

LONG ISLAND POWER AUTHORITY
MINUTES OF THE
GOVERNANCE, PLANNING & PERSONNEL COMMITTEE MEETING
HELD ON JULY 24, 2019

The Governance, Planning and Personnel Committee of the Long Island Power Authority (the "Authority") was convened at 9:27 a.m. at LIPA Headquarters, Uniondale, NY, pursuant to legal notice given on July 19, 2019; and electronic notice posted on the Authority's website.

The following Trustees of the Authority were present:

*Mark Fischl, Acting Committee Chair
Drew Biondo, Committee Member
Sheldon Cohen, Committee Member
Ali Mohammed*

Representing the Authority were Thomas Falcone, Chief Executive Officer; Bobbi O'Connor, Vice President of Policy & Strategy and Secretary to the Board of Trustees; and Barbara Ann Dillon, Director of Human Resources and Administration.

Acting Chair Fischl welcomed everyone to the Governance, Planning and Personnel Committee meeting of the Long Island Power Authority Board of Trustees.

Acting Chair Fischl stated the first item on the agenda was the adoption of the minutes from the May 22, 2019 Governance, Planning and Personnel Committee meeting.

Upon motion duly made and seconded, the minutes of the May 22, 2019 meeting were approved unanimously.

Acting Chair Fischl stated that the last item on the agenda was the Recommendation to Approve the Annual Report and Amendments to the Board's Policy on Staffing and Employment, to be presented by Barbara Ann Dillon.

Ms. Dillon presented the following action item and took questions from the Trustees:

Requested Action

The Governance, Planning and Personnel Committee (the "Committee") of the Board of Trustees of the Long Island Power Authority (the "Board") is requested to adopt a resolution recommending: (i) that the Long Island Power Authority and its subsidiary, LIPA (collectively the "Authority" or "LIPA") has complied with the Board Policy on Staffing and Employment (the "Policy"); (ii) approval of the annual report for the Policy, and (iii) approval of certain amendments to the Policy, which resolution is attached hereto as Exhibit "A".

Background - Board Policy on Staffing and Employment

By Resolution No. 1338, dated January 25, 2017, the Board adopted the Policy with the purpose of fostering a work environment that attracts and retains the experienced professionals of diverse talents and backgrounds and promotes an ethical and productive organization. The Board last reviewed and amended the Policy on October 24, 2018.

Compliance with the Policy

Staff recommends that, for the reasons set forth below, the Board find that the Authority has complied with the objectives of the Policy for the period since the last annual report.

The Policy requires the Board of Trustees "Appoint and, when necessary, discharge the CEO; evaluate the performance of and determine the compensation of the CEO; and with the advice of the CEO, appoint the other Board-appointed Officers specified in the Authority's By-laws."

- The Board completed the CEO's annual performance evaluation at its May 2019 Board meeting. The CEO's performance evaluation was prepared by the Chair of the Governance, Planning and Personnel Committee with the assistance of a third-party human resources consultant and 360-degree anonymous feedback from all Trustees as well as the senior staff of the Authority.
- The Board requested information on and reviewed the salary of the CEO of \$275,000. A survey of 22 public power utilities of similar size to LIPA found an average salary for the position of \$435,000, with a range of \$235,000 to over \$1 million. LIPA was the third-largest utility participating in the public power survey. The LIPA CEO's salary was ranked 20 of the 22 publicly-owned power utilities. A third-party survey

that includes investor owned utilities found an average salary for utilities with between \$1 and \$3 billion of annual revenue of \$935,000 with average total compensation of \$1.685 million.

- The Board appointed Anna Chacko as General Counsel in July 2018.

The Policy authorizes and directs the Chief Executive Officer to:

“Manage the organization and staffing of the Authority, including hiring and terminating staff as necessary to enable the Authority to achieve its mission and values, while recognizing that diversity of talent, interests, background and experience is a key attribute to a healthy organization”; and “Maintain staffing at the minimum level 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 the Authority’s service provider.”

- The CEO has managed the staffing levels of the Authority at the minimum level necessary to execute its goals and mission, consistent with the staffing plan reported to the Board in January 2019.
- Authority staff consists of 53 full-time employees and 6 part-time employees. The Policy directs the CEO to “develop and implement human resource practices, programs, training, and initiatives that are consistent with this Policy...including: (a) an Employee Handbook that provides guidance to employees regarding their rights, benefits, and responsibilities and (b) an Employee Code of Ethics and Conduct, including annual acknowledgement of receipt and compliance by each employee.”
- The Employee Handbook was last comprehensively reviewed and revised in August 2018 and includes all components required by the Policy, comports with all applicable law, and was updated to incorporate changes in human resources best practice. The Handbook is revised and updated as necessary on an on-going basis.
- All employees certified their compliance with the Code of Ethics and Conduct. The Policy directs the CEO to “Establish and administer compensation practices and benefits for the Authority’s staff that are sufficient but not excessive to attract and retain a qualified, experienced workforce; are appropriate based on an individual’s knowledge, skill, and contribution; motivate and reward individual accountability and performance; and encourage organizational flexibility and responsiveness to the Authority’s mission and values.” The Policy contains further guidance on such practices.
- The Director of Human Resources and Administration completed an annual salary benchmarking analysis for all staff positions using industry specific and national salary data. That benchmarking analysis is consistent with the criteria provided in the Board’s Policy and was used to establish a salary range for each position.

- The Authority has an active performance appraisal and enhancement system based on an employee’s essential job functions, the competencies and behaviors required of their role and their performance against established goals. As required by the Policy, individual employee performance and contribution is considered in setting salaries.

The Policy directs the CEO to “refrain from establishing or implying employment obligations to individuals of longer than one year or providing compensation that exceeds the level of the Chief Executive Officer without Board approval.”

- All LIPA employees are at-will employees and no LIPA employee’s compensation exceeds that of the CEO. The Policy directs the CEO to “Establish policies and programs that support and encourage the personal and professional development of employees, including: programs for continuing education, tuition reimbursement, and professional development; core skills continuing education; performance appraisal and enhancement; management and leadership training; and utility and public power industry learning.
- LIPA has developed a robust in-house training and development program for employees that includes certain management training seminars and programs on such topics as Management Essentials, Diversity and Inclusion, Business Etiquette, and Creating Positive Work Environments, among others.
- LIPA further encourages professional development through: (i) industry webinars, conferences, and training; (ii) reimbursement of professional certifications and memberships; (iii) educational assistance programs; and (iv) a personal development program that incorporates 360-degree feedback, among other initiatives. Lastly, the Policy directs the CEO to “maintain a succession plan to address the inevitable turn-over of executives and staff with the least possible interruption to the operations of the Authority.”
- LIPA maintains a succession plan for key staff positions to ensure employees, where possible, can develop the skills and competencies necessary to assume more senior positions. The Board is briefed in Executive Session, at least annually, on the succession plan by the CEO.

Proposed Changes to the Board Policy

The Board Policy has been revised to clarify certain of the Board of Trustees’ responsibilities with respect CEO performance evaluation and compensation, and to clarify the authorizations and directives to the CEO with respect to the Authority’s staffing levels and practices. All proposed changes are more fully set forth 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.

A motion was made and seconded, and the Trustees unanimously adopted the following resolution:

RESOLUTION RECOMMENDING APPROVAL OF THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON STAFFING AND EMPLOYMENT

WHEREAS, the Staffing and Employment Policy (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1338, dated January 25, 2017; and

WHEREAS, the Policy was last reviewed and amended by the Board on October 24, 2018; and

WHEREAS, the Governance, Planning and Personnel Committee (the “Committee”) of the Board of Trustees has conducted an annual review of the Policy and affirms that the Policy has been complied with and the changes to the Policy recommended herein are due and proper.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board find that the Authority has complied with the Policy for the period since the last annual review and recommends approval of the annual report to the Board; and

BE IT FURTHER RESOLVED, that consistent with the accompanying memorandum, the Committee hereby recommends approval of the changes to the Policy that are reflected in attachment Exhibit “B”.

Acting Chair Fischl then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 9:48 a.m.
