

FOR CONSIDERATION

February 15, 2023

TO: The Governance, Planning, and Personnel Committee

FROM: Thomas Falcone

SUBJECT: Consideration of Recommendation to Approve Amendments to the Board Policy on the Purpose and Roles

Requested Action

The Governance, Planning, and Personnel Committee (the “Committee”) of the Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution recommending approval of amendments to the Board Policy on the Purpose and Roles (the “Policy”), which resolution is attached hereto as **Exhibit “A.”**

Background

By Resolution No. 1322, dated September 21, 2016, the Board adopted the Policy with the purpose of encapsulating and clarifying the duties and powers of the Board, LIPA’s Officers, LIPA’s Service Provider, and the Department of Public Service (“DPS”), as provided for by LIPA’s operating documents, statute or by contract obligations.

The Board hired Leading Resources, Inc. to review the Board’s policies and to facilitate discussion amongst the Trustees on certain policies, including the Policy. A working group of Trustees participated in meetings to develop and draft amendments to the Policy. The amendments seek to clarify those roles and responsibilities, including references to the Second Amended and Restated Operations Services Agreement (“OSA”) effective April 1, 2022. The amendments also tailor the Policy as it relates to the LIPA Board and LIPA’s Officers by removing the references to the Service Provider and to DPS. The Service Provider’s role is defined in the OSA, while DPS’ role is defined by statute. The final version of the amended Policy, as drafted by the Trustees, is attached hereto as **Exhibit “B.”**

Recommendation

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

Attachments

Exhibit “A” Resolution

Exhibit “B” Purpose and Roles of LIPA Trustees

**RESOLUTION RECOMMENDING APPROVAL OF AMENDMENTS TO THE BOARD
POLICY ON THE PURPOSES AND ROLES OF LIPA TRUSTEES**

WHEREAS, the Board Policy on Purposes and Roles (the “Policy”) was originally approved by the Board of Trustees (the “Board”) By Resolution No. 1322, dated September 21, 2016; and

WHEREAS, the Governance, Planning, and Personnel Committee (the “Committee”) has reviewed the amended policy and affirms that the changes to the Policy described herein are due and proper.

NOW, THEREFORE, BE IT RESOLVED, that consistent with the accompanying memorandum, the Committee hereby recommends that the Board approve the amendments to the Policy as set forth in **Exhibit “B.”**

Dated: February 15, 2023



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|-------------------|----------------------------------------------------------------------------------|
| Board Policy: | Purpose of the Board |
| Policy Type: | Board-Staff Linkage |
| Monitored By: | Governance, Planning, and Personnel Committee |
| Board Resolution: | #1322, approved September 21, 2016 [#xxxx, amended February 15, 2023] |

LIPA's vision is for the Board of Trustees to establish through its policies (i) the strategic objectives that will guide the initiatives, accountabilities, and budgets of the organization in service to our customers and community; and (ii) the responsibilities, expectations, and accountabilities of the Chief Executive Officer.

The **Board of Trustees** will:

- Define LIPA's purpose, vision, and strategic objectives in the form of Board policy.
- Monitor LIPA's performance relative to the strategic policies adopted by the Board.
- Review and adopt strategic plans, work plans, performance metrics, budgets, and recommendations¹ prepared for LIPA by the Chief Executive Officer to advance the Board's strategic objectives.
- Hire, evaluate and, when necessary, discharge the Chief Executive Officer.
- Serve as ambassadors for LIPA and seek to understand the viewpoints of our stakeholders when formulating policy.
- Approve contracts and make decisions as required by law or LIPA's policies.
- Fulfill and abide by its fiduciary duties.²
- Regularly discuss and evaluate the Board's own performance and that of its committees.³

The Board is LIPA's policy-making body. The Board's policy focus will be on LIPA's intended outcomes for our customers and community, rather than on the administrative means of achieving those objectives. The Board acts with the unity of the whole, with a vote of five Trustees required for any action.

The **Chief Executive Officer** is responsible for:

- Managing the operations and business affairs of LIPA.
- Achieving the strategic objectives established by the Board in policy, including developing strategic plans, work plans, performance metrics, budgets, and recommendations for the Board's review and approval.
- Serving as the chief public spokesperson of LIPA, including representing the utility in the community and with stakeholders in furtherance of the policies adopted by the Board.

¹ Board recommendations as defined in the Second Amended and Restated Operations Services Agreement.

² See N.Y. Pub. Auth. Law§ 2824(1) (McKinney); *see also* The Trustee Code of Conduct and the Authority's bond covenants.

³ See N.Y. Pub. Auth. Law§ 2824(7) (McKinney); Authority By-Laws, at Article 5 § 2; Governance Committee Charter; at 3.

- Hiring, managing, evaluating, compensating, and, when necessary, discharging LIPA staff, and keeping the Board advised as to the staffing and resource needs of LIPA.
- Informing the Board in a timely manner of developments that in the Chief Executive Officer's reasonable judgment are (i) unique or significant operational risks to LIPA; (ii) could significantly impact LIPA's customers, reputation, or community relations; or (iii) materially compromise the ability to achieve the policies and strategic objectives established by the Board.
- Administering LIPA's contracts and managing the performance of its vendors, including such actions as may be required under the Second Amended and Restated Operations Services Agreement, including informing and consulting with the Board regarding any candidate submitted by the Service Provider for consideration by LIPA for a position at the Vice President level or above.
- Performing other responsibilities as may be delegated by the Board by resolution, policy, or law.