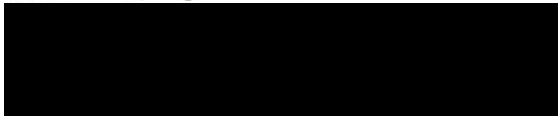


**AMENDMENT TO LETTER OF CREDIT (EXTENSION OF STATED EXPIRATION  
DATE AND INCREASE IN STATED AMOUNT)**

**Irrevocable Letter of Credit No. [REDACTED] dated March 14, 2018**

July 1, 2020

The Bank of New York Mellon, as Issuing  
and Paying Agent

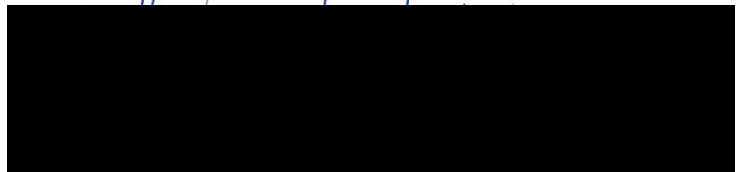


Ladies and Gentlemen:

Reference is hereby made to the Irrevocable Letter of Credit No. [REDACTED] dated March 14, 2018 (the "Letter of Credit"), established by Barclays Bank PLC, in your favor as Issuing and Paying Agent. As of the date hereof, in accordance with the terms of the Letter of Credit and the Reimbursement Agreement dated as of January 1, 2018, between the Long Island Power Authority and Barclays Bank PLC, the Stated Expiration Date (as defined in the Letter of Credit) has been extended to March 14, 2024, and the Stated Amount of the Letter of Credit has been increased to \$269,097,223 (representing \$250,000,000 principal amount of the Series 2015 GR-6 Notes plus interest thereon for 275 days calculated at 10% for a year of 360 days).

This letter constitutes an amendment to the Letter of Credit and should be attached to the Letter of Credit and made a part thereof.

BARCLAYS BANK PLC



## AGREEMENT TO AMEND LETTER OF CREDIT

Relating to:  
\$250,000,000

Long Island Power Authority  
Electric System General Revenue Notes, Series 2015 GR-6

This Agreement to Amend Letter of Credit (this "Agreement"), dated July 1, 2020 (the "Effective Date"), between Long Island Power Authority (the "Authority") and Barclays Bank PLC (the "Bank"),

### WITNESSETH:

WHEREAS, the Authority and the Bank have previously entered into that certain Reimbursement Agreement dated as of January 1, 2018 (the "Reimbursement Agreement"), pursuant to which the Bank issued that certain Irrevocable Letter of Credit No. [REDACTED] dated March 14, 2018 (the "Letter of Credit") in favor of The Bank of New York Mellon, as Issuing and Paying Agent (the "Issuing and Paying Agent"), as beneficiary, supporting the Authority's Electric System General Revenue Notes, Series 2015 GR-6;

WHEREAS, Section 2.1(b) of the Reimbursement Agreement provides that the Stated Expiration Date for the Letter of Credit shall be subject to extension upon the request of the Authority and with the written consent of the Bank in its sole discretion;

WHEREAS, Section 8.2 of the Reimbursement Agreement provides that the Reimbursement Agreement may be amended in writing by the parties, subject to approval by the New York Attorney General and New York State Comptroller;

WHEREAS, the Authority has requested that the Bank extend the Stated Expiration Date of the Letter of Credit, and the Bank has agreed to extend the Stated Expiration Date of the Letter of Credit and consent to certain amendments to the Reimbursement Agreement, subject to the terms and conditions set forth herein;

WHEREAS the Authority desires to increase the authorized amount of the Series 2015 GR-6 Notes to \$250,000,000, and in connection therewith has requested the Bank, and the Bank has agreed, to increase the stated amount of the Letter of Credit from \$107,638,889 to \$269,097,223;

NOW THEREFORE, in consideration of the premises, the parties hereto agree as follows:

Section 1. Certain Defined Terms. Capitalized terms used herein and not otherwise defined have the meanings given to them in the Reimbursement Agreement.

Section 2. Request For Extension of Stated Expiration Date. The Authority hereby requests that the Bank extend the Stated Expiration Date of the Letter of Credit to March 14, 2024, and the Bank, subject to the satisfaction of the provisions of Section 4 hereto, agrees to

Contract No. [REDACTED]

such request and on the Effective Date will deliver to the Issuing and Paying Agent the Notice of Extension and Increase of Stated Amount to effectuate such extension.

Section 3. Amendment of Stated Amount of Letter of Credit. The Authority hereby requests that the Bank increase the Stated Amount of the Letter of Credit to \$269,097,223.00 (representing \$250,000,000.00 principal amount of the Series 2015 GR-6 Notes plus interest thereon for 275 days calculated at 10% for a year of 360 days), and the Bank, subject to the satisfaction of the provisions of Section 4 hereto, agrees to such request and on the Effective Date will deliver to the Issuing and Paying Agent an amendment to the Letter of Credit substantially in the form attached hereto as Exhibit A (the "Notice of Extension and Increase of Stated Amount") to effectuate such increase.

Section 4. Replacement of Appendix A. Appendix A to the Reimbursement Agreement is hereby deleted in its entirety and replaced with the Appendix A attached hereto as Exhibit B.

Section 5. Amendment of Section 2(a) of the Reimbursement Agreement. Section 2(a) of the Reimbursement Agreement is amended to read in its entirety as follows:

(a) The Bank agrees, on the terms and subject to the conditions hereinafter set forth and relying upon the representations and warranties set forth herein or incorporated into Section 4.9 hereof by reference, to issue the Letter of Credit in an initial stated amount equal to \$269,097,223 (the "Initial Stated Amount"), representing the maximum principal amount of the 2015 GR-6 Notes in the amount of \$250,000,000 and interest thereon computed on the basis of an assumed interest rate of ten percent (10%) per annum for a period of 275 days and a year of 360 days. The Letter of Credit shall be issued to the Issuing and Paying Agent for the account of the Authority, and shall be substantially in the form of Exhibit A hereto, with such changes to such form as the Authority and the Bank shall agree in writing are necessary or advisable.

Section 6. Amendment of Article I of the Fee Annex. Article I of the Fee Annex is amended to read in its entirety as follows:

*Section 1.1(A). L/C Fees Prior to March 14, 2021.* The Authority hereby agrees to pay to the Bank on April 2, 2018, for the period commencing on the Closing Date and ending on April 1, 2018, and in arrears on the first Business Day of each July, October, January and April occurring thereafter to and including March 13, 2021, a non-refundable facility fee in an amount equal to the rate per annum associated with the Rating (as defined below) as specified below (the "*Pre-March 14 LC Fee Rate*") on the daily weighted average of the Stated Amount (as defined in the Letter of Credit) of the Letter of Credit (without regard to any reductions of the Stated Amount of the Letter of Credit subject to reinstatement) (the "*Pre-March 14 LC Fees*") for each day during each related period.

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	LC FEE RATE
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

*Section 1.1(B). L/C Fees After March 14, 2021.* Commencing on and including March 14, 2021, the Authority hereby agrees to pay to the Bank in arrears on the first Business Day of each July, October, January and April occurring thereafter to the Termination Date, and on the Termination Date, a non-refundable facility fee in an amount equal to the rate per annum associated with the Rating (as defined below) as specified below (the "*Post-March 14 LC Fee Rate*" and, together with the Pre-March 14 LC Fee Rate, the "*LC Fee Rate*") on the daily weighted average of the Stated Amount (as defined in the Letter of Credit) of the Letter of Credit (without regard to any reductions of the Stated Amount of the Letter of Credit subject to reinstatement) (the "*Post-March 14 LC Fees*" and, together with the Pre-March 14 LC Fees, the "*LC Fees*") for each day during each related period.

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	LC FEE RATE
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

The term "*Rating*" as used above shall mean the lowest long-term unenhanced, unsecured debt ratings assigned by Moody's, S&P or Fitch (each a "*Rating Agency*" and collectively the "*Rating Agencies*") to any Bonds or, if all such Bonds are no longer outstanding or are enhanced, any unenhanced senior lien debt of the Authority. In the event of a split rating (i.e., one of the foregoing Rating Agency's Rating is at a different Level than the Ratings of either of the other Rating Agencies), the LC Fee Rate shall be based upon the Level in which the lowest Rating appears. Any change in the LC Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration or realignment of the long-term unenhanced debt rating assigned to any unenhanced Bonds or, if all such Bonds are no longer outstanding or are enhanced, any unenhanced senior lien debt of the Authority in connection with the adoption of a "global" rating scale, the Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under



the new rating system that most closely approximates the applicable rating category as currently in effect. Upon the occurrence and during the continuance of an Event of Default under the Reimbursement Agreement, and for so long as such Event of Default shall continue, the LC Fee Rate shall immediately and without notice increase by an additional [REDACTED] % above the LC Fee Rate otherwise in effect. The LC Fees shall be payable quarterly in arrears, based upon a year of 360 days and the actual number of days elapsed together with interest on the LC Fees from the date payment is due until payment in full at the Default Rate.

*Section 1.2. Draw Fees.* The Authority hereby agrees to pay to the Bank for each drawing under the Letter of Credit, on the date of each such Drawing (without notice from the Bank to the Authority), a non-refundable draw fee equal to \$[REDACTED].

*Section 1.3. Amendment, Waiver or Consent Fees.* The Authority hereby agrees to pay to the Bank (i) on the date each amendment to the Reimbursement Agreement or any other Document is entered into, a non-refundable amendment fee of \$[REDACTED] and (ii) on the date of each waiver or consent related to the Reimbursement Agreement or any other Document, a fee in an amount agreed to by the Bank and the Authority, plus, in each case, the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith.

*Section 1.4. Transfer Fee.* The Authority hereby agrees to pay the Bank on the date of each transfer of the Letter of Credit to a successor Issuing and Paying Agent, a reasonable non-refundable transfer fee in an amount equal to \$[REDACTED], plus the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith.

*Section 1.5. Termination Fee; Reduction Fee.* (a) The Authority hereby agrees to pay to the Bank a termination fee in connection with any termination or replacement of the Letter of Credit by the Authority prior to the [REDACTED] anniversary of the date of the Amendment to the Letter of Credit, in an amount equal to the product of (1) the LC Fee Rate on the date of such termination, (2) the Stated Amount in effect on the day prior to the date of termination, and (3) a fraction, the numerator of which is equal to the number of days from and including the date of such termination to and including the [REDACTED] anniversary of the date hereof, and the denominator of which is 360 (the "Termination Fee"), payable on the date of such termination. Notwithstanding the foregoing or any provision in the Reimbursement Agreement to the contrary, the Authority may terminate or replace the Letter of Credit in accordance with the Documents at any time without payment of the Termination Fee (i) if Moody's shall have withdrawn or lowered the short-term debt rating of the Bank below "P-1" (or its equivalent), (ii) if S&P shall have withdrawn or lowered the short-term debt rating of the Bank below "A-1" (or its equivalent), or (iii) if Fitch shall have withdrawn or lowered the short-term debt rating of the Bank below "F1" (or its equivalent).

(b) Notwithstanding the foregoing and anything set forth herein or in the Reimbursement Agreement to the contrary, the Authority agrees not to permanently reduce the Stated Amount below the initial Stated Amount of the Letter of Credit prior to the [REDACTED] anniversary of the date of the Amendment to the Letter of Credit, without the payment by the Authority to the Bank of a reduction fee in connection with each and every permanent reduction of the Stated Amount as set forth herein in an amount equal to the product of (A) the LC Fee Rate in effect on the date of such reduction, (B) the difference between the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) prior to such reduction and the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) after such reduction, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including the [REDACTED] anniversary of the date hereof, and the denominator of which is 360 (the "*Reduction Fee*").

Section 7. Representations and Warranties. The Authority hereby represents and warrants that the following statements are true and correct as of the Amendment Date:

(a) the representations and warranties of the Authority contained in Article IV of the Reimbursement Agreement and in each of the other Documents are true and correct on and as of the Effective Date as though made on and as of such date (except to the extent the same expressly relate to an earlier date);

(b) no Potential Default or Event of Default has occurred and is continuing or would result from the execution of this Agreement.

(c) the execution, delivery and performance by the Authority of this Agreement is within its powers, has been duly authorized by all necessary action and does not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the Authority;

(d) no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Authority of this Agreement; and

(e) this Agreement constitutes the legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms, except that (i) the enforcement thereof may be limited by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, as the same may be applied in the event of the bankruptcy, reorganization, insolvency, liquidation or similar situation of the Authority, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

Section 8. Counsel's Fees. The Authority hereby agrees to pay the reasonable fees of counsel for the Bank incurred in connection with the preparation, negotiation, execution and delivery of this Agreement.

Section 9. Other Terms Unchanged. This Agreement is for the sole purpose of inducing the Bank to extend the Stated Expiration Date of the Letter of Credit, and amending the terms of the Reimbursement Agreement as set forth in Section 3 hereof, and no other terms of the Reimbursement Agreement or the Letter of Credit shall be changed by the execution and delivery hereof.

Section 10. Effective Date. This Agreement shall become effective as of the date first above written, upon:

- (a) execution and delivery by the Authority and the Bank of this Agreement;
- (b) delivery by the Authority of evidence that it is authorized to execute and deliver this Agreement and that the Authority has approved the transaction contemplated hereby;
- (c) approval by the Office of the New York State Comptroller and the Office of the New York State Attorney General;
- (d) payment of legal fees for counsel to the Bank relating to the preparation and negotiation of this Agreement;
- (e) execution and delivery by the Authority of a Bank Note reflecting the increased stated amount of the Letter of Credit; and
- (f) opinions of Bond Counsel and Counsel to the Authority as to due authorization, execution and enforceability of the Reimbursement Agreement, as amended by the Amendment, and the Bank Note.

Section 11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws specified in Section 8.6 of the Reimbursement Agreement.

Section 12. Counterparts. This Agreement may be executed and delivered in counterparts, each of which will be deemed an original.

Section 13. Severability. Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 14. Headings. Section headings used in this Agreement are for convenience of reference only and shall not affect the construction hereof.

Section 15. State Comptroller Approval. In accordance with Section 112 of the New York State Finance Law, this Agreement shall not be valid, effective or binding upon the Authority until it has been approved by the State Comptroller and filed in his office.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to Extend Letter of Credit and Amend Reimbursement Agreement to be duly executed and delivered by their respective duly authorized officers as of the day and year first above written.

LONG ISLAND POWER AUTHORITY

[Redacted Signature]

Approved by:

[Redacted Signature]

OFFICE OF THE STATE COMPTROLLER

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Approved as to form by:

OFFICE OF THE NEW YORK ATTORNEY GENERAL

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

BARCLAYS BANK PLC

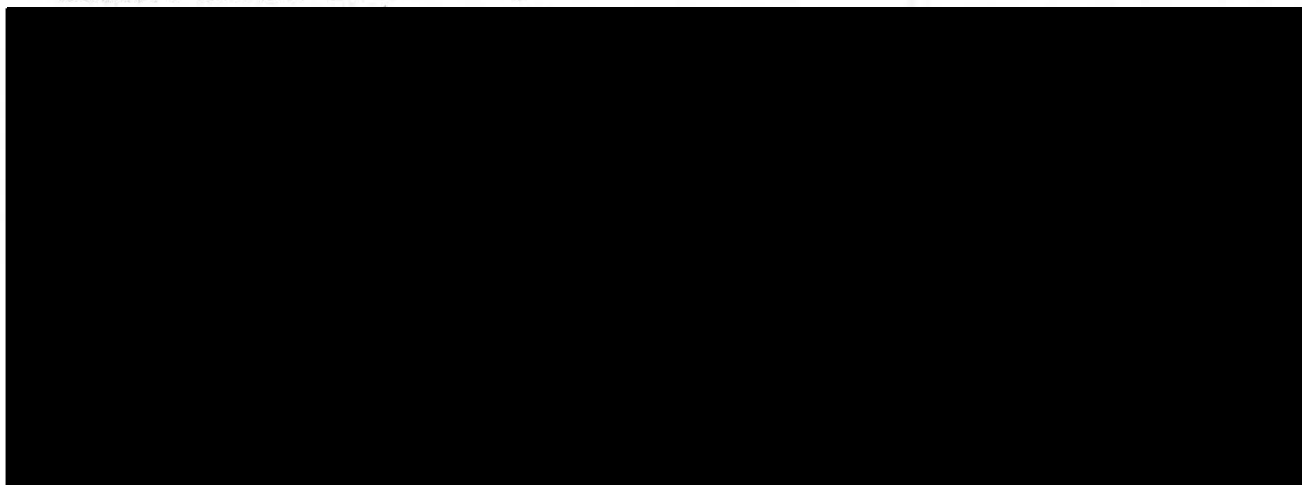
[Redacted Signature]

Contract No. [Redacted]



**FORM OF ACKNOWLEDGEMENT**

STATE OF NEW YORK            )  
  ) ss:  
COUNTY OF NEW YORK        )



**EXHIBIT A**

**AMENDMENT TO LETTER OF CREDIT (EXTENSION OF STATED EXPIRATION  
DATE AND INCREASE IN STATED AMOUNT)**

**Irrevocable Letter of Credit No. [REDACTED] dated March 14, 2018**

[dated the Effective Date]

The Bank of New York Mellon, as Issuing  
and Paying Agent

[REDACTED]  
[REDACTED]  
[REDACTED]

Ladies and Gentlemen:

Reference is hereby made to the Irrevocable Letter of Credit No. [REDACTED] dated March 14, 2018 (the "Letter of Credit"), established by Barclays Bank PLC, in your favor as Issuing and Paying Agent. As of the date hereof, in accordance with the terms of the Letter of Credit and the Reimbursement Agreement dated as of January 1, 2018, between the Long Island Power Authority and Barclays Bank PLC, the Stated Expiration Date (as defined in the Letter of Credit) has been extended to March 14, 2024, and the Stated Amount of the Letter of Credit has been increased to \$269,097,223 (representing \$250,000,000 principal amount of the Series 2015 GR-6 Notes plus interest thereon for 275 days calculated at 10% for a year of 360 days).

This letter constitutes an amendment to the Letter of Credit and should be attached to the Letter of Credit and made a part thereof.

BARCLAYS BANK PLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT B**

### **STANDARD CLAUSES FOR LIPA CONTRACTS**

For the purposes of this Appendix A, the Long Island Power Authority and its operating subsidiary the Long Island Lighting Company d/b/a LIPA are hereinafter referred to as "LIPA."

The parties to the attached contract, license, lease, amendment or other agreement of any kind (hereinafter, "*the contract*" or "*this contract*") agree to be bound by the following clauses which are hereby made a part of the contract (the word "*Contractor*" herein refers to any party other than LIPA, whether a contractor, consultant, licensor, licensee, lessor, lessee or other party):

**NON-ASSIGNMENT CLAUSE.** In accordance with Section 138 of the State Finance Law, this contract may not be assigned by Contractor or its right, title or interest therein assigned, transferred, conveyed, sublet or otherwise disposed of without the previous consent, in writing, of LIPA, and any attempts to assign the contract without LIPA's written consent are null and void. Contractor may, however, assign its right to receive payment without LIPA's prior written consent unless this contract concerns Certificates of Participation pursuant to Article 5-A of the State Finance Law.

**COMPTROLLER'S APPROVAL.** In accordance with Section 112 of the New York State Finance Law (the "*State Finance Law*"), this Agreement shall not be valid, effective or binding upon LIPA until it has been approved by the State Comptroller and filed in his office.

**WORKER'S COMPENSATION BENEFITS.** In accordance with Section 142 of the State Finance Law, this Agreement shall be void and of no force and effect unless Contractor provides and maintains coverage during the life of this Agreement for the benefit of such employees as are required to be covered by the provisions of the Workers' Compensation Law.

**NON-DISCRIMINATION REQUIREMENTS.** In accordance with Article 15 of the Executive Law (also known as the Human Rights Law) and all other New York State and Federal statutory and constitutional non-discrimination provisions, Contractor shall not discriminate against any employee or applicant for employment because of race, creed, color, sex (including gender identity or expression), national origin, age, disability, marital status, sexual orientation, genetic predisposition or carrier status. Furthermore, in accordance with Article 220-e of the New York Labor Law, and to the extent that this Agreement shall be performed within the State of New York, Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, disability, sex, national origin, sexual orientation, genetic predisposition or carrier status; (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee for the performance of work under this Agreement.

**NEW YORK STATE EXECUTIVE ORDER NO. 177 (PROHIBITING STATE CONTRACTS WITH ENTITIES THAT SUPPORT DISCRIMINATION) CERTIFICATION.** The New York State Human Rights Law, Article 15 of the Executive Law, prohibits discrimination and harassment based on age, race, creed, color, national origin, sex, pregnancy or pregnancy-related conditions, sexual orientation, gender identity, disability, marital status, familial status, domestic violence victim status, prior arrest or conviction record, military status or predisposing genetic characteristics.

The Human Rights Law may also require reasonable accommodation for persons with disabilities and pregnancy-related conditions. A reasonable accommodation is an adjustment to a job or work environment that enables a person with a disability to perform the essential functions of a job in a reasonable manner. The Human Rights Law may also require reasonable accommodation in employment on the basis of Sabbath observance or religious practices.

Generally, the Human Rights Law applies to:

- all employers of four or more people, employment agencies, labor organizations and apprenticeship training programs in all instances of discrimination or harassment;
- employers with fewer than four employees in all cases involving sexual harassment; and,
- any employer of domestic workers in cases involving sexual harassment or harassment based on gender, race, religion or national origin.

In accordance with Executive Order No. 177, the Bidder hereby certifies that it does not have institutional policies or practices that fail to address the harassment and discrimination of individuals on the basis of their age, race, creed, color, national origin, sex, sexual orientation, gender identity, disability, marital status, military status, or other protected status under the Human Rights Law.

Executive Order No. 177 and this certification do not affect institutional policies or practices that are protected by existing law, including but not limited to the First Amendment of the United States Constitution, Article 1, Section 3 of the New York State Constitution, and Section 296(11) of the New York State Human Rights Law.

**WAGE AND HOURS PROVISIONS.** If this is a public work contract covered by Article 8 of the Labor Law or a building service contract covered by Article 9 thereof, neither Contractor's employees nor the employees of its subcontractors may be required or permitted to work more than the number of hours or days stated in said statutes, except as otherwise provided in the Labor Law and as set forth in prevailing wage and supplement schedules issued by the State Labor Department. Furthermore, Contractor and its subcontractors must pay at least the prevailing wage rate and pay or provide the prevailing supplements, including the premium rates for overtime pay, as determined by the State Labor Department in accordance with the Labor Law and shall comply with all requirements set forth in Article 8 or Article 9 of the Labor Law whichever Article applies.

**NON-COLLUSIVE BIDDING CERTIFICATION.** In accordance with Section 2878 of the Public Authorities Law, if this contract was awarded based upon the submission of bids, Contractor warrants, under penalty of perjury, that its bid was arrived at independently and without collusion aimed at restricting competition. Contractor further warrants that, at the time Contractor submitted its bid, an authorized and responsible person executed and delivered to LIPA a non-collusive bidding certification on Contractor's behalf.

**INTERNATIONAL BOYCOTT PROHIBITION.** In accordance with Section 220-f of the Labor Law and Section 139-h of the State Finance Law, if this contract exceeds \$5,000, Contractor agrees, as a material condition of the contract, that neither Contractor nor any substantially owned or affiliated person, firm, partnership or corporation has participated, is participating, or shall participate in an international boycott in violation of the federal Export Administration Act of 1979 (50 USC app. Sections 2401 et seq.) or regulations thereunder. If such Contractor, or any of the aforesaid affiliates of Contractor, is convicted or is otherwise found to have violated said laws or regulations upon the final determination of the United States Commerce Department or any other appropriate agency of the United States subsequent to the contract's execution, such contract, amendment or modification thereto shall be rendered forfeit and void.



Contractor shall so notify the State Comptroller within five (5) business days of such conviction, determination or disposition of appeal (2NYCRR 105.4).

**SET-OFF RIGHTS.** LIPA shall have all of its common law, equitable and statutory rights of set-off. These rights shall include, but not be limited to, LIPA's option to withhold for the purposes of set-off any moneys due to Contractor under this contract up to any amounts due and owing to LIPA with regard to this contract, any other contract with LIPA, including any contract for a term commencing prior to the term of this contract, plus any amounts due and owing to LIPA for any other reason including, without limitation, tax delinquencies, fee delinquencies or monetary penalties relative thereto. LIPA shall exercise its set-off rights in accordance with normal State practices including, in cases of set-off pursuant to an audit, the finalization of such audit by LIPA, its representatives, or the State Comptroller.

**RECORDS.** Contractor shall establish and maintain complete and accurate books, records, documents, accounts and other evidence directly pertinent to performance under this contract (hereinafter, collectively, "*the Records*"). The Records must be kept for six (6) years following the expiration or earlier termination of the contract. The State Comptroller, the Attorney General and any other person or entity authorized to conduct an examination, as well as the agency or agencies involved in this contract, shall have access to the Records during normal business hours at an office of Contractor within the State of New York or, if no such office is available, at a mutually agreeable and reasonable venue within the State, for the term specified above for the purposes of inspection, auditing and copying. LIPA shall take reasonable steps to protect from public disclosure any of the Records which are exempt from disclosure under Section 87 of the Public Officers Law (the "*Statute*") *provided* that: (i) Contractor shall timely inform LIPA in writing, that said records should not be disclosed; and (ii) said records shall be sufficiently identified; and (iii) designation of said records as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, the State's right to discovery in any pending or future litigation.

**DISCLOSURE OF LIPA RECORDS OR INFORMATION.** If any third party requests that Contractor disclose LIPA records or information, as defined in subdivision 4 of section 86 of the Public Officers Law, to the extent permitted by law, Contractor shall notify LIPA of such request and LIPA shall determine, in accordance with Chapter 39 of the Laws of 2010, whether such LIPA records or information may be disclosed.

**EQUAL EMPLOYMENT FOR MINORITIES AND WOMEN.** In accordance with Section 312 of the New York Executive Law: (i) Contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, genetic predisposition or carrier status and shall undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination. Affirmative action shall mean recruitment, employment, job assignment, promotion, upgradings, demotion, transfer, layoff, or termination and rates of pay or other forms of compensation; (ii) at the request of LIPA, Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, genetic predisposition or carrier status and that such union or representative will affirmatively cooperate in the implementation of Contractor's obligations herein; and (iii) Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of this Agreement, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, genetic predisposition or carrier status. Contractor shall include the provisions of (i), (ii) and (iii) above, in every subcontract over twenty-five thousand dollars (\$25,000.00) for the construction,

demolition, replacement, major repair, renovation, planning or design of real property and improvements thereon (the "Work") except where the Work is for the beneficial use of Contractor.

**MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES.** It is the policy of the Authority to provide Minority and Women-Owned Business Enterprises (M/WBEs) the greatest practicable opportunity to participate in the Authority's contracting activity for the procurement of goods and services. To effectuate this policy, Contractor shall comply with the provisions of this Schedule A and the provisions of Article 15-A of the New York Executive Law. The Contractor will employ good faith efforts to achieve the below-stated M/WBE Goals set for this contract, and will cooperate in any efforts of the Authority, or any government agency which may have jurisdiction, to monitor and assist Contractor's compliance with the Authority's M/WBE program.

Minority-Owned Business Enterprise (MBE) Subcontracting 0%

Women-Owned Business Enterprise (WBE) Subcontracting Goal 0%

Waivers shall only be considered in accordance with the provisions of Article 15-A of the Executive Law.

To help in complying, Contractor may inspect the current New York State Certification Directory of Minority and Women Owned Businesses, prepared for use by state agencies and contractors in complying with Executive law Article 15-A, (the Directory) at the same location where the Authority's bid document or request for proposals may be obtained or inspected and also at the Authority's office at 333 Earle Ovington Boulevard, Suite 403, Uniondale, NY 11553. In addition, printed or electronic copies of the Directory may be purchased from the New York State Department of Economic Development, Minority and Women's Business Division.

If requested, Contractor shall submit within ten (10) days of such request, a complete Utilization Plan, which shall include identification of the M/WBEs which the Contractor intends to use; the dollar amount of business with each such M/WBE; the Contract Scope of Work which the Contractor intends to have performed by such M/WBEs; and the commencement and end dates of such performance. The Authority will review the plan and, within twenty (20) days of its receipt, issue a written acceptance of the plan or comments on deficiencies in the plan.

The Contractor shall include in each Subcontract, in such a manner that the provisions will be binding upon each Subcontractor, all of the provisions herein including those requiring Subcontractors to make a good faith effort to solicit participation by M/WBEs.

If requested, the Contractor shall submit monthly compliance reports regarding its M/WBE utilization activity. Reports are due on the first business day of each month, beginning thirty (30) days after Contract award.

The Contractor shall not use the requirements of this section to discriminate against any qualified company or group of companies.

**CONFLICTING TERMS.** In the event of a conflict between the terms of the contract (including any and all attachments thereto and amendments thereof) and the terms of this Appendix A, the terms of this Appendix A shall control.

**GOVERNING LAW.** This contract shall be governed by the laws of the State of New York except where the Federal supremacy clause requires otherwise.

**LATE PAYMENT.** Timeliness of payment and any interest to be paid to Contractor for late payment shall be governed by Section 2880 of the Public Authorities Law and the guidelines adopted by LIPA thereto.

**PROHIBITION ON PURCHASE OF TROPICAL HARDWOODS.** Contractor certifies and warrants that all wood products to be used under this contract award will be in accordance with, but not limited to, the specifications and provisions of State Finance Law §165 (Use of Tropical Hardwoods) which prohibits purchase and use of tropical hardwoods, unless specifically exempted, by the State or any governmental agency or political subdivision or public benefit corporation. Qualification for an exemption under this law will be the responsibility of Contractor to establish to meet with the approval of the State. In addition, when any portion of this contract involving the use of woods, whether supply or installation, is to be performed by any subcontractor, Contractor will indicate and certify in the submitted bid proposal that the subcontractor has been informed and is in compliance with specifications and provisions regarding use of tropical hardwoods as detailed in §165 State Finance Law. Any such use must meet with the approval of the State; otherwise, the bid may not be considered responsive. Under bidder certifications, proof of qualification for exemption will be the responsibility of Contractor to meet with the approval of the State.

**MACBRIDE FAIR EMPLOYMENT PRINCIPLES.** In accordance with the MacBride Fair Employment Principles (Chapter 807 of the New York Laws of 1992), Contractor hereby stipulates that Contractor either (i) has no business operations in Northern Ireland, or (ii) shall take lawful steps in good faith to conduct any business operations in Northern Ireland in accordance with the MacBride Fair Employment Principles (as described in Article 165 of, the New York State Finance Law), and shall permit independent monitoring of compliance with such principles.

**OMNIBUS PROCUREMENT ACT OF 1992.** It is the policy of New York State to maximize opportunities for the participation of New York State business enterprises, including minority and women-owned business enterprises as bidders, subcontractors and suppliers on its procurement contracts. Information on the availability of New York State subcontractors and suppliers is available from:

NYS Department of Economic Development  
Division for Small Business  
One Commerce Plaza  
Albany, New York 12245

A directory of certified minority and women-owned business enterprises is available from:

NYS Department of Economic Development  
Minority and Women's Business Development Division  
One Commerce Plaza  
Albany, New York 12245

The Omnibus Procurement Act of 1992 requires that by signing this Agreement, Contractor certifies that:

(a) Contractor has made commercially reasonable efforts to encourage the participation of New York State Business Enterprises as suppliers and subcontractors, including



certified minority and woman-owned business enterprises, on this Project, and has retained the documentation of these efforts to be provided upon request to the State;

(b) Contractor has complied with the Federal Equal Opportunity Act of 1972 (P.L. 92-261), as amended; and

(c) Contractor agrees to make commercially reasonable efforts to provide notification to New York State residents of employment opportunities on this Project through listing any such positions with the Job Service Division of the New York State Department of Labor, or providing such notification in such manner as is consistent with existing collective bargaining contracts or agreements. Contractor agrees to document these efforts and to provide said documentation to the State upon request.

(d) Contractor acknowledges that the State may seek to obtain offset credits from foreign countries as a result of this contract and agrees to cooperate with the State in these efforts.

**RECIPROCITY AND SANCTIONS PROVISIONS.** Contractor is hereby notified that if its principal place of business is located in a state that penalizes New York State vendors, and if the goods or services it offers are substantially produced or performed outside New York State, the Omnibus Procurement Act 1994 amendments (Chapter 684, Laws of 1994) require that Contractor be denied contracts which it would otherwise obtain.

**PURCHASES OF APPAREL.** In accordance with State Finance Law 162 (4-a), LIPA shall not purchase any apparel from any Contractor unable or unwilling to certify that: (i) such apparel was manufactured in compliance with all applicable labor and occupational safety laws, including, but not limited to, child labor laws, wage and hours laws and workplace safety laws, and (ii) Contractor will supply, with its bid (or, if not a bid situation, prior to or at the time of signing a contract with LIPA), if known, the names and addresses of each subcontractor and a list of all manufacturing plants to be utilized by the bidder.

**CONTRACTOR AFFIRMATION OF COMPLIANCE AND CERTIFICATION OF DISCLOSURE.** Contractor affirms that it understands and agrees to comply with the procedures of the Governmental Entity relative to permissible contacts as required by the State Finance Law § 139-j (3) and § 139-j (6)(b). Furthermore, Contractor certifies that the information disclosed pursuant to State Finance Law § 139-k (5) is complete true and accurate.

**OPTIONAL TERMINATION BY THE AUTHORITY.** LIPA reserves the right to terminate this contract in the event it is found that the certification filed by Contractor in accordance with New York State Finance Law § 139-k was intentionally false or intentionally incomplete. Upon such finding, LIPA may exercise its termination right by providing written notification to Contractor in accordance with the written notification terms of the contract.

**CONTINGENT FEES.** Contractor hereby certifies and agrees that (a) Contractor has not employed or retained and will not employ or retain any individual or entity for the purpose of soliciting or securing any LIPA contract or any amendment or modification thereto pursuant to any agreement or understanding for receipt of any form of compensation which in whole or in part is contingent or dependent upon the award of any such contract or any amendment or modification thereto; and (b) Contractor will not seek or be paid an additional fee that is contingent or dependent upon the completion of a transaction by LIPA.



**NONPUBLIC PERSONAL INFORMATION.** Contractor shall comply with the provisions of the New York State Information Security Breach and Notification Act (General Business Law Section 899-aa; State Technology Law Section 208). Contractor shall be liable for the costs associated with such breach if caused by Contractor's negligent or willful acts or omissions, or the negligent or willful acts or omissions of the Contractor's agents, officers, employees or subcontractors.

**IRAN DIVESTMENT ACT CERTIFICATION.** Contractor certifies under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to paragraph (b) of subdivision 3 of Section 165-a of the State Finance Law. In addition, Contractor agrees that no person on the list created pursuant to paragraph (b) of subdivision 3 of Section 165-a of the State Finance Law will be utilized as a subcontractor on this contract.

**SEXUAL HARASSMENT PREVENTION CERTIFICATION.** In accordance with New York State Finance Law Section 139-L, Contractor certifies that: "By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that the bidder has and has implemented a written policy addressing sexual harassment prevention in the workplace and provides annual sexual harassment prevention training to all of its employees. Such policy shall, at a minimum, meet the requirements of" New York State Labor Law Section 201-g.

**ADMISSIBILITY OF REPRODUCTION OF CONTRACT.** Notwithstanding the best evidence rule or any other legal principle or rule of evidence to the contrary, the Contractor acknowledges and agrees that it waives any and all objections to the admissibility into evidence at any court proceeding or to the use at any examination before trial of an electronic reproduction of this contract, in the form approved by the State Comptroller, if such approval was required, regardless of whether the original of said contract is in existence.

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REIMBURSEMENT AGREEMENT

between

LONG ISLAND POWER AUTHORITY

and

Barclays Bank PLC

dated as of January 1, 2018

Relating to:  
\$100,000,000  
Long Island Power Authority  
Electric System General Revenue Notes, Series 2015 GR-6

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**Contract No. C-000915**

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## **REIMBURSEMENT AGREEMENT**

This GR REIMBURSEMENT AGREEMENT dated as of January 1, 2018, between LONG ISLAND POWER AUTHORITY, a corporate municipal instrumentality of the State of New York (the “Authority”), and Barclays Bank PLC (together with its successors and assigns, the “Bank”),

### **WITNESSETH:**

WHEREAS, the Authority has authorized the issuance from time to time of its Electric System General Revenue Notes designated as the Electric System General Revenue Notes, Series 2015 GR-6 (the “2015 GR-6 Notes”), which may be issued in either of two subseries designated as “Electric System General Revenue Notes, Series 2015 GR-6 (Federally Taxable)” (the “2015 GR-6 Taxable Notes”) and “Electric System General Revenue Notes, Series 2015 GR-6 (Tax-Exempt)” (the “Series 2015 GR-6 Tax-Exempt Notes”) in the aggregate principal amount of up to \$100,000,000 (i) for the payment of certain costs of system improvements and (ii) to pay costs relating to the issuance of the 2015 GR-6 Notes;

WHEREAS, the 2015 GR-6 Notes were issued pursuant to the Long Island Power Authority Act, being Title 1-A of Article 5 (§1020 et. seq.) of the Public Authorities Law of the State of New York, as amended (the “Act”), the General Resolution (as hereinafter defined), and an Amended and Restated Certificate of Determination, dated the Closing Date (the “Certificate of Determination”);

WHEREAS, in order to support the payment of the 2015 GR-6 Notes as the same shall become due and payable pursuant to the provisions of the GR Resolution (as hereinafter defined), the Authority has requested that the Bank issue in favor of the Issuing and Paying Agent (as hereinafter defined), for the account of the Authority and for the benefit of the holders from time to time of the 2015 GR-6 Notes, an irrevocable transferable letter of credit, substantially in the form attached hereto as Exhibit A (the “Letter of Credit”) in the initial stated amount of \$107,638,889;

WHEREAS, the Letter of Credit is being issued as a Note Credit Facility (as hereinafter defined) pursuant to Article IV of the GR Resolution;

WHEREAS, in order to induce the Bank to issue the Letter of Credit, the Authority has agreed to reimburse the Bank for all amounts advanced by it under the Letter of Credit and to pay interest on such amounts as well as certain costs, fees and expenses, all as provided herein;

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants contained herein, and in order to induce the Bank to issue the Letter of Credit, the parties agree as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.1. Definitions.** For purposes of this GR Reimbursement Agreement, capitalized terms used herein which are not defined herein have the meanings set forth in the General Resolution. In addition, the following terms have the following meanings:

“Act” has the meaning set forth in the recitals hereto.

“Alternate Credit Facility” means a letter of credit or similar obligation, arrangement, or instrument issued or provided by a bank, insurance company, or other financial institution that provides (to the extent and subject to the terms and conditions set forth therein) credit enhancement for payment of principal of and interest on the 2015 GR-6 Notes when the same become due and payable during the term thereof and is issued in substitution for the Letter of Credit in accordance with, and pursuant to, Section 6.3 hereof, as the same may be amended or supplemented from time to time.

“Alternate Liquidity Facility” means a letter of credit or similar obligation, arrangement, or instrument issued or provided by a bank, insurance company, or other financial institution that provides (to the extent and subject to the terms and conditions set forth therein) liquidity support for payment of principal of and interest on the 2015 GR-6 Notes when the same become due and payable during the term thereof and is issued in substitution for the Letter of Credit in accordance with, and pursuant to, Section 6.3 hereof, as the same may be amended or supplemented from time to time.

“Authority Budget” has the meaning set forth in the General Resolution.

“Authority Documents” means (a) the General Resolution, (b) the GR Resolution, (c) the Issuing and Paying Agency Agreement, (d) the Dealer Agreement, (e) the 2015 GR-6 Notes, (f) the Bank Note, (g) this GR Reimbursement Agreement, (h) each of the Bank Documents to the extent the Authority is a party thereto, (i) the Financing Agreement, and (j) any other instrument or document to which the Authority is a party relating to the transactions, contemplated by any of the foregoing documents.

“Authorized Representative” means in the case of both the Authority and the LIPA Subsidiary, their respective Chairman, Chief Executive Officer, Chief Financial Officer, Controller or Chief Operating Officer, or such other person or persons so designated by resolution of the Authority or the LIPA Subsidiary, as the case may be.

“Authorized Revenue Notes” has the meaning set forth in the General Resolution.

“Balloon Debt” means Debt, 25% or more of the original principal of which matures during any consecutive twelve (12) month period, if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption or mandatory prepayment prior to such twelve (12) month period; *provided* that in no event shall the term “Balloon Debt” include Unreimbursed Amounts or Bank Loans made hereunder or Debt that would otherwise be classified hereunder as “Put Debt.”

“Bank” has the meaning set forth in the introductory paragraph hereof.

“Bank Agreement” has the meaning set forth in Section 5.21 hereof.

“Bank Documents” means (a) this GR Reimbursement Agreement, (b) the Letter of Credit, and (c) all certificates, opinions, financing statements and other documents or instruments made or delivered in accordance with any of the foregoing agreements, each as amended from time to time in accordance with their respective terms and with this GR Reimbursement Agreement.

“Bank Loan” means the amount of each Drawing which has been converted into a term loan in accordance with the provisions of Section 2.8(a) hereof.

“Bank Note” has the meaning set forth in Section 2.16 hereof.

“Bank Rate” means the rate of interest per annum with respect to Unreimbursed Amounts of any Drawing (including any Drawing which has become a Bank Loan) (i) for any day commencing on and including the date such Drawing is made up to and including the ninetieth (90th) day next succeeding the date such Drawing was made, equal to the Base Rate from time to time in effect, (ii) for any day commencing on and including the ninety-first (91st) day next succeeding the date such Drawing was made up to and including the one-hundred eightieth (180th) day next succeeding the date such Drawing was made, equal to the sum of the Base Rate from time to time in effect plus one percent (1.00%) and (iii) for any day commencing on and including the one hundred eighty first (181st) day next succeeding the date such Drawing was made and at all times thereafter, equal to the Base Rate from time to time in effect plus two percent (2.00%) (provided that if, on any day, the Base Rate is equal to 150% of the yield on the 30-year U.S. Treasury Bond, the Bank Rate for such day shall equal the Base Rate); provided, however, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, “Bank Rate” shall mean the Default Rate; provided, further, in no event shall the Bank Rate be less than the applicable rate on any 2015 GR-6 Notes.

“Base Rate” means, for any day, a per annum rate equal to the highest of (i) the Prime Rate plus two and one-half percent (2.50%), (ii) the Federal Funds Rate plus two and one-half percent (2.50%), (iii) 150% of the yield on actively traded 30-year U.S. Treasury Bonds and (iv) eight percent (8.00%). Each change in the Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate, Federal Funds Rate or U.S. Treasury Bond yield, as the case may be.

“Basel III” means “Basel III - A Global Regulatory Framework for More Resilient Banks and Banking Systems, December 2010” and “Basel III - International Framework for Liquidity Risk Measurement Standards and Monitoring, December 2010” promulgated by the Basel Committee on Banking Supervision, as the same may be amended from time to time.

“Bond Counsel” means (i) Hawkins Delafield & Wood LLP or (ii) another attorney or firm of attorneys nationally recognized in the area of municipal bonds which shall be acceptable to the Bank.



“Bond Rating Evidence” has the meaning set forth in Section 3.1(g) hereof.

“Bonds” means and includes all “Bonds” as defined in the General Resolution.

“Business Day” means any day of the year on which banks in New York, New York or the presentation office of the Bank at which Drawings are presented are not required or authorized to remain closed and on which the Issuing and Paying Agent, the Bank, the New York Stock Exchange, Inc. and the Federal Reserve Bank are open.

“Capital Lease” has the meaning set forth in the General Resolution.

“Capitalized Interest” has the meaning set forth in the General Resolution.

“CERCLA” has the meaning set forth in Section 4.19 hereof.

“Certificate of Determination” means the Amended and Restated Certificate of Determination, dated the Closing Date, executed by the Authority and pertaining to the 2015 GR-6 Notes.

“Closing Date” means the date on which the Letter of Credit is issued, subject to the satisfaction or waiver by the Bank of all of the conditions precedent set forth in Section 3.1 hereof.

“Code” means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

“Controlled Group” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Authority, are treated as a single employer under Section 414 of the Code.

“Conversion Date” has the meaning set forth in Section 2.8(a) hereof.

“Credit Facility” has the meaning set forth in the General Resolution.

“Dealer” means the Person performing the functions of a dealer pursuant to a Dealer Agreement.

“Dealer Agreement” means the agreement or agreements to be entered into between the Authority and the dealer or dealers relating to the sale of the 2015 GR-6 Notes, as amended from time to time, or such other dealer agreement as may be entered into by the Authority in substitution therefor.

“Debt” of any Person means (without duplication), all liabilities, obligations and indebtedness of such Person (i) for borrowed money, (ii) evidenced by bonds, indentures, notes or other similar instruments (other than instruments endorsed by such Person for collection or deposit in the ordinary course of business), (iii) to pay the deferred purchase price of property or services, except trade accounts payable in the ordinary course of business, (iv) as lessee under leases that shall have been or should be, in accordance with GAAP, recorded as capital leases,

(v) under reimbursement agreements or similar agreements with respect to the issuance of letters of credit (other than obligations in respect of letters of credit (to the extent undrawn) opened to provide for the payment of goods or services purchased or other obligations incurred in the ordinary course of business), (vi) under direct guaranties and indemnities in respect of, and to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, or to assure an obligee against failure to make payment in respect of, liabilities, obligations or indebtedness of others of the kinds referred to in clauses (i) through (v) above, in each case to the extent reasonably quantifiable, and (vii) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA; *provided, however*, that “Debt” shall not include indebtedness related to Separately Financed Projects.

“Debt Rating” means the long-term unenhanced, unsecured debt ratings assigned by the Rating Agencies to any Bonds or other senior lien debt of the Authority.

“Debt Service” means, for any period, without duplication, the sum of the amounts required for such period to pay principal of, to fund any sinking fund requirements for, and to pay interest (except to the extent such interest is to be paid from Capitalized Interest) on Bonds or Subordinated Indebtedness.

The following assumptions apply in determining Debt Service:

(i) Balloon Debt. Balloon Debt shall be deemed (A) to amortize in equal amount installments over a term of twenty (20) years, and (B) to bear interest on the unpaid principal balance in the manner assumed for Variable Rate Debt.

(ii) Put Debt. Put Debt shall be deemed (A) to mature over a term (commencing on such Put Date) equal to twenty (20) years less the number of years (counting fractions of any year as a whole year) to elapse between the date such Put Debt is incurred and such Put Date, (B) to bear interest on the unpaid principal balance in the manner assumed for Variable Rate Debt and (C) to be payable as to principal in equal amount installments.

(iii) Variable Rate Debt. In determining the amount of interest payable on Variable Rate Debt for any future period (the “Determination Period”), such interest shall be computed by assuming that the rate of interest applicable to the Determination Period is equal to the greatest of (A) the rate or rates which were assumed by the Authority in the Authority Budget for such Determination Period to be borne by Variable Rate Debt during such Determination Period, (B) the average of the rate of interest which was in effect on the last day of each of the six consecutive full calendar months (or if such Variable Rate Debt shall have been outstanding less than six months, the lesser number of full calendar months for which such Variable Rate Debt shall have been outstanding) immediately preceding the calendar month in which such calculation is made, and (C) an interest rate calculated by multiplying 1.15 times the weighted average of the rate or rates borne by such Variable Rate Debt for each day during the thirty-day period immediately preceding the date of calculation; *provided, however*, that if the Authority has in connection with any Variable Rate Debt entered into a Financial Contract which provides that the Authority is to pay to the Qualified Counterparty an amount determined based

upon a fixed rate of interest on the outstanding principal amount of such Variable Rate Debt or that the Qualified Counterparty is to pay to the Authority an amount determined based upon the amount by which the rate at which such Variable Rate Debt bears interest exceeds a stated rate of interest on all or any portion of such Variable Rate Debt, it will be assumed that such Variable Rate Debt bears interest at the fixed rate of interest to be paid by the Authority or the rate in excess of which the Qualified Counterparty is to make payment to the Authority in accordance with such agreement.

“Debt Service Component” has the meaning set forth in the General Resolution.

“Debtor Relief Laws” means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

“Default Rate” means a fluctuating interest rate per annum equal to the sum of the Base Rate from time to time in effect plus four percent (4.00%).

“Disclosure Materials” means the Offering Memorandum, and any amendments or supplements thereto relating to the 2015 GR-6 Notes.

“Documents” means the Bank Documents and the Authority Documents.

“Dodd Frank Act” means the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as signed into law on July 21, 2010, and all statutes, rules, guidelines or directives promulgated thereunder.

“Drawing” means a drawing under the Letter of Credit in accordance with its terms to pay the principal of and interest on the 2015 GR-6 Notes.

“Embargoed Person” has the meaning set forth in Section 8.22 hereof.

“EMMA” has the meaning set forth in Section 8.25 hereof.

“Environmental Laws” has the meaning set forth in Section 4.19 hereof.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Event of Default” has the meaning set forth in Section 7.1 hereof.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average (rounded upward, if necessary, to a whole multiple of one hundredth of one percent) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that: (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds

Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one-hundredth of one percent) charged to the Bank on such day on such transactions as determined by the Bank. Each determination of the Federal Funds Rate by the Bank shall be deemed conclusive and binding on the Authority, absent manifest error.

“Final Drawing” means a Drawing honored by the Bank under the Letter of Credit in connection with a Final Drawing Notice.

“Final Drawing Notice” means a Final Drawing Notice in substantially the form of the certificate attached to the Letter of Credit as Annex F.

“Financial Contract” has the meaning set forth in the General Resolution.

“Financing Agreement” means the Financing Agreement, dated as of May 1, 1998, as amended and supplemented, between the Authority and the LIPA Subsidiary.

“Fiscal Year” means the fiscal year used by the Authority, which, as of the Closing Date, is for the period from and including January 1 to and including December 31.

“Fitch” means Fitch Ratings, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority and approved by the Bank (which shall not be under any liability by reason of such approval).

“GAAP” means generally accepted accounting principles in the United States as in effect from time to time, applied on a basis consistent with those used in preparation of the audit report referred to in Section 5.2 hereof.

“General Resolution” means the Electric System General Revenue Bond Resolution adopted by the Authority on May 13, 1998, as supplemented and amended, including as supplemented by the GR Resolution, and as may be further amended and supplemented from time to time in accordance with the terms hereof and thereof.

“Governmental Authority” means any nation or government, any state, department, agency or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government.

“Governmental Body” means the United States of America or any state or political subdivision thereof, any other nation or political subdivision thereof or any agency, department, commission, board, bureau or instrumentality of any of them which exercises jurisdiction over the Authority or any of its Subsidiaries or any of their assets or the conduct of the business of the Authority or any of its Subsidiaries in any such jurisdiction.

“Governmental Requirements” means any law, ordinance, order, rule or regulation by a Governmental Body.

“GR Reimbursement Agreement” means this Reimbursement Agreement, as amended, modified or restated from time to time in accordance with its terms, including the Fee Annex attached hereto and all of the Exhibits attached hereto, all of which are incorporated herein by this reference and made a part hereof. When used in the plural, “GR Reimbursement Agreements” means this Reimbursement Agreement and any other similar agreement entered into with respect to any other Electric System General Revenue Notes pursuant to the GR Resolution.

“GR Resolution” means the resolution entitled “Amended and Restated Twenty-Third Supplemental Electric System General Revenue Bond Resolution,” adopted by the Authority on July 26, 2017, which amends and restates the Twenty-Third Supplemental Electric System General Revenue Bond Resolution adopted by the Authority on August 6, 2014, as it may be further amended and supplemented, and includes the Certificate of Determination.

“Holders” means the Holders of 2015 GR-6 Notes.

“Incorporated Provisions” has the meaning set forth in Section 5.21 hereof.

“Indemnitees” has the meaning set forth in Section 8.3 hereof.

“Initial Stated Amount” has the meaning set forth in Section 2.1(a) hereof.

“Interest Component” has the meaning set forth in the Letter of Credit.

“Issuing and Paying Agent” means the issuing and paying agent appointed under the Issuing and Paying Agency Agreement with the consent of the Bank and any successor thereto as shall be appointed pursuant to the Issuing and Paying Agency Agreement.

“Issuing and Paying Agency Agreement” means the Amended and Restated Issuing and Paying Agency Agreement, dated the Closing Date, between the Authority and the Issuing and Paying Agent relating to the 2015 GR-6 Notes, as the same may be amended and supplemented from time to time in accordance with the terms thereof and hereof.

“Legal Action” has the meaning set forth in Section 4.3 hereof.

“Legal Requirements” applicable to any Person means (a) all decisions, statutes, ordinances, rulings, directions, rules, regulations, orders, writs, decrees, injunctions, permits, certificates treaties, conventions, laws, licenses, governmental approvals, judgments, consent decrees or other requirements of any court or other Governmental Authority in any way applicable to or affecting such property, such transaction or such Person or its business operations, or assets, (b) all such Person’s bylaws (or code or regulations) and articles of incorporation or partnership, limited partnership, joint venture, trust, or other form of business association agreement, and (c) all other written contractual obligations of any nature applicable to or affecting such property or such person.

“Letter of Credit” has the meaning set forth in the recitals hereto.

“Letter of Credit Fee” has the meaning set forth in the Fee Annex.



“Lien” means any mortgage, deed of trust, lien, security interest, assignment, pledge, charge, hypothecation or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale or other title retention arrangement.

“LIPA Subsidiary” means the Long Island Lighting Company d/b/a LIPA, as successor to LIPA Acquisition Corp.

“Losses” means liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses and disbursements (including, without limitation, reasonable and necessary attorneys’ fees and expenses).

“Material Adverse Effect” means (a) any material adverse effect on the properties, assets, condition (financial or otherwise), results of operations or business prospects of the Authority and the LIPA Subsidiary taken as a whole, and (b) with respect to the obligations of the Authority or the LIPA Subsidiary under the Documents, a material adverse effect upon the Authority’s or the LIPA Subsidiary’s ability to perform its obligations hereunder or thereunder.

“Maturity Date” means, with respect to any Bank Loan and the Bank Note, the earliest to occur of: (i) the fifth anniversary of the date of the Drawing relating to such Bank Loan, (ii) the date on which an Alternate Credit Facility or Alternate Liquidity Facility becomes effective in substitution of the Letter of Credit, (iii) the date on which the Stated Amount is permanently reduced to zero or the Letter of Credit is otherwise terminated (other than as a result of the Letter of Credit expiring on the Stated Expiration Date), including as a result of an Event of Default and (iv) the Business Day on which commercial paper notes or bonds the proceeds of which are available to fund the repayment of any Bank Loan are sold.

“Maximum Rate” means the maximum non-usurious lawful rate of interest permitted by applicable law.

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority and approved by the Bank (which shall not be under any liability by reason of such approval).

“Note Credit Facility” has the meaning set forth in the GR Resolution.

“Notice of No Issuance” means a Notice of No Issuance in substantially the form of the certificate attached hereto as Exhibit G.

“Noticed Redemption Date” has the meaning set forth in the Issuing and Paying Agency Agreement.

“OFAC” has the meaning set forth in Section 8.22(b) hereof.

“Offering Memorandum” means the offering memorandum relating to the issuance and sale of the 2015 GR-6 Notes, including any supplement or amendment to such offering memorandum.

“Operating Agreements” means (i) the Operations Services Agreement; (ii) the Amended and Restated Power Supply Agreement between the LIPA Subsidiary and National Grid Generation LLC, dated as of October 2, 2012; (iii) the Energy Management Agreement between the LIPA Subsidiary and Consolidated Edison Energy, dated as of January 1, 2010; and (iv) the Energy Management Agreement between the LIPA Subsidiary and Pace Global Energy Management, dated as of January 1, 2010.

“Operations Services Agreement” means the Amended and Restated Operations Services Agreement between the LIPA Subsidiary and PSEG Long Island LLC, dated as of December 31, 2013, as amended and supplemented.

“Outstanding” has the meaning set forth in the General Resolution.

“Parity Contract Obligations” has the meaning set forth in the General Resolution.

“Parity Obligations” has the meaning set forth in the General Resolution.

“Parity Reimbursement Obligations” has the meaning set forth in the General Resolution.

“Participant” means any financial institution or other Person now or hereafter directly or indirectly participating in the rights and obligations of the Bank pursuant to Section 8.17 hereof.

“Patriot Act” has the meaning set forth in Section 8.21 hereof.

“Payment Obligations” means any and all obligations of the Authority to pay or reimburse the Bank contained in or evidenced by any Authority Document, including, without limitation, obligations to reimburse the Bank for all Drawings under the Letter of Credit, all obligations to repay the Bank for any Unreimbursed Amount and any Bank Loan, including all interest accrued thereon, all amounts owing under the Bank Note, the fees relating to the Letter of Credit and all other obligations of the Authority to the Bank arising under, or in relation to, or evidenced by, this GR Reimbursement Agreement or the Bank Note.

“PBGC” means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

“Permissible Investments” means any of the Investment Securities defined in the General Resolution, if and to the extent (i) such Investment Securities constitute legal investments for the funds held under the General Resolution, and (ii) such Investment Securities conform to the policies set forth in any investment guidelines adopted by the Authority and in effect at the time of the making of such investment.

“Permitted Subordinate Debt” means Debt of the Authority payable from or secured by a lien on Revenues that is subordinate to the payments provided for in, and the respective liens created by, the General Resolution and the Subordinated Resolution.

“Person” means an individual, a corporation, a partnership, an association, a limited liability company, a trust, joint venture, company or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“PILOT” means any payments in lieu of taxes due and owing by the Authority or the LIPA Subsidiary in accordance with Section 1020-q of the Act or other applicable law.

“Potential Default” means any event or condition which, with the lapse of time, or giving of notice, or both, would constitute an Event of Default.

“Prime Rate” means on any day, the rate of interest per annum then most recently established by the Bank as its “prime rate.” Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by the Bank to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that the Bank may make various business or other loans at rates of interest having no relationship to such rate. If the Bank ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

“Principal Component” has the meaning set forth in the Letter of Credit.

“Privatization” means (i) any sale, transfer, lease (including, without limitation, any long-term lease or sale/lease and leaseback) or other disposition (whether in a single transaction or a series of transactions) of all or any substantial part of the System, the Property or other assets of the Authority or the LIPA Subsidiary to any private entity or private concern, that results in the Authority no longer owning or controlling the operation of the System, (ii) any sale or other disposition of, or encumbrance or grant of a security interest in, any common or preferred stock or other evidence of the Authority’s equity interest in any of its Subsidiaries, that results in the Authority and the LIPA Subsidiary no longer owning or effectively controlling the ownership and operation of the System, or (iii) the Authority or the LIPA Subsidiary transferring, ceding or losing control (whether by force of law, by contract or otherwise) of the ability to manage, determine or control the operations and management of the System or a substantial (as defined in Section 6.4(a) hereof) part of its Property and the services relating thereto (as in effect on the Closing Date); *provided that*, contracting with a third party service provider for management and operation services of the same types contracted for in the Operating Agreements shall not be deemed to be the transferring, ceding or loss of control of the ability of the Authority or the LIPA Subsidiary to manage, determine or control the operations and management of the System or any substantial part of its Property and the services relating thereto so long as (x) such contract shall not provide such third party service provider or any Person other than the Authority and the LIPA Subsidiary with any legal, equitable, tax, beneficial or other ownership or leasehold interest in the System or in any other Property of the Authority or the LIPA Subsidiary or in any Revenues and (y) all additions to the System and other Property of the Authority or the LIPA Subsidiary purchased or constructed in conjunction or for the use with any part of the System or other Property of the Authority or the LIPA Subsidiary remains and shall

be the property of the Authority or the LIPA Subsidiary. A Privatization shall be deemed to occur on the date the relevant action or event takes effect and not on the date of any contract or law providing for such action or event to become effective on a future date; *provided, further* that, Privatization shall not include (i) the optional capital additions permitted by the Service Provider (as such term is defined in the Operations Services Agreement) pursuant to Section 4.2(a)(7) of the Operations Services Agreement and (ii) capital additions made pursuant to Utility 2.0 plan required by Section 4.2(a)(5) of the Operations Services Agreement.

“Project” means the projects financed with the proceeds of the 2015 GR-6 Notes.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“Put Debt” means Debt that is (i) payable or required to be purchased or redeemed by or on behalf of the underlying obligor, at the option of the owner thereof, prior to its stated maturity date or (ii) payable or required to be purchased or repurchased from the owner thereof by or on behalf of the underlying obligor (other than at the option of the owner) prior to its stated maturity, other than pursuant to any tax call, extraordinary mandatory redemption or prepayment, optional redemption or prepayment, mandatory sinking fund payments or other similar form of amortization.

“Qualified Counterparty” has the meaning set forth in the General Resolution.

“Rate Consultant” has the meaning set forth in the General Resolution.

“Rate Stabilization Fund” has the meaning set forth in the General Resolution.

“Rate Stabilization Fund Requirement” has the meaning set forth in Section 5.14 hereof.

“Rating Agencies” means Fitch, Moody’s and S&P.

“Redeemable 2015 GR-6 Note” means any 2015 GR-6 Note designated by the Authority for redemption on a Noticed Redemption Date pursuant to the Issuing and Paying Agency Agreement.

“Reimbursement Account” means the Long Island Power Authority 2015 GR-6 Reimbursement Account created and held by the Issuing and Paying Agent pursuant to the Issuing and Paying Agency Agreement.

“Reimbursement Obligations” means the obligations of the Authority under this GR Reimbursement Agreement to reimburse the Bank for Drawings under the Letter of Credit and all obligations to repay to the Bank any Unreimbursed Amount and/or any Bank Loan, including in each instance all interest accrued thereon in accordance with this GR Reimbursement Agreement.

“Required Deposits” has the meaning set forth in the General Resolution.

“Rescission of Notice of No Issuance” means a Rescission of Notice of No Issuance in substantially the form of the certificate attached hereto as Exhibit H.

“Revenues” has the meaning set forth in the General Resolution.

“S&P” means S&P Global Inc., a Standard & Poor’s Financial Services LLC business, and its successors and assigns, except that if such division shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority and approved by the Bank (which shall not be under any liability by reason of such approval).

“Semiannual Payment Date” means, with respect to any Bank Loan, (i) the date which is 180 days following the Drawing relating to such Bank Loan and (ii) the corresponding date in every sixth month thereafter occurring prior to the Maturity Date and on the Maturity Date with respect to such Bank Loan.

“Separately Financed Projects” has the meaning set forth in the General Resolution.

“Series 2015 GR-6 Taxable Notes” has the meaning set forth in the recitals hereto.

“Series 2015 GR-6 Tax-Exempt Notes” has the meaning set forth in the recitals hereto.

“State” means the State of New York.

“Stated Amount” means the amount set forth in the Letter of Credit as the “Stated Amount,” as such amount is reduced and reinstated from time to time in accordance with the terms of the Letter of Credit.

“Stated Expiration Date” has the meaning set forth in the Letter of Credit.

“Subordinated Credit Facility” has the meaning set forth in the General Resolution.

“Subordinated Resolution” means the Electric System General Subordinated Revenue Bond Resolution adopted by the Authority on May 20, 1998, as amended and supplemented.

“Subordinated Indebtedness” has the meaning set forth in the General Resolution.

“Subsidiary” means, for any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person. Unless otherwise expressly provided herein, all references herein to a “Subsidiary” or “Subsidiaries” shall mean a Subsidiary or Subsidiaries of the Authority.



“Subsidiary Documents” means (a) the Financing Agreement and (b) any other document to which the LIPA Subsidiary is a party relating to this transaction.

“Subsidiary Unsecured Debt” means any Debt issued or incurred by or on behalf of the LIPA Subsidiary which is an unsecured obligation of the LIPA Subsidiary.

“Supply Contracts” has the meaning set forth in the General Resolution.

“System” has the meaning set forth in the General Resolution.

“System Agreements” has the meaning set forth in the General Resolution.

“Termination Date” means the earlier of (a) the Stated Expiration Date of the Letter of Credit and (b) the date on which the Letter of Credit shall terminate pursuant to its terms or otherwise be terminated prior to the Stated Expiration Date.

“Trust Estate” means the Trust Estate as defined in the General Resolution.

“Trustee” means The Bank of New York Mellon, as trustee pursuant to the General Resolution, its successors and assigns, and any successor trustee appointed thereunder.

“Unreimbursed Amount” means with respect to the Letter of Credit, the amount of each Drawing on the Letter of Credit for which the Bank has not been reimbursed by or on behalf of the Authority, including, without limitation, the outstanding balance of all Bank Loans owing to the Bank.

“Variable Rate Debt” means Debt (which may also be Balloon Debt or Put Debt) the terms of which require or permit interest thereon for the period of time for which calculated to be borne at a varying or adjustable rate per annum or a formula rate.

**Section 1.2. Accounting Terms.** As used herein, all accounting terms not otherwise defined have the meanings assigned to them under GAAP. If, after the Closing Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Section 5.2 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this GR Reimbursement Agreement, either the Authority by notice to the Bank, or the Bank by notice to the Authority, may require that the Bank and the Authority negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Authority and its Subsidiaries shall be the same as if such change had not been made. No delay by the Authority or the Bank in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles. Without limiting the generality of the foregoing, the Authority shall neither be deemed to be in compliance with any financial covenant hereunder nor out of compliance with any financial covenant hereunder if such state of compliance or noncompliance, as the case may be, would not exist but for the occurrence of a change in accounting principles after the date hereof.

**Section 1.3. Terminology.** References to “Articles,” “Sections,” “Subsections,” “Recitals,” and “Exhibits” shall be to articles, sections, subsections, recitals, and exhibits of this GR Reimbursement Agreement unless otherwise specifically provided. Any of the terms defined in this GR Reimbursement Agreement may be used in singular or plural form. As used herein, the singular includes the plural, and the masculine gender includes the feminine and neutral genders, and vice versa, unless the context clearly requires otherwise.

## **ARTICLE II**

### **LETTER OF CREDIT; FEES**

**Section 2.1. Amount and Terms of Letter of Credit.**

(a) The Bank agrees, on the terms and subject to the conditions hereinafter set forth and relying upon the representations and warranties set forth herein or incorporated into Section 4.9 hereof by reference, to issue the Letter of Credit in an initial stated amount equal to \$107,638,889 (the “Initial Stated Amount”), representing the maximum principal amount of the 2015 GR-6 Notes in the amount of \$100,000,000 and interest thereon computed on the basis of an assumed interest rate of ten percent (10%) per annum for a period of 275 days and a year of 360 days. The Letter of Credit shall be issued to the Issuing and Paying Agent for the account of the Authority, and shall be substantially in the form of Exhibit A hereto, with such changes to such form as the Authority and the Bank shall agree in writing are necessary or advisable.

(b) The Stated Expiration Date for the Letter of Credit is set forth in the Letter of Credit; provided that such date shall be subject to extension upon the request of the Authority and with the written consent of the Bank in its sole discretion. Any request made by the Authority shall be made by written notice to the Bank no earlier than one hundred eighty (180) days and no later than sixty (60) days prior to the then existing Stated Expiration Date and the Bank shall consent to or deny the request for extension within thirty (30) days following its receipt of the Authority’s request for extension. If for any reason the Bank fails to consent to or deny the Authority’s request for an extension, the request shall be deemed to be denied by the Bank.

(c) If the Stated Amount of the Letter of Credit is reduced or reinstated after any such reduction as provided in the Letter of Credit, the Bank may at its option, deliver to the Issuing and Paying Agent a substitute Letter of Credit duly issued by the Bank in an initial stated amount equal to the then current Stated Amount of the Letter of Credit as so reduced or reinstated, as the case may be, as provided in the Letter of Credit (but otherwise having terms identical to the Letter of Credit) upon surrender by the Issuing and Paying Agent to the Bank of the Letter of Credit. Any substitute letter of credit issued pursuant to this Section 2.1(c) shall be dated the date of the Letter of Credit for which it is substituted.

**Section 2.2. Fees.** The Authority shall pay to the Bank the fees and reimburse the Bank for expenses in the amounts and on the dates and at the times set forth in the Fee Annex attached hereto. Any reference herein or in any other document to fees and/or other amounts or

obligations payable hereunder shall include, without limitation, all fees and other amounts or obligations payable pursuant to the Fee Annex attached hereto. The terms of the Fee Annex attached hereto are hereby incorporated herein by reference as if fully set forth herein and all references herein to this “GR Reimbursement Agreement” shall be deemed to include the Fee Annex. All fees paid under this GR Reimbursement Agreement and the Fee Annex attached hereto will be fully earned when due and nonrefundable when paid.

**Section 2.3. Expenses.** The Authority shall pay to the Bank within thirty (30) days of demand by the Bank, all reasonable costs, charges, fees and expenses of the Bank (including, but not limited to, taxes, if any, and the reasonable fees and expenses of counsel for the Bank as provided herein and in the Fee Annex attached hereto) in connection with this GR Reimbursement Agreement or relating to the transactions contemplated hereby, including, without limitation, any such costs, charges, fees and expenses incurred in connection with: (a) the preparation and negotiation of this GR Reimbursement Agreement, the Bank Documents, the Authority Documents or any other Documents; (b) the closing of the transactions contemplated by this GR Reimbursement Agreement; (c) any amendment, waiver, consent or modification of, or with respect to, this GR Reimbursement Agreement, any Bank Document, any Authority Document or any other Document; (d) the perfection, protection, exercise or enforcement of any of the Bank’s rights under this GR Reimbursement Agreement, any Authority Document, any Bank Document or any other Document; (e) any certificates required by the Bank from insurance specialists and other professionals; (f) any action or proceeding relating to a court order, injunction, or other process or decree restraining or seeking to restrain the Bank from paying any amount under the Letter of Credit; or (g) enforcement by the Bank of any obligations of, or in collecting any payments due from, the Authority hereunder or under any other Bank Document, Authority Document or other Document or in connection with any refinancing or restructuring of the credit arrangements provided under this GR Reimbursement Agreement in the nature of a “work-out” or of any insolvency or bankruptcy proceedings, *provided, however*, that with respect to clause (g) only, the reasonableness of such costs, charges, fees and expenses shall be determined by the Bank in its sole discretion. The obligation of the Authority to pay all reasonable costs and expenses of the Bank shall continue notwithstanding any failure to satisfy the conditions of Article III hereof and shall survive the termination of the Letter of Credit and this GR Reimbursement Agreement. Except with respect to clause (g) above, the Bank shall furnish to the Authority upon request an itemized statement of all costs, charges, fees and expenses demanded by the Bank under this Section.

**Section 2.4. Manner and Time of Payment.** Except as otherwise expressly provided herein, all payments to the Bank by the Authority under this GR Reimbursement Agreement and the Bank Note shall be made to the Bank in immediately available funds by wire transfer to the account designated for that purpose pursuant to Section 8.1 hereof not later than 1:00 p.m. (New York City time) on the date such payment is due. Funds received after such time shall be deemed to have been paid and received on the next succeeding Business Day and amounts not received on or before 1:00 p.m. on the date due shall bear interest at the Default Rate. All amounts payable to the Bank by the Authority hereunder or under the Bank Note shall be paid without demand, presentment or notice of any kind on the date due, *provided*, that payments to be made under (a) Sections 2.3 and 8.3 hereof shall be payable only upon written demand therefor by the Bank and shall be due thirty (30) days after receipt of notice by the Authority of

such demand and (b) Sections 2.15 and 5.14 hereof shall be due and payable as provided respectively therein.

**Section 2.5. Application of Funds.** Amounts paid to the Bank by or on behalf of the Authority shall be applied (i) first, to the satisfaction of interest due and owing on any Unreimbursed Amount or Bank Loan owing to the Bank, (ii) second, to the satisfaction of that portion of any Unreimbursed Amount represented by the Interest Component thereof owing to the Bank and then that portion of any Unreimbursed Amount represented by the Principal Component thereof or any Bank Loan owing to the Bank, and (iii) third, to the satisfaction of any other outstanding Payment Obligations owing to the Bank in such order as the Bank chooses. From and after the occurrence of an Event of Default, any amounts paid to the Bank hereunder shall be applied by the Bank to amounts due and owing to the Bank under this GR Reimbursement Agreement in the manner determined by the Bank in its sole and absolute discretion. Any balance remaining after payment in full of all such amounts shall be disbursed by the Bank following the Maturity Date to the Authority.

**Section 2.6. Substitute Letter of Credit.** Notwithstanding any provisions of this GR Reimbursement Agreement to the contrary, the Authority agrees not to terminate, permanently reduce or replace the Letter of Credit prior to the Stated Expiration Date, except upon (i) the payment by the Authority to the Bank of any fee, including any termination fee, required by the terms of this GR Reimbursement Agreement and the Fee Annex, (ii) the payment to the Bank of all other Payment Obligations payable hereunder and (iii) the Authority providing the Bank and the Trustee with thirty (30) days prior written notice of its intent to terminate the Letter of Credit. Any such termination of the Letter of Credit shall be in compliance with the terms and conditions of the General Resolution. The Authority agrees that any termination of the Letter of Credit as a result of the provision of any Alternate Credit Facility will require, as a condition thereto, that the Authority or the issuer of any Alternate Credit Facility shall provide funds on the date of such termination or provision, which funds will be sufficient to pay in full at the time of termination of the Letter of Credit all Payment Obligations due and owing to the Bank hereunder.

**Section 2.7. Interest on Unreimbursed Amounts and Bank Loans.**

(a) **Interest.** The Authority hereby agrees to pay interest (i) on Unreimbursed Amounts, from and including the date on which the related Drawing is made up to and including the earlier of (A) the 180th day immediately succeeding the date on which the Drawing relating to such Unreimbursed Amount was made and (B) the Stated Expiration Date, at the Bank Rate from time to time in effect, (ii) on Unreimbursed Amounts that do not become Bank Loans and that are not paid when due at the Default Rate from time to time in effect, and (iii) on Bank Loans at the Bank Rate from time to time in effect from and including the 181st day immediately succeeding the date of the related Drawing until paid in full. If any Unreimbursed Amount is repaid at or prior to 4:00 p.m. (New York time) on the same day on which the related Drawing is paid, no interest shall be payable on such Unreimbursed Amount.

(b) **Payment of Interest.** (i) Interest on Unreimbursed Amounts (A) at the rate specified in Section 2.7(a)(i) hereof shall be payable by the Authority in arrears on the

first day of each calendar month and the date of the payment in full of such Unreimbursed Amount and (B) at the rate specified in Section 2.7(a)(ii) hereof shall be payable by the Authority on demand, (ii) interest on Bank Loans at the rate specified in Section 2.7(a)(iii) shall be payable by the Authority in arrears on the first day of each calendar month until the Maturity Date and on the Maturity Date and (iii) with respect to accrued interest on an amount to be prepaid by the Authority pursuant to Section 2.8(c) below, on the date of prepayment of such amount.

(c) Computation of Interest. All interest payable hereunder shall be computed on the basis of a 365 day year, and all fees and other amounts due and owing the Bank hereunder shall be computed on the basis of a 360 day year, and, in each case, on the actual number of days elapsed in the period during which such interest or fee or other amounts due and owing hereunder accrues as specifically provided herein or therein, on any amount outstanding hereunder, the first date from which interest is stated to accrue hereunder shall be included and the date of payment of such amount to the Bank shall be excluded. Due but unpaid interest shall be compounded monthly and, to the extent permitted by law, shall bear interest at the Default Rate per annum from and after compounding until paid in full.

**Section 2.8. Payment of Unreimbursed Amounts.**

(a) Maturity Date of Unreimbursed Amount. The Unreimbursed Amount with respect to each Drawing shall be due and payable by the Authority by 4:00 p.m. (New York time) on the earlier of (i) the one hundred eightieth (180th) day immediately succeeding the date such Drawing was made and (ii) the Stated Expiration Date; *provided*, that in the event that the conditions set forth in subsections (a) and (b) of Section 3.2 hereof are satisfied on the earlier of (i) the one hundred eightieth (180th) day immediately succeeding the date such Drawing was made and (ii) the Stated Expiration Date, the Unreimbursed Amount of such Drawing will be converted automatically to a term loan (each a “Bank Loan”) from the Bank to the Authority, but only if as of the close of business on the date of such conversion (a “Conversion Date”), the sum of the then existing Stated Amount of the Letter of Credit plus the aggregate amount of all unpaid Bank Loans and other Unreimbursed Amounts does not exceed the Initial Stated Amount of the Letter of Credit. Each Bank Loan shall be due and payable as provided in Sections 2.9 and 2.10 hereof, but in no event later than the applicable Maturity Date.

(b) Payment of Bank Loans. With respect to each Bank Loan, the Authority hereby agrees to pay the amount of such Bank Loan to the Bank in equal semiannual installments, such payments to be made on each Semiannual Payment Date commencing with the first Semiannual Payment Date following the date of the Drawing to which such Bank Loan relates until paid in full, with the final principal installment in an amount equal to the entire then outstanding principal amount of such Bank Loan being due and payable on the related Maturity Date, and the related total Unreimbursed Amount shall be paid in full, together with all interest accrued thereon and any other sums owed to the Bank hereunder, on or before the applicable Maturity Date.



(c) Prepayment. The Authority may prepay each Unreimbursed Amount, in whole or in part, at any time; *provided*, that such prepayment is accompanied by all interest accrued thereon. In the event that the Issuing and Paying Agent issues any 2015 GR-6 Notes the proceeds of which are used for a purpose other than paying the principal of and interest on maturing 2015 GR-6 Notes while any Bank Loan remains unpaid, the Authority shall apply the proceeds of any such 2015 GR-6 Notes to the prepayment of such outstanding Bank Loan and such prepayment shall be applied against each such Bank Loan in the order in which each such Bank Loan was made.

**Section 2.9.** Payment Due on Non-Business Day to Be Made on Next Business Day. If any sum becomes payable pursuant to this GR Reimbursement Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

**Section 2.10.** Late Payments. If any Payment Obligation is not paid when due, or upon the occurrence and during the continuance of any Event of Default, all Payment Obligations shall bear interest until paid in full at a rate per annum equal to the Default Rate from time to time in effect, payable on demand.

**Section 2.11.** Source of Funds. All payments made by the Bank pursuant to the Letter of Credit shall be made from funds of the Bank, and not from the funds of any other Person.

**Section 2.12.** Letter of Credit Conclusive. In case of any conflict or discrepancy between the terms and provisions of the Letter of Credit and terms and provisions of this GR Reimbursement Agreement or the General Resolution, the terms of the Letter of Credit shall determine the actual meaning of the Letter of Credit and this GR Reimbursement Agreement.

**Section 2.13.** Increased Costs.

(a) If the Bank or any Participant shall have reasonably determined that the adoption or implementation of, or any change in, any law, rule, treaty or regulation, or any policy, guideline or directive of, or any change in the interpretation or administration thereof by any court, central bank or other administrative or Governmental Authority (in each case, whether or not having the force of law) in each case occurring after the Closing Date, or compliance by the Bank or any Participant with any request or directive of any such court, central bank or other administrative or Governmental Authority (whether or not having the force of law) (each a “Change in Law”), shall (A) change the basis of taxation of payments to the Bank or any Participant of any amounts payable hereunder or under the Bank Note (other than a change in the rate of tax based on the overall net income of the Bank or such Participant), (B) impose, modify or deem applicable any reserve, capital or liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against issuing or honoring Drawings under the Letter of Credit or assets held by or deposits with or for the account of, the Bank or any Participant, or (C) impose on the Bank or any Participant any other condition regarding this GR Reimbursement Agreement, the Bank Note, or the Letter of Credit, and the result of any event referred to in clause (A), (B) or (C) above shall be to increase the cost to the

Bank or any such Participant of honoring Drawings under the Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank or any such Participant hereunder or under the Bank Note, then, if and to the extent permitted by law the Authority shall pay to the Bank or such Participant at such time and in such amount as is set forth in paragraph (d) of this Section, such additional amount or amounts as will compensate the Bank or such Participant for such increased costs or reductions in amount.

(b) If the Bank or any Participant shall have determined that the applicability of any Change in Law, by, any court, central bank or other administrative or Governmental Authority, or compliance by the Bank, any corporation controlling the Bank, any Participant or any corporation controlling any Participant with any directive of or guidance from any central bank or other authority (in each case, whether or not having the force of law), shall impose, modify or deem applicable any capital adequacy, liquidity or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank, any corporation controlling the Bank, such Participant or any corporation controlling such Participant allocates capital resources or liquidity to its commitments, including its obligations under lines of credit) that either (A) affects or would affect the amount of capital or liquidity to be maintained by the Bank, any corporation controlling the Bank, such Participant or any corporation controlling such Participant as it relates to making or maintaining its obligations under this GR Reimbursement Agreement and the Letter of Credit or (B) reduces or would reduce the rate of return on the Bank's capital or liquidity, or the capital or liquidity of any corporation controlling the Bank, or of any Participant or any corporation controlling any Participant, to a level below that which the Bank, any corporation controlling the Bank, such Participant or any corporation controlling such Participant could have achieved but for such circumstances (taking into consideration the policies of the Bank, any corporation controlling the Bank, such Participant or any corporation controlling such Participant with respect to capital adequacy or liquidity as it relates to making or maintaining its obligations under this GR Reimbursement Agreement and the Letter of Credit) then, if and to the extent permitted by law the Authority shall pay to the Bank, any corporation controlling the Bank, such Participant or any corporation controlling such Participant at such time and in such amount as is set forth in paragraph (d) of this Section, such additional amount or amounts as will compensate the Bank, any corporation controlling the Bank, such Participant or any corporation controlling such Participant for such cost of maintaining such increased capital or liquidity or such reduction of the rate of return on the Bank's capital or liquidity, or the capital or liquidity of any corporation controlling the Bank, or of any Participant or any corporation controlling any Participant. The protection of this Section 2.13(b) shall be available to the Bank regardless of any possible contention of invalidity or inapplicability of the law, regulation or condition which has been imposed.

(c) Notwithstanding the foregoing, for purposes of this GR Reimbursement Agreement (a) all requests, rules, guidelines or directives in connection with the Dodd-Frank Act shall be deemed to be a Change in Law, regardless of the date enacted, adopted or issued, and (b) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory

Practices (or any successor or similar authority) or any Governmental Authority (in each case pursuant to Basel III or any successor Basel Accord) shall be deemed a Change in Law regardless of the date enacted, adopted or issued.

(d) The Bank or Participant will use its best efforts to notify the Authority within 30 days of its obtaining actual knowledge of any event occurring after the date hereof that will entitle the Bank or such Participant or the respective controlling corporation of either, to compensation pursuant to this Section; *provided* that the failure of the Bank or Participant to notify the Authority within such 30-day period shall not relieve the Authority from any liability for payment of such compensation. The failure of the Bank or such Participant to notify the Authority within 180 days of obtaining actual knowledge of any such event shall relieve the Authority from any liability for payment of such compensation; *provided*, that, if the event giving rise to such increased cost or reduction is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof. Any request for payment of increased costs pursuant to this Section shall be accompanied by a certificate of the Bank or Participant claiming compensation under this Section setting forth the additional amount or amounts to be paid to it hereunder and attaching such information in such detail as may be reasonably requested by the Authority, and such certificate and such information shall be conclusive in the absence of manifest error. In determining such amount, the Bank or Participant may use any reasonable average and attribution methods and shall include a reasonably detailed description of the amount resulting from the alleged event.

(e) The obligation of the Authority under this Section shall survive the termination of the Letter of Credit and this GR Reimbursement Agreement and the repayment of all amounts owing to the Bank hereunder and under the other Documents.

**Section 2.14. Absolute Obligations.** Each Payment Obligation of the Authority shall be performed strictly in accordance with this GR Reimbursement Agreement (subject to any modifications, waivers or consents by the Bank in accordance with the terms hereof) under any and all circumstances, and shall not be affected by (a) any lack of validity or enforceability of this GR Reimbursement Agreement, any Bank Document or any Authority Document; (b) any amendment of, or any waiver or consent with respect to, this GR Reimbursement Agreement, any Bank Document or any Authority Document, not consented to by the Bank; (c) the existence of any claim, set-off, defense or other right which the Authority, the Trustee or any other Person may have at any time against the Trustee, the Bank, the Dealer, the Issuing and Paying Agent, or any other Person; (d) any breach of contract or other dispute between the Authority or any other Person; (e) any statement, certificate, draft or other document presented under the Letter of Credit proving to be forged, fraudulent, untrue, inaccurate, invalid or insufficient in any respect; (f) any payment by the Bank under the Letter of Credit against presentation of a certificate which does not comply with the terms of the Letter of Credit (except where (i) such payment constitutes the gross negligence or willful misconduct of the Bank and (ii) the Bank has made payment of any Drawing under the Letter of Credit to a party other than the Paying Agent or the Authority); (g) any non-application or misapplication by the Trustee, the Issuing and Paying Agent, the Dealer or any other Person of the proceeds of any Drawing under the Letter of Credit or of the proceeds of the 2015 GR-6 Notes; (h) any delay, extension of time, renewal, compromise or other indulgence or modification agreed to by the Bank, with or without notice to

or approval by the Authority, in respect of any of the obligations of the Authority to the Bank under this GR Reimbursement Agreement, any Bank Document or any Authority Document; (i) any exchange, release, surrender, impairment or non-perfection of any Lien on any collateral pledged or otherwise provided to secure any of the obligations contemplated herein or in any Bank Document or, any Authority Document; or (j) any invalidity of the 2015 GR-6 Notes.

**Section 2.15. Electric System General Revenue Notes Operations.**

(a) Issuance Generally. The Authority will permit 2015 GR-6 Notes to be issued, and authorizes the Issuing and Paying Agent to issue 2015 GR-6 Notes, only in accordance with the terms of the GR Resolution and this GR Reimbursement Agreement.

(b) No Issuance Notices; Final Drawing Notice. 2015 GR-6 Notes may be issued from time to time prior to the Stated Expiration Date in accordance herewith and with the GR Resolution so long as (i) the Issuing and Paying Agent is not in receipt of a Notice of No Issuance, which notice has not been rescinded by a Rescission of Notice of No Issuance and (ii) the Issuing and Paying Agent is not in receipt of the Final Drawing Notice. The Bank may deliver a Notice of No Issuance or a Final Drawing Notice at any time when an Event of Default shall have occurred and be continuing. A Notice of No Issuance or the Final Drawing Notice shall be effective when received by the Issuing and Paying Agent; *provided, however*, that a Notice of No Issuance or the Final Drawing Notice received by the Issuing and Paying Agent after 11:30 a.m. New York time, on any day on which 2015 GR-6 Notes are being issued shall be effective on the next succeeding day. A Notice of No Issuance or the Final Drawing Notice may be given by facsimile or electronic mail transmission, confirmed in writing within twenty-four (24) hours, but the failure to so confirm such Notice of No Issuance or the Final Drawing Notice in writing shall not render such Notice of No Issuance or the Final Drawing Notice ineffective. The Bank shall furnish a copy of any Notice of No Issuance or the Final Drawing Notice to the Authority and the Dealer promptly following delivery thereof to the Issuing and Paying Agent, but the failure to furnish any such copy shall not render ineffective such Notice of No Issuance or the Final Drawing Notice.

**Section 2.16. The Bank Note.** All Unreimbursed Amounts and Bank Loans shall be made against and evidenced by a promissory note (the “Bank Note”) issued by the Authority pursuant to the terms of the Issuing and Paying Agency Agreement to the Bank payable to the order of the Bank in an amount equal to the amount of all Unreimbursed Amounts and Bank Loans outstanding from time to time. Such Bank Note shall be executed and delivered to the Bank on the Closing Date substantially in the form of Exhibit B attached hereto, with appropriate insertions. All Unreimbursed Amounts and Bank Loans and all payments and prepayments on account of the principal of and interest thereon shall be recorded by the Bank on its books and records, which books and records shall, absent manifest error, be conclusive as to amounts payable by the Authority hereunder and under the Bank Note. The Bank may, but shall not be required to, complete the schedule attached to the Bank Note to reflect the status of Unreimbursed Amounts and Bank Loans thereunder; *provided*, that the failure to make, or any error in making, any such endorsement on such schedule shall not limit, extinguish or in any way modify the obligation of the Authority to repay the Unreimbursed Amounts and Bank Loans. The Authority shall pay principal and interest on the Bank Note on the dates and at the rates

provided for in Sections 2.9 and 2.10 hereof with respect to Unreimbursed Amounts and Bank Loans.

**Section 2.17. Failure to Extend.** If the Stated Expiration Date of the Letter of Credit is not extended, the Authority agrees to use its best efforts to arrange for (i) the substitution of the Letter of Credit by an Alternate Liquidity Facility or an Alternate Credit Facility or (ii) the redemption or defeasance of all of the 2015 GR-6 Notes supported by the Letter of Credit on or prior to the then existing Stated Expiration Date.

### **ARTICLE III**

#### **CONDITIONS PRECEDENT**

The obligation of the Bank to issue the Letter of Credit and all other obligations of the Bank hereunder are conditioned upon the satisfaction by the Authority on or before the Closing Date of the conditions precedent set forth in Section 3.1 hereof.

**Section 3.1. Closing Documents.** On or before the Closing Date, the Bank shall have received and approved the following documents or materials, each of which shall be in form and substance satisfactory to the Bank and, where appropriate, duly executed (and acknowledged where necessary) and delivered by the appropriate parties thereto:

- (a) executed or certified copies, as applicable, of each of the Authority Documents;
- (b) certificates of the Chief Executive Officer or Chief Financial Officer of the Authority and the Chief Executive Officer, Chief Financial Officer or Secretary of the LIPA Subsidiary, each dated as of the Closing Date in the forms attached hereto as Exhibit C and Exhibit D, respectively;
- (c) an opinion of Bond Counsel dated the Closing Date, and addressed to the Bank, in the form attached hereto as Exhibit E;
- (d) an opinion of Counsel to the Authority and to the LIPA Subsidiary, dated the Closing Date, and addressed to the Bank, in the form attached hereto as Exhibit F;
- (e) certified copies of the organizational documents of the Authority certified by its Secretary or Chief Executive Officer;
- (f) certified copies of the organizational documents of the LIPA Subsidiary certified by its Secretary or Chief Executive Officer;
- (g) (i) evidence that, as of the Closing Date, the 2015 GR-6 Notes have been given a rating of not less than “P-1” by Moody’s and “A-1” by S&P; and (ii) recent evidence (which may be in the form of recent ratings letters or a screen shot of such ratings) that the Bonds have been given an unenhanced long-term debt rating of not less than “A3”, “A-”, and “A-” by at least two of Moody’s, S&P, and Fitch, respectively (the “Bond Rating Evidence”);

(h) satisfactory evidence that (i) a separate CUSIP number has been assigned to the Bank Note and (ii) at least one of Moody's and Fitch has assigned to the Bank Note a long-term rating equal to or higher than investment grade;

(i) copies of all the Disclosure Materials;

(j) reimbursement for all fees and expenses incurred by the Bank in connection with issuance of the Letter of Credit and the transactions contemplated herein in accordance with Section 2.2 hereof and the Fee Annex attached hereto;

(k) evidence satisfactory to the Bank that no lawsuits or governmental actions other than those referenced in Section 4.3 hereof are pending against the Authority in respect of the 2015 GR-6 Notes, or in connection with the Documents;

(l) evidence that the State Comptroller has duly approved this GR Reimbursement Agreement in accordance with Section 112 of the New York State Finance Law and that this GR Reimbursement Agreement has been filed in his office (and the execution by the State Comptroller of this GR Reimbursement Agreement will be deemed to constitute such evidence); and

(m) such other documents, agreements, instruments, certificates and opinions as the Bank may reasonably require.

All documents, certificates, opinions, and instruments referred to above shall be in form and substance satisfactory to both the Bank and its counsel.

**Section 3.2. Representations Correct; No Default; Conditions to Bank Loans.** The Authority shall represent that as of the Closing Date and, with respect to subsections (a) and (b) below, on each date on which the Bank makes any Bank Loan and as a condition to making such Bank Loan:

(a) the representations and warranties contained herein and in each written document delivered by the Authority, to the Bank in connection with this GR Reimbursement Agreement shall be true and correct in all material respects to the same extent as though made on and as of such date, except (i) to the extent that such representations and warranties specifically relate to an earlier date and to the extent that any such representation or warranty specifically relates to an earlier date, such representation or warranty shall be true and correct as of such date and (ii) that the representations contained in Section 4.22 hereof shall be deemed to refer to the most recent financial statements of the Authority and its consolidated Subsidiaries delivered to the Bank pursuant to Section 5.2(a)(ii) hereof;

(b) no Event of Default or Potential Default shall have occurred and be continuing and neither will result from the issuance of the Letter of Credit or the making of the Bank Loan, as applicable, or from the sale and issuance of the 2015 GR-6 Notes; and

(c) no event or circumstance shall have occurred since December 31, 2016, which could reasonably be expected to materially and adversely affect the rights or remedies of the Bank hereunder, or the ability of the Authority or the LIPA Subsidiary to perform its respective obligations hereunder or under any other Document to which it is a party or which could have a Material Adverse Effect.

## **ARTICLE IV**

### **REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY**

In order to induce the Bank to enter into this GR Reimbursement Agreement and to issue the Letter of Credit and to make Bank Loans hereunder, the Authority represents and warrants to the Bank that the following statements are true and correct:

**Section 4.1. Organization.** The Authority is a duly organized, validly existing corporate municipal instrumentality of the State. The LIPA Subsidiary is a business corporation, duly incorporated, validly existing and in good standing under the laws of the State. Each of the Authority and the LIPA Subsidiary has all requisite power and authority, rights and franchises to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, and to enter into and perform its obligations under the Authority Documents.

**Section 4.2. Authorization, Conflicts, Binding Effect.** The execution, delivery and performance of the Authority Documents by the Authority are within the Authority's powers and have been duly authorized by all necessary action by the Authority including, if necessary, the adoption of any necessary regulations or resolutions by its Board. The execution, delivery and performance of the Authority Documents by the Authority or the LIPA Subsidiary, as applicable, will not violate (i) the Act or the Authority's or LIPA Subsidiary's Bylaws or any other law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award, or (ii) the provisions of any indenture, instrument or agreement to which the Authority, the LIPA Subsidiary or any other Subsidiary is a party or is subject, or by which it, or its property, is bound. The Authority is not in violation of or default under any such Legal Requirement, and no condition exists that would, with the giving of notice or lapse of time, or both, constitute such a violation or default. The Authority Documents have each been duly executed by the Authority and are legally valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws affecting creditors' rights generally and by general principles of equity.

**Section 4.3. Litigation; Adverse Facts.** Except as disclosed in the Disclosure Materials, there is no action, suit, investigation, proceeding or arbitration (whether or not purportedly on behalf of the Authority or the LIPA Subsidiary) at law or in equity or before or by any foreign or domestic court or other Governmental Authority (a "Legal Action"), pending or, to the knowledge of the Authority, threatened against or affecting the Authority or the LIPA Subsidiary, or any of their respective assets which could reasonably be expected to result in a Material Adverse Effect. Neither the Authority nor the LIPA Subsidiary is in violation of any applicable law, rule, regulation, order, writ, judgment, injunction, decree or award of any court or other agency or government, which violation has a Material Adverse Effect. Except as



disclosed in the Disclosure Materials, there is no Legal Action pending or, to the knowledge of the Authority, threatened against or affecting the Authority or the LIPA Subsidiary, questioning the validity or the enforceability of any Authority Document or any Subsidiary Document, respectively.

**Section 4.4. Title to Properties; Liens.** The Authority and the LIPA Subsidiary have good, sufficient and legal title to all of their respective properties and assets. All of the properties of the Authority and the LIPA Subsidiary are free and clear of Liens, except for (i) Liens arising in connection with the Documents and (ii) such Liens as would not have a Material Adverse Effect. The Authority's properties and all revenues therefrom are exempt from taxation by the State or any of its subdivisions, municipalities or other governmental or taxing entities; *provided, however*, that the Authority is obligated under the Act to make certain PILOT payments.

**Section 4.5. Disclosure.** There is no fact known to the Authority (other than matters of a general economic nature) which has or could reasonably be expected to have a Material Adverse Effect, which has not been disclosed in this GR Reimbursement Agreement or in other documents, certificates and written statements furnished to the Bank in connection herewith.

**Section 4.6. Payment of Taxes.** All tax returns and reports of the Authority and the LIPA Subsidiary required to be filed have been timely filed, and all taxes, assessments, fees and other governmental charges, including PILOT payments, upon the Authority and the LIPA Subsidiary and upon their respective properties, assets, income and franchises which are due and payable have been paid when due and payable on a current basis, except to the extent that such taxes or PILOT payments are being contested by the Authority or the LIPA Subsidiary in good faith by appropriate proceedings with appropriate reserves.

**Section 4.7. Disclosure Materials.** The information contained in the Disclosure Materials or otherwise furnished by or on behalf of the Authority to the Bank in connection with the negotiation of this GR Reimbursement Agreement is correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made in the Disclosure Materials, in light of the circumstances under which they were made, not misleading; *provided, however*, that the Authority makes no representation as to information provided by the Bank for inclusion in the Offering Memorandum.

**Section 4.8. Authority Documents; Subsidiary Documents.** Each of the Authority Documents and the Subsidiary Documents is in full force and effect and represents a valid and binding obligation of the Authority or the LIPA Subsidiary, as applicable, enforceable in accordance with its respective terms; no Event of Default and no Potential Default currently exists under any of the Authority Documents or the Subsidiary Documents except as previously disclosed in writing to the Bank, nor has the Authority, the LIPA Subsidiary or any other party thereto waived or deferred performance of any material obligation under any Authority Document or Subsidiary Document except as previously disclosed in writing to the Bank.

**Section 4.9. Reaffirmation of Representations and Warranties.** The Authority hereby makes to the Bank the same representations and warranties as are set forth by the Authority in each of (a) the General Resolution, (b) the GR Resolution, (c) the Issuing and Paying Agency

Agreement, (d) the Dealer Agreement, (e) the 2015 GR-6 Notes, (f) the Bank Note, (g) each of the other Bank Documents to the extent the Authority is a party thereto, and (h) the Financing Agreement, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference into this Section 4.9 for the benefit of the Bank with the same effect as if each and every such representation and warranty and defined term were set forth in this Section 4.9 in its entirety. No amendment to such representations and warranties or defined terms made pursuant to any Authority Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference in this Section 4.9 without the prior written consent of the Bank.

**Section 4.10. Regulatory Compliance.** The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds of Drawings under the Letter of Credit will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

**Section 4.11. Registration, Consent and Approval.** The execution, delivery and performance by the Authority of this GR Reimbursement Agreement and the Authority Documents do not and with respect to the execution and delivery will not require registration with, or the consent or approval of, or any other action by, any federal, State or other governmental authority or regulatory body other than those which have been made or given and are in full force and effect (except for any federal securities laws or Blue Sky regulations, as to which no representation is given).

**Section 4.12. Liens.** The General Resolution creates, for the benefit and security of the 2015 GR-6 Notes and the Reimbursement Obligations (together with other Bonds and other Parity Obligations), the legally valid, binding and irrevocable statutory lien on and pledge of the Revenues and the Trust Estate. There is no lien on the Trust Estate other than the liens created by or pursuant to the General Resolution and the Subordinated Resolution. Neither the General Resolution nor the Subordinated Resolution permits the issuance of any debt secured by the Revenues to rank senior to the 2015 GR-6 Notes or the Reimbursement Obligations. The payment of the principal of and interest on the Bank Note and the payment of the Reimbursement Obligations rank on a parity with the payment of principal of and interest on Bonds and each is not subordinate to any payment secured by a lien on the Revenues or the Trust Estate or any other claim, and is prior as against all other persons having claims of any kind in tort, contract or otherwise, whether or not such persons have notice of the lien. No filing, registering, recording or publication of the General Resolution or any other instrument is required to establish the pledge under the General Resolution or to perfect, protect or maintain the lien created thereby on the Revenues and the Trust Estate.

**Section 4.13. Sovereign Immunity.** The defense of sovereign immunity is not available to the Authority in any proceeding by the Bank to enforce any of the obligations of the Authority under this GR Reimbursement Agreement or the Authority Documents and, to the fullest extent permitted by law, the Authority consents to the initiation of any such proceeding in any federal or state court of competent jurisdiction located in the State.

**Section 4.14. No Default.** No Potential Default or Event of Default exists on the date hereof.

**Section 4.15. ERISA.** The Authority and its Subsidiaries are in compliance in all material respects with ERISA to the extent applicable to them and neither the Authority nor any Subsidiary thereof has received any notice to the contrary from the PBGC or any other governmental entity or agency except where such noncompliance could not reasonably be expected to result in a Material Adverse Effect. No steps have been taken to terminate any Plan other than a “standard termination” meeting the requirements of Section 4041(b) of ERISA, and no contribution failure has occurred with respect to any Plan sufficient to give rise to a lien under Section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Plan which is reasonably likely to result in the incurrence by the Authority or any Subsidiary thereof of any fine, penalty or liability (other than the liability for making contributions when due to such Plan in accordance with Section 302 of ERISA) which could reasonably be expected to result in a Material Adverse Effect. Neither the Authority nor any Subsidiary thereof has any contingent liability with respect to any post-retirement benefit, other than liability for continuation coverage described in Part 6 of Title I of ERISA that could reasonably be expected to have a Material Adverse Effect, except as disclosed in writing to the Bank prior to the date hereof.

**Section 4.16. Enforceability.** This GR Reimbursement Agreement and the other Authority Documents are the legal, valid and binding agreements of the Authority and, to the extent a signatory thereto, the LIPA Subsidiary, enforceable against them in accordance with their terms, except as may be limited by (a) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws or judicial decisions for the relief of debtors or the limitation of creditors’ rights generally and (b) equitable principles of general applicability.

**Section 4.17. No Default under Other Agreements.** None of the Authority, the LIPA Subsidiary or any other Subsidiary is in default with respect to any note, indenture, loan agreement, mortgage, lease, deed, or other agreement to which it is a party or by which it or its Property is bound, which default could materially and adversely affect any rights of the Bank under the Documents or could reasonably be expected to result in a Material Adverse Effect.

**Section 4.18. Status under Certain Laws.** Neither the Authority nor any of its Subsidiaries is an “investment company” or a person directly or indirectly controlled by or acting on behalf of an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

**Section 4.19. Environmental Law.** To the best of the Authority’s knowledge after reasonable diligence with respect thereto, except as otherwise described to the Bank in writing on or prior to the Closing Date, (i) neither the Authority nor any Subsidiary thereof has received any notice to the effect, or has any knowledge, that its Property or operations are not in compliance with any of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations including, without limitation, regulations promulgated under the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§6901 et seq. (“Environmental Laws”), or is the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or

substance into the environment, which non-compliance or remedial action could reasonably be expected to result in a Material Adverse Effect; (ii) there have been no releases of hazardous materials at, on or under any Property now or previously owned or leased by the Authority or any Subsidiary that, singly or in the aggregate, have, or may reasonably be expected to result in, a Material Adverse Effect; (iii) there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any Property now or previously owned or leased by the Authority or any Subsidiary that, singly or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect; (iv) neither the Authority nor any Subsidiary is the subject of any remedial investigation under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §9601 et seq. (“CERCLA”) that is reasonably expected to have a Material Adverse Effect; and (v) no conditions exist at, on or under any Property now or previously owned or leased by the Authority or any Subsidiary which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law, except to the extent such liability could not reasonably be expected to result in a Material Adverse Effect.

**Section 4.20. General Resolution.** The Reimbursement Obligations constitute Parity Reimbursement Obligations and Parity Obligations for all purposes of the General Resolution, which are secured by the pledge of and lien on the Trust Estate created by Section 501 of the General Resolution on a parity with the lien on the Trust Estate securing the payment of Bonds, the 2015 GR-6 Notes and other Parity Obligations. To the extent that any Letter of Credit Fee or other amount payable hereunder does not constitute a Reimbursement Obligation, such Letter of Credit Fee or other amount so payable shall be payable as Operating Expenses by the Authority. The Letter of Credit is a “Credit Facility” as defined in the General Resolution.

**Section 4.21. Interest.** None of the Documents provides for any payments that would violate any applicable law regarding permissible maximum rates of interest.

**Section 4.22. Financial Information.** The audited financial statements of the Authority and its consolidated Subsidiaries for the Fiscal Year ended December 31, 2016, true and correct copies of which have heretofore been delivered or made available to the Bank, fairly present, in conformity with GAAP, the financial position of the Authority and its consolidated Subsidiaries and its results of operations and changes in financial position at the dates and for the periods indicated. Since December 31, 2016, there has been no material adverse change in the business, financial position, or the results of operations of the Authority or the LIPA Subsidiary. Except as reflected in the financial statements referenced above or as described in the Disclosure Materials or as otherwise disclosed by the Authority to the Bank in writing, there are as of the date hereof no liabilities or obligations with respect to the Authority of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, in the aggregate, would be material to the Authority or the LIPA Subsidiary. The Authority does not know of any basis for the assertion against the Authority or any of its Subsidiaries of any liability or obligation of any nature whatsoever that is not reflected in the financial statements referenced above or the Disclosure Materials which, in the aggregate, could be material to the Authority or any of its consolidated Subsidiaries.

## ARTICLE V

### AFFIRMATIVE COVENANTS OF THE AUTHORITY

Until the later of the Termination Date and the date that all the Payment Obligations are paid in full, unless the Bank otherwise expressly consents in writing:

**Section 5.1. Maintenance of Existence, Etc.** The Authority shall maintain and preserve its existence and all rights material to its function; maintain its assets in good order and repair; and conduct its business in an orderly manner without voluntary interruption. The Authority shall maintain its legal existence as a corporate municipal instrumentality of the State and shall maintain and preserve the legal existence of the LIPA Subsidiary as a wholly owned Subsidiary of the Authority. The Authority shall, and shall cause each Subsidiary to, maintain its legal existence except for mergers permitted by Section 6.4 hereof, or where the dissolution of a Subsidiary would not have a Material Adverse Effect.

**Section 5.2. Access and Reporting.** The Authority shall permit the representatives of the Bank at any time or from time to time during normal business hours, upon one (1) Business Day's notice, to inspect all of its properties, books and records and to discuss the affairs, finances and accounts of the Authority with its officers from time to time. The Authority shall maintain a system of accounting established and administered in accordance with sound business practices to permit preparation of financial statements in conformity with GAAP. The Authority, at its expense, shall furnish or cause to be furnished to the Bank the following:

(a) (i) Within sixty (60) days after the end of each of the first three fiscal quarters of each Fiscal Year of the Authority, unaudited consolidated financial statements consisting of a statement of financial position of the Authority and its consolidated Subsidiaries as of the end of such fiscal period and a statement of cash flows and a statement of revenues, expenses and accumulated (deficit)/net revenues of the Authority and its consolidated Subsidiaries for such fiscal period, prepared in accordance with GAAP, and in the case of such quarter of such Fiscal Year, setting forth in comparative form the corresponding figures (if any) for the preceding fiscal quarter of the preceding Fiscal Year, prepared in accordance with GAAP, and (ii) within one hundred twenty (120) days after the end of each Fiscal Year, audited financial statements of the Authority and its consolidated Subsidiaries consisting of a statement of financial position and a statement of cash flows and a statement of revenues, expenses and accumulated (deficit)/net revenues for such Fiscal Year (including comparative form of the corresponding figures (if any) for the preceding Fiscal Year) all in reasonable detail (in the case of the report set out in (ii), prepared in accordance with GAAP and accompanied by the report of a nationally recognized firm of certified public accountants, and in all other cases prepared in accordance with GAAP for interim financial information). In connection with the requirements in clauses (i) and (ii) above, the Authority shall provide a letter from the Chief Financial Officer of the Authority addressed to the Bank stating that, insofar as they relate to accounting matters, no Event of Default and no Potential Default has come to his/her attention and was continuing at the end of such fiscal period or on the date of his/her letter or, if such an event, insofar as it relates to accounting matters, has come to his/her attention and was continuing as of such date, indicating the

nature of such event and the action which the Authority proposed to take with respect thereto and, in connection with the requirements in clause (ii) above, the Authority shall provide a letter from the nationally recognized firm of certified public accountants that prepared the report required by clause (ii) addressed to the Bank, stating that, insofar as they relate to accounting matters, no Event of Default and no Potential Default has come to such firm's attention and was continuing at the end of such fiscal period or on the date of such firm's letter or, if, insofar as they relate to accounting matters, such an event has come to such firm's attention and was continuing as of such date, indicating the nature of such event. Such letter shall also set forth the calculations supporting such statements in respect of Sections 5.8 and 5.14 hereof;

(b) Within one hundred twenty (120) days after the end of each Fiscal Year, a certificate of an Authorized Representative of the Authority (i) setting forth in reasonable detail the Authority's historical Debt Service coverage for such Fiscal Year, together with detailed calculations thereof, and (ii) certifying that no Event of Default and no Potential Default has occurred and is continuing;

(c) Within one hundred twenty (120) days after the end of each Fiscal Year, a certificate of an Authorized Representative of the Authority setting forth in reasonable detail the electric sales, revenues and peak period usage for such Fiscal Year;

(d) Promptly upon their becoming available, a copy of the Authority's operating budget for the following Fiscal Year, but no later than fifteen (15) days after such information is made available by the Authority and, in any event, not later than 120 days after the end of each Fiscal Year, and such budget shall include, without limitation, the following information: (i) a forecast of projected operating results for the next Fiscal Year, (ii) estimated capacity requirements and resources for the next Fiscal Year, and (iii) a summary of estimated capital expenditures for the four (4) succeeding Fiscal Years;

(e) Promptly upon their becoming available, other financial reports, annually adopted budgets, official statements and similar information of the Authority and its consolidated Subsidiaries, but in no event later than fifteen (15) days after such information is made available by the Authority and shall promptly furnish such other information on the financial condition and affairs of the Authority as the Bank may reasonably request from time to time;

(f) Promptly upon their becoming available, copies of any non-routine periodic or special reports filed by the Authority with any governmental authority if such reports indicate any material adverse change in the business, operations, affairs or condition of the Authority and/or the LIPA Subsidiary, and copies of any material adverse notice or other material adverse communications from any governmental authority, its board or committee of its board which specifically relate to the operations of the Authority and/or the LIPA Subsidiary;

(g) Written notice of (i) any litigation, legal proceeding or dispute with any governmental agency or with any other party which if determined adversely to the

Authority or the LIPA Subsidiary would have a material adverse effect on the Authority's or the LIPA Subsidiary's performance of its obligations under this GR Reimbursement Agreement or any Authority Document or Bank Document or the transactions contemplated hereby or thereby, (ii) failure by the Authority or the LIPA Subsidiary to pay and discharge any of its material obligations and liabilities when due and (iii) any breach of warranty, lack of correctness of warranty, event of default, breach of covenant or any lack of validity or contest as to validity in any Document to which the Authority or the LIPA Subsidiary is a party;

(h) As soon as reasonably available, copies of any material notices, certificates or other communications given to or received from the Trustee, the Issuing and Paying Agent, the Dealer or any Holder of 2015 GR-6 Notes pursuant to or in connection with the Authority Documents or the Bank Documents;

(i) As soon as available, and in any event within sixty (60) days after the end of each fiscal quarter of each Fiscal Year, a report of quarterly mark-to-market valuations of the Authority's Financial Contracts; and

(j) Such other information respecting the operations and properties, financial or otherwise, of the Authority and the LIPA Subsidiary as the Bank may from time to time reasonably request.

The Authority shall be deemed to have complied with the requirements to provide the information set forth in this Section 5.2 to the extent such information (i) has been duly posted on the Authority's website ([www.lipower.org](http://www.lipower.org)) or (ii) has been duly filed with EMMA and is publicly available, in either case, within the time periods set forth above and the Authority shall have given the Bank notice of the same within the time periods set forth above.

**Section 5.3. Further Assurances.** From time to time hereafter, the Authority shall, and shall cause the LIPA Subsidiary to, execute and deliver such additional instruments, certificates or documents, and shall take all such actions as the Bank may reasonably request, for the purposes of implementing or effectuating the provisions of this GR Reimbursement Agreement and the Bank Documents, the Authority Documents or for the purpose of more fully perfecting or renewing the Bank's rights with respect to the rights, properties or assets subject to such Documents (or with respect to any additions thereto or replacements or proceeds thereof or with respect to any other property or assets hereafter acquired by the Authority which are or become a part thereof) pursuant hereto or thereto. Without limiting the generality of the foregoing, upon the exercise by the Bank of any power, right, privilege or remedy pursuant to this GR Reimbursement Agreement, the Bank Documents or the Authority Documents which requires any consent, approval, registration, qualification or authorization of any governmental authority or instrumentality, the Authority shall, and shall cause the LIPA Subsidiary to, execute and deliver all necessary applications, certifications, instruments and other documents and papers that may be required in order to obtain such governmental consent, approval, registration, qualification or authorization.



**Section 5.4. Application of Proceeds.** The Authority shall apply the proceeds of the 2015 GR-6 Notes solely and entirely to the purposes specified in the General Resolution and not in violation of any Legal Requirement.

**Section 5.5. Compliance with Legal Requirements.** The Authority shall comply and shall take all action necessary or advisable to cause others, including without limitation the LIPA Subsidiary, to comply in all material respects with all the Legal Requirements affecting the Authority and/or the LIPA Subsidiary, including all Legal Requirements, the non-compliance with which would materially adversely affect (a) the business, operations, assets, or condition (financial or otherwise) of the Authority or the LIPA Subsidiary and (b) the ability of the Authority or the LIPA Subsidiary to perform its obligations under the Authority Documents and the Bank Documents.

**Section 5.6. Payment of Debt.** The Authority shall (a) duly and punctually pay or cause to be paid all principal of and interest on any and all Debt of the Authority unless diligently contested in good faith and by appropriate proceedings by the Authority, subject to the exceptions, limitations and waivers set forth in the documents under which such Debt was incurred, (b) comply with and perform all conditions, terms and obligations of the notes or other instruments or agreements evidencing or securing such Debt, (c) promptly inform the Bank of any material default, or anticipated default, under any such note, agreement, or instrument, and (d) forward to the Bank a copy of any notice of default or notice of any event that might result in default under any such note, agreement or instrument.

**Section 5.7. Authority Documents.** The Authority agrees that it shall, and shall cause the LIPA Subsidiary to, perform and comply with each and every covenant and agreement required to be performed or observed by it or the LIPA Subsidiary, as the case may be, in the Authority Documents and the Bank Documents which provisions, as well as related defined terms contained therein, are hereby incorporated by reference in this Section 5.7 with the same effect as if each and every such provision were set forth herein in its entirety, all of which shall be deemed to be made for the benefit of the Bank and enforceable by the Bank against the Authority, and which covenants, agreements, definitions and provisions shall continue in effect with regard to the Bank without regard or giving effect to any amendment or modification of such provisions or any waiver of compliance therewith unless consented to in writing by the Bank.

**Section 5.8. Rate Covenant.** The Authority shall establish and maintain System fees, rates, rents, charges and surcharges sufficient in each Fiscal Year so that Revenues reasonably expected to be produced in such Fiscal Year will be at least equal to the sum of (i) 110% of Debt Service with respect to Bonds, Parity Obligations and Subordinated Indebtedness payable by the Authority in such Fiscal Year, (ii) 100% of the Operating Expenses payable in such Fiscal Year, (iii) 100% of the amount necessary to pay all PILOTS payable in such Fiscal Year and (iv) 100% of the amount necessary to pay all other Required Deposits, all other payments required pursuant to the General Resolution, the Subordinated Resolution, this GR Reimbursement Agreement, the other Documents and all other payments required for the System, for such Fiscal Year, including, but not limited to, payments necessary to satisfy the Rate Stabilization Fund Requirement in accordance with Section 5.14 of this GR Reimbursement Agreement and payments of the principal of and interest on Permitted Subordinate Debt.

**Section 5.9. Creation of Debt and Liens.** The Authority shall not, and shall not permit the LIPA Subsidiary to: (i) issue, incur, assume, create or have outstanding any Debt payable from the Revenues or the Trust Estate; (ii) create, incur or permit to exist any Lien of any kind on the Revenues or the Trust Estate, other than, in either case, as expressly provided in or permitted by this GR Reimbursement Agreement, the General Resolution and the Subordinated Resolution or (iii) create, incur, assume or permit to exist any Lien with respect to any assets or Property now owned or hereafter acquired which generate Revenues or are used in connection with the System, other than mechanic's or materialman's Liens which are created in the ordinary course of business.

**Section 5.10. Maintenance of Insurance.**

(a) The Authority shall maintain or cause the LIPA Subsidiary to maintain with responsible insurers all insurance required and reasonably obtainable in the amounts and of the types customarily maintained by electric utilities consistent with prudent utility practice, to indemnify for loss of or damage to the System, and against public and other liabilities relating to the operations of the Authority, the LIPA Subsidiary and the System.

(b) The Authority shall also maintain or cause to be maintained any additional or other insurance which is required by the Financing Agreement or the System Agreements.

(c) Any insurance required to be maintained by this Section shall be in the form of policies or contracts for insurance with insurers of good standing qualified to do business in the State and shall be payable to the Authority, the LIPA Subsidiary, the Trustee or the Bank, as their interests may appear.

(d) Any insurance procured and maintained by the Authority pursuant to this Section, including any blanket insurance policy, may include reasonable deductibles.

(e) No provision of this Section shall be construed to prohibit the Authority from self-insuring against any risk at the recommendation of an independent insurance consultant chosen by or acceptable to an Authorized Representative of the Authority; provided, however, that the Authority shall provide or cause to be provided adequate funding of such self-insurance if and to the extent recommended by such insurance consultant.

(f) The Authority shall file with the Bank annually a Certificate of an Authorized Representative of the Authority setting forth (i) a description in reasonable detail of the insurance then in effect pursuant to the requirements of this Section and that the Authority has complied in all respects with the requirements of this Section and (ii) if during such year any Property of the System has been damaged or destroyed and the amount necessary to repair such loss or damage is estimated to exceed the amount of insurance proceeds or expected Federal reimbursements covering such loss or damage by more than \$25 million, a summary of the loss or damage and the estimated reasonable and necessary costs of reconstruction or replacement.

**Section 5.11. ERISA.** The Authority shall, and shall cause each Subsidiary to, promptly pay and discharge all obligations and liabilities arising under ERISA of a character which if unpaid or unperformed may result in the imposition of a Lien against any of its Property, and shall promptly notify the Bank of (a) the occurrence of any reportable event (as defined in ERISA) for which the notice requirement has not been waived by the PBGC and which is reasonably likely to result in the termination by the PBGC of any Plan, (b) receipt of any notice from PBGC of its intention to seek termination of any such Plan or appointment of a trustee therefor, and (c) its intention to terminate or withdraw from any Plan, other than a “standard termination” meeting the requirements of Section 4041(b) of ERISA. The Authority shall not, and shall not permit any Subsidiary to, terminate any such Plan or withdraw therefrom unless it shall be in compliance with all of the terms and conditions of this GR Reimbursement Agreement after giving effect to any liability to PBGC resulting from such termination or withdrawal.

**Section 5.12. Compliance with Laws, Etc.** The Authority shall, and shall cause each of its Subsidiaries to, comply in all material respects with all Governmental Requirements and Legal Requirements, except where the failure to do so would not have a Material Adverse Effect.

**Section 5.13. Taxes.**

(a) Any and all payments by the Authority hereunder shall be made in accordance with Section 2.4 hereof and shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto, and all liabilities with respect thereto, excluding, in the case of the Bank, (i) taxes imposed on its income and any withholdings in connection therewith, and franchise taxes imposed on it, by any jurisdiction under the laws of which the Bank is organized or any political subdivision thereof and taxes imposed on its income, and franchise taxes imposed on it, by any jurisdiction or any political subdivision thereof, and (ii) taxes imposed by Section 1471 through Section 1474 of the Internal Revenue Code of 1986, as amended (including any official interpretations thereof, regulations promulgated thereunder, and any amended or successor version thereof that is substantively comparable and not materially more onerous to comply with) (collectively “FATCA”) on any “withholdable payment” payable to the Bank as a result of the failure of such Person to satisfy the applicable requirements as set forth in FATCA (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as “Taxes”). If the Authority shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 5.13) the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Authority shall make such deductions and (iii) the Authority shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Authority agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this GR Reimbursement Agreement (hereinafter referred to as “Other Taxes”).

(c) The Authority shall indemnify the Bank for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 5.13) paid by the Bank and any liability (including penalties, interest and expenses, other than those penalties, interest or expenses arising from the gross negligence or willful misconduct of the Bank) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within thirty (30) days from the date the Bank makes written demand therefor. The Bank shall notify the Authority in writing reasonably promptly after determining that Taxes or Other Taxes may be payable hereunder. From time to time hereafter, upon the request of the Bank, the Authority will deliver such additional receipts, certificates or documents for the purposes of evidencing the Authority’s payment of Taxes and Other Taxes.

(d) If the Authority makes any additional payment to the Bank pursuant to this Section 5.13 in respect of any Taxes or Other Taxes, and the Bank determines that it has received (i) a refund of such Taxes or Other Taxes or (ii) a credit against or relief or remission for, or a reduction in the amount of, any tax or other governmental charge solely as a result of any deduction or credit for any Taxes or Other Taxes with respect to which it has received payments under this Section 5.13, the Bank shall, to the extent that it can do so without prejudice to the retention of such refund, credit, relief, remission or reduction, pay to the Authority such amount as the Bank shall have determined to be attributable to the deduction or withholding of such Taxes or Other Taxes (not to exceed the amount the Bank previously received from the Authority pursuant to this Section 5.13), without interest. If the Bank later determines that it was not entitled to such refund, credit, relief, remission or reduction to the full extent of any payment made pursuant to the first sentence of this Section 5.13(d), the Authority shall upon demand of the Bank promptly repay the amount of such overpayment. Any determination made by the Bank pursuant to this Section 5.13(d) shall in the absence of bad faith or manifest error be conclusive, and nothing in this Section 5.13(d) shall be construed as requiring the Bank to conduct its business or to arrange or alter in any respect its tax or financial affairs so that it is entitled to receive such a refund, credit or reduction or as allowing any person to inspect any records, including tax returns, of the Bank.

(e) Without prejudice to the survival of any other agreement of the Authority hereunder, the obligation of the Authority under this Section shall survive the termination of the Letter of Credit and this GR Reimbursement Agreement and the payment of all amounts owing to the Bank hereunder and under the other Documents; *provided*, that the Bank shall not be entitled to demand any payment under this Section 5.13 more than one year following the last day of the fiscal year of the Bank during which the liability in respect of such Taxes or Other Taxes was incurred; *provided further, however*, that the foregoing proviso shall in no way limit the right of the Bank to demand or receive any

payment under this Section 5.13 to the extent that such payment relates to the retroactive application of any Taxes or Other Taxes if such demand is made within one year after the implementation of such Taxes or Other Taxes.

**Section 5.14. Maintenance of Rate Stabilization Fund.** The Authority shall at all times maintain on deposit in the Rate Stabilization Fund an amount not less than \$150,000,000 (the “Rate Stabilization Fund Requirement”); *provided, however*, that the failure to maintain such amount shall not constitute an Event of Default hereunder so long as (i) any such deficiency is cured within a period not exceeding thirty (30) days following the initial date of such deficiency, *provided, further*, however, that if such deficiency cannot be cured without increasing System fees, rates and charges, such deficiency shall be cured within one hundred twenty (120) days following the implementation of the increase in System fees, rates or charges but in no event later than one hundred eighty (180) days following the initial date of such deficiency and (ii) until such deficiency has been cured, no amounts of Revenues shall be used by the Authority for any purpose other than for the satisfaction of the obligations set forth in paragraphs FIRST through FIFTH of Section 505(a) of the General Resolution. Nothing contained in this Section 5.14 shall prohibit the Authority from curing any deficiency in the Rate Stabilization Fund by depositing unencumbered cash on hand from sources other than Revenues into the Rate Stabilization Fund subject to the grace periods set forth above.

**Section 5.15. Covenants of Subsidiary.** The Authority shall cause the LIPA Subsidiary to fully comply with any and all of its obligations, agreements and covenants set forth in the Financing Agreement and any other Document to which it is a party, including without limitation its obligation to maintain insurance under Section 6.11 of the Financing Agreement.

**Section 5.16. Sovereign Immunity.** To the extent permitted by law, in the event the Authority has or hereafter acquires under any applicable law any right of immunity from set-off or legal proceedings on grounds of sovereignty or otherwise, the Authority hereby waives such rights to immunity for itself in all disputes or legal actions brought by the Bank with respect to obligations of the Authority arising under this GR Reimbursement Agreement or any other Document to which the Authority or any of its Subsidiaries is a party.

**Section 5.17. Environmental Covenant.** The Authority shall, and shall cause the LIPA Subsidiary to:

(a) except as disclosed in the Offering Memorandum, use and operate all of its facilities and Properties in compliance with all Environmental Laws where the failure to do so could reasonably be expected to result in a Material Adverse Effect, keep all material permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in material compliance therewith, and handle all hazardous materials in material compliance with all applicable Environmental Laws;

(b) immediately notify the Bank and provide copies upon receipt of all material written claims, complaints, notices or inquiries relating to the condition of its facilities and Property or compliance with Environmental Laws, and shall promptly cure and have dismissed, to the reasonable satisfaction of the Bank, any actions and proceedings relating to compliance with Environmental Laws, *provided* that the

foregoing shall not prevent the Authority from contesting any claim, complaint, action or proceeding so long as such contest is prosecuted with reasonable diligence and its prosecution could not reasonably be expected to result in a Material Adverse Effect; and

(c) provide such information and certifications which the Bank may reasonably request from time to time to evidence compliance with this Section 5.17.

**Section 5.18. Investment of Funds.** The Authority shall cause all moneys held in the funds and accounts of the Authority established under the General Resolution, including without limitation the Revenue Fund, the Operating Expense Fund, the Debt Service Fund, the Parity Contract Obligations Fund, the Subordinated Indebtedness Fund, the Construction Fund, the Subsidiary Unsecured Debt Fund, the PILOTs Fund and the Rate Stabilization Fund, to be invested in Permissible Investments; *provided* that in no event shall any such investment be made by purchasing securities on margin or by otherwise investing or compounding the dollar amount of such investment by obtaining loans or issuing debt.

**Section 5.19. Ratings.** The Authority shall provide to the Bank on each anniversary of the Closing Date written reports from each of the Rating Agencies then maintaining the described ratings, indicating the then current long-term debt ratings on the Authority's unenhanced Bonds (or if there is no unenhanced Bonds outstanding, then the unenhanced senior long-term debt rating of the Authority). Additionally, the Authority shall promptly provide the Bank with written notice of any rating reduction, change, suspension, withdrawal or unavailability of any debt rating assigned to the Bonds or the Subordinated Indebtedness.

**Section 5.20. PILOT.** The Authority shall cause to be timely paid such amounts as are payable in respect of PILOT in accordance with the Act.

**Section 5.21. Credit Facilities.** In the event that the Authority has or shall, directly or indirectly, enter into or otherwise consent to any credit agreement, bond purchase agreement, liquidity agreement, direct purchase agreement or other agreement or instrument (or any amendment, supplement or modification thereto) under which, directly or indirectly, any Person or Persons undertakes to make or provide funds to purchase, or otherwise extend credit or liquidity for, any obligations or indebtedness secured by a pledge, lien or charge upon any of the Revenues senior to or on a parity with the lien of the 2015 GR-6 Notes (each such agreement referred to herein as a "Bank Agreement"), which such Bank Agreement (or amendment thereto) provides such Person with more restrictive financial tests, covenants and ratios, different or more restrictive events of default or greater rights and remedies for default (including rights of acceleration, declaration of mandatory tender, or amortization of bank bonds), and/or greater rights with respect to the security for Parity Reimbursement Obligations than are provided to the Bank in this GR Reimbursement Agreement (collectively, the "Incorporated Provisions"), the Authority shall provide the Bank with a copy of each such Bank Agreement and such Incorporated Provisions shall automatically be incorporated into the respective Article of this GR Reimbursement Agreement and the Bank shall have the benefits of such Incorporated Provisions as if specifically set forth herein, but only for the period during which such Bank Agreement remains in force and effect. The Authority shall promptly enter into an amendment to this GR Reimbursement Agreement to include such Incorporated Provisions (provided that the Bank shall maintain the benefit of such Incorporated Provisions even if the Authority fails to provide

such amendment). Notwithstanding the foregoing, this Section 5.21 does not apply to any provisions other than those set forth above and, in particular, does not apply to different or higher fees, different or higher interest rates or different or higher drawn pricing set forth in any such Bank Agreement. For purposes of clarification, “financial tests, covenants and ratios” refers to covenants to maintain coverage ratios at certain levels prior to the incurrence of additional debt, covenants to maintain certain liquidity levels, covenants to maintain certain rating levels, rating thresholds with respect to events of default and similar financial covenants and agreements to deliver financial information and other information within a specified time period.

**Section 5.22. Dealers.** The Authority shall cause at least one Dealer to be appointed at all times while 2015 GR-6 Notes are outstanding. The Authority shall not remove the Dealer unless the Authority shall have made provision for a successor Dealer reasonably acceptable to the Bank to assume the duties thereof immediately upon such removal. Any dealer agreement with a successor Dealer shall provide that (a) such successor Dealer may resign upon at least thirty (30) days prior written notice to the Trustee, the Bank, and the Authority, and (b) such successor Dealer shall use its best efforts to sell the 2015 GR-6 Notes pursuant to the General Resolution (without regard to whether the Bank Rate then applicable to the 2015 GR-6 Notes would be greater than or less than the interest rate that would be borne by the 2015 GR-6 Notes, and, as necessary, at a rate up to and including the maximum rate permitted under the General Resolution).

**Section 5.23. Licenses and Permits.** The Authority shall maintain all licenses and permits necessary to own and operate the System.

**Section 5.24. Access to Commercial Paper Reporting System.** The Authority shall cause the Issuing and Paying Agent to provide the Bank with read-only access to the online commercial paper trade reporting system of the Issuing and Paying Agent with respect to the 2015 GR-6 Notes and to any other electronic platform as required by the Bank to fulfill the Bank’s regulatory reporting needs with respect to the 2015 GR-6 Notes.

**Section 5.25. Redeemable Note Information.** The Authority shall provide or shall cause the Dealer or the Issuing and Paying Agent, as applicable, to provide to the Bank, on each date any Redeemable 2015 GR-6 Note is issued, the information set forth on Schedule 5.27.

**Section 5.26. Maintenance of Ratings.** The Authority shall cause to be maintained at least: (i) two Debt Ratings at all times (provided, however, that (a) in no event may the Authority terminate or request a withdrawal of a Debt Rating in order to cure a Potential Default or Event of Default or to reduce the Letter of Credit Fee Rate and (b) if the Authority terminates or requests a withdrawal of the then lowest Debt Rating, such termination or withdrawal shall not in and of itself result in a change in pricing, including, without limitation, the Letter of Credit Fee Rate); and (ii) one long-term rating assigned to the Bank Note.



## ARTICLE VI

### NEGATIVE COVENANTS OF THE AUTHORITY

Until the later of the Termination Date and the date that all Payment Obligations are paid in full, unless the Bank otherwise expressly consents in writing:

**Section 6.1.** Negative Covenants. The Authority shall not:

(a) Amendments to Organizational Documents. Amend, supplement, or otherwise modify its organizational documents in any way which could reasonably be expected to materially impair its ability to carry out its obligations under this GR Reimbursement Agreement, or adversely affect the rights and remedies of the Bank hereunder and under the Documents;

(b) Documents. Enter into or consent to any amendment to, modification of or waiver of compliance with the provisions of any of the Documents, except that the Authority may amend, modify or waive any term or provision with respect to any Document (other than this GR Reimbursement Agreement and the Fee Annex and, with respect to this GR Reimbursement Agreement and the Fee Annex, the amendments, supplements and modifications to which shall be governed by Section 8.2 hereof) in a manner (i) not relating to the duties, obligations or rights of the Bank under this GR Reimbursement Agreement, as determined in the Bank's reasonable discretion, or (ii) not having an adverse effect, as determined in the Bank's reasonable discretion, on (x) the ability of the Authority to pay when due the principal of or interest on the 2015 GR-6 Notes and the obligations of the Authority under this GR Reimbursement Agreement and the Bank Note or (y) the security, rights or remedies of the Bank hereunder or under any other Document or the Bank Note. In connection with any such amendment, modification or waiver, the Authority agrees to deliver to the Bank copies of all such amendments, modifications or waivers at least fifteen (15) calendar days prior to the effective date thereof. The Bank shall, within ten (10) calendar days after receiving such copies, inform the Authority in writing if, in the Bank's reasonable discretion, such amendment, modification or waiver requires the prior written consent of the Bank in accordance with this Section 6.1(b);

(c) Adverse Agreements. Enter into, or permit the LIPA Subsidiary to enter into, any contract, agreement or transaction which would reasonably be foreseen by the Authority to materially and adversely affect its or the LIPA Subsidiary's business, Property, assets, operations, condition (financial or otherwise), or its or the LIPA Subsidiary's ability to perform its obligations under any of the Documents;

(d) Loans or Guarantees. Make, or permit the LIPA Subsidiary to make, any advances, loans or other investments, other than those involving prime money market investments or investments otherwise authorized under the terms of this GR Reimbursement Agreement, the General Resolution or the Subordinated Resolution, or guarantee the obligations of any Person; or

(e) Additional Debt. Except in the case of Refunding Bonds issued pursuant to Section 206 of the General Resolution, issue or permit the LIPA Subsidiary to issue any Bonds, Parity Obligations, Subordinated Indebtedness or other Debt payable from or secured by Revenues (collectively, "Additional Debt") unless the Bank receives the following:

(i) A Certificate of an Authorized Representative of the Authority setting forth (1) the Revenues for any twelve (12) consecutive calendar months out of the eighteen (18) calendar months immediately preceding the month in which such Additional Debt is to be issued, (2) the Debt Service for all Outstanding Bonds and Subordinated Indebtedness and the amount payable under all Parity Obligations during such twelve-month period for which Revenues are determined in accordance with clause (1) above, excluding in each case any amount thereof paid from sources other than Revenues, and (3) the sum of the Required Deposits for such twelve-month period (excluding Required Deposits for the payment of Outstanding Bonds, Subordinated Indebtedness, and Parity Obligations which are captured in clause (2) above), all other payments required pursuant to the General Resolution, the Subordinated Resolution, any Credit Facility, Subordinated Credit Facility, or any other Document, and all other payments required for the System for such twelve-month period, including but not limited to payments necessary to satisfy the Rate Stabilization Fund Requirement in accordance with Section 5.14 hereof and payments of the principal of and interest on Permitted Subordinate Debt, and showing that the amount set forth in clause (1) is at least equal to the sum of (x) 110% of the amount set forth in clause (2) and (y) 100% of the amount set forth in clause (3); or

(ii) A Certificate of a Rate Consultant setting forth (A) the estimated Revenues for each of the full Fiscal Years in the period beginning with the Fiscal Year in which such Additional Debt is to be issued and ending with the fifth full Fiscal Year after the date such Additional Debt is to be issued, (B) the estimated Debt Service for all Bonds and Subordinated Indebtedness and estimated amounts payable under all Parity Contract Obligations, during each Fiscal Year for which Revenues are estimated, (C) the projected Debt Service for all Bonds and Subordinated Indebtedness, including such Additional Debt, and projected amounts payable under Parity Contract Obligations, projected to be issued for any purpose during each Fiscal Year for which Revenues are estimated, and (D) the sum of the estimated and projected Required Deposits for each such Fiscal Year (excluding Required Deposits for the payment of Outstanding Bonds, Subordinated Indebtedness and Parity Obligations which are captured in clause (C) above), all other payments required pursuant to the General Resolution, the Subordinated Resolution, any Credit Facility, Subordinated Credit Facility, or any other Document, and all other payments required for the System for such twelve-month period, including but not limited to payments necessary to satisfy the Rate Stabilization Fund Requirement in accordance with Section 5.14 hereof and payments of the principal of and interest on Permitted Subordinate Debt, and showing that for each such Fiscal Year the amount set forth in clause (A) is at least equal to the sum of (x) 110% of the sum of the amounts set forth in clauses

(B) and (C), and (y) 100% of the amount set forth in clause (D). The Rate Consultant may base its estimates and projections upon such factors as it shall consider reasonable, a statement to which effect shall be included in such Certificate.

For purposes of this Section 6.1(e), (1) Revenues shall include any amount withdrawn in any Fiscal Year from the Rate Stabilization Fund which was on deposit therein prior to such Fiscal Year, (2) Revenues shall not include any proceeds from the sale of assets of the LIPA Subsidiary or proceeds of insurance, and (3) any Debt Service for Bonds or Subordinated Indebtedness, Parity Contract Obligations and Required Deposits shall not include any amounts thereof expected by the Authority to be paid from any funds, other than the Revenues, reasonably expected by the Authority to be available therefor (including, without limitation, the anticipated receipt of proceeds of sale of Bonds or Subordinated Indebtedness, or moneys not a part of the Trust Estate, expected by the Authority to be used to pay the principal of Bonds, Parity Obligations, Subordinated Indebtedness or Subsidiary Unsecured Debt).

**Section 6.2. Acquisitions.** The Authority shall not, and shall not permit any Subsidiary to, make or commit to make acquisitions of any Person or substantially all of its assets (each an “Acquisition”); *provided, however*, that the Authority and any Subsidiary each may make Acquisitions if: (i) the Authority or such Subsidiary acquires by reason of such Acquisition either (x) assets used or useful in a business which is the same or similar to that currently conducted by the Authority or (y) the capital stock of a corporation or any other equity interest of any partnership or other firm engaged in such a same or similar business and after giving effect to such Acquisition, the corporation, partnership or other such firm so acquired becomes a Subsidiary; (ii) no Potential Default or Event of Default exists or would exist at the time of or after giving effect to such Acquisition; (iii) the Authority provides the Bank a statement, certified as true and correct by an Authorized Representative, which describes the feasibility and benefits of such Acquisition and includes a forecast of projected operating results for the remainder of the Fiscal Year in which such Acquisition takes place and the next succeeding Fiscal Year, in each case after giving effect to such Acquisition, such certificate to be accompanied by supporting financial projections based on reasonable assumptions; (iv) the Board of Directors or other governing body of such Person whose property or voting stock is being so acquired has approved the terms of such Acquisition; and (v) the Authority has provided the Bank such financial and other information regarding the Person whose property or voting stock is being so acquired, including historical financial statements, and a description of such Person, as the Bank may reasonably request.

**Section 6.3. Substitute Credit Facility.** The Authority shall not substitute an Alternate Liquidity Facility or Alternate Credit Facility for the Letter of Credit unless (i) the Authority shall have given the Bank at least thirty (30) days’ prior written notice, (ii) contemporaneously with the effectiveness of such Alternate Liquidity Facility or Alternate Credit Facility all obligations of the Authority owing to the Bank hereunder and under the Bank Note are paid in full, including without limitation any Payment Obligations and any Unreimbursed Amounts and Bank Loans plus accrued and unpaid interest thereon and any termination fee due and owing hereunder to but excluding the date such Alternate Liquidity Facility or Alternate Credit Facility becomes effective and (iii) the Authority has complied with Section 2.6 hereof.

**Section 6.4. Mergers, Consolidations and Sales.**

(a) The Authority shall not, and shall not permit any Subsidiary to be a party to any merger or consolidation, or sell, transfer, lease (including, without limitation, any long-term lease with respect to the System, the Property of the Authority or any substantial portion thereof), or otherwise dispose of (whether in a single transaction or a series of transactions) all or any substantial part of its Property, including any disposition of Property as part of a sale and leaseback transaction, or in any event sell or discount (with or without recourse) any of its notes or accounts receivable; provided that the foregoing shall not operate to prevent (i) any such transaction that could not reasonably be expected to have a Material Adverse Effect, (ii) any Subsidiary from merging into the LIPA Subsidiary or into any other wholly-owned Subsidiary (in each case, so long as the LIPA Subsidiary or such Subsidiary, as applicable, is the surviving entity and remains a subsidiary of the Authority) or (iii) transactions related to Separately Financed Projects (so long as the Payment Obligations under this GR Reimbursement Agreement and any debt service on Bonds, Parity Obligations and all other Debt issued or incurred by or on behalf of the Borrower secured by a senior lien on Revenues or Subordinated Indebtedness issued and outstanding are not and may not be payable from or secured by the revenues generated by such Separately Financed Project). The term “substantial” as used herein means, as to the Authority or any Subsidiary, the sale, transfer, lease or other disposition of 10% or more of the total assets of such Person (whether in a single transaction or a series of transactions); provided, however, that a disposition of the LIPA Subsidiary’s interest in the Nine Mile Point 2 Nuclear Power Plant shall not constitute the disposition of a substantial part of the assets of the Authority or the LIPA Subsidiary for purposes of this Section 6.4.

(b) Until the later of the (i) Termination Date and (ii) the date that all the Payment Obligations are paid in full, the Authority shall not permit the occurrence of any Privatization.

**Section 6.5. Transactions with Affiliates.** The Authority shall not, and shall not permit any Subsidiary to, enter into any transaction, including without limitation, the purchase, sale, lease or exchange of any Property, or the rendering of any service, with any Affiliate of the Authority except pursuant to the reasonable requirements of the Authority’s or such Subsidiary’s business and upon fair and reasonable terms no less favorable to the Authority or such Subsidiary than would be obtained in a comparable arm’s-length transaction with a Person not an Affiliate of the Authority or such Subsidiary.

**Section 6.6. Tax Covenant.** The Authority shall not take or omit to take any action which would cause interest on the Series 2015 GR-6 Tax-Exempt Notes to be included in the gross income of any Owner thereof for Federal income tax purposes by reason of subsection (b) of Section 103 of the Code. Without limiting the generality of the foregoing, no part of the proceeds of the Series 2015 GR-6 Tax-Exempt Notes or any other funds of the Authority shall be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause the Series 2015 GR-6 Tax-Exempt Notes to be an “arbitrage bond” as defined in Section 148 of the Code and to be subject to treatment under subsection (b)(2) of Section 103 of the Code as an obligation not described in subsection (a) of said Section.

**Section 6.7. No Debt to Be Issued by LIPA Subsidiary.** From and after the Closing Date, the Authority shall not permit the LIPA Subsidiary or any other Subsidiary of LIPA to issue or incur any Debt, provided, however, that the foregoing shall not prohibit the LIPA Subsidiary or any other Subsidiary of LIPA from entering into obligations the payment of which would constitute (i) Operating Expenses, (ii) (x) Capital Leases which are payable from funds withdrawn from the Revenue Fund as permitted by Section 505(b) of the General Resolution or (y) Capital Leases which constitute Parity Contract Obligations providing for total principal payments of not more than \$100,000,000 (iii) Supply Contracts in an aggregate principal amount of not more than \$250,000,000, or (iv) other Debt evidenced by bonds, indentures, notes or other similar instruments with Debt Service Components in an aggregate principal amount of not more than \$50,000,000; *provided, however*, that any such Capital Lease or Supply Contract (to the extent that payments thereunder are intended to be payable as a Parity Contract Obligation), or other Debt is issued or incurred in accordance with the limitations set forth in Section 207(e) of the General Resolution for “Parity Contract Obligations.”

**Section 6.8. No Disposition of LIPA Subsidiary.** The Authority shall not hereafter transfer, sell or otherwise dispose of or encumber or grant a security interest in, any common or preferred stock or other evidence of the Authority’s equity interest in the LIPA Subsidiary.

**Section 6.9. Offering Documents.** The Authority shall not change any reference to the Bank in the Disclosure Materials without the Bank’s prior written consent thereto. The Authority shall not make reference to any financial information relating to the Bank or the Bank’s long or short term debt ratings in any offering document without the Bank’s prior written consent thereto.

**Section 6.10. GR Note Maturity.** The Authority shall not, and shall not allow the Issuing and Paying Agent to, issue any 2015 GR-6 Note with a term longer than two hundred seventy-five (275) days.

## **ARTICLE VII**

### **DEFAULT; EVENTS OF DEFAULT AND REMEDIES**

**Section 7.1. Events of Default.** “Event of Default” means any of the following events:

(i) The Authority shall fail to pay to the Bank when due (whether upon demand or otherwise) any of the Payment Obligations or shall fail to remit or deposit funds as and when required by this GR Reimbursement Agreement, by the General Resolution or by the 2015 GR-6 Notes; or

(ii) The Authority shall fail to observe any warranty made by it hereunder or to perform any covenant, condition or agreement hereunder or in any of the other Authority Documents on its part to be observed or performed (other than a failure referred to in clause (i) of this Section 7.1), and (A) in the case of the covenants set forth in Sections 5.1, 5.4, 5.8, 5.9, 5.14, 5.15, 5.17, 5.22, 5.23, 5.26, 6.1, 6.2, 6.3(ii), 6.4, 6.5, 6.7, 6.8, or 6.10 hereof, such failure shall not have been cured prior to the earlier to occur of (1) the date of delivery of written notice

of such failure to the Authority by the Bank, and (2) the date on which the Authority has actual knowledge of the circumstances constituting such failure and actual knowledge that such circumstances constitute such failure, and (B) in the case of all other covenants such failure shall not have been cured within thirty (30) days after the earlier to occur of (i) the date of delivery of written notice of such failure to the Authority by the Bank, and (ii) the date on which the Authority has actual knowledge of the circumstances constituting such failure and actual knowledge that such circumstances constitute such failure; or

(iii) The Authority or the LIPA Subsidiary shall (A) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of the Authority or the LIPA Subsidiary or of all or a substantial part of its property, (B) admit in writing its inability, or be generally unable, to pay its debts as such debts become due, (C) make a general assignment for the benefit of its creditors, (D) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (E) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, (F) fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against the Authority or the LIPA Subsidiary in any involuntary case under said Federal Bankruptcy Code, (G) be a party to, or the subject of, a moratorium or repudiation with respect to any of its debt, debt restructuring, debt adjustment, or other comparable extraordinary event or restriction or (H) take any action for the purpose of effecting any of the foregoing; or

(iv) A proceeding or case shall be commenced, without the application or consent of the Authority or the LIPA Subsidiary, in any court of competent jurisdiction, seeking (A) the liquidation, reorganization, dissolution, winding-up or composition or readjustment of debts of the Authority or the LIPA Subsidiary, (B) the appointment of a trustee, receiver, custodian, liquidator or the like, of the Authority or the LIPA Subsidiary, or of all or any substantial part of the Authority's or the LIPA Subsidiary's assets, or (C) similar relief in respect of the Authority or the LIPA Subsidiary under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition, moratorium, repudiation or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) days from commencement of such proceeding or case, or an order for relief against the Authority or the LIPA Subsidiary shall be entered in an involuntary case under said Federal Bankruptcy Code; or

(v) Any representation or warranty made by the Authority or the LIPA Subsidiary in any of the Bank Documents, Authority Documents or Subsidiary Documents, or in this GR Reimbursement Agreement, or in any certificate, financial report or other statement furnished by the Authority or the LIPA Subsidiary pursuant to this GR Reimbursement Agreement, any other Bank

Document, any Subsidiary Documents or any Authority Documents, shall prove to be untrue or incomplete in any material respect when made; or

(vi) The independent certified public accountants retained by the Authority shall fail or refuse to deliver an opinion, unqualified in scope (other than an opinion qualified as a result of a change in application of GAAP, such change being one with which such accountants concur) with respect to the financial statements of the Authority; or

(vii) (a) Any material provision of this GR Reimbursement Agreement, the Authority Documents, or any other Document (other than the 2015 GR-6 Letter of Credit) (i) shall at any time for any reason cease to be valid and binding on the Authority or the LIPA Subsidiary (with respect to those Documents to which it is a party), or (ii) shall be declared to be null and void, or (b) the validity or enforceability thereof shall be contested by the Authority or the LIPA Subsidiary (with respect to those Documents to which it is a party), or (c) the Authority or the LIPA Subsidiary (with respect to those Documents to which it is a party) shall deny that it has any or further liability or obligation under this GR Reimbursement Agreement, any of the Authority Documents or any of the other Bank Documents; or

(viii) One or more final, non-appealable judgments against the Authority or the LIPA Subsidiary for the payment of money not covered by insurance, the operation and result of which, individually or in the aggregate, equal or exceed \$25,000,000 shall remain unpaid, unstayed, undischarged, unbonded or undismissed for a period of ninety (90) days; or

(ix) The Authority or the LIPA Subsidiary fails to pay any debt or obligation owing under a financial instrument or contract and the outstanding principal or obligations under such financial instrument or contract exceeds, individually or in the aggregate, \$25,000,000, and such failure results in an acceleration, or a mandatory tender, of the obligations thereunder; or

(x) The occurrence of an event of default or an event which, with the passage of time or the giving of notice, or both, would be an event of default under any other Bank Document, Subsidiary Document or Authority Document, if the result is to permit an acceleration of the obligations thereunder; or

(xi) The Authority fails to make any payment with respect to any 2015 GR-6 Notes or any other Debt payable from Revenues when due or any Parity Contract Obligations or any Financial Contract that is secured or payable on a basis senior to or on a parity or subordinate to Payment Obligations, or any other event or condition shall occur which would permit any holder, credit provider or other entity to cause the principal of any such Bonds or Parity Contract Obligations or other Debt payable from Revenues, any Parity Contract Obligations or any Financial Contract, to become due prior to its stated maturity



or scheduled payment date, whether pursuant to acceleration, mandatory tender, mandatory redemption or otherwise; or

(xii) The Authority or the LIPA Subsidiary, or any member of its Controlled Group, shall fail to pay when due an amount or amounts aggregating in excess of \$25,000,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Vested Liabilities in excess of \$25,000,000 (collectively, a “Material Plan”) shall be filed under Title IV of ERISA by the Authority or the LIPA Subsidiary, or any other member of its Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against the Authority or the LIPA Subsidiary, or any member of its Controlled Group, to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within thirty (30) days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or

(xiii) The LIPA Subsidiary shall fail to make any payment under the Financing Agreement or on the Note delivered thereunder as and when due; or

(xiv) (a) The Authority or any of its Subsidiaries shall impose a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any indebtedness or any obligation under any Financial Contract of the Authority or any of its Subsidiaries secured by or payable from the Trust Estate that is senior to or on a parity with the 2015 GR-6 Notes or (b) any Governmental Authority having appropriate jurisdiction over the Authority shall make a finding or ruling or shall enact or adopt legislation or issue an executive order or enter a judgment or decree which results in a debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the 2015 GR-6 Notes or any other indebtedness or any obligation under any Financial Contract of the Authority secured by the Trust Estate or payable from Revenues; or

(xv) The long-term unenhanced rating by any of the Rating Agencies then rating the Bonds or any other indebtedness of the Authority senior to or on a parity with the Bonds and secured by and payable from the Trust Estate shall be withdrawn or suspended for credit related reasons or is reduced below “Baa3” (or its equivalent) by Moody’s, “BBB-” (or its equivalent) by S&P, or “BBB-” (or its equivalent) by Fitch.

**Section 7.2. Remedies.** Upon the occurrence and continuance of an Event of Default, the Bank may, in its sole discretion, but shall not be obligated to:

(a) accelerate the Maturity Date of the Bank Note and all Unreimbursed Amounts and Bank Loans together with all interest thereon and thereafter all such amounts shall become immediately due and payable and shall bear interest at the Default Rate until paid in full; *provided, however*, that such acceleration shall occur and all such amounts shall become immediately due and payable immediately upon the occurrence of an Event of Default set forth in Section 7.1(iii) or 7.1(iv) hereof;

(b) declare that the Bank Note and all Unreimbursed Amounts and Bank Loans, whether or not accelerated, shall thereafter bear interest at the Default Rate until paid in full;

(c) terminate or suspend the authority of the Authority and the Issuing and Paying Agent to issue any further 2015 GR-6 Notes and reduce the Stated Amount of the Letter of Credit to an amount equal to the principal amount of 2015 GR-6 Notes then Outstanding supported by the Letter of Credit, plus interest payable thereon at maturity of the 2015 GR-6 Notes and interest payable thereon on the Noticed Redemption Date for Redeemable 2015 GR-6 Notes, by delivering to the Issuing and Paying Agent a Notice of No Issuance in the form of Exhibit G hereto;

(d) issue a Final Drawing Notice (the effect of which shall be to cause the Termination Date of the Letter of Credit to occur on the 15th day after the date of receipt thereof by the Issuing and Paying Agent);

(e) enforce the rights and obligations of the Authority under the Authority Documents as if the Bank were a party thereto; or

(f) exercise any other remedies available at law or in equity.

Upon the occurrence of an Event of Default and exercise by the Bank of the remedy contained in clause (c) or (d) of this Section 7.2, the Stated Amount of the Letter of Credit shall be immediately and permanently reduced by an amount equal to the amount of each subsequent Drawing.

### **Section 7.3. Set Off.**

(a) In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence and during the continuance of any Event of Default, the Bank is hereby authorized at any time and from time to time, without notice to the Authority (any such notice being expressly waived by the Authority) and to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Bank to or for the credit or the account of the Trust Estate of the Authority against and on account of any and all of the obligations of the Authority now or hereafter existing under this GR Reimbursement Agreement, the Bank Note, or the Letter of Credit, irrespective of whether or not the Bank shall have made any demand hereunder or thereunder and although such obligations may be unmatured. All amounts realized by the Bank upon exercise of the set-off rights set forth herein shall be held and applied by the Bank on a parity basis for the benefit of the

Trustee (as defined in the General Resolution) to be distributed in accordance with the terms of the General Resolution; *provided, however*, that the foregoing sentence shall be of no force and effect so long as any Bank Agreement contains a provision permitting the provider thereunder to set off obligations owed to it without regard to the terms of the General Resolution.

(b) To the extent the Bank exercises its right of setoff, and the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Bank) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or as otherwise legally mandated, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such setoff had not occurred.

**Section 7.4. Remedies Cumulative.** All remedies provided for in this GR Reimbursement Agreement are cumulative and shall be in addition to any and all other rights and remedies available under the Authority Documents, the Bank Documents or any other document or at law or equity. No exercise of any right or remedy shall in any way constitute a cure or waiver of any Event of Default hereunder, or invalidate any act done pursuant to any notice of default, or prejudice the exercise of any other right or remedy available to the Bank. No failure to exercise, and no delay in exercising, any right or remedy shall operate as a waiver or otherwise preclude enforcement of any of the Bank's rights and remedies, nor shall any single or partial exercise of any right or remedy preclude any further exercise thereof or of any other right or remedy. The Bank need not resort to any particular right or remedy before exercising or enforcing any other.

## ARTICLE VIII

### MISCELLANEOUS

**Section 8.1. Notices.** All notices and other communications hereunder shall be in writing and shall be delivered by hand, by telex, by telefax, by electronic mail, by prepaid telegram, or by registered or certified United States mail, return receipt requested (postage prepaid), to the notice addresses set forth below or to such other addresses or payment instructions as the parties may provide to one another in accordance with this Section. Such notices and other communications shall, if sent by mail in accordance with this Section, be deemed given three Business Days after deposit in the United States mail, and if sent by any other method, shall be effective only if and when received by the addressee.

Address for notices to the Authority:

[REDACTED]

and copy to:

[REDACTED]

Address for notices to the Bank:

If to the Bank regarding credit matters:

[REDACTED]

[REDACTED]

[REDACTED]

Wire instructions for paying account:

[REDACTED]

**Section 8.2. Amendments, Waivers, Etc.** No amendment or waiver of any provision of this GR Reimbursement Agreement or other Bank Document, nor consent to any departure by the Authority herefrom or therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Amendments to any provision of this GR Reimbursement Agreement (or any other Bank Document requiring New York Attorney General and New York State Comptroller approval) shall be subject to approval by the New York Attorney General and New York State Comptroller.

**Section 8.3. Indemnification.**

(a) To the extent permitted by law, in addition to its other obligations hereunder the Authority hereby agrees to indemnify and hold harmless the Bank, its officers, directors, employees and agents (collectively, the “Indemnitees”) from and against any and all claims, damages, losses, liabilities, costs or expenses (including reasonable fees and expenses of counsel) that the Indemnitees may incur (or that may be claimed against the Indemnitees by any Person) in connection with the Disclosure Materials, the offering and sale of the 2015 GR-6 Notes, the issuance of the Bank Note, the issuance by the Bank of the Letter of Credit or any other Bank Document; *provided, however,* that the Authority shall not be required to indemnify the Bank for any claims, damages, losses, liabilities, costs or expenses to the extent caused by (i) the Bank’s willful misconduct or gross negligence in determining whether documents presented under the Letter of Credit comply with the terms of the Letter of Credit, (ii) the Bank’s willful failure to make lawful payment under the Letter of Credit after the presentation to it by the Issuing and Paying Agent of a certificate strictly complying with the terms and conditions of the Letter of Credit or (iii) any written information provided by the Bank specifically for inclusion in the Disclosure Materials.

(b) To the fullest extent permitted by applicable law, the Authority shall not assert, and hereby waives, any claim against any Indemnitee and the Bank shall not assert, and hereby waives, any claim against the Authority, in each case, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this GR Reimbursement Agreement, any other Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, or the use of the proceeds thereof.

(c) Nothing in this Section is intended to limit the obligations of the Authority contained in Article 2. Without prejudice to the survival of any other obligation of the Authority hereunder, the indemnities and obligations of the Authority contained in this Section shall survive performance of all obligations hereunder and the termination of the Letter of Credit, the exercise by the Bank of any of its remedies under this GR Reimbursement Agreement or any other Bank Document and the repayment of all amounts owing to the Bank hereunder and under the other Documents.

**Section 8.4. Liability of the Bank.** As to the Bank, the Authority assumes all risks of the acts or omissions of the Trustee and the Issuing and Paying Agent with respect to their use of

the Letter of Credit and the proceeds thereof; *provided, however*, that this assumption is not intended to, and shall not, preclude the Authority from pursuing such rights and remedies as it may have against the Trustee or the Issuing and Paying Agent at law or under any other agreement. Neither the Bank nor any of its officers, directors, employees or agents shall be liable or responsible for:

- (a) the use made of the Letter of Credit or any proceeds of the Letter of Credit or for any acts or omissions of the Trustee or the Issuing and Paying Agent;
- (b) the validity, sufficiency or genuineness of any documents, or endorsements, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged;
- (c) payment by the Bank against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear adequate reference to the Letter of Credit; or
- (d) any other circumstances in making or failing to make payment under the Letter of Credit;

*provided, however*, that the Authority shall have a claim against the Bank, and the Bank shall be liable to the Authority for direct, but not consequential, damages suffered by the Authority which were caused solely by the willful misconduct or gross negligence of the Bank in connection with drawings under the Letter of Credit. By way of amplification, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. Subject to the foregoing, the determination of whether a Drawing has been presented under the Letter of Credit prior to the Termination Date or whether a Drawing under the Letter of Credit or any accompanying document or instrument is in proper and sufficient form shall be made by the Bank in its sole discretion, which determination shall be conclusive and binding upon the Authority. The Authority hereby waives any right to object to any payment made under the Letter of Credit against a Drawing with accompanying documents in the forms provided for in the Letter of Credit but varying in punctuation, capitalization, spelling or similar matters of form.

**Section 8.5. Successors and Assigns.** This GR Reimbursement Agreement is a continuing obligation and shall be binding upon the Bank, the Authority, and their respective successors, transferees and assigns, and shall inure to the benefit of and be enforceable by the Bank, the Authority and their respective successors, transferees and assigns; *provided, however*, that the Authority shall not assign all or any part of this GR Reimbursement Agreement or the Bank Note without the prior written consent of the Bank.

**Section 8.6. Governing Law.** This GR Reimbursement Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of New York (including New York General Obligations Laws 5 1401 and 5 1402).

**Section 8.7. Survival of Warranties.** All agreements, representations and warranties made in this GR Reimbursement Agreement and in any related certificates shall survive the execution and delivery of this GR Reimbursement Agreement and the issuance and expiration of

the Letter of Credit and the repayment of the 2015 GR-6 Notes, and shall continue until any and all the Payment Obligations shall have been paid and performed in full.

**Section 8.8. Severability.** Any provision of this GR Reimbursement Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions or affecting the validity or enforceability of such provision in any other jurisdiction.

**Section 8.9. Counterparts.** This GR Reimbursement Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute but one and the same agreement.

**Section 8.10. Time of Essence.** Time is of the essence of this GR Reimbursement Agreement and of each provision in which time is an element.

**Section 8.11. Headings.** Article, section and other headings in this GR Reimbursement Agreement are for convenience of reference only and shall not constitute a part of this GR Reimbursement Agreement for any other purpose.

**Section 8.12. Independence of Covenants.** All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any one of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of an Event of Default if such action is taken or condition exists.

**Section 8.13. Current Rating.** The Bank shall use its commercially reasonable efforts to notify the Authority of any reduction of its long-term or short-term unsecured debt rating; *provided, however,* that the Bank's failure to provide the Authority any such notice will not affect the obligations of the Authority under this GR Reimbursement Agreement; and, *provided, further,* that the Bank shall not be liable for any consequential damages in the event it fails to provide the Authority any such notice.

**Section 8.14. Entire Agreement.** This GR Reimbursement Agreement, including Exhibits A-H, Schedule 5.27, Appendix A, Standard Clauses, and the Fee Annex, together with the other Bank Documents, integrates all of the terms and conditions mentioned herein and therein or incidental hereto or thereto, and supersedes all negotiations or prior or contemporaneous agreements, whether written or oral, between the parties hereto with respect to the subject matter hereof and thereof.

**Section 8.15. No Personal Liability.** Notwithstanding anything to the contrary contained herein or in any of the other Authority Documents or Bank Documents, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future trustee, officer, employee or agent of the Authority or the Bank, or of any incorporator, trustor, member, director, trustee, officer, employee or agent of any successor to the Authority or the Bank, in any such Person's individual capacity, and no such Person, in his or her individual capacity, shall be liable personally for any breach or nonobservance of or for any failure to perform, fulfill or comply

with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had against any present or future trustee, officer, employee or agent of the Authority for the performance or payment of the Payment Obligations or against any present or future trustee, officer, employee or agent of the Authority or the Bank for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such Person, in his or her individual capacity, either directly or through the Authority or the Bank or any successor to the Authority or the Bank, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such Person, in his or her individual capacity, is hereby expressly waived and released.

**Section 8.16. Usury.** This GR Reimbursement Agreement is subject to the express condition that at no time shall the Authority be obligated or required to pay interest on any Payment Obligations at a rate that could subject the Bank to either civil or criminal liability as a result of such rate being in excess of the maximum interest rate that the Authority is permitted by law to contract or agree to pay. If the rate of interest payable on any obligation hereunder or under the Bank Note shall exceed the Maximum Rate for any period for which interest is payable, then (a) interest at the Maximum Rate shall be due and payable with respect to such interest period, and, to the extent permitted by law, (b) interest at the rate equal to the difference between (i) the rate of interest calculated in accordance with the terms hereof and (ii) the Maximum Rate (the “Excess Interest”), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the Authority shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. To the extent permitted by law, upon the date all Payment Obligations are payable hereunder following the termination of the Letter of Credit, in consideration for the limitation of the rate of interest otherwise payable hereunder, the Authority shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest. Any Excess Interest shall, to the extent permitted by law, bear interest at the Bank Rate until paid in full.

**Section 8.17. Participations.** The Bank may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this GR Reimbursement Agreement, the other Bank Documents and the other Documents (including, without limitation, all or a portion of the Letter of Credit and the Payment Obligations owing to it); *provided, however,* that (i) the Bank’s obligations under this GR Reimbursement Agreement (including, without limitation, its Letter of Credit and the Payment Obligations owing to it hereunder) shall remain unchanged, (ii) the Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Authority shall continue to deal solely and directly with the Bank in connection with the Bank’s rights and obligations under this GR Reimbursement Agreement and the other Documents.

(a) The Bank may, in connection with any participation or proposed participation pursuant to this Section 8.17, disclose to the Participant or proposed Participant any information relating to the Authority furnished to the Bank by or on



behalf of the Authority, *provided* that the Participant shall agree to maintain the confidentiality of any confidential information provided to the Bank.

(b) The Authority shall not be responsible for any cost or expense incurred by the Bank in connection with any participation in the Payment Obligations or the Letter of Credit.

**Section 8.18.** Discretion of Bank as to Manner of Funding. Subject to Section 2.11, but notwithstanding any other provision of this GR Reimbursement Agreement, the Bank shall be entitled to fund and maintain its funding of the Letter of Credit in any manner it sees fit.

**Section 8.19.** No Waiver, Remedies. No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

**Section 8.20.** Comptroller's Approval; Standard Clauses. In accordance with Section 112 of the New York State Finance Law, this GR Reimbursement Agreement shall not be valid, effective or binding upon the Authority until it has been approved by the State Comptroller and filed in his office. All contracts entered into by the Authority are required under State law to contain certain terms and conditions, as set forth in Appendix A hereto. The Bank agrees to comply with such terms and conditions. To the extent of any conflict between any other provision of this GR Reimbursement Agreement and Appendix A, Appendix A shall control.

**Section 8.21.** USA Patriot Act. The Bank hereby notifies the Authority that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Bank to identify the Authority in accordance with the Patriot Act, and the Authority hereby agrees to take any action necessary to enable the Bank to comply with the requirements of the Patriot Act.

**Section 8.22.** Anti-Money Laundering; OFAC; Patriot Act.

(a) (i) As of the date hereof none of the funds or other assets of the Authority constitute property of any Person subject to trade restrictions under United States Law, including those who are covered by the International Emergency Economic Powers Act, 50 U.S.C. §§1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder (an "Embargoed Person") with the result that the investment in the Authority (whether directly or, to the Authority's knowledge, indirectly) is prohibited by such applicable law or the proceeds of any Drawing is in violation of such law; (ii) no Embargoed Person has any direct or, to the knowledge of the Authority, indirect interest of any nature whatsoever in the Authority with the result that the investment in the Authority (whether directly or indirectly) is prohibited by such applicable law or the proceeds of any Drawing is in

violation of such law; and (iii) none of the funds of the Authority has been derived, to the knowledge of the Authority, from any unlawful activity with the result that the investment in the Authority (whether directly or indirectly) is prohibited by such applicable law or the proceeds of any Drawing is in violation of such law.

(b) The Authority is not in violation of any order issued with respect to anti-money laundering by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), or any other anti-money laundering law.

(c) The Authority is not a Person with whom United States Persons are restricted from doing business under (a) regulations issued by OFAC (including those persons and entities named on OFAC's Specially Designated Nationals and Blocked Persons list) or under any United States law (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or (b) any other law. Without limiting the foregoing, the Authority is not, to the knowledge of the Authority, currently funding its obligations hereunder with funds from any of the Persons referred to in this paragraph (b).

(d) To the knowledge of the Authority, amounts required to be delivered to or paid by the Authority under this GR Reimbursement Agreement or the Documents are not derived from illegal proceeds and/or from an illegal source.

(e) The Authority shall cause the proceeds of Drawings under the Letter of Credit to be used solely to pay the principal of and interest on the 2015 GR-6 Notes on their respective maturity dates.

(f) The Authority shall (a) ensure that neither the Authority nor any of its officers and directors is or will be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by OFAC or the Department of the Treasury or included in any Executive Order that prohibits or limits the Bank from providing any funding or extending any credit to the Authority or from otherwise conducting business with the Authority and (b) ensure that the proceeds of any advance or extension of credit hereunder or under the Letter of Credit will not be used to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto. The Authority shall provide documentary and other evidence of its identity as may be requested by the Bank at any time to enable the Bank to verify the Authority's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the Patriot Act.

**Section 8.23. Assignment to Federal Reserve Bank.** Pursuant to the Non-Assignment Clause of Appendix A hereto, the Authority hereby consents and agrees that the Bank may at any time assign or pledge a security interest in all or any portion of its rights under this GR Reimbursement Agreement and the Bank Note to secure its obligations, including any pledge or assignment to secure obligations to a Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, *provided* that any

payment in respect of such assigned Payment Obligations made by the Authority to the Bank in accordance with the terms of this GR Reimbursement Agreement shall satisfy the Authority's Payment Obligations hereunder in respect of such assigned Payment Obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

**Section 8.24. Waiver of Jury Trial; Consent to Jurisdiction and Venue.**

(a) The Authority and the Bank hereby irrevocably waive, to the fullest extent permitted by law, any and all right to trial by jury in any legal proceeding arising out of or relating to this GR Reimbursement Agreement or any Document or the transactions contemplated hereby or thereby.

(b) Each party hereto consents to and submits to in personam jurisdiction and venue in the State of New York and in the federal district courts which are located in the Borough of Manhattan in the State of New York and in Nassau County, New York. Each party asserts that it has purposefully availed itself of the benefits of the laws of the State of New York and waives any objection to in personam jurisdiction on the grounds of minimum contacts, waives any objection to venue, and waives any plea of forum non conveniens. This consent to and submission to jurisdiction is with regard to any action related to this GR Reimbursement Agreement. Regardless of whether the party's actions took place in the State of New York or elsewhere in the United States, this submission to jurisdiction is nonexclusive, and does not preclude either party from obtaining jurisdiction over the other in any court otherwise having jurisdiction.

**Section 8.25. Redaction.** The Authority agrees that it shall not post this GR Reimbursement Agreement, the Letter of Credit or any amendment hereto or thereto on Electronic Municipal Market Access ("EMMA") or any other website until the Bank or its counsel has provided redacted versions of this GR Reimbursement Agreement, the Letter of Credit or such amendment, as applicable.

**Section 8.26. No Fiduciary Relationship.** The Authority acknowledges and agrees that its dealing with the Bank are solely in the nature of a debtor/creditor relationship and that in no event shall the Bank be considered to be a partner or joint venturer of the Authority. Also, the Authority represents and warrants that it has independently evaluated the business transaction and has not relied upon, nor will it rely upon, the expertise, advice or other comments or statements of the Bank (including agents of the Bank), if any, in deciding to pursue such undertaking. As the Authority is experienced in business, in no event shall the Bank owe any fiduciary or similar obligations to it in connection with the subject transaction.

**Section 8.27. Arm's Length Transaction.** The transaction described in this GR Reimbursement Agreement is an arm's length, commercial transaction between the Authority and the Bank in which: (i) the Bank is acting solely as a principal (*i.e.*, as a lender) and for its own interest; (ii) the Bank is not acting as a municipal advisor or financial advisor to the Authority; (iii) the Bank has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Authority with respect to this transaction and the discussions, undertakings and procedures leading thereto (irrespective of whether the Bank or any of its affiliates has provided other services or is currently providing other services to the Authority on

other matters); (iv) the only obligations the Bank has to the Authority with respect to this transaction are set forth in this GR Reimbursement Agreement and the Letter of Credit; and (v) the Bank is not recommending that the Authority take an action with respect to the transaction described in this GR Reimbursement Agreement and the other Documents, and before taking any action with respect to this transaction, the Authority should discuss the information contained herein with the Authority's own legal, accounting, tax, financial and other advisors, as the Authority deems appropriate.

[SIGNATURE PAGE TO FOLLOW]

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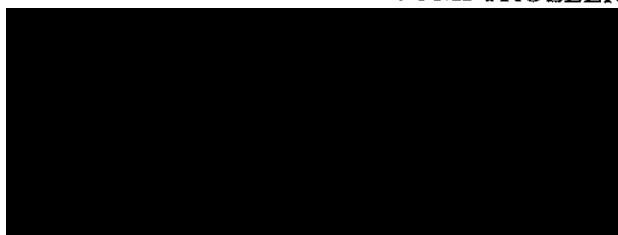
IN WITNESS WHEREOF, the parties hereto have caused this GR Reimbursement Agreement to be duly executed and delivered by their respective duly authorized officers or representatives as of the day and year first above written.

LONG ISLAND POWER AUTHORITY



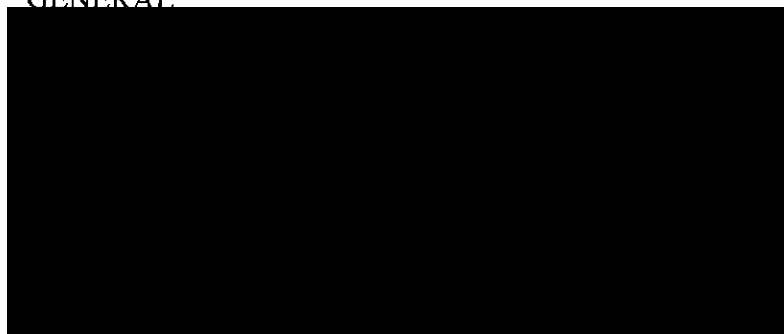
APPROVED BY:

OFFICE OF THE STATE COMPTROLLER

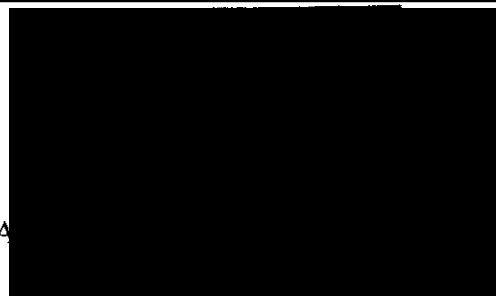
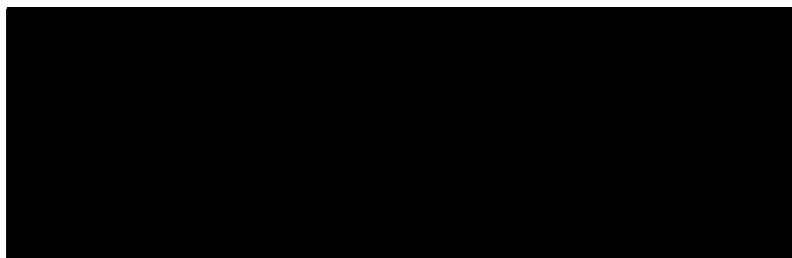


APPROVED AS TO FORM BY:

OFFICE OF THE NEW YORK ATTORNEY  
GENERAL



BARCLAYS BANK PLC



C-000915

**FORM OF ACKNOWLEDGEMENT\***

STATE OF NEW YORK

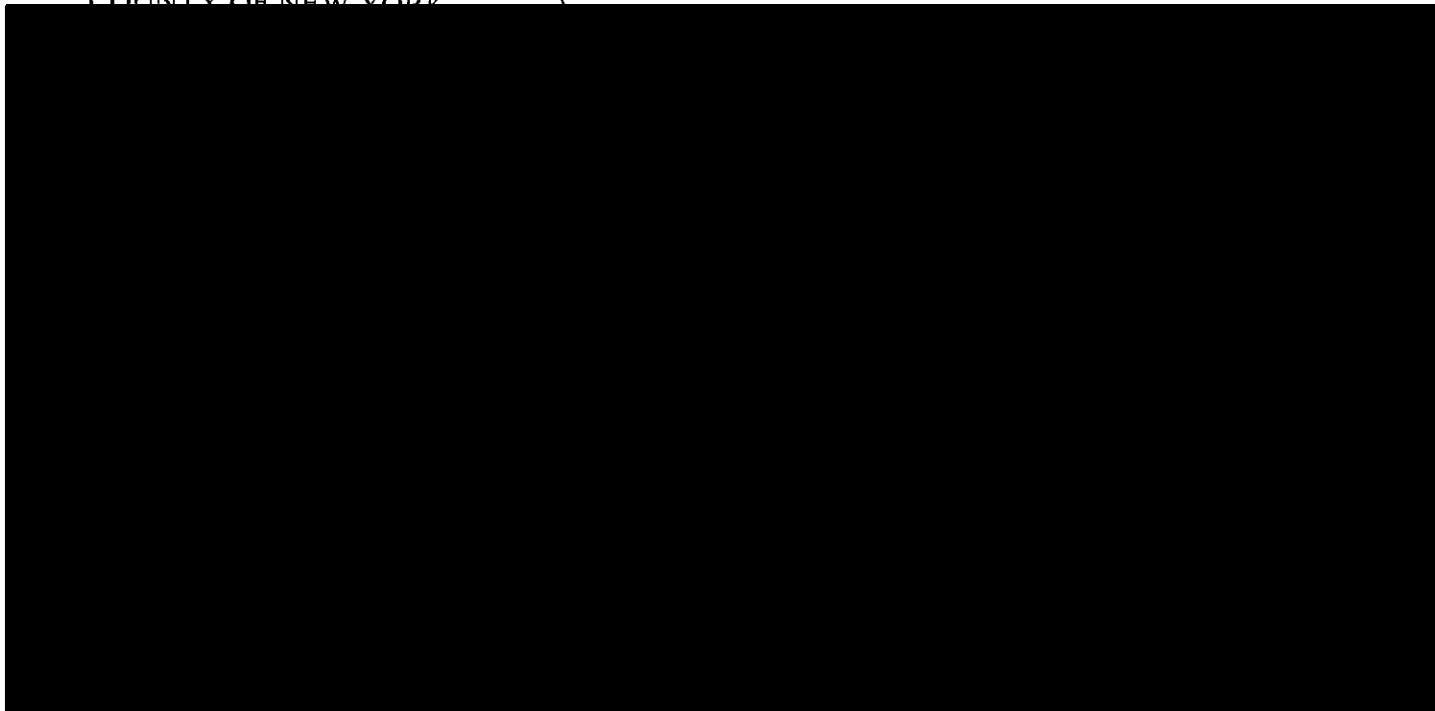
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COUNTY OF NEW YORK

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\*To be completed by each signatory

## **SCHEDULE 5.27**

### **REDEEMABLE NOTE INFORMATION**

#### **GR REDEMPTION INFORMATION FOR SERIES 2015 GR-6 NOTES:**

- List of all active / outstanding rolls on the Series 2015 GR-6 portion of the GR program on an ongoing basis:

- CUSIP:
- Redemption amount:
- Date of redemption:
- Maturity Date:
- Coupon:
- Next Noticed Redemption Date:

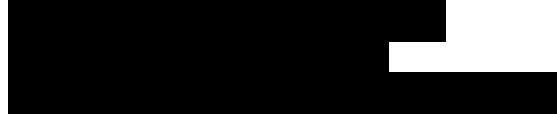
**EXHIBIT A**

**IRREVOCABLE LETTER OF CREDIT NO. [\_\_\_\_\_]**

**ELECTRIC SYSTEM GENERAL REVENUE NOTES, SERIES 2015 GR-6**

\_\_\_\_\_, 2017

The Bank of New York Mellon,  
as Issuing and Paying Agent



Ladies and Gentlemen:

At the request and for the account of our customer, the Long Island Power Authority (the “Authority”), Barclays Bank PLC (“we” or the “Bank”) hereby establishes in your favor this Irrevocable Letter of Credit No. [\_\_\_\_\_] (“Letter of Credit”). This Letter of Credit is issued to you as issuing and paying agent (the “Issuing and Paying Agent”) under the Twenty-Third Supplemental Electric System General Revenue Bond Resolution adopted by the Authority on August 6, 2014 (the “GR Resolution”), for the benefit of the holders of Electric System General Revenue Notes, Series 2015 GR-6 (the “2015 GR-6 Notes”), which may be issued in either of two subseries designated as “Electric System General Revenue Notes, Series 2015 GR-6 (Federally Taxable)” (the “Series 2015 GR-6 Taxable Notes”) and “Electric System General Revenue Notes, Series 2015 GR-6 (Tax-Exempt)” (the “Series 2015 GR-6 Tax-Exempt Notes”), issued by the Authority pursuant to the General Resolution. Subject to the terms and conditions herein, this Letter of Credit authorizes you to draw on us, from and after \_\_\_\_\_, 2017, up to an initial stated amount not exceeding \_\_\_\_\_ Dollars (US \$\_\_\_\_\_) (calculated as the sum of the maximum principal amount of the 2015 GR-6 Notes which are allowed to be issued under the GR Resolution (i.e., \$\_\_\_\_\_) plus interest thereon at the maximum rate of 10% per annum for a period of 275 days calculated on the basis of a year of 360 days) (such initial stated amount, as reduced or reinstated as herein provided, being referred to herein as the “Stated Amount”), which may be drawn on from time to time in respect of the payment of the principal of and accrued interest on the 2015 GR-6 Notes. In no event shall the obligations of the Bank hereunder exceed \$\_\_\_\_\_.

Subject to the other provisions of this Letter of Credit, you or any duly authorized successor Issuing and Paying Agent may obtain the funds available under this Letter of Credit by presentment to the Bank of your Drawings (as defined below), mentioning thereon this Letter of Credit No. [\_\_\_\_\_] in an aggregate amount not exceeding (i) \$\_\_\_\_\_ with respect to the interest on the 2015 GR-6 Notes payable at maturity (whether due to acceleration or otherwise) or on the Noticed Redemption Date (the “Interest Component”) plus (ii) \$\_\_\_\_\_ with respect to principal of the 2015 GR-6 Notes (the “Principal Component”). Each Drawing presented to the Bank must be accompanied by a certification in the form of one or more of the Annexes hereto.



Your certification to us in the form of Annex A-1 hereto (with respect to the payment (i) at maturity (whether due to acceleration or otherwise) of the principal of and interest to maturity (whether due to acceleration or otherwise) on 2015 GR-6 Notes issued in accordance with the GR Resolution and (ii) on the Noticed Redemption Date, of the principal of and interest to the Noticed Redemption Date on Redeemable 2015 GR-6 Notes issued in accordance with the GR Resolution) or in the form of Annex A-2 hereto (with respect to the payment (i) at maturity (whether due to acceleration or otherwise) of the principal of and interest to maturity (whether due to acceleration or otherwise) on 2015 GR-6 Notes issued in accordance with the GR Resolution and (ii) on the Noticed Redemption Date, of the principal of and interest to the Noticed Redemption Date on Redeemable 2015 GR-6 Notes issued in accordance with the GR Resolution and that otherwise mature or have been selected for redemption on or after the date that you receive notice from us in the form of Annex F hereto (the "Final Drawing Notice")) and presented in strict compliance with the terms and conditions of this Letter of Credit at or before 11:00 a.m. New York time, on a Business Day, will be honored by our payment to you of the Drawing amount in immediately available funds, no later than 2:30 p.m., New York time, on the same Business Day. If we receive your certification to us in the form of Annex A-1 hereto or in the form of Annex A-2 hereto and presented in strict compliance with the terms and conditions of this Letter of Credit after 11:00 a.m., New York time, on a Business Day, we shall honor your Drawing no later than 2:30 p.m., New York time, on the following Business Day.

Each Drawing presented for payment against this Letter of Credit (each a "Drawing") must be dated the date of its presentation, and may be presented only on a Business Day. As used in this Letter of Credit, "Business Day" shall mean any day of the year on which banks in New York, New York are not required or authorized to remain closed and on which the Issuing and Paying Agent, the Bank, the New York Stock Exchange, Inc. and the Federal Reserve Bank are open. The certifications you are required to submit must be prepared in the form of the applicable Annex hereto and sent to the following facsimile number:

Facsimile No. \_\_\_\_\_, Attention: \_\_\_\_\_

Other than the foregoing provisions for communication by facsimile copy, communications with respect to this Letter of Credit must be in writing and must be addressed to: \_\_\_\_\_ (or such other address or facsimile number as we may specify to you in writing), specifically referring to the number of this Letter of Credit. Payment under this Letter of Credit shall be made by the Bank by wire transfer of immediately available funds (i) with respect to the Series 2015 GR-6 Taxable Notes, to: \_\_\_\_\_, Attention: \_\_\_\_\_, and (ii) with respect to the Series 2015 GR-6 Tax-Exempt Notes, to: \_\_\_\_\_, Attention: \_\_\_\_\_. Such account may be changed only by presentation to the Bank of a letter in form satisfactory to the Bank specifying a different account with you and executed by you and authenticated to our satisfaction.

If a Drawing made by you hereunder does not, in any instance, strictly conform to the terms and conditions of this Letter of Credit, we will give you prompt notice that the presentation was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefor and that we are holding the relative documents at your disposal or are returning the same to you, as we may elect. Upon being notified that the presentation was not effected in strict conformity with this Letter of Credit, you may attempt to correct any such nonconforming

Drawing if, and to the extent that, you as Issuing and Paying Agent are entitled (without regard to the provisions of this sentence) and able to do so.

Drawings honored by us under this Letter of Credit must not exceed the Stated Amount of this Letter of Credit, as such amount may vary from time to time. Each Drawing honored by us will reduce the Stated Amount available under this Letter of Credit, *provided, however*, that you have not received from us a Notice of No Issuance or a Final Drawing Notice in the manner described in the next paragraph, which, in the case of a Notice of No Issuance only, has not been rescinded, terminating or suspending our obligation to reinstate, the Stated Amount of this Letter of Credit will be reinstated (a) automatically without notice on any day when 2015 GR-6 Notes are to be issued by an amount equal to the amount deposited into the Reimbursement Account held by the Issuing and Paying Agent under the GR Resolution and (b) automatically without notice on any day by the amount of any reimbursement of any drawing under this Letter of Credit received by us (other than funds deposited into the Reimbursement Account pursuant to clause (a) of this paragraph). In the event that we receive reimbursement from the Authority as described in clause (b) of this paragraph, we will deliver to you a Notice of Reinstatement substantially in the form of Annex C hereto within ten (10) Business Days following our receipt of the reimbursement.

In the event that we deliver to you a Notice of No Issuance in the form of Exhibit G to the Reimbursement Agreement dated as of \_\_\_\_\_ 1, 2017 (the “GR Reimbursement Agreement”), between the Authority and the Bank, or a Final Drawing Notice in the form of Annex F hereto to the effect that an Event of Default has occurred under the GR Reimbursement Agreement, you will use your best efforts to implement such Notice of No Issuance or Final Drawing Notice, as applicable, immediately but in any case no later than one hour following your receipt thereof.

In the event that we deliver to you a Rescission of Notice of No Issuance in the form of Exhibit H to the GR Reimbursement Agreement, this Letter of Credit will be reinstated to the amount specified therein and 2015 GR-6 Notes may be issued thereafter.

Following the date hereof, the Stated Amount of this Letter of Credit from time to time will be an amount equal to \$\_\_\_\_\_, less the amount of all Drawings honored by the Bank, plus amounts reinstated pursuant to the terms hereof.

By paying you an amount demanded in accordance with this Letter of Credit, the Bank makes no representation as to the correctness of the amount demanded or your calculations and representations on the certificates required of you by this Letter of Credit.

This Letter of Credit will expire on the earliest of (i) \_\_\_\_\_, 2020 (the “Stated Expiration Date”), (ii) the date of our receipt of a notice from you to the effect that an Alternate Letter of Credit in full and complete substitution for this Letter of Credit has been issued and is in effect, which notice shall be in the form of Annex D hereto, (iii) the date of our receipt of a notice from you to the effect that no 2015 GR-6 Notes (other than 2015 GR-6 Notes with respect to which an Alternate Letter of Credit has been issued and is in effect) remain outstanding under the GR Resolution nor are any such 2015 GR-6 Notes authorized to be issued under the GR Resolution, which notice shall be in the form of Annex E hereto or (iv) the earlier of (a) the 15th calendar day after the date on which you receive the Final Drawing Notice, and

(b) the date on which the Drawing resulting from the delivery of the Final Drawing Notice is honored hereunder.

To the extent not inconsistent with the express terms hereof, this Letter of Credit is governed by and construed in accordance with the International Standby Practices 1998, International Chamber of Commerce, Publication No. 590 (“ISP98”). As to matters not governed by ISP98, this Letter of Credit is governed by and construed in accordance with the law of the State of New York, including without limitation Article 5 of the Uniform Commercial Code as in effect on the date hereof in the State of New York.

This Letter of Credit is transferable in its entirety to any transferee whom you have certified to us has succeeded you as Issuing and Paying Agent under the GR Resolution, and may be successively transferred in its entirety (but not in part). Transfer of the available balance under this Letter of Credit to such transferee will be effected by presenting to the Bank Annex B hereto (“Transfer Request”) signed by the transferor and the transferee (each a “Transfer”) together with this original Letter of Credit and any amendments hereto. Transfers to designated foreign nationals and /or specially designated nationals are not permitted as being contrary to the U.S. Treasury Department or the Office of Foreign Assets Control Regulations. On the Effective Date, as set forth in such Transfer, the transferee instead of the transferor will, without necessity of further action, be entitled to all the benefits of and rights under this Letter of Credit in the transferor’s place.

All payments made by us hereunder will be made from our funds and not with the funds of any other person.

All capitalized terms herein which are not defined have the same meaning given to them in the GR Resolution and the GR Reimbursement Agreement.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the 2015 GR-6 Notes), except only the Annexes referred to herein; and any such reference will not be deemed to incorporate herein by reference any document, instrument or agreement except for such Annexes.

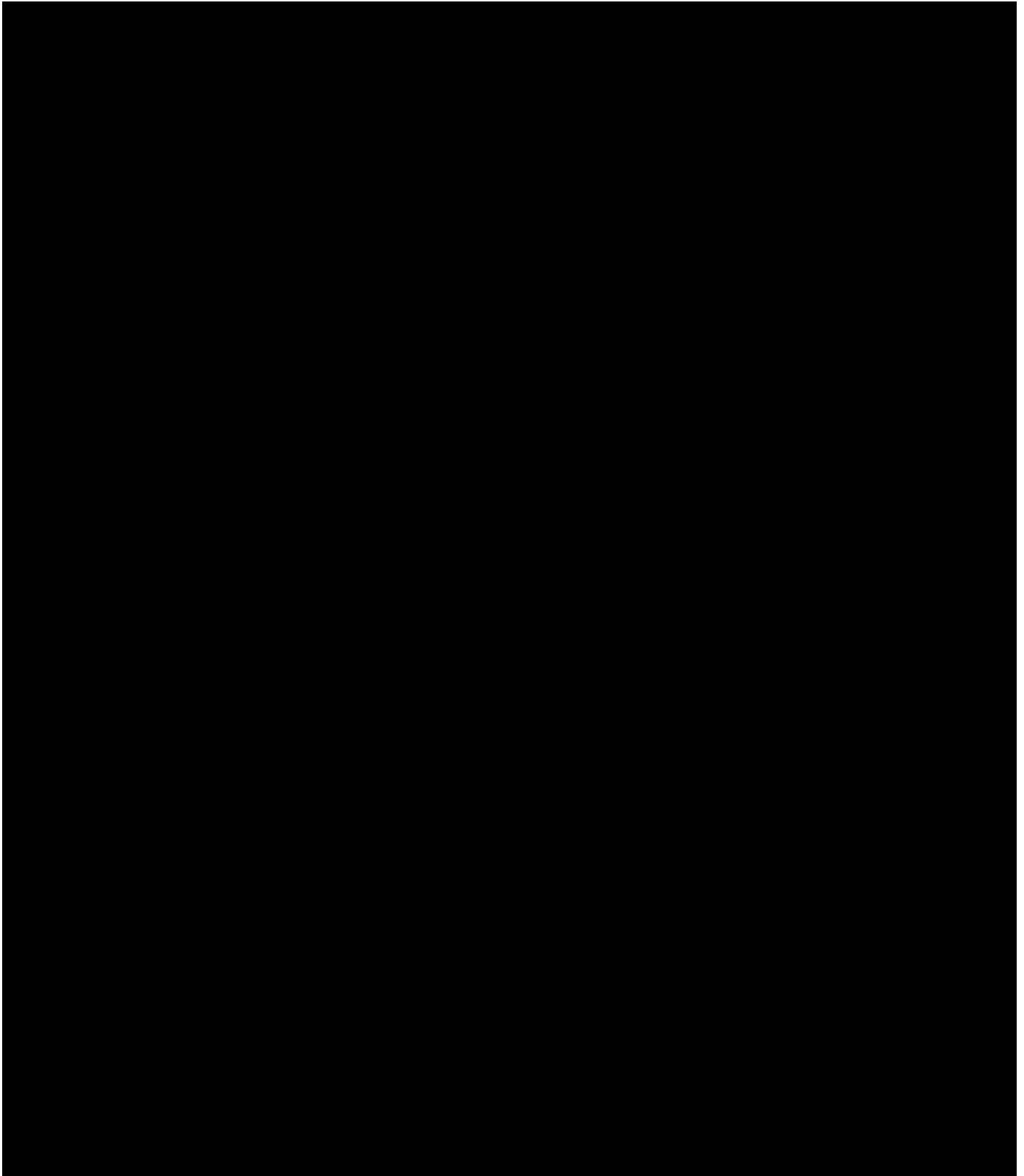
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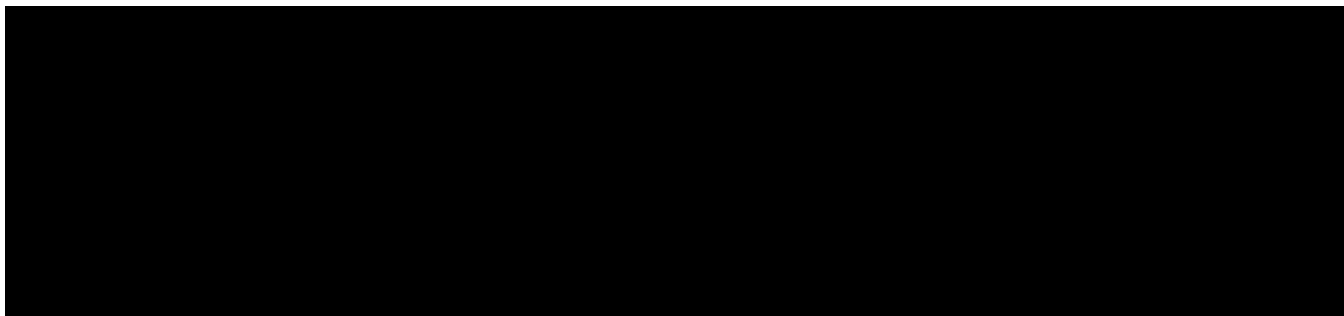
BARCLAYS BANK PLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ANNEX A-1 (DRAWING ON MATURITY DATE  
RELATING TO 2015 GR-6 NOTES)**

**IRREVOCABLE LETTER OF CREDIT NO. [\_\_\_\_\_]**





IN WITNESS WHEREOF, we have executed and delivered this Certificate as Issuing and Paying Agent on the \_\_ day of \_\_\_\_\_, 20\_\_.

Very truly yours,

**[Name of Issuing and Paying Agent]**, as Issuing and Paying Agent

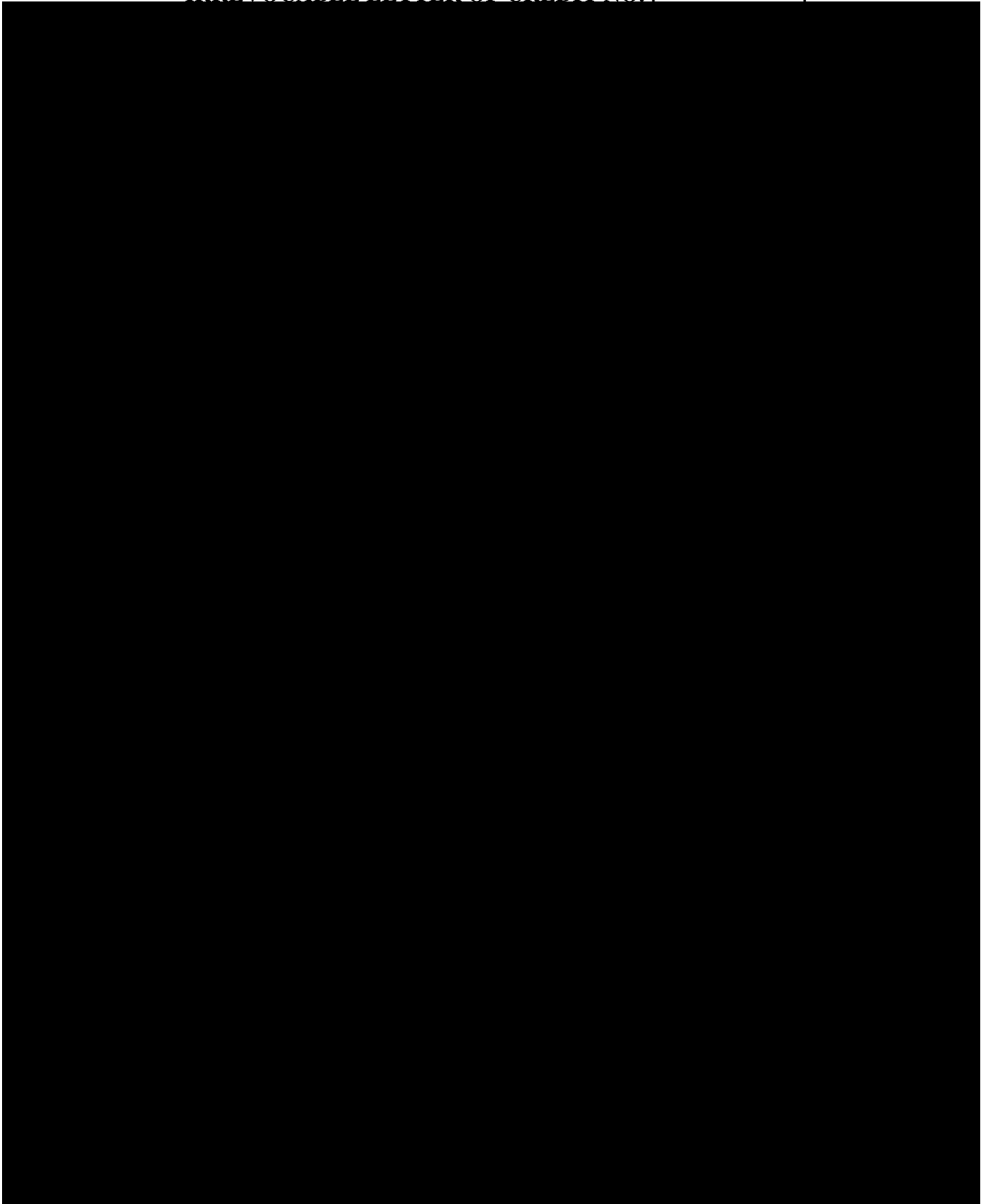
By: \_\_\_\_\_

Name: \_\_\_\_\_

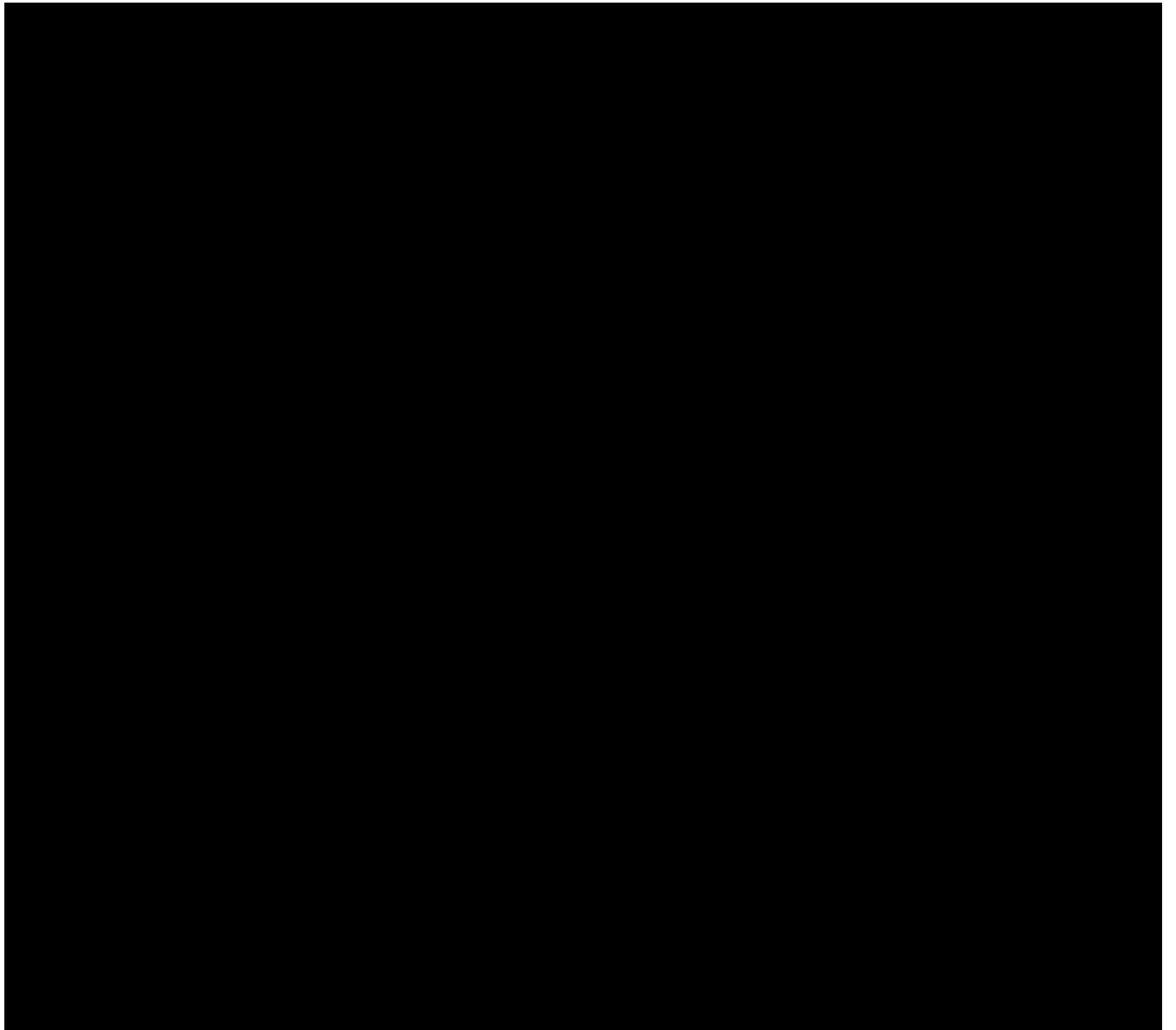
Title: \_\_\_\_\_

**ANNEX A-2 (DRAWING AFTER RECEIPT OF A FINAL DRAWING NOTICE  
RELATING TO 2015 GR-6 NOTES)**

**IRREVOCABLE LETTER OF CREDIT NO. [ ]**









**ANNEX B (TRANSFER REQUEST)**

**IRREVOCABLE LETTER OF CREDIT NO. [\_\_\_\_\_]**



Re: Instruction to Transfer  
Irrevocable Letter of Credit No. [\_\_\_\_\_] dated \_\_\_\_\_, 2017

Ladies and Gentlemen:

We, the undersigned (the “Transferor”), hereby irrevocably transfer all of our rights to draw under the above-referenced Irrevocable Letter of Credit (the “Letter of Credit”) in its entirety to:

NAME OF TRANSFEREE

\_\_\_\_\_  
(Print Name and complete address of the Transferee) “Transferee”

ADDRESS OF TRANSFEREE

\_\_\_\_\_  
CITY, STATE/COUNTRY ZIP

\_\_\_\_\_  
(Address)

In accordance with ISP98, Rule 6 (regarding transfer of drawing rights), all rights of the undersigned Transferor in such Letter of Credit are transferred to the Transferee, who shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the undersigned Transferor.

The original of the Letter of Credit, including amendments to this date, is attached and the undersigned Transferor requests that you endorse an acknowledgment of this transfer on the reverse thereof. The undersigned Transferor requests that you notify the Transferee of the Letter of Credit in such form and manner as you deem appropriate, and the terms and conditions of the Letter of Credit as transferred. The undersigned Transferor acknowledges that you incur no

obligation hereunder and that the transfer will not be effective until you have expressly consented to effect the transfer by notice to the Transferee.

If you agree to these instructions, please advise the Transferee of the terms and conditions of the transferred Letter of Credit.

Payment of a transfer fee of U.S. \$\_\_\_\_ is for the account of Long Island Power Authority (“the Authority”), who agrees to pay you on demand any expense or cost you may incur in connection with the transfer. Receipt of such does not constitute consent by you to effect the transfer.

Said Transferee has succeeded the Transferor as Issuing and Paying Agent. The enclosed Letter of Credit along with any amendments thereto are original and complete, and there is no outstanding demand, request for payment, reinstatement or transfer under the Letter of Credit affecting the rights to be transferred.

By its signature below, the Transferee acknowledges that it has duly succeeded the Transferor as Issuing and Paying Agent.

The Effective Date of this Transfer will be the date hereafter on which the undersigned Transferor effects such transfer by giving notice thereof to the Transferee.

The Letter of Credit and any amendments thereto are returned herewith, and we ask you to endorse the transfer on the reverse thereof and to forward it directly to the Transferee with your customary notice of transfer.

**WE WAIVE ANY RIGHT TO TRIAL BY JURY THAT WE MAY HAVE IN ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF THIS TRANSFER.**

(Signature Page Follows)

This Transfer is made subject to ISP98 and as to matters not governed by ISP98 shall be governed by the law of the State of New York.

Sincerely yours,

\_\_\_\_\_  
(Print Name of Transferor)

\_\_\_\_\_  
(Transferor's Authorized Signature)

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Telephone Number/Fax Number)

**SIGNATURE GUARANTEED**

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement.

\_\_\_\_\_  
(Print Name of Bank)

\_\_\_\_\_  
(Address of Bank)

\_\_\_\_\_  
(City, State, Zip Code)

\_\_\_\_\_  
(Print Name and Title of Authorized Signer)

\_\_\_\_\_  
(Authorized Signature)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Date)

Acknowledged:

\_\_\_\_\_  
(Print Name of Transferee)

\_\_\_\_\_  
(Transferee's Authorized Signature)

\_\_\_\_\_  
(Print Authorized Signers Name and Title)

\_\_\_\_\_  
(Telephone Number/Fax Number)

**SIGNATURE GUARANTEED**

Signature(s) with title(s) conform(s) with that/those on file with us for this individual, entity or company and signer(s) is/are authorized to execute this agreement.

\_\_\_\_\_  
(Print Name of Bank)

\_\_\_\_\_  
(Address of Bank)

\_\_\_\_\_  
(City, State, Zip Code)

\_\_\_\_\_  
(Print Name and Title of Authorized Signer)

\_\_\_\_\_  
(Authorized Signature)

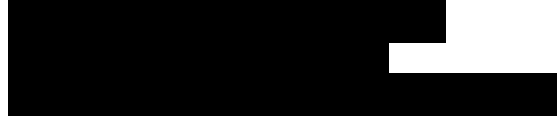
\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Date)

**ANNEX C (NOTICE OF REINSTATEMENT)**

**IRREVOCABLE LETTER OF CREDIT NO. [\_\_\_\_\_]**

The Bank of New York Mellon,  
as Issuing and Paying Agent



Re: Notice of Reinstatement

Ladies and Gentlemen:

We refer to our Irrevocable Letter of Credit No. [\_\_\_\_\_] dated \_\_\_\_\_, 2017 (the "Letter of Credit"). Any term below which is defined in the Letter of Credit shall have the same meaning when used herein. We hereby notify you that the Long Island Power Authority has reimbursed us for a Drawing or Drawings under the Letter of Credit in the amount of \$\_\_\_\_\_. As a result, the Letter of Credit was reinstated on \_\_\_\_\_ to a Stated Amount of \$\_\_\_\_\_.

IN WITNESS WHEREOF, we have executed and delivered this Certificate on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BARCLAYS BANK PLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ANNEX D (NOTICE OF ALTERNATE LETTER OF CREDIT)**

**IRREVOCABLE LETTER OF CREDIT NO. [\_\_\_\_\_]**

Barclays Bank PLC  
[REDACTED]

Attn: [REDACTED]

Ladies and Gentlemen:

We refer to your Irrevocable Letter of Credit No. [\_\_\_\_\_] dated \_\_\_\_\_, 2017 (the “Letter of Credit”). Any term below which is defined in this Letter of Credit has the same meaning when used herein. The undersigned, a duly authorized officer of \_\_\_\_\_ or “We”, hereby certifies to you that:

1. We are the Issuing and Paying Agent under the GR Resolution for the holders of the 2015 GR-6 Notes.
2. An Alternate Letter of Credit in full and complete substitution for the Letter of Credit has been issued and is in effect.
3. We hereby surrender to you the Letter of Credit and any amendments thereto.
4. The Letter of Credit is hereby terminated in accordance with its terms.
5. No payment is demanded of you in connection with this surrender of the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this notice as Issuing and  
Paying Agent on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Very truly yours,

**[Name of Issuing and Paying Agent]**, as Issuing  
and Paying Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**ANNEX E (NOTICE THAT NO 2015 GR-6 NOTES ARE OUTSTANDING)**

**IRREVOCABLE LETTER OF CREDIT NO. [\_\_\_\_\_]**

Barclays Bank PLC  
[REDACTED]  
[REDACTED]

Ladies and Gentlemen:

We refer to your Irrevocable Letter of Credit No. [\_\_\_\_\_] dated \_\_\_\_\_, 2017 (the “Letter of Credit”). Any term below which is defined in this Letter of Credit has the same meaning when used herein. The undersigned, a duly authorized officer of \_\_\_\_\_ or “We”, hereby certifies to you that:

1. We are the Issuing and Paying Agent under the GR Resolution for the holders of the 2015 GR-6 Notes.
2. No 2015 GR-6 Notes (other than 2015 GR-6 Notes with respect to which an Alternate Letter of Credit has been issued and is in effect) remain outstanding under the GR Resolution nor are any such 2015 GR-6 Notes authorized to be issued under the GR Resolution.
3. We hereby surrender to you the Letter of Credit and any amendments thereto.
4. The Letter of Credit is hereby terminated in accordance with its terms.
5. No payment is demanded of you in connection with this surrender of the Letter of Credit.

IN WITNESS WHEREOF, we have executed and delivered this notice as Issuing and  
Paying Agent on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Very truly yours,

**[Name of Issuing and Paying Agent]**, as Issuing  
and Paying Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ANNEX F (FINAL DRAWING NOTICE)**

**IRREVOCABLE LETTER OF CREDIT NO. [\_\_\_\_\_]**

The Bank of New York Mellon,  
as Issuing and Paying Agent



Re: Final Drawing Notice

Ladies and Gentlemen:

We refer to our Irrevocable Letter of Credit No. [\_\_\_\_\_] dated \_\_\_\_\_, 2017 (the “Letter of Credit”). Any term below which is defined in the Letter of Credit has the same meaning when used herein. We hereby notify you that an Event of Default has occurred under the Reimbursement Agreement dated as of \_\_\_\_\_ 1, 2017, between the Long Island Power Authority and us. As a result:

1. No further 2015 GR-6 Notes may be issued pursuant to the terms of the GR Resolution;

2. (i) Effective upon receipt of this Notice, the Stated Amount available to be drawn under the Letter of Credit will not be reinstated in accordance with the Letter of Credit, (ii) the Issuing and Paying Agent is instructed to make the Final Drawing under the Letter of Credit to provide for the payment of 2015 GR-6 Notes issued in accordance with the GR Resolution which are outstanding and (x) maturing (whether due to acceleration or otherwise) or are hereafter to mature and/or (y) have been selected for redemption on or after the date hereof, and (iii) the Termination Date of the Letter of Credit will occur and the Letter of Credit will expire on the earlier of (a) date which is the 15th calendar day after the date of receipt by the Issuing and Paying Agent of this notice, and (b) the date on which the Drawing resulting from the delivery of this notice is honored by us.

IN WITNESS WHEREOF, we have executed and delivered this Notice on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BARCLAYS BANK PLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT B**

### **FORM OF BANK NOTE**

**Long Island Power Authority**

**\$\_\_\_\_\_**

**Electric System General Revenue Notes, Series 2015 GR-6**

\_\_\_\_\_, 2017

For Value Received, the undersigned, LONG ISLAND POWER AUTHORITY (the “Authority”), hereby promises to pay to the order of Barclays Bank PLC (the “Bank”), in the manner and on the dates provided in the GR Reimbursement Agreement, dated as of \_\_\_\_\_ 1, 2017 (the “Agreement”), between the Authority and the Bank in lawful money of the United States of America and in immediately available funds in an amount equal to the aggregate outstanding principal amount of the Unreimbursed Amounts and Bank Loans from time to time owing to the Bank under the Agreement. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Agreement.

The Authority further promises to pay interest from the date hereof on the outstanding principal amount hereof and unpaid interest hereon from time to time at the rates and times and in all cases in accordance with the terms of the Agreement. The Bank may endorse its books and records relating to this Bank Note with appropriate notations evidencing the amounts drawn under the Series 2015 GR-6 Letter of Credit and payments of principal hereunder as contemplated by the Agreement.

This Bank Note is issued pursuant to, is entitled to the benefits of, and is subject to, the provisions of the Agreement and the Issuing and Paying Agency Agreement, as further supplemented and amended in accordance with the terms thereof and the Agreement. Voluntary prepayments may be made hereon, certain prepayments are required to be made hereon, and this Bank Note may be declared due prior to the expressed maturity hereof, all on the terms and in the manner provided for in the Agreement.

The parties hereto, including the undersigned maker and all guarantors, endorsers and pledgors that may exist at any time with respect hereto, hereby waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Bank Note and assent to the extensions of the time of payment or forbearance or other indulgence without notice.

This Bank Note constitutes a “Parity Obligation” as defined in the General Resolution, and is secured by and payable from the Trust Estate on a parity with the 2015 GR-6 Notes.

This Bank Note and the obligations of the Authority hereunder shall be governed by and construed in accordance with the law of the State of New York.

IN WITNESS WHEREOF, the Authority has caused this Bank Note to be signed in its corporate name as an instrument by its duly authorized officer on the date first above written.

LONG ISLAND POWER AUTHORITY

By: \_\_\_\_\_

Name: Thomas Falcone

Title: Chief Financial Officer

[illegible]

## **EXHIBIT C**

### **FORM OF GR REIMBURSEMENT AGREEMENT CERTIFICATE OF THE AUTHORITY**

I, Joseph A. Branca, Chief Financial Officer of the Long Island Power Authority (the “Authority”) hereby certify that, pursuant to Sections 3.1(b) and 3.2 of the GR Reimbursement Agreement dated as of \_\_\_\_\_ 1, 2017 (the “GR Reimbursement Agreement”) between the Authority and Barclays Bank PLC (the “Bank”):

1. The representations and warranties of the Authority contained in the GR Reimbursement Agreement and in each written document delivered by the Authority, to the Bank in connection with the GR Reimbursement Agreement are true and correct in all material respects on and as of the date hereof to the same extent as though made on and as of this date;

2. No Event of Default or Potential Default has occurred and is continuing and neither will result from the issuance of the Letter of Credit or the making of any Bank Loan; and

3. No event or circumstance has occurred since December 31, 2016, which could reasonably be expected to materially and adversely affect the rights or remedies of the Bank under the GR Reimbursement Agreement or the ability of the Authority to perform its obligations under the GR Reimbursement Agreement or under any other Document to which it is a party or which could have a Material Adverse Effect.

4. Since the date of the Bond Rating Evidence, no long or short term rating assigned to either the Bonds or the Subordinated Indebtedness has been reduced, withdrawn or suspended.

Terms not defined herein are defined as in the GR Reimbursement Agreement.



IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of \_\_\_\_\_,  
2017.

By: \_\_\_\_\_  
Joseph A. Branca  
Chief Financial Officer

## **EXHIBIT D**

### **FORM OF CERTIFICATE OF LIPA SUBSIDIARY**

I, Joseph A. Branca, Chief Financial Officer of the Long Island Lighting Company d/b/a LIPA (“the LIPA Subsidiary”), certify as follows pursuant to Sections 3.1(b) and 3.2 of the GR Reimbursement Agreement, dated as of \_\_\_\_\_ 1, 2017 (the “GR Reimbursement Agreement”), between the Long Island Power Authority (the “Authority”) and Barclays Bank PLC (the “Bank”):

1. The persons holding the following offices and positions and duly appointed thereto and acting therein are as follows:

Thomas Falcone	Chief Executive Officer
Joseph A. Branca	Chief Financial Officer
Jon Mostel	General Counsel and Secretary

2. The LIPA Subsidiary is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Financing Agreement, dated as of May 1, 1998, by and between the Authority and the LIPA Subsidiary.

3. The representations and warranties with respect to the LIPA Subsidiary contained in the GR Reimbursement Agreement and in each written document delivered by the Authority to the Bank in connection with the GR Reimbursement Agreement are true and correct in all material respects on and as of the date hereof to the same extent as though made on and as of this date.

4. Attached hereto as Exhibit A is a true and complete copy of the restated Certificate of Incorporation of the LIPA Subsidiary.

5. Attached hereto as Exhibit B is a true and complete copy of the By-Laws of the LIPA Subsidiary.

6. Attached hereto as Exhibit C is a true and complete copy of the Certificate of Assumed Name of the LIPA Subsidiary.

7. The LIPA Subsidiary is a business corporation validly existing and in good standing under the laws of the State of New York. Attached hereto as Exhibit D is a certificate of the Secretary of State of the State of New York certifying that the LIPA Subsidiary is a subsisting corporation under the laws of the State of New York.

[Signature Page of this Certificate Follows]

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of \_\_\_\_\_,  
2017.

By: \_\_\_\_\_  
Joseph A. Branca  
Chief Financial Officer

**EXHIBIT E**  
**FORM OF OPINION OF BOND COUNSEL**

\_\_\_\_\_, 2017

Barclays Bank PLC  
New York, New York

Ladies and Gentlemen:

We are bond counsel to the Long Island Power Authority (the “Authority”), a corporate municipal instrumentality of the State of New York. We hereby deliver to you herewith, pursuant to the Reimbursement Agreement dated as of \_\_\_\_\_ 1, 2017 (the “GR Reimbursement Agreement”), between the Authority and Barclays Bank PLC, a copy of our approving opinion, dated \_\_\_\_\_, 201\_\_ (the “Approving Opinion”), relating to the issuance of the Authority’s Electric System General Revenue Notes, Series 2015 GR-6 (the “Notes”).

You are entitled to rely on the Approving Opinion as though the same were addressed to you.

The following opinions are being rendered herein pursuant to 3.1(c) of the GR Reimbursement Agreement. All capitalized terms used herein shall, unless otherwise defined herein, have the meanings set forth in the GR Reimbursement Agreement.

We are of the opinion that the GR Reimbursement Agreement has been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery of the GR Reimbursement Agreement by the other parties thereto, constitutes the valid, legal and binding agreements of the Authority, enforceable against the Authority in accordance with their respective terms, except to the extent that the enforceability of the GR Reimbursement Agreement may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors’ rights generally and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We are further of the opinion that the General Resolution creates, for the benefit and security of the Reimbursement Obligations under the GR Reimbursement Agreement, the legally valid and binding lien on and pledge of the Trust Estate, including without limitation the Revenues, subject only to the provisions of the General Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the General Resolution, which lien and pledge ranks on a parity with the lien and pledge securing the Notes. No filing, registering, recording or publication of the General Resolution or any other instrument is required to establish such pledge which secures the Payment Obligations, or to perfect, protect or maintain the lien created to secure the same. To the extent that any Letter of Credit Fee or other amount payable under the GR Reimbursement Agreement does not constitute a Reimbursement Obligation, such Letter of Credit Fee or other amount constitutes Operating Expenses under the General Resolution.

Very truly yours,

## EXHIBIT F

### FORM OF OPINION OF COUNSEL TO THE AUTHORITY AND LIPA SUBSIDIARY

\_\_\_\_\_, 2017

Barclays Bank PLC  
New York, New York

The Bank of New York Mellon,  
as Issuing and Paying Agent



Ladies and Gentlemen:

Reference is made to (i) Section 3.1(d) of the Reimbursement Agreement dated as of \_\_\_\_\_ 1, 2017 (the “GR Reimbursement Agreement”), between the Long Island Power Authority (the “Authority”) and Barclays Bank PLC, and (ii) the Electric System General Revenue Bond Resolution, adopted by the Authority on May 13, 1998, as supplemented by the Amended and Restated Twenty-Third Supplemental Electric System General Revenue Bond Resolution, adopted by the Authority on July 26, 2017, which amends and restates the Twenty-Third Supplemental Electric System General Revenue Bond Resolution adopted by the Authority on August 6, 2014, and (iii) an Amended and Restated Certificate of Determination, dated \_\_\_\_\_, executed by an authorized representative of the Authority (collectively, the “Resolution”), in connection with the issuance of the Authority’s Electric System General Revenue Notes, Series 2015 GR-6 (the “Notes”).

As to various questions of fact material to this opinion, I have relied on certificates of officers of the Authority and Long Island Lighting Company d/b/a LIPA (“LIPA”).

In addition, as Acting General Counsel to the Authority and to LIPA, I have examined and relied on originals or copies certified or otherwise identified to my satisfaction of such documents, instruments or corporate records, and have made such investigations of law, as I have considered necessary or appropriate for the purposes of this opinion.

Except as otherwise defined herein, all terms used herein shall have the meanings assigned to such terms in the Resolution or the GR Reimbursement Agreement.

Based on the foregoing, I am of the opinion that:

1. The Authority is a corporate municipal instrumentality and a body corporate and politic constituting a political subdivision of the State of New York (the “State”), duly created and established and validly existing under the provisions of the Long Island Power Authority Act, being Title 1-A of Article 5 of the Public Authorities Law of the State of New York, as amended (the “Act”).

2. The Authority has the right, power and authority to (a) execute and deliver the GR Reimbursement Agreement and (b) perform its obligations under the GR Reimbursement Agreement.

3. The execution and delivery of, and the performance by the Authority and LIPA of their respective obligations under, the Resolution and the documents specified in paragraph 2 above (the “Authority Transaction Documents”) have been duly authorized by proper corporate proceedings of the Authority and LIPA, as applicable, and duly executed and delivered by the Authority and LIPA, as applicable. Each of the Authority Transaction Documents, assuming the due authorization, execution and delivery by the other parties thereto, constitutes a legal, valid and binding agreement of the Authority and LIPA enforceable in accordance with their respective terms.

4. The Resolution has been duly and lawfully adopted by the Authority and is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms, and no other authorization for, or filing or recording of, the Resolution is required.

5. Except as permitted by the Resolution and the Financing Agreement, the items pledged by the Resolution and the Financing Agreement are, and under the Resolution, the Financing Agreement and existing law will be, free and clear of any material pledge, lien, charge or encumbrance thereon or with respect thereto created by the Authority or LIPA prior to, or of equal rank with, the pledge created by the Resolution and the Financing Agreement.

6. The execution and delivery of the Authority Transaction Documents, the Notes, the Financing Agreement Note and the Resolution, under the circumstances contemplated by the GR Reimbursement Agreement and Offering Memorandum, and compliance with the provisions thereof and the provisions of the Financing Agreement, will not conflict in any material respect with or constitute on the part of the Authority or LIPA a material breach of, or an event of default under, any agreement or other instrument to which the Authority or LIPA is subject or by which it is bound.

7. Except as described in the Offering Memorandum, there is no litigation or other proceeding pending or, to the best of my knowledge, threatened in any court, agency or other administrative body (either State or Federal) restraining or enjoining the issuance, sale or delivery of the Notes, or in any way questioning or affecting (i) the issuance, sale and delivery of the Notes, (ii) the proceedings under which the Notes are to be issued, (iii) the validity or enforceability of any provision of the Notes, the Resolution, the Authority Transaction Documents or the Financing Agreement Note, (iv) the pledge by the Authority effected under the Resolution, (v) the pledge by LIPA effected under the Financing Agreement, (vi) the legal existence of the Authority or LIPA, (vii) the power of the Authority to issue the Notes for the purposes described in the Offering Memorandum or to undertake and perform the transactions contemplated by the Resolution or the Offering Memorandum or (viii) the accuracy, completeness or fairness of the Offering Memorandum.

8. The Authority and LIPA are not in default in any material respect under the terms of the Resolution or the Authority Transaction Documents.

9. All authorizations, consents, approvals and reviews of governmental bodies or regulatory authorities required for (i) the adoption by the Authority of the Resolution, (ii) the execution, issuance and delivery by the Authority of the Notes, and (iii) the execution, delivery and performance by the Authority and LIPA of their respective obligations under the Authority Transaction Documents, have been obtained or effected and are in full force and effect.

10. The Authority has the right and power under the Act to adopt the Resolution and to perform its obligations thereunder, including its rate covenant relating to the establishment and maintenance of System fees, rates, rents, charges and surcharges; provided, however, that in connection with certain Authority rate proposals, the Act directs the Authority to seek the review and recommendation of the New York State Public Service Commission as to such proposals prior to implementation and to implement such recommendations unless the Authority determines, after complying with certain procedural requirements and subject to any applicable judicial review proceeding, that any particular recommendation is inconsistent with the Authority's sound fiscal operating practices, any existing contractual or operating obligations or the provision of safe and adequate service.

11. The Authority is authorized to adopt the rates, credits, surcharges and riders provided for in the Authority's existing rates; said rates, credits, surcharges and riders have been duly adopted and are in full force and effect.

12. The Authority is authorized to adopt an Open Access Transmission Tariff (the "OATT"); and said OATT has been duly adopted and is in full force and effect.

13. The adoption by the Authority of its rates and the supplementation thereof, and compliance with all of the terms and conditions of the Resolution and the Notes, and the execution and delivery of the Notes, and the execution, delivery and performance of the GR Reimbursement Agreement, will not result in a violation of or be in conflict with any term or provision of any applicable law, or of any approval by any governmental agency, board or commission applicable thereto.

14. The rates for retail distribution service approved by the Authority for assessment and collection by its subsidiary, LIPA (jointly, the "LIPA Entities"), are not subject to regulation by the Federal Energy Regulatory Commission ("FERC") or any other federal agency, under the Federal Energy Regulatory Laws; and neither the FERC nor any other federal agency, under the Federal Energy Regulatory Laws<sup>1</sup>, may deny either of the LIPA Entities the ability to recover in LIPA's retail distribution rates the portion of the "Acquisition Adjustment" associated with the "Shoreham Regulatory

---

<sup>1</sup> As defined herein, the Federal Energy Regulatory Laws are: the Federal Power Act, Part II, 16 U.S.C. §§ 824 *et seq.*, as amended ("FPA"); the Public Utility Regulatory Policies Act of 1978 (appearing generally at 16 U.S.C. § 2601 and following) ("PURPA"), as amended; the Public Utility Holding Company Act of 1935, 15 U.S.C. §§ 79a *et seq.*, as amended; and the Powerplant and Industrial Fuel Use Act of 1978, Pub. L. No. 95-620, 92 Stat. 3289 (1978), as amended.



Asset” or the inclusion in LIPA’s retail distribution rates applicable in Suffolk County, New York of costs with respect to the Shoreham Property Tax Settlement Agreement<sup>2</sup>.

The obligations of the Authority and LIPA and the enforceability thereof are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights. The enforceability of such obligations is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

This opinion is solely for your information and assistance and is not to be used, circulated, quoted or otherwise referred to, except that reference to this opinion may be made in any list of closing documents pertaining to the delivery of the Letter of Credit under the GR Reimbursement Agreement or in such closing documents.

Very truly yours,

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<sup>2</sup> The terms “Acquisition Adjustment” and “Shoreham Regulatory Asset” are used as defined in the Offering Memorandum.

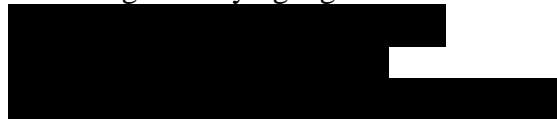
**EXHIBIT G**

**FORM OF NOTICE OF NO ISSUANCE**

**(NOTICE OF NO ISSUANCE)**

**IRREVOCABLE LETTER OF CREDIT NO. [\_\_\_\_\_]**

The Bank of New York Mellon,  
as Issuing and Paying Agent



Re: Notice of No Issuance

Ladies and Gentlemen:

We refer to our Irrevocable Letter of Credit No. [\_\_\_\_\_] dated \_\_\_\_\_, 2017 (the “Letter of Credit”). Any term below which is defined in the Letter of Credit has the same meaning when used herein. We hereby notify you that an Event of Default has occurred under the GR Reimbursement Agreement dated as of \_\_\_\_\_ 1, 2017, between the Long Island Power Authority and us. As a result, unless and until you have been advised otherwise by us:

1. No further 2015 GR-6 Notes may be issued pursuant to the terms of the GR Resolution;
2. The Stated Amount of the Letter of Credit is reduced to \$\_\_\_\_\_, an amount equal to the principal amount (and, if and as applicable, interest on the 2015 GR-6 Notes to their stated maturity dates or their related Noticed Redemption Dates) of the outstanding 2015 GR-6 Notes; and
3. The Stated Amount of the Letter of Credit will no longer be reinstated.

IN WITNESS WHEREOF, we have executed and delivered this Notice on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BARCLAYS BANK PLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

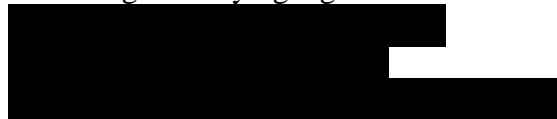
**EXHIBIT H**

**FORM OF RESCISSION OF NOTICE OF NO ISSUANCE**

**(RESCISSION OF NOTICE OF NO ISSUANCE)**

**IRREVOCABLE LETTER OF CREDIT NO. [\_\_\_\_\_]**

The Bank of New York Mellon,  
as Issuing and Paying Agent



Re: Rescission of Notice of No Issuance

Ladies and Gentlemen:

We refer to our Irrevocable Letter of Credit No. [\_\_\_\_\_] dated \_\_\_\_\_, 2017 (the "Letter of Credit"). Any term below which is defined in the Letter of Credit has the same meaning when used herein. We hereby notify you that the Notice of No Issuance dated \_\_\_\_\_ and delivered by us to you is hereby rescinded. As a result:

1. Further 2015 GR-6 Notes may be issued pursuant to the terms of the GR Resolution which may be supported by the Letter of Credit;
2. The Stated Amount of the Letter of Credit is reinstated to an amount equal to \$\_\_\_\_\_;
3. The Letter of Credit will continue to be reinstated in accordance with its terms.

IN WITNESS WHEREOF, we have executed and delivered this Notice on the \_\_ day of \_\_\_\_\_, 20\_\_.

BARCLAYS BANK PLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## APPENDIX A

### STANDARD CLAUSES FOR LIPA CONTRACTS

For the purposes of this Appendix A, the Long Island Power Authority and its operating subsidiary the Long Island Lighting Company d/b/a LIPA are hereinafter referred to as "LIPA."

The parties to the attached contract, license, lease, amendment or other agreement of any kind (hereinafter, "*the contract*" or "*this contract*") agree to be bound by the following clauses which are hereby made a part of the contract (the word "*Contractor*" herein refers to any party other than LIPA, whether a contractor, consultant, licensor, licensee, lessor, lessee or other party):

**NON-ASSIGNMENT CLAUSE.** In accordance with Section 138 of the State Finance Law, this contract may not be assigned by Contractor or its right, title or interest therein assigned, transferred, conveyed, sublet or otherwise disposed of without the previous consent, in writing, of LIPA, and any attempts to assign the contract without LIPA's written consent are null and void. Contractor may, however, assign its right to receive payment without LIPA's prior written consent unless this contract concerns Certificates of Participation pursuant to Article 5-A of the State Finance Law.

**COMPTROLLER'S APPROVAL.** In accordance with Section 112 of the New York State Finance Law (the "*State Finance Law*"), this Agreement shall not be valid, effective or binding upon LIPA until it has been approved by the State Comptroller and filed in his office.

**WORKER'S COMPENSATION BENEFITS.** In accordance with Section 142 of the State Finance Law, this Agreement shall be void and of no force and effect unless Contractor provides and maintains coverage during the life of this Agreement for the benefit of such employees as are required to be covered by the provisions of the Workers' Compensation Law.

**NON-DISCRIMINATION REQUIREMENTS.** In accordance with Article 15 of the Executive Law (also known as the Human Rights Law) and all other New York State and Federal statutory and constitutional non-discrimination provisions, Contractor shall not discriminate against any employee or applicant for employment because of race, creed, color, sex (including gender identity or expression), national origin, age, disability, marital status, sexual orientation, genetic predisposition or carrier status. Furthermore, in accordance with Article 220-e of the New York Labor Law, and to the extent that this Agreement shall be performed within the State of New York, Contractor agrees that neither it nor its subcontractors shall, by reason of race, creed, color, disability, sex, national origin, sexual orientation, genetic predisposition or carrier status; (a) discriminate in hiring against any New York State citizen who is qualified and available to perform the work; or (b) discriminate against or intimidate any employee for the performance of work under this Agreement.

**WAGE AND HOURS PROVISIONS.** If this is a public work contract covered by Article 8 of the Labor Law or a building service contract covered by Article 9 thereof, neither Contractor's employees nor the employees of its subcontractors may be required or permitted to work more than the number of hours or days stated in said statutes, except as otherwise provided in the Labor Law and as set forth in prevailing wage and supplement schedules issued by the State Labor Department. Furthermore, Contractor and its subcontractors must pay at least the prevailing wage rate and pay or provide the prevailing supplements, including the premium rates for overtime pay, as determined by the State Labor Department in accordance with the Labor Law and shall comply with all requirements set forth in Article 8 or Article 9 of the Labor Law whichever Article applies.

**NON-COLLUSIVE BIDDING CERTIFICATION.** In accordance with Section 2878 of the Public Authorities Law, if this contract was awarded based upon the submission of bids, Contractor warrants, under penalty of perjury, that its bid was arrived at independently and without collusion aimed at restricting competition. Contractor further warrants that, at the time Contractor submitted its bid, an authorized and responsible person executed and delivered to LIPA a non-collusive bidding certification on Contractor's behalf.

**INTERNATIONAL BOYCOTT PROHIBITION.** In accordance with Section 220-f of the Labor Law and Section 139-h of the State Finance Law, if this contract exceeds \$5,000, Contractor agrees, as a material condition of the contract, that neither Contractor nor any substantially owned or affiliated person, firm, partnership or corporation has participated, is participating, or shall participate in an international boycott in violation of the federal Export Administration Act of 1979 (50 USC app. Sections 2401 et seq.) or regulations thereunder. If such Contractor, or any of the aforesaid affiliates of Contractor, is convicted or is otherwise found to have violated said laws or regulations upon the final determination of the United States Commerce Department or any other appropriate agency of the United States subsequent to the contract's execution, such contract, amendment or modification thereto shall be rendered forfeit and void. Contractor shall so notify the State Comptroller within five (5) business days of such conviction, determination or disposition of appeal (2NYCRR 105.4).

**SET-OFF RIGHTS.** LIPA shall have all of its common law, equitable and statutory rights of set-off. These rights shall include, but not be limited to, LIPA's option to withhold for the purposes of set-off any moneys due to Contractor under this contract up to any amounts due and owing to LIPA with regard to this contract, any other contract with LIPA, including any contract for a term commencing prior to the term of this contract, plus any amounts due and owing to LIPA for any other reason including, without limitation, tax delinquencies, fee delinquencies or monetary penalties relative thereto. LIPA shall exercise its set-off rights in accordance with normal State practices including, in cases of set-off pursuant to an audit, the finalization of such audit by LIPA, its representatives, or the State Comptroller.

**RECORDS.** Contractor shall establish and maintain complete and accurate books, records, documents, accounts and other evidence directly pertinent to performance under this contract (hereinafter, collectively, "*the Records*"). The Records must be kept for six (6) years following the expiration or earlier termination of the contract. The State Comptroller, the Attorney General and any other person or entity authorized to conduct an examination, as well as the agency or agencies involved in this contract, shall have access to the Records during normal business hours at an office of Contractor within the State of New York or, if no such office is available, at a mutually agreeable and reasonable venue within the State, for the term specified above for the purposes of inspection, auditing and copying. LIPA shall take reasonable steps to protect from public disclosure any of the Records which are exempt from disclosure under Section 87 of the Public Officers Law (the "*Statute*") *provided* that: (i) Contractor shall timely inform LIPA in writing, that said records should not be disclosed; and (ii) said records shall be sufficiently identified; and (iii) designation of said records as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, the State's right to discovery in any pending or future litigation.

**DISCLOSURE OF LIPA RECORDS OR INFORMATION.** If any third party requests that Contractor disclose LIPA records or information, as defined in subdivision 4 of section 86 of the Public Officers Law, to the extent permitted by law, Contractor shall notify LIPA of such request and LIPA shall determine, in accordance with Chapter 39 of the Laws of 2010, whether such LIPA records or information may be disclosed.

**EQUAL EMPLOYMENT FOR MINORITIES AND WOMEN.** In accordance with Section 312 of the New York Executive Law: (i) Contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, genetic predisposition or carrier status and shall undertake or continue existing programs of affirmative action to ensure that minority group members and women are afforded equal employment opportunities without discrimination. Affirmative action shall mean recruitment, employment, job assignment, promotion, upgradings, demotion, transfer, layoff, or termination and rates of pay or other forms of compensation; (ii) at the request of LIPA, Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, genetic predisposition or carrier status and that such union or representative will affirmatively cooperate in the implementation of Contractor's obligations herein; and (iii) Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of this Agreement, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation, genetic predisposition or carrier status. Contractor shall include the provisions of (i), (ii) and (iii) above, in every subcontract over twenty-five thousand dollars (\$25,000.00) for the construction, demolition, replacement, major repair, renovation, planning or design of real property and improvements thereon (the "Work") except where the Work is for the beneficial use of Contractor.

**MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES.** It is the policy of the Authority to provide Minority and Women-Owned Business Enterprises (M/WBEs) the greatest practicable opportunity to participate in the Authority's contracting activity for the procurement of goods and services. To effectuate this policy, Contractor shall comply with the provisions of this Schedule A and the provisions of Article 15-A of the New York Executive Law. The Contractor will employ good faith efforts to achieve the below-stated M/WBE Goals set for this contract, and will cooperate in any efforts of the Authority, or any government agency which may have jurisdiction, to monitor and assist Contractor's compliance with the Authority's M/WBE program.

Minority-Owned Business Enterprise (MBE) Subcontracting Goal 0%

Women-Owned Business Enterprise (WBE) Subcontracting Goal 0%

Waivers shall only be considered in accordance with the provisions of Article 15-A of the Executive Law.

To help in complying, Contractor may inspect the current New York State Certification Directory of Minority and Women Owned Businesses, prepared for use by state agencies and contractors in complying with Executive law Article 15-A, (the Directory) at the same location where the Authority's bid document or request for proposals may be obtained or inspected and also at the Authority's office at 333 Earle Ovington Boulevard, Suite 403, Uniondale, NY 11553. In addition, printed or electronic copies of the Directory may be purchased from the New York State Department of Economic Development, Minority and Women's Business Division.

If requested, Contractor shall submit within ten (10) days of such request, a complete Utilization Plan, which shall include identification of the M/WBEs which the Contractor intends to use; the dollar amount of business with each such M/WBE; the Contract Scope of Work which the Contractor intends to have performed by such M/WBEs; and the commencement and end dates of such performance. The

Authority will review the plan and, within twenty (20) days of its receipt, issue a written acceptance of the plan or comments on deficiencies in the plan.

The Contractor shall include in each Subcontract, in such a manner that the provisions will be binding upon each Subcontractor, all of the provisions herein including those requiring Subcontractors to make a good faith effort to solicit participation by M/WBEs.

If requested, the Contractor shall submit monthly compliance reports regarding its M/WBE utilization activity. Reports are due on the first business day of each month, beginning thirty (30) days after Contract award.

The Contractor shall not use the requirements of this section to discriminate against any qualified company or group of companies.

**CONFLICTING TERMS.** In the event of a conflict between the terms of the contract (including any and all attachments thereto and amendments thereof) and the terms of this Appendix A, the terms of this Appendix A shall control.

**GOVERNING LAW.** This contract shall be governed by the laws of the State of New York except where the Federal supremacy clause requires otherwise.

**LATE PAYMENT.** Timeliness of payment and any interest to be paid to Contractor for late payment shall be governed by Section 2880 of the Public Authorities Law and the guidelines adopted by LIPA thereto.

**PROHIBITION ON PURCHASE OF TROPICAL HARDWOODS.** Contractor certifies and warrants that all wood products to be used under this contract award will be in accordance with, but not limited to, the specifications and provisions of State Finance Law §165 (Use of Tropical Hardwoods) which prohibits purchase and use of tropical hardwoods, unless specifically exempted, by the State or any governmental agency or political subdivision or public benefit corporation. Qualification for an exemption under this law will be the responsibility of Contractor to establish to meet with the approval of the State. In addition, when any portion of this contract involving the use of woods, whether supply or installation, is to be performed by any subcontractor, Contractor will indicate and certify in the submitted bid proposal that the subcontractor has been informed and is in compliance with specifications and provisions regarding use of tropical hardwoods as detailed in §165 State Finance Law. Any such use must meet with the approval of the State; otherwise, the bid may not be considered responsive. Under bidder certifications, proof of qualification for exemption will be the responsibility of Contractor to meet with the approval of the State.

**MACBRIDE FAIR EMPLOYMENT PRINCIPLES.** In accordance with the MacBride Fair Employment Principles (Chapter 807 of the New York Laws of 1992), Contractor hereby stipulates that Contractor either (i) has no business operations in Northern Ireland, or (ii) shall take lawful steps in good faith to conduct any business operations in Northern Ireland in accordance with the MacBride Fair Employment Principles (as described in Article 165 of, the New York State Finance Law), and shall permit independent monitoring of compliance with such principles.

**OMNIBUS PROCUREMENT ACT OF 1992.** It is the policy of New York State to maximize opportunities for the participation of New York State business enterprises, including minority and women-owned business enterprises as bidders, subcontractors and suppliers on its procurement contracts. Information on the availability of New York State subcontractors and suppliers is available from:



NYS Department of Economic Development  
Division for Small Business  
One Commerce Plaza  
Albany, New York 12245.

A directory of certified minority and women-owned business enterprises is available from:

NYS Department of Economic Development  
Minority and Women's Business Development Division  
One Commerce Plaza  
Albany, New York 12245

The Omnibus Procurement Act of 1992 requires that by signing this Agreement, Contractor certifies that:

(a) Contractor has made commercially reasonable efforts to encourage the participation of New York State Business Enterprises as suppliers and subcontractors, including certified minority and woman-owned business enterprises, on this Project, and has retained the documentation of these efforts to be provided upon request to the State;

(b) Contractor has complied with the Federal Equal Opportunity Act of 1972 (P.L. 92-261), as amended; and

(c) Contractor agrees to make commercially reasonable efforts to provide notification to New York State residents of employment opportunities on this Project through listing any such positions with the Job Service Division of the New York State Department of Labor, or providing such notification in such manner as is consistent with existing collective bargaining contracts or agreements. Contractor agrees to document these efforts and to provide said documentation to the State upon request.

(d) Contractor acknowledges that the State may seek to obtain offset credits from foreign countries as a result of this contract and agrees to cooperate with the State in these efforts.

**RECIPROCITY AND SANCTIONS PROVISIONS.** Contractor is hereby notified that if its principal place of business is located in a state that penalizes New York State vendors, and if the goods or services it offers are substantially produced or performed outside New York State, the Omnibus Procurement Act 1994 amendments (Chapter 684, Laws of 1994) require that Contractor be denied contracts which it would otherwise obtain.

**PURCHASES OF APPAREL.** In accordance with State Finance Law 162 (4-a), LIPA shall not purchase any apparel from any Contractor unable or unwilling to certify that: (i) such apparel was manufactured in compliance with all applicable labor and occupational safety laws, including, but not limited to, child labor laws, wage and hours laws and workplace safety laws, and (ii) Contractor will supply, with its bid (or, if not a bid situation, prior to or at the time of signing a contract with LIPA), if known, the names and addresses of each subcontractor and a list of all manufacturing plants to be utilized by the bidder.

**CONTRACTOR AFFIRMATION OF COMPLIANCE AND CERTIFICATION OF DISCLOSURE.** Contractor affirms that it understands and agrees to comply with the procedures of the Governmental Entity relative to permissible contacts as required by the State Finance Law § 139-j (3) and § 139-j (6)(b).

Furthermore, Contractor certifies that the information disclosed pursuant to State Finance Law § 139-k (5) is complete true and accurate.

**OPTIONAL TERMINATION BY THE AUTHORITY.** LIPA reserves the right to terminate this contract in the event it is found that the certification filed by Contractor in accordance with New York State Finance Law § 139-k was intentionally false or intentionally incomplete. Upon such finding, LIPA may exercise its termination right by providing written notification to Contractor in accordance with the written notification terms of the contract.

**CONTINGENT FEES.** Contractor hereby certifies and agrees that (a) Contractor has not employed or retained and will not employ or retain any individual or entity for the purpose of soliciting or securing any LIPA contract or any amendment or modification thereto pursuant to any agreement or understanding for receipt of any form of compensation which in whole or in part is contingent or dependent upon the award of any such contract or any amendment or modification thereto; and (b) Contractor will not seek or be paid an additional fee that is contingent or dependent upon the completion of a transaction by LIPA.

**NONPUBLIC PERSONAL INFORMATION.** Contractor shall comply with the provisions of the New York State Information Security Breach and Notification Act (General Business Law Section 899-aa; State Technology Law Section 208). Contractor shall be liable for the costs associated with such breach if caused by Contractor's negligent or willful acts or omissions, or the negligent or willful acts or omissions of the Contractor's agents, officers, employees or subcontractors.

**IRAN DIVESTMENT ACT CERTIFICATION.** Contractor certifies under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to paragraph (b) of subdivision 3 of Section 165a of the State Finance Law. In addition, Contractor agrees that no person on the list created pursuant to paragraph (b) of subdivision 3 of Section 165a of the State Finance Law will be utilized as a subcontractor on this contract.

## FEE ANNEX

This FEE ANNEX forms part of the Reimbursement Agreement dated as of December \_\_, 2017 (as amended, supplemented, restated or otherwise modified from time to time, the "*Reimbursement Agreement*"), between the Long Island Power Authority, a corporate municipal instrumentality of the State of New York (the "*Authority*") and Barclays Bank PLC (the "*Bank*"), relating to the Long Island Power Authority Electric System General Revenue Notes designated as the Electric System General Revenue Notes, Series 2015 GR-6 (the "*2015 GR-6 Notes*"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Reimbursement Agreement.

The purpose of this Fee Annex is to confirm the agreement between the Bank and the Authority with respect to the L/C Fees (as defined below) and certain other fees payable by the Authority to the Bank in connection with the Reimbursement Agreement. This Fee Annex and the Reimbursement Agreement are to be construed as one agreement between the Authority and the Bank, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Reimbursement Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Annex. This Fee Annex is the Fee Annex referenced in the Reimbursement Agreement and the terms of this Fee Annex are incorporated by reference into the Reimbursement Agreement.

### ARTICLE I. FEES.

*Section 1.1. L/C Fees.* The Authority hereby agrees to pay to the Bank on April 2, 2018, for the period commencing on the Closing Date and ending on April 1, 2018, and in arrears on the first Business Day of each July, October, January and April occurring thereafter to the Termination Date, and on the Termination Date, a non-refundable facility fee in an amount equal to the rate per annum associated with the Rating (as defined below) as specified below (the "*LC Fee Rate*") on the daily weighted average of the Stated Amount (as defined in the Letter of Credit) of the Letter of Credit (without regard to any reductions of the Stated Amount of the Letter of Credit subject to reinstatement) (the "*LC Fees*") for each day during each related period.

The term "*Rating*" as used above shall mean the lowest long-term unenhanced, unsecured debt ratings assigned by Moody's, S&P or Fitch (each a "*Rating Agency*" and collectively the "*Rating Agencies*") to any Bonds or, if all such Bonds are no longer outstanding or are enhanced, any unenhanced senior lien debt of the Authority. In the event of a split rating

(i.e., one of the foregoing Rating Agency's Rating is at a different Level than the Ratings of either of the other Rating Agencies), the L/C Fee Rate shall be based upon the Level in which the lowest Rating appears. Any change in the L/C Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any such Rating Agency, including, without limitation, any recalibration or realignment of the long-term unenhanced debt rating assigned to any unenhanced Bonds or, if all such Bonds are no longer outstanding or are enhanced, any unenhanced senior lien debt of the Authority in connection with the adoption of a "global" rating scale, the Rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect. Upon the occurrence and during the continuance of an Event of Default under the Reimbursement Agreement, and for so long as such Event of Default shall continue, the L/C Fee Rate shall immediately and without notice increase by an additional [REDACTED] above the L/C Fee Rate otherwise in effect. The L/C Fees shall be payable quarterly in arrears, based upon a year of 360 days and the actual number of days elapsed together with interest on the L/C Fees from the date payment is due until payment in full at the Default Rate.

*Section 1.2. Draw Fees.* The Authority hereby agrees to pay to the Bank for each drawing under the Letter of Credit, on the date of each such Drawing (without notice from the Bank to the Authority), a non-refundable draw fee equal to [REDACTED]

*Section 1.3. Amendment, Waiver or Consent Fees.* The Authority hereby agrees to pay to the Bank on the date each amendment, waiver or consent to the Reimbursement Agreement or any other Document is entered into, a non-refundable amendment, waiver or consent fee in an amount agreed to by the Bank and the Authority, plus, in each case, the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith.

*Section 1.4. Transfer Fee.* The Authority hereby agrees to pay to the Bank on the date of each transfer of the Letter of Credit to a successor Issuing and Paying Agent, a reasonable non-refundable transfer fee in an amount equal to [REDACTED] plus the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith.

*Section 1.5. Termination Fee; Reduction Fee.* (a) The Authority hereby agrees to pay to the Bank a termination fee in connection with any termination or replacement of the Letter of Credit by the Authority prior to the first anniversary of the date hereof, in an amount equal to the product of (1) the L/C Fee Rate on the date of such termination, (2) the Stated Amount in effect on the day prior to the date of termination, and (3) a fraction, the numerator of which is equal to the number of days from and including the date of such termination to and including the first anniversary of the date hereof, and the denominator of which is 360 (the "Termination Fee"), payable on the date of such termination. Notwithstanding the foregoing or any provision in the Reimbursement Agreement to the contrary, the Authority may terminate or replace the Letter of Credit in accordance with the Documents at any time without payment of the Termination Fee (i) if Moody's shall have withdrawn or lowered the short-term debt rating of the Bank below "P-1 " (or its equivalent), (ii) if S&P shall have withdrawn or lowered the short-term debt rating of the Bank below "A-2 " (or its equivalent), or (iii) if Fitch

shall have withdrawn or lowered the short-term debt rating of the Bank below “FI” (or its equivalent).

(b) Notwithstanding the foregoing and anything set forth herein or in the Reimbursement Agreement to the contrary, the Authority agrees not to permanently reduce the Stated Amount below the initial Stated Amount of the Letter of Credit prior to the first anniversary of the date hereof, without the payment by the Authority to the Bank of a reduction fee in connection with each and every permanent reduction of the Stated Amount as set forth herein in an amount equal to the product of (A) the L/C Fee Rate in effect on the date of such reduction, (B) the difference between the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) prior to such reduction and the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) after such reduction, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including the first anniversary of the date hereof, and the denominator of which is 360 (the “*Reduction Fee*”).

## ARTICLE II. MISCELLANEOUS.

*Section 2.1. Out-of-Pocket Expenses.* The Authority shall pay to the Bank promptly upon receipt of invoice any and all reasonable out-of-pocket fees and expenses of the Bank (including the out-of-pocket expenses of the Bank and the reasonable fees of domestic and foreign counsel to the Bank (not to exceed \$[REDACTED]), plus reasonable expenses). The reasonable fees and expenses of domestic and foreign counsel to the Bank shall be paid directly to McDermott Will & Emery LLP in accordance with the instructions provided by McDermott Will & Emery LLP.