

UTILITY DEBT SECURITIZATION AUTHORITY

MINUTES OF THE 19TH MEETING

HELD ON MARCH 18, 2019

AT THE OFFICES OF HAWKINS DELAFIELD & WOOD, LLP

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

The Board of Trustees of the Utility Debt Securitization Authority (“UDSA” or the “Authority”) was convened at approximately 1:48 p.m., at Hawkins Delafield & Wood LLP, 7 World Trade Center, 250 Greenwich Street, New York, NY, pursuant to legal notice given on March 14, 2019; and electronic notice posted on the website of the Long Island Power Authority (“LIPA”).

The following Trustees of the Authority were in attendance:

**Robert Gurman, Acting Chair
Bruce Levy**

Representing the Authority were Thomas Falcone, Chief Executive Officer, Bobbi O’Connor, Secretary to the Board of Trustees; Kenneth Kane, Chief Financial Officer; and Anna Chacko, General Counsel. Representing LIPA were Donna Mongiardo, Vice President and Jason Horowitz, Assistant General Counsel.

Also in attendance were Bruce Van Dusen, Esq. of Hawkins Delafield & Wood LLP; and, by phone, Elizabeth Columbo, Esq. of Nixon Peabody and Christopher Reitzel, Esq. of Squire Patton Boggs.

The Acting Chair welcomed everyone to the 19th meeting of the Authority.

The Acting Chair stated that the first item on the agenda is the adoption of minutes from the December 12, 2018 meeting. He asked if there were any changes or deletions. Hearing none, the Acting Chair entertained a motion to adopt the minutes. Upon motion duly made and

seconded, the following resolution was approved:

54. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE DECEMBER 12, 2018 MEETING OF THE BOARD OF TRUSTEES OF THE UTILITY DEBT SECURITIZATION AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on December 12, 2018 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

The Acting Chair stated that the next item on the agenda is consideration of approval of 2018 Financial Report to be presented by Donna Mongiardo.

Ms. Mongiardo presented the following action item and took questions from the

Trustees:

Requested Action

The Board of Trustees (“Board”) is being requested to approve the proposed financial report section of the 2018 annual report of the Utility Debt Securitization Authority (the “Authority”), prepared in accordance with Section 2800(1) of the Public Authorities Law (“PAL”), in the form attached hereto as Exhibit “B”.

Background

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

Recommendation

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

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

55. RESOLUTION APPROVING THE 2018 FINANCIAL REPORT OF THE UTILITY DEBT SECURITIZATION AUTHORITY

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

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

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

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

The Acting Chair stated that the next item on the agenda is Consideration of Approval of the 2018 Annual Investment Report and 2019 Investment Guidelines to be presented by Kenneth Kane.

Mr. Kane presented the following action item and took questions from the Trustees:

Requested Action

The Board of Trustees is requested to adopt a resolution approving the 2018 Annual Investment Report of the Utility Debt Securitization Authority (the “Authority”), in the form attached as Exhibit “B” and the 2019 Investment Guidelines in the form attached hereto as Exhibit “C”.

Background

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

Utility Debt Securitization Authority Guidelines for Investing, Securing, Monitoring and Reporting Authority Funds Available for Investment in November 2013, and last reviewed and approved them, with modifications, in March 2018 (as so modified, the “Investment Guidelines”). Staff of the Long Island Power Authority (“LIPA”) has reviewed the Investment Guidelines and is not recommending any modifications at this time.

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

As shown in the report, UDSA had investments ranging from approximately \$112 million at June 30, 2018 to more than \$197 million for the quarter ended September with the quarters ended March and December at approximately \$195 million and \$125 million dollars, respectively. As of December 31, 2018, the collection accounts were invested in Blackrock Federal Funds Institutional Shares, Dreyfus Government Cash Management Institutional Shares, Dreyfus Cash Management Institutional Shares, and Goldman Sachs Financial Square Treasury Instruments Fund Shares, which are all triple-A rated money market funds. The funds generated one-year returns of 1.71%, 1.73%, 2.05% and 1.71% respectively, as set forth in Exhibit “B”.

Recommendation

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

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

56. APPROVAL OF THE AUTHORITY’S 2018 ANNUAL INVESTMENT REPORT AND 2019 INVESTMENT GUIDELINES

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

WHEREAS, the Authority adopted the Utility Debt Securitization Authority Guidelines for Investing, Securing, Monitoring and Reporting Authority Funds Available for Investment in November 2013, and last reviewed and approved them, with modifications, in March 2018 (as so modified, the “Investment Guidelines”); and

WHEREAS, staff of the Long Island Power Authority (“LIPA”) has reviewed the Investment Guidelines and is not recommending any modifications at this time; and

WHEREAS, the Investment Guidelines and the PAL require that the Board annually approve an investment report to be prepared by LIPA staff; and

WHEREAS, the Finance and Audit Committee of the Authority’s Board of Trustees has reviewed the Investment Guidelines and annual investment report for 2018 (the “2018 Investment Report”) with the appropriate members of LIPA staff and has recommended to the Board the approval of the 2019 Investment Guidelines and the 2018 Investment Report.

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees approve the 2018 Annual Investment Report in the form presented at this meeting; and

BE IT FURTHER RESOLVED, that the Trustees approve the 2019 Investment Guidelines in the form presented at this meeting.

The Acting Chair stated that the last item on the agenda is Discussion of Annual Review of Board Policies to be presented by Bobbi O’Connor.

Ms. O’Connor presented the following action item and took questions from the Trustees:

Requested Action

The Board of Trustees of the Utility Debt Securitization Authority (the “Authority”) is requested to adopt a Resolution reviewing and approving certain 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 operations. Specifically, these include the: (i) Mission Statement; (ii) By-laws; (iii) Board Policy on Procurement¹; (iv) Board Policy on Property Disposition²; (v) Board Policy on Real Property Acquisition; (vi) Board Policy on Lobbying; (vii) Trustee Code of Ethics and Conduct; and (viii) Board Policy on Prompt Payment.

Annual Review and Amendments to Certain Board Policies

Staff recommends no changes to the Board 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".

Upon motion duly made and seconded the following resolution was approved:

57. 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; and (viii) Board Policy on Prompt Payment.

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

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; and (viii) Board Policy on Prompt Payment.

At approximately 2:09 p.m. The Acting Chair entertained a motion to adjourn, which was duly made and seconded.

**FINANCE AND AUDIT COMMITTEE OF THE
UTILITY DEBT SECURITIZATION AUTHORITY**

MINUTES OF THE 16th MEETING

HELD ON MARCH 18, 2019

AT THE OFFICES OF HAWKINS DELAFIELD & WOOD, LLP

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

The Finance and Audit Committee (the “Committee”) of the Utility Debt Securitization Authority (the “Authority”) was convened at approximately 1:04 p.m., at Hawkins Delafield & Wood LLP, 7 World Trade Center, 250 Greenwich Street, New York, NY, pursuant to legal notice given on March 14, 2019; and electronic notice posted on the website of the Long Island Power Authority (“LIPA”).

The following Trustees of the Authority were in attendance:

**Bruce Levy, Committee Chair
Robert Gurman**

Representing the Authority were Thomas Falcone, Chief Executive Officer, Bobbi O’Connor, Secretary to the Board of Trustees; Kenneth Kane, Chief Financial Officer; and Anna Chacko, General Counsel. Representing LIPA were Donna Mongiardo, Vice President and Controller; and Jason Horowitz, Assistant General Counsel.

Also in attendance were Todd Fowler, John Pontecorvo and Ed Lee of KPMG; Bruce Van Dusen, Esq. of Hawkins Delafield & Wood LLP; and, by phone, Elizabeth Columbo, Esq. of Nixon Peabody and Christopher Reitzel, Esq. of Squire Patton Boggs.

The Chair stated that the first item on the agenda is the adoption of minutes from the December 12, 2018 meeting. He asked if there were any changes or deletions. Hearing none, the following resolution was then adopted by the Trustees upon motion duly made and seconded:

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE DECEMBER 12, 2018 MEETING OF THE FINANCE AND AUDIT COMMITTEE OF THE BOARD OF TRUSTEES OF THE UTILITY DEBT SECURITIZATION AUTHORITY

RESOLVED, that the Minutes of the meeting of the Finance and Audit Committee held on December 12, 2018 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Committee.

The Chair stated that the next item on the agenda is the Discussion of the 2018 Financial Report to be presented by Donna Mongiardo and the Audit Results to be presented by representatives from KPMG.

Ms. Mongiardo presented the Discussion of the 2018 Financial Report and took questions from the Trustees. Mr. Fowler, Mr. Pontecorvo and Mr. Lee presented the Audit Results and took questions from the Trustees.

At approximately 1:24 p.m., the Chair stated that the Committee would adjourn to Executive Session to discuss personnel matters with KPMG. The Chair noted that no votes would be taken, and that the Committee would be returning to public session. The Chair entertained a motion to adjourn, which was duly made and seconded. At approximately 1:36 a.m., the Committee returned to public session.

The Chair stated that the next item on the agenda is Consideration of a Recommendation to approve the 2018 Financial Report.

Requested Action

The Finance and Audit Committee of the Board of Trustees (the “Committee”) is being requested to recommend approval of the proposed financial report section of the 2018 annual

report of the Utility Debt Securitization Authority (the “Authority”), prepared in accordance with Section 2800(1) of the Public Authorities Law (“PAL”), in the form attached hereto as Exhibit “B”.

Background

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

Recommendation

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

The Chair made a motion that the Committee recommend adoption of the resolution by the full UDSA Board. Upon motion duly made and seconded, the following resolution was approved by the Committee:

RESOLUTION RECOMMENDING APPROVAL OF THE 2018 FINANCIAL REPORT OF THE UTILITY DEBT SECURITIZATION AUTHORITY

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the Finance and Audit Committee of the Board of Trustees hereby recommends approval of the 2018 Financial Report of the Utility Debt Securitization Authority, in the form presented at this meeting.

The Chair then stated that the next item on the agenda is the Consideration of Recommendation to Approve the 2018 Annual Investment Report and 2019 Investment Guidelines to be presented by Kenneth Kane. Mr. Kane presented the following action item:

Requested Action

The Finance and Audit Committee of the Board of Trustees is requested to adopt a resolution recommending approval of the 2018 Annual Investment Report of the Utility Debt Securitization Authority (the “Authority”), in the form attached as Exhibit “B” and the 2019 Investment Guidelines in the form attached hereto as Exhibit “C”.

Background

Section 2925 of the Public Authorities Law (“PAL”) requires that the Authority annually review and approve an investment report and to periodically review and approve investment guidelines, which detail the Authority’s operative policy and instructions regarding the investing, monitoring and reporting of funds of the Authority. The Authority adopted the Utility Debt Securitization Authority Guidelines for Investing, Securing, Monitoring and Reporting Authority Funds Available for Investment in November 2013, and last reviewed and approved them, with modifications, in March 2018 (as so modified, the “Investment Guidelines”). Staff of the Long Island Power Authority (“LIPA”) has reviewed the Investment Guidelines and is not recommending any modifications at this time.

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

As shown in the report, UDSA had investments ranging from approximately \$112 million at June 30, 2018 to more than \$197 million for the quarter ended September with the quarters ended March and December at approximately \$195 million and \$125 million dollars, respectively. As of December 31, 2018, the collection accounts were invested in Blackrock Federal Funds Institutional Shares, Dreyfus Government Cash Management Institutional Shares, Dreyfus Cash Management Institutional Shares, and Goldman Sachs Financial Square Treasury Instruments Fund Shares, which are all triple-A rated money market funds. The funds generated one-year returns of 1.71%, 1.73%, 2.05% and 1.71% respectively, as set forth in Exhibit “B”.

Recommendation

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

After discussion and questions by the Trustees, the Chair made a motion that the Committee recommend adoption of the resolution by the full UDSA Board. Upon motion duly

made and seconded, the following resolution was approved by the Committee:

RECOMMENDING APPROVAL OF THE AUTHORITY'S 2018 ANNUAL INVESTMENT REPORT AND 2019 INVESTMENT GUIDELINES

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

WHEREAS, the Authority adopted the Utility Debt Securitization Authority Guidelines for Investing, Securing, Monitoring and Reporting Authority Funds Available for Investment in November 2013, and last reviewed and approved them, with modifications, in March 2018 (as so modified, the "Investment Guidelines"); and

WHEREAS, staff of the Long Island Power Authority ("LIPA") has reviewed the Investment Guidelines and is not recommending any modifications at this time; and

WHEREAS, the Investment Guidelines and the PAL require that the Board annually approve an investment report to be prepared by LIPA staff.

NOW THEREFORE BE IT RESOLVED, that the Finance and Audit Committee of the Board of Trustees recommends approval of the 2018 Annual Investment Report in the form presented at this meeting; and

BE IT FURTHER RESOLVED, that the Finance and Audit Committee of the Board of Trustees recommends approval the 2019 Investment Guidelines in the form presented at this meeting.

The Chair stated that the last item on the agenda is discussion of Year-to-Date Tracking Reports to be presented by Kenneth Kane.

Mr. Kane presented the Year-to-Date Tracking report and took questions from the Trustees.

At approximately 1:46 p.m. the Chair entertained a motion to adjourn, which was duly made and seconded.
