



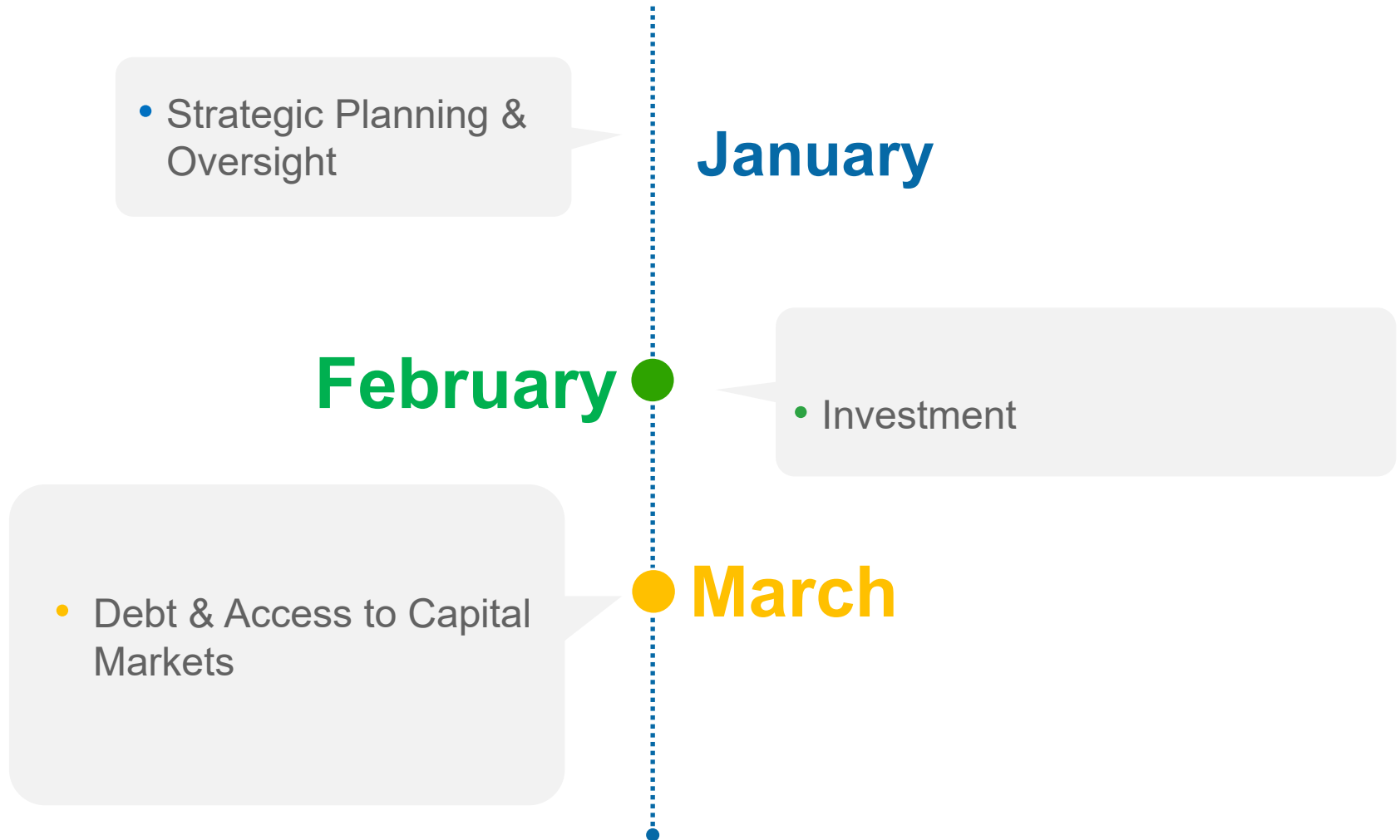
SECRETARY'S REPORT

December 2020

















CUSTOMER-TRUSTEE COMMUNICATIONS

- Correspondence from customers and other stakeholders is regularly monitored by LIPA staff
- Ordinary course, utility-related matters are forwarded to the proper business unit at PSEG Long Island
 - Bill complaints
 - Rebate questions
- Inquiries regarding sharing information with LIPA or obtaining information from LIPA are handled by LIPA staff
- Since the November Board meeting, we have received material correspondence related to Tropical Storm Isaias, the steel polls in Eastport, and certain inquiries related to property issues. Copies of all correspondence received have been shared with the Trustees.

BOARD POLICY CALENDAR



BOARD POLICY DASHBOARD

Link to Policy	Status	Link to Latest Report	Next Report
<u>Strategic Planning & Oversight</u>		<u>July 2020</u>	January 2021
<u>Investment</u>		<u>March 2020</u>	February 2021
<u>Debt and Access to Credit</u>		<u>May 2020</u>	March 2021
<u>Taxes & PILOTs</u>		<u>May 2020</u>	May 2021
<u>T & D Reliability</u>		<u>July 2020</u>	May 2021
<u>Customer Service</u>		See Meeting Materials	May 2021
<u>Staffing and Employment</u>		<u>June 2020</u>	June 2021
<u>Resource Planning & Renewable Energy</u>		<u>July 2020</u>	June 2021
<u>Customer Value & Affordability</u>		<u>June 2020</u>	June 2021
<u>Economic Development & Community Engagement</u>		<u>June 2020</u>	September 2021
<u>Enterprise Risk Management</u>		See Meeting Materials	September 2021
<u>Construction of T&D Projects</u>		<u>September 2020</u>	September 2021
<u>Power Supply Hedging</u>		<u>September 2020</u>	November 2021
<u>Safety</u>		See Meeting Materials	December 2021
<u>Governance & Agenda Planning</u>		See Meeting Materials	December 2021
<u>Information and Physical Security</u>		See Meeting Materials	December 2021



Annual Board and Committee Agenda Planning for 2021 – Proposed for Board Consideration

December 16, 2020

SUMMARY OF PROPOSED 2021 LIPA MEETINGS

Board/Committee	Number of Meetings	Average Length	Total Time
Board	8	1 hour, 40 mins.	12.8 hours
F&A	6	1 hour, 25 mins.	7.5 hours
Oversight & Clean Energy	5	1 hour	5.0 hours
Governance, Planning and Personnel	4	40 minutes	3.0 hours
Scheduled Workshops	5	60 minutes	5.0 hours
Total Number of Meetings	23	Total Time Spent*	33 hours

***The proposed Board agenda for 2021 does not include:**

1. A time allowance for executive sessions or emerging issues, which are likely to increase the total time spent by the Board during the year by 3-4 hours; or
2. Board briefings and training, which are in addition to the Board's meeting schedule, and may include work with the Board's governance consultant, Leading Resources.

PROPOSED JANUARY 20, 2021 MEETINGS

Board

- Roll call, pledge, consent agenda, CEO, Secretary and Operating Reports (“Routine Board Matters”) (30 mins.)
- Discussion of PSEG Long Island’s Management Actions Plans for Tropical Storm Isaias Task Force Recommendations (30 mins.) [80 mins.]
- Public Comment (20 mins.)

Governance, Planning & Personnel

- Discussion of Strategic Planning & Oversight Policy, including 2020 Goals and Accomplishments and 2021 Work Plan (30 mins.) [55 mins.]
- Annual Governance Package (see Appendix) (10 mins.)
- EXECUTIVE SESSION – SUCCESSION PLANNING (15 mins.)

Total proposed time for January meetings: 2.3 hours

PROPOSED FEBRUARY 24, 2021 MEETING

Board

- Discussion of Isaias Task Force 180-day Report (30)
- Revised Mission, Vision, and Policy on Values of Responsiveness & Integrity (15 mins.)
- Purpose and Roles of the LIPA Trustees Policy (20 mins.)
- Discussion of PSEG LI and PSEG ER&T's 2020 OSA Metric Performance (20 mins.)
- Board Workshop – discussion of financial statements, budget timeline and process, rate cases, and refresher on the debt and access to credit policy (60 mins.)

[125 mins.]

F&A

- Routine F&A Matters (20 mins.)
- Discussion of Internal Audit Activities (20 mins.)
- Annual Financial Package (see Appendix) & Charter (15 mins.)

[55 mins.]

Total proposed time for February meetings: 3.3 hours

PROPOSED MARCH 24, 2021 MEETINGS

Board

- Routine Board Matters (30 mins.)
 - Debt and Capital Markets Policy (20 mins.)
 - Review and Approval of 2020 Financials (10 mins.)
 - Public Comment (20 mins.)
 - EXECUTIVE SESSION – BOARD’S SELF-EVALUATION (40 mins.)
- [120 mins.]

F&A

- Routine F&A Matters (20 mins.)
 - 2020 Audit Results from Independent Auditors (20 mins.)
 - EXECUTIVE SESSION with Independent Auditors (10 mins.)
 - Recommendation to Approve 2020 Financials (25 mins.)
- [75 mins.]

Gov., Planning & Personnel

- CEO Performance and Compensation EXECUTIVE SESSION (20 mins.)
 - Committee’s Annual Self-Report to the Board (includes results of Board’s self-evaluation for 2020) (15 mins.)
 - Review Committee Charter (10 mins.)
- [45 mins.]

PROPOSED MARCH 24, 2021 MEETINGS, CONT.

Oversight & Clean Energy

- Discussion of 2020 OSA Performance Metrics (20 mins.)
- Briefing on Winter Storm Summary (20 mins.)

[40 mins.]

Total proposed time for March meetings: 4.7 hours

PROPOSED MAY 19, 2021 MEETINGS

Board

- Routine Board Matters (30 mins.)
 - T&D System Reliability Policy (20 mins.)
 - Taxes, PILOTs and Assessments Policy (20 mins.)
 - Customer Service Policy (20 mins.)
 - Public Comment (20 mins.)
- [110 mins.]

F&A

- Routine F&A Matters (20 mins.)
 - EXECUTIVE SESSION – Internal Audit (10 mins.)
 - Review Quarterly Financials Ended March 30 (10 mins.)
 - Review Audit Relationships Policy, Internal Audit Charter and Confirmation of Independence (15 mins.)
 - Presentation from PSEG ER&T on Power and Fuel Supply Management and Hedging (20 mins.)
 - Committee’s Annual Self-Report to the Board (10 mins.)
- [85 mins.]

Oversight & Clean Energy

- Update on Implementation of 2020 Utility 2.0 Programs (20 mins.)
 - Summer Preparation for Power Supply & T&D (20 mins.)
 - Review Committee Charter (10 mins.)
 - Committee’s Annual Self-Report to the Board (10 mins.)
- [60 mins.]

Total proposed time for May meetings: 4.3 hours

PROPOSED JUNE 23, 2021 MEETINGS

Board

- Routine Board Matters (30 mins.)
- Resource Planning and Renewable Energy Policy (25 mins.)
- Customer Value & Affordability Policy (25 mins.) [160 mins.]
- Public Comment (20 mins.)
- **Board Workshop – Legal Matters** (60 mins.)

Oversight & Clean Energy

- Update on T&D Capital Budget (20 mins.)
- Review Annual Update to Emergency Restoration Plan (20 mins.) [80 mins.]
- Presentation of Annual Energy Efficiency Report (20 mins.)
- Review Utility 2.0 Proposals (20 mins.)

Governance, Planning & Personnel

- Staffing & Employment Policy (20 mins.)
- EXECUTIVE SESSION – SUCCESSION PLANNING (20 mins.) [40 mins.]

Total proposed time for June meetings: 4.7 hours

PROPOSED JULY 21, 2021 WORKSHOP

Board

- Board Workshop – LIPA’s Enterprise Risk Management Program (60 mins.)

[60 mins.]

Total proposed time for July meetings: 1 hour

PROPOSED SEPTEMBER 23, 2021 MEETINGS

Board

- Routine Board Matters (30 mins.)
 - Construction of T&D Projects Policy (20 mins.)
 - Public Comment (20 mins.)
 - **Board Workshop – Topic TBD (60 mins)**
- [130 mins.]

F&A

- Routine F&A Matters (20 mins.)
 - Review Quarterly Financials Ended June 30 (10 mins.)
 - Discuss Independent Auditor's 2021 Audit Plan (20 mins.)
 - Enterprise Risk Management Policy and Annual Insurance Review (30 mins.)
 - Economic Development & Community Engagement Policy (15 mins.)
- [95 mins.]

Oversight & Clean Energy

- Briefing on PSEG Long Island's Energy Efficiency & Renewables Plan (20 mins.)
 - Briefing on Implementation of Management Audit Recommendations (20 mins.)
- [40 mins.]

Total proposed time for September meetings: 4.4 hours

PROPOSED NOVEMBER 18, 2021 BUDGET MEETING

Board

- Budget Presentation (60 mins.)
- Q&A (30 mins.)
- Board Workshop – LIPA’s Oversight Practices and Procedures [210 mins.]
(60 mins.)

F&A

- Routine F&A Matters (20 mins.)
- Review Quarterly Financials Ended September 30 (10 mins.)
- Presentation from PSEG ER&T on Power and Fuel Supply Management and Hedging (20 mins.) [65 mins.]
- Power Supply Hedging Policy (15 mins.)

Total proposed time for November meetings: 3.6 hours

PROPOSED DECEMBER 15, 2021 MEETINGS

Board	<ul style="list-style-type: none">• Routine Board Matters (30 mins.)• Approval of 2021 Budget (10 mins.)• Approval of 2021 Plan of Finance (20 mins.)• Approval of Tariff Changes (15 mins.)• Governance and Agenda Planning Policy (20 mins.)• Public Comment (20 mins.)	[115 mins.]
F&A	<ul style="list-style-type: none">• Routine F&A Matters (20 mins.)• Approval of 2021 Budget (10 mins.)• Approval of 2021 Plan of Finance (10 mins.)• Approval of 2021 Internal Audit Plan and Resource Requirements (10 mins.)• EXECUTIVE SESSION – Internal Audit (10 mins.)• Approval of Tariff Changes (15 mins.)	[75 mins.]
Governance, Planning & Personnel	<ul style="list-style-type: none">• EXECUTIVE SESSION – SUCCESSION PLANNING	[30 mins.]
Oversight & Clean Energy	<ul style="list-style-type: none">• Safety Policy (20 mins.)• Information and Physical Security (15 mins.)• EXECUTIVE SESSION – CYBER (20 mins.)	[55 mins.]
Total proposed time for December meetings: 4.6 hours		

Appendix

ANNUAL GOVERNANCE PACKAGE

- Procurement Policy
- Property Acquisition / Disposition Policy
- Lobbying Policy
- By-Laws
- Trustee Code of Ethics and Conduct
- Trustee Communications Policy
- Whistleblower Policy

ANNUAL FINANCIAL PACKAGE

- Investment and Risk Policy
- Interest Rate Exchange Agreement Policy
- Prompt Payment Policy
- Investment Report

BOARD AGENDA SUMMARY SHEET

Committee or Board: Board	Date: December 4, 2020	Board Meeting Date: December 16, 2020
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For All Board Voting Items:

Title of Agenda Item: Approval of the Annual Report on the Board Policy on Governance and Agenda Planning

Consent Agenda: ☐ Yes ☒ No

Accompanying Presentation: ☒ Yes ☐ No

Recommendation from Committee: ☒ N/A ☐ F&A; ☐ GP&P; ☐ Oversight & Clean Energy

LIPA Presenter: Bobbi O'Connor

PSEG Long Island Presenter: N/A

Enterprise Risk Management Discussion: ☐ Yes ☒ No

For Policy Reports Only:

Type of Policy / Report: ☐ Operating; ☒ Governance; ☐ Compliance; ☐ Mission

Date of Last Report: December 18, 2019

Compliance Since Last Report: ☒ Yes ☐ No

Proposed Changes to Policy: ☐ Yes ☒ No

Requested Action:	The Board is requested to adopt a resolution: (i) approving the annual report on the Policy; and (ii) finding that LIPA has complied with the Policy.
Summary: (include proposed amendments to Board Policies, if applicable)	<p>By Resolution No. 1323, dated September 21, 2016, the Board adopted the Policy. The Policy provides that the “members of the Board of Trustees of the Long Island Power Authority are fiduciaries who are collectively entrusted with responsibility for the Authority, including ensuring LIPA achieves its mission and values for the benefit of its customer-owners. The Chief Executive Officer of the Authority, including acting through the Authority’s service provider, is responsible for implementing the Board’s policies and the day-to-day operations of the Authority.” The Board conducts an annual review of the Policy and considers as part of its annual review whether LIPA has remained in compliance with the Policy and whether any updates or revisions should be made to the Policy. The Board last reviewed and amended the Policy in December 2019.</p> <p>LIPA Staff proposes no changes to the Policy.</p>

FOR CONSIDERATION

December 16, 2020

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Approval of the Annual Report on the Board's Policy on Governance and Agenda Planning

Requested Action

The Board of Trustees (the "Board") of the Long Island Power Authority ("LIPA") is requested to adopt a resolution: (i) finding that LIPA has complied with the Policy on Board Governance and Agenda Planning (the "Policy") for the period since the last annual review of the Policy; and (ii) approving the annual report for the Policy, which resolution is attached hereto as **Exhibit "A"**.

Background

By Resolution No. 1323, dated September 21, 2016, the Board adopted the Policy. The Policy provides that the "members of the Board of Trustees of the Long Island Power Authority are fiduciaries who are collectively entrusted with responsibility for the Authority, including ensuring LIPA achieves its mission and values for the benefit of its customer-owners. The Chief Executive Officer of the Authority, including acting through the Authority's service provider, is responsible for implementing the Board's policies and the day-to-day operations of the Authority." The Board conducts an annual review of the Policy and considers as part of its annual review whether LIPA has remained in compliance with the Policy and whether any updates or revisions should be made to the Policy. The Board last reviewed and amended the Policy in December 2019.

Compliance with the Board Policy on Governance and Agenda Planning

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

The Policy provides that the Board will "Use the expertise of individual members to enhance the understanding of the Board as a body, without allowing the expertise of individual members or staff to substitute for the judgment of the Board as a whole."

- Trustees are assigned by the Chair to Board Committees based, in part, on their individual experience outside of LIPA. In 2020, Trustee Harris was assigned to the Finance and Audit Committee based on the relevant experience from her highly-sophisticated legal practice.
- Trustees have adopted a Board Policy process to provide clear direction to LIPA Staff from the Board, acting as a whole, rather than from Trustees acting as individual members, including the Board Policy on Trustee Communication.

- The Trustees have annually conducted a survey and review of their collective performance, and have instituted improvements to the Board's governance, such as a facilitated process to review and enhance the Board Policy governance model, changes to Committee charters, the inclusion of developmental workshops on the Board's agenda, and better use of the Board's time through judicious use of a Consent Agenda for consensus and ministerial items.

The Policy provides that the Board will “Direct and control the Authority through the careful establishment of broad written policies reflecting the Board's values and perspectives for the benefit of the Authority's customer owners. The Board's major policy focus will be on the intended long-term impacts, not on the administrative means of attaining those impacts, which are the role of the chief executive and service provider.”

- The Board has over the course of six years adopted approximately 20 policies that focus on the intended long-term impacts, rather than the administrative means of achieving those impacts. New policies are developed, and existing policies are revised at the direction of the Board to address LIPA's long-term plans and values or adapt to changing circumstances in the industry or within LIPA's operations.
- Most recently, in December 2019, the Board adopted the Information and Physical Security policy.

The Policy provides that “the Board will monitor the Board's process, performance and activities in comparison to its governance objectives” and “Monitor the Board's process, performance and activities in comparison to its governance objectives.”

- The Board policies are reviewed by the Board or appropriate Committee annually for compliance purposes. The annual reports include information relating to performance and activities in furtherance of the Board's governance objectives. In addition, the Governance, Planning and Personnel Committee (the “Governance Committee”) conducts an annual review of the overall effectiveness of the Board.
- The [Policy Implementation Reports](#) are available on the LIPA's website.

The Policy provides that the Board “Pursue continual board education and development across all areas of the Authority's operations and Board activities, including orientation of new members in the Board's fiduciary duties, governance process, and periodic discussion of governance process improvement.”

- LIPA Staff regularly provides the Board with training opportunities, including those requested by the Trustees, in a variety of different areas, including governance, utility operations and trends, electric rates, and finance.

The Policy provides that “the Board will establish and maintain an outline of the core competencies required for an effective Board member (see, Appendix A of the Policy); establish and maintain an outline of the core competencies required for an effective Chairperson and Committee Chairs (see, Appendix A of the Policy); and establish and maintain a list of Trustee expectations to ensure that all Trustees have a common understanding of the requirements for a productive and engaged Board member (see, Appendix B of the Policy).”

- The Board has adopted both a set of core competencies and a list of expectations for all Trustees and specifically for the Chairperson and Committee Chairs, which are reviewed annually.

The Policy provides that the Board “Systematically monitor the performance of the Chief Executive Officer and service provider relative to the policies of the Board relating to its mission and values and any limitations established by Board policy. To do so, the Board will adopt a schedule developed as part of the annual Board agenda planning process...”

- Annually, the Governance Committee reviews the performance of the Chief Executive Officer relative to the policies of the Board.
- Annually, LIPA Staff provides the Board with the proposed agenda for all Board meetings for the Boards review and comment. Likewise, the Secretary to the Board provides periodic reports relating to compliance with each policy, as appropriate.
- LIPA’s Service Provider, typically at each Board meeting, provides the Trustees with information relating to the Service Provider’s performance under the Amended and Restated Operations Services Agreement. Similarly, for those Board policies relating to LIPA’s mission, the Service Provider and LIPA Staff report annually to the Board on progress relative to that stated policy.

Proposed Changes to the Board Policy

LIPA Staff has completed its annual review of the Policy and has no suggested amendments at this time.

Recommendation

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

Attachments

Exhibit “A” Resolution

**RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE
BOARD GOVERNANCE AND AGENDA PLANNING POLICY**

WHEREAS, the Board Governance and Agenda Planning Policy (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1323, dated September 21, 2016; and

WHEREAS, the Policy was last amended by the Board pursuant to Resolution No. 1505, dated December 18, 2019; and

WHEREAS, the Board has conducted an annual review of the Policy and affirms that the Policy has been complied with.

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

Dated: December 16, 2020