

UTILITY DEBT SECURITIZATION AUTHORITY

MINUTES OF THE 21ST MEETING

HELD ON MARCH 23, 2020

AT THE OFFICES OF THE LONG ISLAND POWER AUTHORITY

333 EARLE OVINGTON BLVD., UNIONDALE, NY

The Board of Trustees of the Utility Debt Securitization Authority (“UDSA” or the “Authority”) was convened at approximately 1:34 p.m., via video conferencing at the offices of the Long Island Power Authority (“LIPA”), 333 Earle Ovington Blvd., Uniondale, NY, pursuant to legal notice given on March 18, 2020; and electronic notice posted on LIPA’s website.

In compliance with Governor Andrew M. Cuomo’s Executive Order No. 202.1 on COVID-19 safety, the Utility Debt Securitization Authority (UDSA) is taking steps to minimize the risk of exposure for the public and employees. As such, the UDSA will not be permitting in-person access to its March 23, 2020 Board meeting. Members of the public are encouraged to observe the live stream of the Board meeting posted at the LIPA website. The meeting will also be recorded and posted to LIPA’s website for later viewing

The following Trustees of the Authority were in attendance via conference call:

**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, Controller; Kathleen Mitterway, Vice President of Audit; Rick Shansky, Vice President of Operations Oversight; Jason Horowitz, Assistant General Counsel; Christopher

DiGilio, Director of Finance and Treasury Operations.

Representing KPMG were Ed Lee, Ryan Weidner, John Pontecorvo and Mike Percent.

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

The Acting Chair welcomed everyone to the 21st meeting of the Authority.

The Acting Chair stated that the first item on the agenda is the adoption of minutes from the November 13, 2019 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:

61. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE NOVEMBER 13, 2019 MEETING OF THE BOARD OF TRUSTEES OF THE UTILITY DEBT SECURITIZATION AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on November 13, 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.

The Acting Chair stated that the next item on the agenda is the Approval of the 2019 Annual Investment Report and 2020 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 2019 Annual Investment Report of the Utility Debt Securitization Authority (the “UDSA”), in the form

attached as Exhibit “B” and the 2020 Investment Guidelines in the form attached hereto as Exhibit “D”.

Background

Section 2925 of the Public Authorities Law (“PAL”) requires that the UDSA annually review and approve an investment report and to periodically review and approve investment guidelines, which detail the UDSA’s operative policy and instructions regarding the investing, monitoring and reporting of funds of the Authority. The UDSA adopted the Guidelines for Investing, Securing, Monitoring and Reporting Authority Funds Available for Investment in November 2013, and last reviewed and approved the Guidelines in March 2019 (as so modified, the “Investment Guidelines”). Staff of the Long Island Power Authority (“LIPA”) has reviewed the Investment Guidelines and is recommending minor modifications consistent with applicable law and LIPA’s practices relating to the preparation and Board approval of the Annual Investment Report, which modifications are more particularly shown on Exhibit “C”.

Pursuant to the Investment Guidelines, an Annual Investment Report has been prepared and submitted to the Board for approval. The UDSA’s investments were compliant with the terms and conditions of the Policy for 2019 and performed consistent with Staff’s expectations given the nature of the investments.

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”.

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

62. APPROVAL OF THE AUTHORITY’S 2019 ANNUAL INVESTMENT REPORT AND 2020 INVESTMENT GUIDELINES

WHEREAS, the Utility Debt Securitization Authority (the “UDSA”) 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 UDSA’s operative policy and instructions regarding the investing, monitoring and reporting of funds of the Authority; and

WHEREAS, the UDSA adopted the Guidelines for Investing, Securing, Monitoring and Reporting Authority Funds Available for Investment in November 2013, and last reviewed and approved, in March 2019 (as so modified, the “Investment Guidelines”); and

WHEREAS, staff of the Long Island Power Authority (“LIPA”) has reviewed the Investment Guidelines and is recommending minor modifications consistent with applicable law and LIPA’s practices relating to the preparation and Board approval of the Annual Investment Report; and

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

NOW THEREFORE BE IT RESOLVED, that the Board of Trustees hereby approve the 2019 Annual Investment Report in the form presented at this meeting; and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby approve the 2020 Investment Guidelines in the form presented at this meeting.

The Acting Chair stated that the next item on the agenda is the Approval of the Annual Review of Certain Mission, Governance and Compliance 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 “UDSA”) 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 UDSA’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

LIPA 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.

63. 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, LIPA 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.

The Acting Chair stated that the next item on the agenda is the Discussion of Year-to-Date Tracking Report to be presented by Kenneth Kane.

Mr. Kane presented the Discussion of Year-to-Date Tracking Report and took questions from the Trustees.

The Acting Chair stated that the next item on the agenda is the Discussion of Peak Load Forecast to be presented by Rick Shansky.

Mr. Shansky presented the Discussion of Peak Load Forecast and took questions from the Trustees.

The Acting Chair stated that the next item on the agenda is the Discussion of 2019

Financial Report to be presented by Donna Mongiardo.

Ms. Mongiardo presented the Discussion of 2019 Financial Report and took questions from the Trustees.

The Acting Chair stated that the next item on the agenda is the Discussion of 2019 Audit Results with the Independent Auditors to be presented by representatives of KPMG.

The KPMG Representatives presented the Discussion of the 2019 Audit Results Plan and took questions from the Trustees.

The Acting Chair then asked for a motion to adjourn to Executive Session to discuss pending personnel matters with KPMG and announced that no votes would be taken and the Trustees would be returning to public session. The motion was duly made and seconded and the following resolution was adopted:

64. 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 matters.

At approximately 2:28 p.m. the Open Session of the Board of Trustees was adjourned into Executive Session, and returned to public session at approximately 2:46pm.

The Acting Chair stated that the last item on the agenda is the Approval of the 2019 Financial Report.

Requested Action

The Board of Trustees (“Board”) is being requested to approve the proposed financial report section of the 2019 annual report of the Utility Debt Securitization Authority (the “UDSA”), 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 UDSA 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”.

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

65. RESOLUTION APPROVING THE 2019 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 “UDSA”) to prepare an annual report; and

WHEREAS, the UDSA’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 UDSA 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 2019 Financial Report of

At approximately 2:52 p.m. the Acting Chair entertained a motion to adjourn, which was duly made and seconded.
