (vi) Board Policy on Lobbying; (vii) Trustee Code of Ethics and Conduct; (viii) Board Policy on Trustee Communication; (ix) Board Policy on Interest Rate Exchange Agreements; (x) Board Policy on the Values of Responsiveness and Integrity; and (xi) Board Policy on Prompt Payment.

Annual Review and Amendments to Certain Board Policies

Staff proposes to amend the Trustee Code of Ethics and Conduct consistent with updates to the Authority’s Committee structure. Specifically, all references to the Governance Committee will be replaced with the Governance, Planning and Personnel Committee.

Staff recommends no changes to the other policies listed above and recommends approval of the review of those policies, as written.

Recommendation

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

¹The subsequent list does not represent the full complement of Board policies. Other Board Policies are specifically reviewed annually by the Board throughout the calendar year. The Authority maintains a list of all Board policies on its website [here](#) and the corresponding implementation reports [here](#).

²Section 2897(1) of the Public Authorities Law requires that the procurement guidelines be annually reviewed and approved by the Authority.

³Section 2896(1) of the Public Authorities Law requires that the property disposition guidelines be annually reviewed and approved by the Authority

1469. RESOLUTION APPROVING THE ANNUAL REVIEW OF CERTAIN MISSION, GOVERNANCE AND COMPLIANCE BOARD POLICIES

WHEREAS, in accordance with the New York State Public Authorities Law (“PAL”) and governance best practices, the Board has adopted various policies relating to the Authority’s mission, governance and compliance, including the: (i) Mission Statement; (ii) By-laws; (iii) Board Policy on Procurement; (iv) Board Policy on Property Disposition; (v) Board Policy on Real Property Acquisition; (vi) Board Policy on Lobbying; (vii) Trustee Code of Ethics and Conduct; (viii) Board Policy on Trustee Communication; (ix) Board Policy on Interest Rate Exchange Agreements; (x) Board Policy on the Values of Responsiveness and Integrity; and (xi) Board Policy on Prompt Payment; and

WHEREAS, Staff has proposed to amend the Trustee Code of Ethics and Conduct consistent with updates to the Authority’s Committee structure by removing all references to the Governance Committee to be replaced with the Governance, Planning and Personnel Committee; and

WHEREAS, Staff recommends that the Board approve the annual review of the other Board policies, listed above, as written; and

WHEREAS, the Governance, Planning and Personnel Committee of the Authority has recommended approval of the annual review by the Board.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees hereby approves the annual review of the: (i) Mission Statement; (ii) By-laws; (iii) Board Policy on Procurement; (iv) Board Policy on Property Disposition; (v) Board Policy on Real Property Acquisition; (vi) Board Policy on Lobbying; (vii) Trustee Code of Ethics and Conduct; (viii) Board Policy on Trustee Communication; (ix) Board Policy on Interest Rate Exchange Agreements; (x) Board Policy on the Values of Responsiveness and Integrity; and (xi) Board Policy on Prompt Payment; and

BE IT FURTHER RESOLVED, the Board of Trustee hereby approves the amendments to the Trustee Code of Ethics and Conduct as more specifically shown on Exhibit “B”.

Requested Action

The Board of Trustees of the Long Island Power Authority (the “Board”) is requested to adopt a resolution: (i) approving the annual report on the Board Policy on Economic Development (the “Policy”); (ii) finding that the Long Island Power Authority and its subsidiary, LIPA (collectively the “Authority” or “LIPA”) have complied with the Policy; and (iii) approving certain amendments to the Policy, which resolution is attached hereto as Exhibit “A”.

Background

By Resolution No. 1356, dated March 29, 2017, the Board adopted the Policy with the purpose promoting the economic growth and vitality of its service territory and the efficient use of utility plant and equipment that furthers the mission of LIPA to its customer-owners and is consistent with LIPA's enabling statutes.

Compliance with the Policy

Staff recommends that, for the reasons set forth below, the Board find that the Authority has complied with the Policy since the adoption of the policy last year.

The Policy requires that “the Board of Trustees monitor performance of Policy through an annual review of the economic development rates and programs offered by LIPA and its Service Provider with an emphasis on: (i) reviewing customer and other stakeholder participation in such economic development rates and programs and assessing the costs and benefits of such programs; (ii) monitoring the number of jobs and businesses supported by the economic development activities of LIPA and its Service Provider, including the portion of such jobs and businesses that were newly attracted to the service territory based on the availability of economic development rates and programs; and (iii) monitoring the consistency and coordination of economic development activities with State and regional efforts and industry best practices.”

“Reviewing customer and other stakeholder participation in such economic development rates and programs and assessing the costs and benefits of such programs.”

- Existing and new economic development programs have helped 309 commercial customers in 2018;
 - 251 customers received lower power supply costs totaling \$21.9M.
 - 58 customers received credits lowering their energy delivery costs by \$1.76M.
- 18 economic development customers have further benefited by reducing 600,000 kWh in energy usage through the award of \$132,000 in energy efficiency rebates.

“Monitoring the number of jobs and businesses supported by the economic development activities of LIPA and its Service Provider, including the portion of such jobs and businesses that were newly attracted to the service territory based on the availability of economic development rates and programs.”

- Overall, since 2012 the existing and new economic development activities have supported businesses who have committed to add 9,300 new jobs throughout the service territory.

“Monitoring the consistency and coordination of economic development activities with State and regional efforts and industry best practices.”

- PSEG Long Island maintains membership in both the New York State Economic Development Council (“NYSEDC”) and the Long Island Business Development Council (“LIBDC”). These are the two principal economic development organizations in the region. Both the NYSEDC and LIBDC assist in PSEG Long Island maintaining a network of colleagues and meetings where best practices and lessons learned are reviewed and discussed.

Annual Review of the Policy

Staff proposes the following revisions to the Policy:

- To amend the annual reporting requirement by specifically detailing that the annual report on the Policy will be reviewed by the Finance and Audit Committee of the Board of Trustees, and to make the annual reporting requirement consistent with other Board policies.
- Certain other non-material amendments to the elements of the Policy for better explanation and clarification of the purpose and intent of the Policy.

The proposed changes are more specifically shown on in Exhibit “B”.

Recommendation

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

1470. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON ECONOMIC DEVELOPMENT

WHEREAS, the Board Policy on Economic Development (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1356, dated March 29, 2017; and

WHEREAS, the Board has received the annual Staff report on compliance with the Policy; and

WHEREAS, the Board has reviewed the Policy and approves the changes to the Policy as recommended by Staff.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby finds that the Authority has complied with the Policy for the period since the last annual review of the Policy, approves the annual report to the Board, and approves updates to the Policy, as recommended herein.

Requested Action

The Board of Trustees of the Long Island Power Authority (the “Board”) is requested to approve a resolution authorizing the Chief Executive Officer, or his designee, to engage Mindshift (Ricoh USA) to provide Data Center Co-location Services to the Long Island Power Authority and its subsidiary, the Long Island Lighting Company d/b/a LIPA (collectively, “LIPA” or the “Authority”) for a term not to exceed five years.

Background

LIPA has a need for Data Center Co-location Services (leasing rack space/cabinets) from a co-location provider to house LIPA’s systems (servers, switches, and firewalls) at a secure data center facility to improve system reliability and enhance LIPA’s cybersecurity posture. The co-hosted data center will increase the availability of LIPA’s systems by utilizing high-availability (HA) server computing and network/telecommunication infrastructure. The proposed co-located data center solution can readily adapt LIPA’s current and future space, power and cooling requirements and provide a secure facility to host LIPA’s computing systems and infrastructure.

Discussion

On January 28, 2019, LIPA issued a Request for Proposals (“RFP”) seeking qualified firms to provide Data Center Co-location Services. The RFP was advertised in the NYS Contract Reporter, posted on LIPA’s website and sent to four SDVOB firms.

On February 25, 2019, three firms submitted proposals to provide Data Center Co-location Services. A selection committee of three LIPA IT staff evaluated the technical aspects of the proposals (the “Technical Team”), while LIPA Procurement Staff evaluated the costs of each proposal and the proposed participation of M/WBE and service-disabled veteran owned businesses (“SDVOB”).

Data Center Colocation Services

Based on the technical and cost reviews, M/WBE and SDVOB capabilities, Mindshift had the highest overall score. Mindshift’s costs were also determined to be reasonable.

Recommendation

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

**1471. RESOLUTION AUTHORIZING THE ENGAGEMENT OF A FIRM TO PROVIDE
DATA CENTER CO-LOCATION SERVICES**

NOW, THEREFORE, BE IT RESOLVED, that consistent with the attached Memorandum, the Chief Executive Officer or his designee be, and hereby is, authorized to engage Mindshift to provide Data Center Co-location Services to the Long Island Power Authority and its subsidiary the Long Island Lighting Company d/b/a LIPA with a contract for a period of five years.

Chairman Suozzi stated that the next item on the agenda was the Approval of a Power Purchase Agreement with American Organic Energy to be presented by Rick Shansky.

After requesting a motion on the matter, which was seconded, Mr. Shansky presented the following action item and took questions from the Trustees.

Requested Action

The Board of Trustees is requested to approve and adopt a resolution authorizing the Chief Executive Officer, or his designee(s), to execute a Power Purchase Agreement (“PPA”) between the Long Island Power Authority (“LIPA”) and American Organic Energy LLC (“AOE”); and to take such other actions as may be reasonably necessary to implement arrangements to purchase electricity and renewable attributes from AOE, located near the Town of Brookhaven’s Yaphank Landfill (“Project”).

Background

The Project is an innovative model of how clean, on-site power can significantly reduce Greenhouse Gas (“GHG”) Emissions and support sustainable communities. The proposed anaerobic digester Project will be the most sophisticated food waste processing facility in the world. The Project is proposed to be built in the Yaphank facility, where Long Island Compost currently resides, and process ~180,000 tons of local food waste per year. AOE will collect, separate, pre-process, break down, and transform Long Island’s food waste into convertible energy, vehicle fuel, electricity, fertilizer, and nutrient-rich water.

LIPA has an existing PPA and an existing Interconnection Agreement (“EIA”) with the Town of Brookhaven for a small generating facility utilizing landfill gas from the Yaphank landfill; however, the proposed facility never became operational. The Project intends to utilize methane captured from the landfill to supplement its fuel supply.

Although the Project was not eligible to apply for any existing renewable procurements, it represents a source of clean energy that would help meet LIPA’s Clean Energy Standard goals.

Accordingly, PSEG Long Island negotiated with AOE and reached agreement on a price that reflects LIPA's long-run avoided costs, including the value of all the renewable attributes associated with the Project's generation of electricity and reduction of GHG¹. The price is also competitive with pricing of other comparable clean energy facilities under contract to LIPA.

Economic Development Benefits

The Project will create at least 10 full time jobs and help retain more than 100 full time jobs related to current operations at the Yaphank location. The Project will also provide a lower cost waste disposal option for food service businesses such as supermarkets, bakeries, restaurants, commercial food processors, cafeterias, catering halls and hotels. In recognition of the unique benefits of the Project, AOE was awarded grants from the New York State Energy Research and Development Authority ("NYSERDA") and Empire State Development.

Basic Terms

Under the proposed terms of the PPA, LIPA will purchase all of the electricity and renewable attributes produced by the Project for a 20-year term at a fixed price, commencing with commercial operation that is projected to occur by December 31, 2020. The PPA will also establish annual and hourly limits on the delivery of energy to LIPA. The estimated total expenditure under the PPA is \$84 million over 20 years.

Recommendation

Based on the foregoing reasons, I recommend that the Trustees approve a PPA with AOE and adopt a resolution in the form attached hereto.

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1472. AUTHORIZATION TO ENTER INTO POWER PURCHASE AGREEMENT WITH AMERICAN ORGANIC ENERGY, LLC FOR THE PURCHASE OF ELECTRICITY AND RENEWABLE ATTRIBUTES FROM THE AMERICAN ORGANIC ENERGY, LLC PROJECT

¹ The Project will reduce GHG emissions by over 85,000 tons of CO₂/year and reduce truck traffic on Long Island roads (1.4 million miles per year) as compared to current landfill disposal practice. In addition, Long Island Compost will convert certain stationary equipment from diesel to electricity as a result of the Project – expected to reduce diesel fuel consumption by an estimated 200,000 gallons/year.

WHEREAS, American Organic Energy, LLC (“AOE”) has proposed to build, own and operate an anaerobic digester electricity generation facility to be located near the Town of Brookhaven’s Yaphank Landfill (“Project”); and

WHEREAS, the Project represents a source of clean energy that would help the Long Island Lighting Company d/b/a LIPA (“LIPA”) meet its Clean Energy Standard goals; and

WHEREAS, the proposed purchase price for electricity and renewable attributes from the Project under a proposed power purchase agreement (“PPA”) reflects LIPA’s long-run avoided costs and is competitive with pricing of other comparable clean energy facilities under contract to LIPA;

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer and his designee be and hereby are authorized to execute and effect a PPA and other related agreements and arrangements, consistent with the terms of the accompanying memorandum, and to perform such further acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chief Executive Officer or his designee, to implement LIPA’s purchase of electricity and renewable attributes from AOE.

Chairman Suozzi stated that the next item on the agenda was the CEO’s Report presented by Thomas Falcone.

Mr. Falcone presented the CEO Report and took questions from the Trustees.

Chairman Suozzi stated that the next item on the agenda was the CFO’s Report, and the Approval of the Annual Report and Amendments to the Board Policy on Debt and Access to Capital Markets, to be presented by Kenneth Kane.

Mr. Kane presented the CFO Report. After requesting a motion on the matter, which was seconded, Mr. Kane presented the following action item and took questions from the Trustees.

Requested Action

The Board of Trustees of the Long Island Power Authority (the “Board”) is requested to adopt a resolution: (i) finding that the Long Island Power Authority and its subsidiary, LIPA

(collectively the “Authority” or “LIPA”) have complied with the Board Policy on Debt and Access to Credit Markets (the “Policy”); (ii) approving the annual report for the Policy; and (iii) approving certain amendments to the Policy, which resolution is attached hereto as Exhibit “A”.

Background

By Resolution No. 1319, dated September 21, 2016, the Board adopted the Policy with the purpose of serving the long-term interests of the Authority’s customers by adopting sound financial plans in each year. Sound financial plans ensure the ready access to borrowing on reasonable terms necessary to fund the infrastructure investments that maintain the reliability and resiliency of the Long Island electric system. Such financial plans contemplate prudent levels of borrowing that will accommodate efficient access to the capital markets and thereby minimize the long-term cost of providing electric service to our customer-owners. The Policy was last amended by the Board by Resolution No. 1354, dated March 29, 2017.

Compliance with the Policy

Staff recommends that, for the reasons set forth below, the Board find that the Authority has complied with the Policy for the period since the last annual review. The Policy requires:

“Fixed obligation coverage ratios on Authority-issued debt and on the combination of Authority issued and Utility Debt Securitization Authority-issued debt of no less than:

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---------------|-------------|-------------|-------------|-------------|
| LIPA | 1.20x | 1.30x | 1.40x | 1.45x |
| LIPA and UDSA | 1.15x | 1.20x | 1.25x | 1.25x” |

- LIPA has exceeded the coverage requirements in 2016, 2017, and 2018 and has budgeted to achieve the required level in 2019. Specifically, the actual coverage ratios for these years were:

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | Budget <u>2019</u> |
|---------------|-------------|-------------|-------------|------------------------------|
| LIPA | 1.26x | 1.33x | 1.49x | 1.45x |
| LIPA and UDSA | 1.19x | 1.22x | 1.29x | 1.25x |

“Generating sufficient cash flow from current revenues to maintain the issuance of new debt as a percentage of capital spending at 64% or lower throughout the planning period.”

- New debt as a percentage of capital spending was 62% for 2018 and is projected to remain below 64% through 2019.

“Maintaining cash on hand of at least \$100 million in the Operating Fund and \$150 million in the Rate Stabilization Fund and overall cash on hand and available credit of at least 120 days of operating expenses.”

- **December 31, 2018 cash balances for the Operating Fund and the Rate Stabilization fund were \$210 million and \$155 million, respectively.**
- **Overall cash on hand and available credit was 258 days of operating expenses as of December 31, 2018.**

“Pre-funding of Pension Fund Obligations, Other Post-Employment Benefits and Nuclear Decommissioning Trust Fund Obligations in a fiscally sound manner, as measured no less than every third year by an actuarial services firm.” As of December 31, 2018:

- **The funding levels of each of the funds has been reviewed by an actuarial services firm within the last three years and LIPA has made actuarially sound contributions to each fund, as described below, to fully fund the obligations over time.**
- **The PSEG Long Island pension plan trust account had assets valued at \$213 million and benefit obligations of \$322 million resulting in an unfunded contractual liability for the Authority of \$109 million. The Authority funded a \$40 million contribution to this plan during 2018.¹**
- **LIPA’s OPEB Account to prefund the OPEB benefits of PSEG Long Island employees had assets valued at \$272 million compared to a benefit obligation of \$500 million resulting in an unfunded contractual liability of \$228 million. The Authority funded \$87 million to this account in 2018.**
- **The OPEB Trust for LIPA employees had assets valued at \$19 million and benefit obligations of \$21 million resulting in an unfunded liability of \$2 million. The Authority funded approximately \$2 million to this trust in 2018.**
- **The NMP2 Nuclear Decommissioning Trust Funds had assets of \$125 million. The trust is sufficiently funded to meet the decommissioning obligations and requirements as they come due, with modest additional contributions averaging approximately \$1 million per year. The Authority recently invested \$1 million in the fund representing the 2018 contribution.**

Annual Review of the Policy

Staff proposes to amend the Policy to specify that the Chief Executive Officer will report annually to the Board of Trustees on compliance with the terms and conditions of the Policy. The proposed amendment is set forth in Exhibit “B”.

¹ The PSEG Long Island employee pension and OPEB obligations are legal obligations of PSEG Long Island, and the employees covered by these plans are PSEG Long Island employees. The cost to employ the workforce of PSEG Long Island is a pass-through expenditure and a contractual liability of the Authority.

Recommendation

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

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1473. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON DEBT AND ACCESS TO THE CREDIT MARKETS

WHEREAS, the Board Policy on Debt and Access to the Credit Markets (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1319, dated September 21, 2016; and

WHEREAS, the Board has received the annual Staff report on compliance with the Policy; and WHEREAS, the Board has reviewed the Policy and approves the changes to the Policy as recommended by Staff.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Board hereby finds that the Authority has complied with the Policy for the period since the adoption of the Policy, approves the annual report to the Board, and approves updates to the Policy, as recommended herein.

Chairman Suozzi stated that the next item on the agenda was the Approval of the 2018 Financial Report to be presented by Kenneth Kane.

After requesting a motion on the matter, which was seconded, Mr. Kane presented the following action item and took questions from the Trustees:

Requested Action

The Board of Trustees of the Long Island Power Authority (the “Authority”) is requested to approve the 2018 Financial Report of the Authority (the “Financial Report”) prepared in accordance with Section 2800(1) of the Public Authorities Law (“PAL”), in the form attached as Exhibit “B”.

2018 Financial Report

Section 2800(1) of the PAL requires the Authority to submit an annual report to the Governor, the Chairman and ranking minority member of the Senate Finance committee, the Chairman and ranking minority member of the Assembly Ways and Means committee, the State Comptroller, and the Authorities Budget Office, within ninety days after the end of the Authority's fiscal year.

Under Section 2800(1)(a)(2) of the PAL, the Financial Report shall include the following: audited financials; grant and subsidy programs; operating and financial risks; current bond ratings; and long-term liabilities.

Section 2800(3) of the PAL requires the Financial Report to be approved by the Board of Trustees. Accordingly, the proposed Financial Report has been reviewed by the Finance and Audit Committee of the Board, which has approved a resolution recommending that the Board of Trustees approve of the Financial Report at this time.

Recommendation

Based upon the foregoing, it is recommended that the Trustees adopt the resolution in the form attached hereto as Exhibit "A".

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1474. RESOLUTION APPROVING THE 2018 FINANCIAL REPORT OF THE LONG ISLAND POWER AUTHORITY

WHEREAS, Section 2800(1) of the Public Authorities Law ("PAL") requires public authorities such as the Long Island Power Authority (the "Authority") to prepare an annual report; and

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

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

WHEREAS, the Finance and Audit Committee has reviewed the Authority's Financial Report and approved a resolution recommending approval by the Board of Trustees at this time.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees hereby approves the 2018 Financial Report of the Long Island Power Authority, in the form presented at this meeting.

Chairman Suozzi stated that the next item on the agenda was the Secretary's Report on Board Policies and Communication to be presented by Bobbi O'Connor.

Ms. O'Connor presented the Secretary's Report and then took questions from the Trustees.

Chairman Suozzi stated that the next item on the agenda was the Summary Discussion of the First Quarter Trustee Information Workshops to be presented by Bobbi O'Connor, Rick Shansky, Michael Deering and Kenneth Kane.

Ms. O'Connor, Mr. Shansky, Mr. Deering and Mr. Kane presented the Summary Discussion of the First Quarter Trustee Information Workshop and then took questions from the Trustees.

Chairman Suozzi stated that the next item on the agenda was the Discussion of the 2019 OSA Performance Metrics to be presented by Rick Shansky.

Mr. Shansky presented the Discussion of the 2019 OSA Performance Metrics and then took questions from the Trustees.

Chairman Suozzi stated the next item on the agenda was the PSEG Long Island Operating Report and Discussion of PSEG Long Island 2018 Metric Performance, to be presented by Daniel Eichhorn.

Mr. Eichhorn presented the PSEG Long Island Operating Report and lead the Discussion of PSEG Long Island 2018 Metric Performance and took questions from the Trustees.

Chairman Suozzi stated the last item on the agenda was the Discussion of the Results of the Board of Trustees' Self-Evaluation to be presented by Bobbi O'Connor.

Ms. O'Connor presented the Discussion of the Results of the Board of Trustees' Self-Evaluation and took questions from the Trustees.

Chairman Suozzi then allowed public comment to be heard, and then announced that the next Board meeting is scheduled for Wednesday, May 22, 2019 at 11:00 a.m. in Uniondale.

Chairman Suozzi then asked for a motion to adjourn to Executive Session and announced that no votes would be taken and that the Board would not be returning to Open Session. The motion was duly made and seconded, and the following resolution was adopted:

1475. EXECUTIVE SESSION – PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Trustees of the Long Island Power Authority shall convene in Executive Session for the purpose of discussing personnel and litigation matters.

At approximately 11:34 a.m. the Open Session of the Board of Trustees was adjourned on a motion to enter into Executive Session.
