

LONG ISLAND POWER AUTHORITY

MINUTES OF THE 307th MEETING

HELD ON MARCH 30, 2022

The Long Island Power Authority (“LIPA”) was convened for the three hundred and seventh time at 11:58 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on March 25, 2022, and electronic notice posted on the LIPA’s website.

In compliance with New York State Open Meeting Law and in furtherance of COVID-19 public safety, the following guidelines were publicly posted and followed:

The Long Island Power Authority is taking steps to minimize the risk of exposure for the public and our employees. As such, LIPA will not be permitting in-person access to its March 30, 2022 Board meeting. Members of the public are encouraged to observe the live stream of the Board meeting posted at the LIPA website. The meeting will also be recorded and posted to LIPA’s website for later viewing.

The following LIPA Trustees were present:

Mark Fischl, Acting Chair (in person)
Elkan Abramowitz (in person)
Valerie Anderson Campbell (via video conferencing)
Drew Biondo (in person)
Sheldon Cohen (in person)
Nancy Goroff (in person)
Laureen Harris (in person)

Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, General Counsel & Board Secretary; Tamela Monroe, Chief Financial Officer; Mujib Lodhi, Chief Information Officer and Senior Vice President of Customer Experience; Rick Shansky, Senior Vice President of Power Supply and Whole Markets; Billy Raley, Senior Vice President of T&D Oversight; Donna Mongiardo, Vice President-Controller; Jen

Hayen, Director of Communications; and Andrew Berger, Communications Assistant. Participating via video conferencing were; Thomas Locascio, Director of External Affairs; Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board; and Osman Ahmad, IT-Consultant.

Acting Chair Fischl welcomed everyone to the 307th meeting of the Long Island Power Authority Board of Trustees.

After the Chair remarks, Acting Chair Fischl stated that the first item on the agenda was the Consideration of the Consent Agenda Items.

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolutions were unanimously adopted by the Trustees based on the memoranda summarized below:

1709. APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE FEBRUARY 17, 2022 MEETING OF THE BOARD OF TRUSTEES OF THE LONG ISLAND POWER AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on February 17, 2022 are hereby approved and all actions taken by the Trustees present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

Requested Action

The LIPA Board of Trustees (the “Board”) is requested to adopt a resolution approving: (i) LIPA’s Annual Investment Report for 2021 in the form attached hereto as Exhibit “B”; and (ii) the 2022 Board Policy on Investments in the form attached hereto as Exhibit “D”.

Annual Investment Report for 2021

Section 2925 of the Public Authorities Law (“PAL”) requires that LIPA annually review and approve an investment report. LIPA’s investments are either: (i) managed by an investment manager in primarily short-term, highly liquid investments; or (ii) invested in broad-based,

low-cost equity and fixed-income mutual funds. All investments of LIPA funds are governed by the Board Policy on Investments.

LIPA's investments were compliant with the terms and conditions of the Policy for 2021 and performed consistently with Staff's expectations given the nature of the investments.

2022 Board Policy on Investments

The Board is also required by Section 2925(6) of the PAL to annually review and approve the Board Policy on Investments, which detail the Board's operative instructions to LIPA Staff regarding the investing, monitoring, and reporting of LIPA funds. The Board Policy on Investments was last reviewed and approved on March 29, 2021.

The proposed revisions to the Board Policy on Investments seek to clarify and update minor changes that occurred during the preceding year.

All changes to the Policy are more particularly shown in Exhibit "C".

Recommendation

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

1710. RESOLUTION APPROVING THE ANNUAL INVESTMENT REPORT FOR 2021 AND THE 2022 BOARD POLICY ON INVESTMENTS

RESOLVED, that the Board of Trustees hereby approves the Annual Investment Report for the period ended December 31, 2021, in the form presented at this meeting; and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby approves and adopts the revised Board Policy on Investments in the form presented at this meeting to be effective immediately.

Requested Action

The LIPA Board of Trustees (the "Board") is requested to adopt a resolution: (i) finding that LIPA has complied with the Board Policy on Debt and Access to Credit Markets (the "Policy"); and (ii) approving the annual report for the Policy.

Background

By Resolution No. 1319, dated September 21, 2016, the Board adopted the Policy with the purpose of serving the long-term interests of LIPA's customers by adopting sound financial

plans in each year. Sound financial plans ensure ready access to borrowing on reasonable terms necessary to fund the infrastructure investments that maintain the reliability and resiliency of the Long Island electric system. Such financial plans contemplate prudent levels of borrowing that will accommodate efficient access to the capital markets and thereby minimize the long-term cost of providing electric service to our customer-owners. The last annual report to the Board was presented on March 29, 2021.

Compliance with the Policy

Staff recommends that, for the reasons set forth below, the Board find that LIPA has complied with the Policy for the period since the last annual review. The Policy requires that LIPA achieve the lowest long-term cost to our customer-owners by adopting budgets and financial plans that meet the following objective:

“Support credit ratings of at least A2/A”

- In 2021, LIPA’s three ratings were reaffirmed at A2, A, A, from Moody’s, S&P Global, and Fitch Ratings, respectively. Fitch indicated a “positive” outlook to its rating.

“For 2020 and 2021, achieve fixed-obligation coverage ratios of no less than (i) 1.35x on the combination of LIPA-issued debt and lease payments; and (ii) 1.15x on the combination of LIPA issued debt, Utility Debt Securitization Authority (“UDSA”)-issued debt, and lease payments.”

- For the period ended December 31, 2021, LIPA achieved coverage ratios of 1.40x for LIPA-issued debt and lease payments and 1.26x for LIPA and UDSA-issued debt and lease payments.
- The 2022 Budget is set to meet a 1.40x fixed-obligation coverage ratio, as required by the Policy for 2022.

“Generate sufficient cash flow from revenues to maintain the issuance of new debt as a percentage of capital spending at 64 percent or less as measured on a three-year rolling average; however, allow this percentage to exceed 64 percent target on a forward-looking three-year rolling average in 2022 as LIPA responds to the effects of the COVID-19 pandemic and Tropical Storm Isaias.”

- New debt as a percentage of capital spending for the three-year rolling average for the period ended December 31, 2021 was approximately 63%.

“Maintain (i) cash on hand at each month end of at least \$100 million in the Operating Fund and \$150 million in the Rate Stabilization Fund, and (ii) cash on hand and available credit of at least 120 days of operating expenses.”

- Cash on hand at the end of each month exceeded the target of \$100 million.

- As of December 31, 2021, the Operating and the Rate Stabilization funds totaled \$129 million and \$162 million, respectively.
- During 2021, cash on hand and available credit exceeded the target of at least 120 days available for operating expenses.
- As of December 31, 2021, 300 days of operating expenses were available in cash and credit.

“Annually, pre-fund obligations to LIPA’s Service Provider for pension costs from operating expenses in a fiscally sound manner, as measured by an actuarial services firm no less than every other year.”

- As measured by an actuarial services firm, LIPA funded \$37.4 million to the PSEG Long Island pension plan trust account.
- As of December 31, 2021, the PSEG Long Island pension plan trust account had assets valued at \$422 million compared to a benefit obligation of \$596 million.

“Annually pre-fund obligations to LIPA’s Service Provider for Other Post-Employment Benefits (“OPEBs”) to a dedicated OPEB Account in a fiscally sound manner, as measured by an actuarial services firm no less than every other year.”

- As measured by an actuarial services firm, LIPA funded \$51.5 million to the LIPA OPEB account in 2021.
- LIPA’s OPEB account to prefund the OPEB benefits of PSEG Long Island employees had assets valued at \$581 million compared to a benefit obligation of \$640 million.

“Pre-fund LIPA’s OPEB Trust in a fiscally sound manner, as measured by an actuarial service firm no less than every other year.”

- The funding levels have been reviewed by an actuarial services firm within the last two years.
- The LIPA OPEB Trust for LIPA employees had assets valued at \$30 million compared to and benefit obligations of \$23 million.

“Pre-fund LIPA’s Nuclear Decommissioning Trust Fund in a fiscally sound manner, as measured by an actuarial service firm, no less than every other year.”

- As measured by an actuarial services firm, LIPA funded \$0.3 million to the NDTF in 2021.
- The NMP2 Nuclear Decommissioning Trust Funds had assets valued at \$184 million compared to a liability of \$87 million.
- The funding levels have been reviewed by an actuarial services firm within the last two years.

Enterprise Risk Management Discussion

The Board has adopted a Policy on Enterprise Risk Management (“ERM”). Enterprise risks are brought to the Board’s attention throughout the year. One such enterprise risk is related to liquidity.

Specifically, the risk identified is, “Insufficient liquidity to cover obligations greater than 60 days (i.e., loss of revenue stream) results in the inability to make debt service payments, pay UDSA Bondholders, and cover operating expenses.”

This risk is rated as a medium-level risk and is mitigated by LIPA’s ability to access capital markets, borrow from rate stabilization funds, and borrow from a revolving line of credit or in the commercial paper market. In September 2021, all three rating agencies reaffirmed LIPA’s credit ratings, with one credit agency revising LIPA’s outlook from Stable to Positive, helping to reduce this risk by providing confidence in LIPA’s ability to access capital markets.

Based on LIPA’s credit ratings and ability to access capital markets, we believe this risk is being adequately managed. LIPA’s liquidity remains strong, well above the 120-day minimum required by the Policy as noted above.

Annual Review of the Policy

LIPA Staff has reviewed the Policy and suggests no amendments at this time.

Recommendation

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

1711. RESOLUTION APPROVING THE REPORT TO THE BOARD OF TRUSTEES ON THE BOARD POLICY ON DEBT AND ACCESS TO THE CREDIT MARKETS

WHEREAS, the Board Policy on Debt and Access to the Credit Markets (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1319, dated September 21, 2016;

WHEREAS, the last annual report to the Board was presented on March 29, 2021; and

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

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

Requested Action

The Board of Trustees (the “Board”) is requested to approve a resolution, attached hereto as Exhibit "A", authorizing the Chief Executive Officer, or his designee, to engage the following companies (subject to mutual agreement on contract terms) to provide Cyber Security Assessment Services and other cyber security related support for a term not to exceed five (5) years, including independent reviews of the compliance of PSEG Long Island with cybersecurity standards under the Board’s Information and Cyber Security Policy and the Second Amended and Restated Operations Services Agreement (“OSA”):

1. Burns and McDonnell
2. IBM Corporation
3. Ernst & Young US LLP
4. Optic Cyber Solutions

Background

LIPA's Board has adopted an Information and Cyber Security policy to protect digital infrastructure and customer data. The key provision of this policy is to maintain a level of 3 or higher on the National Institute of Standards and Technology (NIST) Cyber Security Framework, as evaluated annually through an independent assessment.

In the OSA, LIPA established a cyber security default metric to maintain NIST Cyber Security Framework implementation Tier 3. The revised contract provides LIPA with the right to terminate the OSA should PSEG Long Island fail to maintain the standard, which provides a strong incentive for compliance.

Under the Cyber Assessment Services, the vendor/s will conduct an annual independent review of PSEG Long Island's security posture and NIST Cyber Security Framework compliance with the contract standards and determine the Applicable Cyber Security Framework Requirements to achieve compliance and the status of the implementation of such requirements. The vendor/s will also provide support to implement other cyber security related recommendations of the Board Policy.

Discussion

On January 20, 2022, LIPA issued an RFP for independent, qualified cyber security firms to provide Cyber Security Assessment Services.

On or before February 25, 2022, LIPA received timely proposals from 32 firms, including seven firms that are certified Minority-Women Owned Business Enterprises (MWBE) and one certified Service-Disabled Veteran-Owned Business (SDVOB). Responses were evaluated according to the criteria set forth in the RFP by LIPA's Information Technology Team, while LIPA's Procurement Team, as required by State law, reviewed compliance with

the 30% goal for MWBEs and 6% goal for SDVOB solicitation opportunities, as well as the cost aspects of the proposals.

The recommendation set forth in the accompanying resolution included assessments of the firm's experience and qualifications, rates, proposed changes to LIPA's standard consulting contract, and proposals to comply with MWBE requirements.

LIPA Staff recommends that the following companies: (1) Burns and McDonnell, (2) Ernst & Young US LLP, (3) IBM, and (4) Optic Cyber Solutions be awarded the contract for Cyber Assessment Services and cyber related support and that such fees, as provided for in the RFP, are reasonable for the services to be provided.

1712. RESOLUTION AUTHORIZING THE ENGAGEMENT OF A FIRM TO NIST CYBER SECURITY FRAMEWORK ASSESSMENT SERVICES

NOW, THEREFORE, BE IT RESOLVED, that consistent with the attached Memorandum, the Chief Executive Officer or his designee be, and hereby is, authorized to engage (1) Burns and McDonnell, (2) Ernst & Young US LLP, (3) IBM, and (4) Optic Cyber Solutions to provide Cyber Security Assessment Services and other cyber security related support for a term not to exceed five (5) years.

Requested Action

The Board of Trustees are requested to approve a resolution authorizing the Chief Executive Officer or his designee to execute Capacity Purchase Agreements (“CPA”) with Dighton Power, LLC (“Dighton”), Manchester Street, LLC (“Manchester”) and Calpine Energy Services, L.P. (“Calpine”), and to take such other actions as may be reasonably necessary to implement arrangements for LIPA to purchase a total of 345 MW of installed capacity supplied from five natural gas-fired combined-cycle power plants located in Connecticut, Rhode Island, Maine, New Hampshire and Massachusetts.

Background

LIPA has a long-term contract for 330 MW of firm transmission rights on the Cross Sound Cable (“CSC”), a high-voltage direct current undersea transmission cable that interconnects the LIPA transmission system at Shoreham, NY with the ISO-New England transmission system at New Haven, CT. The New York Independent System Operator (“NYISO”) allows holders of such firm transmission rights to use generating capacity purchased outside of New York to meet NYISO’s in-State and locational (e.g., Long Island) capacity requirements. Previously, LIPA had used capacity purchased from Bear Swamp Power Company LLC to meet its capacity requirements under an arrangement that expired in 2021.

In December 2021, PSEG Long Island issued an RFP for up to 345 MW of installed capacity in ISO-New England that could be used to meet LIPA’s capacity requirements for the 2023-24 and 2024-25 capability years¹. The RFP allowed LIPA to assemble a portfolio of generating plants from one or more respondents to meet the maximum capacity of 345 MW. Proposals were received on January 19, 2022, from two RFP respondents, Starwood Energy Group (“Starwood”) and Calpine. Starwood offered a combined total of up to 345 MW from combined-cycle generating facilities located in Massachusetts (Dighton) and Rhode Island (Manchester). Calpine offered up to 155 MW of installed capacity from three combined-cycle generating facilities located in Massachusetts, New Hampshire, and Maine. The PSEG Long Island selection committee evaluated the proposals and determined that a combination of the two proposals would best meet LIPA’s needs.

The pricing offered in both proposals is favorable compared to LIPA’s forecast of market capacity prices and both respondents agreed to comply with NYISO rules for selling off-Island capacity into the New York market. For the 2023-24 capability year, LIPA staff recommends a purchase of 155 MW from Calpine, which is the maximum amount it offered; plus a purchase of 190 MW from Starwood subsidiaries Dighton Power, LLC and Manchester Street, LLC, in order to meet the 345 MW goal, while assuring some diversity of suppliers and sources.² The total contract values for the Calpine and Starwood contracts are \$6 million and \$8 million, respectively.

Proposed contract terms would require each supplier to meet stringent availability targets or be subject to reduction in payments from LIPA. Moreover, the suppliers would be responsible for indemnifying LIPA for any penalties assessed by NYISO for failure to perform their obligations, which include supplying energy during system emergencies upon NYISO’s direction. That feature of the arrangement will increase the reliability of imports over the CSC.

Another valuable feature of this arrangement is the continued reservation of firm interconnection rights for CSC, which enables LIPA to continue to make off-Island capacity purchases during the term of the CSC contract. Absent the proposed purchases, those interconnection rights would expire in 2024 under current NYISO rules and restoring such rights could expose LIPA to significant future transmission system upgrade costs. Preserving these rights benefits LIPA ratepayers by maintaining access to a competitive pool of generating capacity in ISO-NE.

For the 2024-25 capability year, LIPA staff recommends a new procurement whose goal would be to attract broader interest among potential suppliers in New England.

Recommendation

For the foregoing reasons, I recommend that the Trustees authorize the Chief Executive Officer or his designee to take all actions, including, without limitation, execution of capacity purchase agreements with Dighton, Manchester, and Calpine and all other related agreements to enable the Authority’s purchase of installed capacity as described above.

1713. AUTHORIZATION TO ENTER INTO INDIVIDUAL CAPACITY PURCHASE AGREEMENTS WITH DIGHTON POWER, LLC, MANCHESTER STREET, LLC, AND CALPINE ENERGY SERVICES, L.P. FOR THE PURCHASE OF INSTALLED CAPACITY

WHEREAS, pursuant to the December 14, 2021 Request for Proposals for Off Island Capacity (New England Control Area) administered by PSEG Long Island, LIPA staff selected proposals by the Starwood Energy Group (on behalf of its subsidiaries Dighton Power, LLC and Manchester Street, LLC), and Calpine Energy Services, L.P. to provide a combined total of 345 MW of installed capacity; and

WHEREAS, LIPA seeks to enter into Capacity Purchase Agreements (“CPA”) with Dighton Power, LLC, Manchester Street, LLC, and Calpine Energy Services, L.P. under which those entities will provide a combined total of 345 MW of installed capacity delivered to the New Haven interconnection point of the Cross Sound Cable for the 2023 to 2024 NYISO Capability Year.

NOW, THEREFORE, BE IT RESOLVED, that the Chief Executive Officer and his designee be and hereby are authorized to execute and effect CPAs and other related agreements and arrangements, consistent with the terms of the accompanying memorandum, and to perform such further acts and deeds as may be necessary, convenient or appropriate, in the judgment of the Chief Executive Officer or his designee, to implement LIPA’s purchase of installed capacity from Dighton Power, LLC, Manchester Street, LLC, and Calpine Energy Services, L.P.

Requested Action

The Board of Trustees (the “Board”) is requested to adopt a Resolution approving certain amendments to the Governance, Planning and Personnel (the “Committee”) Charter (the “Charter”).

Discussion

In 2021, the Board hired Leading Resources, Inc. to facilitate discussion amongst the Trustees on the Board’s policies and amending those policies. Specifically, four separate working groups of Trustees participated in various meetings to develop and draft proposed policies, including the Purpose and Vision, T&D Operations Policy, Customer Experience Policy, and the IT and Cyber Security Policy. Additionally, in September 2021, the Board adopted an amended policy on Strategic Planning and Oversight. This policy defined LIPA’s strategic planning process to include “several complementary elements that articulate strategy at different levels of granularity and across different time horizons.” The Strategic Planning and Oversight policy provides that, “these elements should be collectively coherent,

ensuring strategic alignment from the Board defined Purpose, Vision, and Policies to the annual Work Plan and budget.” The Board’s work on various other policies continues in 2022 with the formation of additional working groups.

In light of these policy changes, LIPA Staff is proposing minor amendments to the Committee’s responsibilities consistent with changes to LIPA’s Purpose and Vision and to its Strategic Planning and Oversight Policy. The amended Committee Charter is attached hereto as Exhibit “B.”

Recommendation

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

1714. RESOLUTION APPROVING AMENDMENTS TO THE GOVERNANCE, PLANNING AND PERSONAL COMMITTEE CHARTER

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the amendments to the Governance, Planning and Personnel Committee Charter, in the form attached hereto, are hereby approved.

Acting Chair Fischl stated that the next item on the agenda was the CEO’s Report to be presented by Thomas Falcone.

Mr. Falcone presented the CEO Report and took questions from the Trustees.

Acting Chair Fischl then stated that the following resolution, which the Trustees directed LIPA Staff to prepare and draft during a discussion at the Oversight and Clean Energy Committee Meeting, be read into the record. Bobbi O’Connor read the requested resolution into the record relating to recommendations regarding PSEG Long Island lobbying and advocacy positions and activities.

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1715. RESOLUTION ADOPTING A RECOMMENDATION RELATING TO PSEG LONG ISLAND LOBBYING AND ADVOCACY POSITIONS AND ACTIVITIES

WHEREAS, after PSEG Long Island’s failed response during Tropical Storm Isaias, the Board directed LIPA Staff to conduct an Options Analysis to review all potential models to operate the LIPA owned electric T&D assets on Long Island, which Options Analysis reviewed four potential alternatives – (i) privatization (i.e., sell LIPA’s assets to private investors), (ii) reset the PSEG Long Island relationship and reform the terms of the current Amended and Restated Operations Services Agreement (“OSA”) with PSEG Long Island, (iii) contract with a new service provider to achieve improved operations of customer assets, and (iv) bring operations under a “fully municipal” LIPA management model; and

WHEREAS, the Phase I Options Analysis determined that public ownership of the electric utility reduces Long Island customer bills by approximately 20 percent; and

WHEREAS, on December 16, 2020, the Board adopted the Phase I Options Analysis and found that privatization was “too costly for Long Island and Rockaways electric customers to merit investing additional staff time and funds to further develop the alternative” and directed discontinued further study of privatization; and

WHEREAS, by Resolution dated December 16, 2020, the Board directed LIPA’s Chief Executive Officer to further develop the options presented to the public in the Phase I Options Analysis to (i) reset the PSEG Long Island relationship and reform the current terms of the OSA with PSEG Long Island, (ii) contract with a new service provider to achieve improved operations of customer assets, and (iii) bring operations under a “fully municipal” local management model; and report back to the Board in a Phase II Options Analysis on these options, which did not include privatization, no later than March 31, 2021; and

WHEREAS, on April 28, 2021, the Board adopted the Phase II Options Analysis, and affirmed its December 16, 2020 determination that privatization was too costly for Long Island and Rockaways electric customers and its decision to discontinue the study of privatization; and

WHEREAS, on December 15, 2021, the Board authorized entering into a Second Amended and Restated Operations Services Agreement (“Second A&R OSA”) with PSEG Long Island, which provides in Section 4.2(E)(1), in relevant part, that “The Service Provider will cause all Senior Managers to at all times act in the best interests of LIPA and LIPA’s customers consistent with the provisions of this Agreement, to provide safe, adequate and reliable service to Long Island and Rockaway customers, and to not act, fail to act, or cause or permit others under their management, supervision or control to act in furtherance of any conflicting interest.”; and

WHEREAS, LIPA and PSEG Long Island executed the Second A&R OSA as of December 15, 2021; and

WHEREAS, LIPA Staff recently became aware that PSEG Long Island and its representatives were actively lobbying elected officials and community members to include an analysis of the privatization of LIPA's operations in pending legislation, which is not in the best interests of LIPA and our customers as it threatens to increase electric rates and prohibit LIPA from accessing the tax-exempt bond market for the duration of the study, precluding the realization of potentially hundreds of millions of dollars of financing savings; and

WHEREAS, LIPA's Chief Executive Office informed PSEG Long Island verbally on March 14, 2022, and March 29, 2022, and in writing on March 18, 2022, and March 29, 2022, that privatization is not in the best interests of LIPA and its customers and asked that PSEG Long Island cease its lobbying and advocacy activities as it relates to privatization of LIPA owned T&D assets; and

WHEREAS, the lobbying and advocacy activities being undertaken by PSEG Long Island represent a direct conflict of interest to the extent that the intent behind PSEG Long Island's lobbying is to provide PSEG with a business opportunity to increase its earnings at our customers' expense should the analysis result in a recommendation to privatize LIPA (an outcome LIPA believes is remote given that privatization takes away LIPA's tax-exempt status and federal grant eligibility, driving up customer rates).

NOW, THEREFORE BE IT RESOLVED, that the Board hereby adopts a recommendation requiring PSEG Long Island, as service provider, to immediately cease and desist all lobbying and advocacy activities with elected officials, public officials, customers, and other stakeholders related to privatization, and to provide LIPA prior written notice of all lobbying and advocacy positions and activities by Senior Managers (as defined in the Second A&R OSA), and others under their management, supervision or control, to determine whether those lobbying and advocacy positions and activities are at all times in the best interests of LIPA and LIPA's customers, as determined by LIPA, and are not in furtherance of any conflicting interests, consistent with the terms of the Second A&R OSA; and

BE IT FURTHER RESOLVED, that PSEG Long Island should prepare a project implementation plan consistent with this recommendation and deliver such plan to LIPA Staff no later than May 4, 2022, for consideration at the Board's May 18, 2022 meeting; and

BE IT FURTHER RESOLVED, that LIPA Staff should prepare an Information Request comprehensively reviewing and conducting oversight of PSEG Long Island's lobbying and advocacy activities and report back to the Board.

Acting Chair Fischl stated that the next item on the agenda was the Consideration of Adoption of the Isaias Task Force Quarterly Report and Certain PSEG Long Island Project Implementation Plans to be presented by Mujib Lodhi.

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

Requested Action

The Board of Trustees (the “Board”) is requested to approve a resolution adopting the fourth Quarterly Report on Tropical Storm Isaias and Management Recommendations (the “Quarterly Report”) and certain PSEG Long Island Project Implementation Plans, which resolution is attached hereto as Exhibit “A.”

Background

On Tuesday, August 4, 2020, Tropical Storm Isaias landed on Long Island with rain and wind gusts of up to 70 miles per hour. The resulting damage to the electrical system caused approximately 646,000 customer outages.

On August 5, LIPA’s Chief Executive Officer initiated an independent investigation of the circumstances and root causes that led to well-documented lapses in PSEG Long Island’s storm response. The Isaias Task Force (“Task Force”) was charged with providing actionable recommendations and overseeing PSEG Long Island’s remediation activities.

The Task Force presented a 30-Day Report to the Board on September 23, 2020, and a 90-Day Report to the Board on November 18, 2020. As set forth in Appendix 2 and Appendix 3 of the 90-Day Report, the Task Force provided actionable recommendations for the Board’s consideration (the “Task Force Recommendations”), which the Board adopted.

Additionally, between December 2020 and this meeting, the Board adopted recommendations covering operational areas, including risk management, budgeting and reporting, real estate, asset management, inventory management, collections, affiliate services, strategic planning, information technology, small generator interconnection, work management, and data access, among others (the “Management Recommendations”).

The Board directed PSEG Long Island to submit Project Implementation Plans (PIPs) for each recommendation to both ensure a common understanding of the objectives, scope, and deliverables of the recommendation and an agreed-upon timeline for implementation, from which to monitor progress. In total, the Board has adopted 172 recommendations resulting in 147 PIPs.

The Board directed LIPA staff to submit Quarterly Reports on the recommendations and their associated PIPs and to independently verify and validate PSEG Long Island’s report results. The Board adopted the first Quarterly Report on June 23, 2021, the second Quarterly Report on September 22, 2021, and the third Quarterly Report on December 15, 2021. The Quarterly Reports address the status of each recommendation based on PSEG Long Island’s monthly status reporting to LIPA. The reports also describe the status of LIPA’s independent verification and validation of each recommendation.

The Fourth Quarterly Report

The fourth Quarterly Report, attached hereto as Exhibit “B”, summarizes the status of each of the Task Force and Management Recommendations. The Quarterly Report pays particular attention to describing the progress made since December 2021.

Discussion of Implementation Plans

In December and March, PSEG Long Island submitted revised PIPs for five open recommendations. Two of the five PIPs submitted by PSEG Long Island are still under review.

The Task Force recommends the Board adopt three PIPs submitted by PSEG Long Island as attached hereto as Exhibit “C”. PSEG Long Island has not yet submitted revisions for one PIP rejected in June on Strategic Planning and four (4) Task Force recommendations. The Board directs PSEG Long Island to submit the five revised PIPs, addressing previously communicated concerns, no later than April 10, 2022, for consideration at the Board’s May 18, 2022 meeting.

Recommendation

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

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1716.RESOLUTION ADOPTING THE ISAIAS TASK FORCE QUARTERLY REPORT AND CERTAIN PSEG LONG ISLAND PROJECT IMPLEMENTATION PLANS

WHEREAS, on Tuesday, August 4, 2020, Tropical Storm Isaias landed on Long Island with rain and wind gusts of up to 70 miles per hour, resulting in damage to the electrical system and causing approximately 646,000 customer outages; and

WHEREAS, pursuant to Section 1020-f(y) of the Public Authorities Law, General Powers of the Authority, LIPA, in part, may “make any inquiry, investigation, survey or study which the authority may deem necessary to enable it effectively to carry out the provisions of this title. . .”; and

WHEREAS, on August 5, 2020, LIPA’s Chief Executive Officer initiated an independent review of the circumstances and root causes that led to the lapses in PSEG Long Island’s Tropical Storm Isaias storm restoration; and

WHEREAS, LIPA’s Chief Executive Officer appointed an Isaias Task Force (“Task Force”) that was charged with both providing actionable recommendations and overseeing PSEG Long Island’s remediation activities; and

WHEREAS, the Task Force presented the 30-Day Report to the Board at the September 23, 2020 Board Meeting and released it to the public; and

WHEREAS, on November 18, 2020, the Task Force presented the 90-Day Report, which provided recommendations to, among other things, (i) Change Management Incentives and Accountabilities; (ii) Reform Information Technology and Emergency Management; and (iii) Strengthen LIPA’s Oversight (together with the 30-Day Report recommendations, the “Task Force Recommendations”); and

WHEREAS, the Board has adopted additional recommendations since December 2020 to address management deficiencies outside the scope of the Task Force review (the “Management Recommendations”); and

WHEREAS, the Board has requested written Quarterly Reports with a comprehensive summary of the status of the remediation of all of the Board-adopted recommendations and LIPA’s independent verification and validation of such remediations until all such recommendations have been completed, verified, and validated; and

WHEREAS, on June 23, 2021, the Board adopted the first Quarterly Report; and

WHEREAS, on September 22, 2021, the Board adopted the second Quarterly Report; and

WHEREAS, on December 15, 2021, the Board adopted the third Quarterly Report; and

WHEREAS, LIPA Staff has submitted to the Board the fourth Quarterly Report for the Board’s approval; and

WHEREAS, LIPA Staff has also submitted to the Board three Project Implementation Plans recommended for the Board’s approval.

NOW, THEREFORE, BE IT RESOLVED, that the Board adopts the Quarterly Report attached hereto as Exhibit “B”; and

BE IT FURTHER RESOLVED, the Board hereby adopts Project Implementation Plans for the Task Force and Management Recommendations attached hereto as Exhibit “C”.

Acting Chair Fischl stated that the next item on the agenda was the Consideration of Adoption of Supplemental Work Management Recommendations to be presented by Billy Raley.

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

Requested Action

The LIPA Board of Trustees (the “Board”) is requested to adopt a resolution approving additional recommendations developed by LIPA Staff regarding improvements to the work management practices of PSEG Long Island, which resolution is attached hereto as Exhibit “A.”

Background

In June 2021, the Board approved eight recommendations designed to improve work management practices at PSEG Long Island. Subsequently, LIPA has been meeting with PSEG Long Island to understand its workforce time management with respect to overtime practices. As such, LIPA hired a third-party consultant to review PSEG Long Island’s time management and related timekeeping processes.

LIPA recognizes that supplemental overtime pay related to incremental scheduling beyond the normal work schedule can be beneficial to provide staffing flexibility. For example, there are periods when non-recurring projects, unplanned work, or storm restoration can use supplemental time effectively in lieu of hiring additional staff. However, such scheduling needs to be managed properly to ensure the incremental work time was necessary and fiscally responsible.

Recommendations

LIPA Staff reviewed the consultant’s report and compared the recommendations and findings contained in the report to efforts underway in accordance with existing Board approved Recommendations and associated Project Implementation Plans. Based on this review, LIPA Staff recommends the Board adopt the following four additional Work Management Recommendations:

1. **Improved coding and description enhancements:** Expand the review of Work Breakdown Structure and work order coding for all projects (including operating funded activities). Ensure coding is useful for straight time and overtime analysis purposes, including an annual review of its “short text” activity codes to ensure usefulness and ability to enhance decision-making.
2. **Enhanced management review:** Establish policies and procedures to enhance the internal PSEG Long Island management review of workforce resources and any related overtime, including comparing actuals to target and analyzing in greater detail areas and specific jobs that exceeded established thresholds.

3. **Training: Develop training materials for supervisors making staffing and overtime decisions to guide decision-making in a consistent manner. Formalize the scheduling of initial training for new supervisors and refresher training for existing supervisors.**
4. **Multi-year overtime target planning: Utilize workforce planning models and techniques to establish long-range (out-year) overtime targets by craft as a guide to ensuring effective and efficient use of overtime utilizing.**

LIPA Staff recommends that PSEG Long Island develop a Project Implementation Plan (PIP) with the objective of improving workforce time management and timekeeping processes. The PIP should consider and complement existing metrics and the existing workforce management recommendations and PIPs. This effort is critical to ensuring efficient processes to maximize the value provided to our customers. As such, PSEG Long Island should prepare a PIP for the recommendations described above no later than April 20, 2022 for review and approval by LIPA which is expected to be presented to the Board at the May 18, 2022 meeting.

Recommendation

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

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1717. RESOLUTION ADOPTING ADDITIONAL RECOMMENDATIONS TO IMPROVE WORK MANAGEMENT

WHEREAS, the workforce time management and timekeeping process recommendations described in the accompanying memorandum are critical to ensuring efficient processes to maximize the value provided to our customers; and

NOW, THEREFORE, BE IT RESOLVED, the Board hereby adopts the additional work management policies and procedure recommendations described in the accompanying memorandum; and

BE IT FURTHER RESOLVED, that the Board hereby directs LIPA Staff, together with PSEG Long Island, to implement the additional recommendations to improve work resource management, including the creation of a Project Implementation Plan related to these supplemental recommendations by April 20, 2022, to be presented at the Board's May 18, 2022 meeting.

Acting Chair Fischl stated that the next item on the agenda was the Consideration of Approval of the 2021 Financial Report to be presented by Donna Mongiardo.

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

Requested Action

The LIPA Board of Trustees (the “Board”) is being requested to approve the 2021 Financial Report (the “Financial Report”) prepared in accordance with Section 2800(1) of the Public Authorities Law (“PAL”), in the form attached as Exhibit “B.”

2020 Financial Report

Section 2800(1) of the PAL requires LIPA to submit an annual report to the Governor, the Chairman and ranking minority member of the Senate Finance Committee, the Chairman and ranking minority member of the Assembly Committee on Ways and Means, the State Comptroller, and the Authorities Budget Office, within ninety days after the end of LIPA’s fiscal year. Under Section 2800(1)(a)(2) of the PAL, the Financial Report shall include the following: audited financials; grant and subsidy programs; operating and financial risks; current bond ratings; and long-term liabilities. Section 2800(3) of the PAL requires the Financial Report to be approved by the Board.

Recommendation

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

After questions and a discussion by the Trustees, and the opportunity for the public to be heard, upon a motion duly made and seconded, the following resolution was approved by the Trustees.

1718. RESOLUTION APPROVING THE 2021 FINANCIAL REPORT OF THE LONG ISLAND POWER AUTHORITY

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees hereby approves the 2021 Financial Report of the Long Island Power Authority, in the form presented at this meeting.

Acting Chair Fischl then stated that the final agenda item, Secretary’s Report on Board Policies and Communications, would be in written submission only, and available at the Long Island Power Authority website for viewing.

Acting Chair Fischl then announced that the next Board meeting is scheduled for Wednesday, May 18, 2022 in Uniondale.

Acting Chair Fischl then asked for a motion to adjourn to Executive Session to discuss litigation matters and announced that no votes would be taken and that the Board would not be returning to Open Session. The motion was duly made and seconded, and the following resolution was adopted:

1719. EXECUTIVE SESSION – PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Trustees of the Long Island Power Authority shall convene in Executive Session for the purpose of discussing litigation matters.

At approximately 1:48 p.m. the Open Session of the Board of Trustees was adjourned on a motion to enter into Executive Session.