

LONG ISLAND POWER AUTHORITY

MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING

HELD ON JUNE 24, 2020

The Finance and Audit Committee of the Long Island Power Authority (“LIPA”) was convened at 8:56 a.m. at LIPA Headquarters, Uniondale, NY, pursuant to legal notice given on June 19, 2020 and electronic notice posted on LIPA’s website annually.

In compliance with Governor Andrew M. Cuomo’s Executive Order No. 202.1 on COVID-19 safety, the following guidelines were publicly posted and followed:

The Long Island Power Authority is taking steps to minimize the risk of exposure for the public and our employees. As such, LIPA will not be permitting in-person access to its June 24, 2020 Finance and Audit Committee meeting. Members of the public are encouraged to observe the live stream of the Finance and Audit Committee meeting posted at the LIPA website. The meeting will also be recorded and posted to LIPA’s website for later viewing.

The following LIPA Trustees were present:

Sheldon Cohen, Committee Chair (via video conferencing)
Elkan Abramowitz (via video conferencing)
Mark Fischl (via video conferencing)
Drew Biondo (via video conferencing)
Matthew Cordaro (in person)
Peter Gollon (via video conferencing)
Laureen Harris (via video conferencing)
Ali Mohammed (via video conferencing)

Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, Chief Administrative Officer & Board Secretary; Donna Mongiardo, Vice President and Controller; Kathleen Mitterway, Vice President of Audit; and Justin Bell, Vice President of Public Policy and Regulatory Affairs. Participating via video conferencing were Anna Chacko, General Counsel; Corey Horowitz, Director of Risk Management; and Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board.

Representing PSEG LI via video conferencing were Laurent Pommier, Vice President of Risk Management & Chief Risk Officer; Steven Oster, Senior Director of Wholesale Energy Services; Markus Ramlall, Director of Finance; Richard Tinelli, Manager of Regulatory Requirements; and John Keating, Manager of Economic Development.

Chair Cohen welcomed everyone to the Finance and Audit Committee meeting of the Long Island Power Authority Board of Trustees.

Chair Cohen stated that the first item on the agenda is the adoption of the minutes from the May 20, 2020 Committee meeting.

Upon motion duly made and seconded, the minutes of the May 20, 2020 meeting were approved unanimously.

Chair Cohen stated that next item on the agenda is the Overview of Financial Results.

Ms. Mongiardo presented the Overview of Financial Results, and Mr. Ramlall and Mr. Tinelli of PSEG LI reported on the PSEG LI Operating Results and then took questions from the Trustees.

Chair Cohen stated that next item on the agenda is the Review of Quarterly Financials ended March 31st to be presented by Donna Mongiardo.

Ms. Mongiardo presented the Review of Quarterly Financials ended March 31st and then took questions from the Trustees.

Chair Cohen stated that next item on the agenda is the Presentation from PSEG ER&T on Power and Fuel Supply Management and Hedging, and Discussion of PSEG ER&T 2019 Metric Performance to be presented by Steven Oster and Laurent Pommier.

Mr. Oster and Mr. Pommier presented the Power and Fuel Supply Management and Hedging and 2019 Metric Performance, and then took questions from the Trustees.

Chair Cohen stated that next item on the agenda is the Recommendation to Approve the Annual Report and Amendments to the Board Policy on Economic Development to be presented by Justin Bell and John Keating.

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

Requested Action

The Finance and Audit Committee (the “Committee”) of the Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution recommending that the Board: (i) approve the annual report on the Board Policy on Economic Development (the “Policy”); (ii) find that LIPA has complied with the Policy; and (iii) approve 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 of promoting the economic growth and vitality of its service territory and the efficient use of utility plant and equipment, consistent with the mission of LIPA to its customer-owners and consistent with LIPA’s enabling statutes and applicable law. The Board last reviewed and approved updates to the Policy by Resolution #1470, dated March 20, 2019.

Compliance with the Policy

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

The Policy requires that LIPA promote the economic growth and vitality of its service territory and the efficient use of utility plant and equipment by:

“Attracting commercial customers to its service territory and helping such customers grow their businesses through electric rates that are discounted below LIPA’s average cost of service, without which rates such businesses would not locate in the service territory.”

- 60 large business accounts receive discounted power through our Business Development Rate, and legacy NY State programs, such as the Excelsior Jobs

program. These businesses have received approximately \$2.32 million in discounts during 2019 and provide over 1,200 jobs.

“Offering economic development rates and programs consistent with those offered by other utilities in the state or best practices within the electric utility industry, in compliance with applicable law.”

- 262 large business accounts received power through the Recharge New York program, with commodity delivered by LIPA and its agent, PSEG Long Island. Collectively, since inception, the Recharge New York program has developed over 2,600 jobs.
- 36 small business customers opened new accounts through the Vacant Space program, which encourages new businesses to occupy spaces that have been vacant for at least one year. Total incentives awarded during 2019 were \$31,000.
- A total of \$274,000 in incentives were awarded to support 14 community projects through the Main Street Revitalization program. These projects leveraged over \$1.5 million in private investment, while creating over 300 jobs.

Additionally, LIPA and its service provider are considering additional programs that may be necessary to support economic growth on Long Island in the wake of the COVID-19 pandemic.

Annual Review of the Policy

Staff proposes the following revisions to the Policy:

- Renaming the Policy from the Board Policy on Economic Development to the Board Policy on Economic Development and Community Engagement;
- Expanding the scope of the Policy consistent with its new name; and
- 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.

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 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 Policy was last reviewed and amended by the Board pursuant to Resolution No. 1470, dated March 20, 2019; and

WHEREAS, the Finance and Audit Committee (the “Committee”) 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 LIPA has complied with Policy for the period since the last annual review and recommends that the Board approve the annual report; and

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

Chair Cohen stated that the last item on the agenda is the Discussion of Internal Audit Activities to be presented by Kathleen Mitterway.

Ms. Mitterway presented the Discussion of Internal Audit Activities and took questions from the Trustees:

Chair Cohen then asked for a motion to adjourn. The motion was duly made and seconded, and the meeting concluded at approximately 9:52 a.m.
