

New Issue—Full-Book-Entry

In the opinion of Nixon Peabody LLP, as Bond Counsel to the Long Island Power Authority (the “Authority”), under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the Issuer described herein, interest on the Offered Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Offered Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including New York City, and the Offered Bonds are exempt from all taxation directly imposed thereon by or under the authority of the State of New York, except estate or gift taxes and taxes on transfers. See “TAX MATTERS” herein regarding certain other tax considerations.



\$128,000,000 LONG ISLAND POWER AUTHORITY ELECTRIC SYSTEM GENERAL REVENUE BONDS, SERIES 2023D

Dated: Date of Delivery

Maturity: As shown on inside cover page

The Electric System General Revenue Bonds, Series 2023D (the “Offered Bonds”) will be issued only as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Offered Bonds under the book-entry-only system described herein. Individual purchases of beneficial ownership interests in the Offered Bonds may be made in the principal amount of \$100,000 or any integral multiple of \$5,000 in excess thereof. Beneficial owners of the Offered Bonds will not receive physical delivery of bond certificates. The Bank of New York Mellon, New York, New York, is the Trustee under the Resolution (defined herein).

The Offered Bonds are being issued (i) to refund certain outstanding bonds of the Authority and (ii) to pay costs relating to the issuance of the Offered Bonds. For a more complete description of the purposes for which the Offered Bonds are being issued, see “PLAN OF FINANCE” herein.

The Offered Bonds are being issued as Variable Rate Bonds (as defined in the Resolution) initially bearing interest in the Weekly Mode. The Authority reserves the right to convert all or a portion of the Offered Bonds to a New Mode (as defined in the Certificate of Determination relating to the Offered Bonds, the “Certificate of Determination”). ***This Official Statement describes the Offered Bonds only while bearing interest in the Weekly Mode or Daily Mode.***

The Offered Bonds are subject to optional redemption and mandatory sinking fund redemption and mandatory tender for purchase prior to maturity as described herein. The Offered Bonds are also subject, at the option of the Owner, to tender for purchase at the Purchase Price equal to par plus accrued interest as described herein. Interest on the Offered Bonds is payable on the first Business Day of each month commencing September 1, 2023. Barclays Capital Inc. will serve as Remarketing Agent for the Offered Bonds.

The payment of the principal of and accrued interest on, or the purchase price of, the Offered Bonds will be supported by payments made under an irrevocable, direct-pay letter of credit (the “Letter of Credit”) to be issued by Barclays Bank PLC (the “Bank”). The Letter of Credit will be issued pursuant to a Reimbursement Agreement, dated as of August 1, 2023 (the “Reimbursement Agreement”), between the Authority and the Bank. The Letter of Credit will expire on August 18, 2028, unless extended or earlier terminated pursuant to its terms or the terms of the Reimbursement Agreement. See “DESCRIPTION OF THE OFFERED BONDS — The Letter of Credit” herein.



The Offered Bonds are special obligations of the Authority payable principally from the revenues generated by the electric system owned by its subsidiary, LIPA (defined herein), after the payment of operating expenses of the System, on a parity with other Electric System General Revenue Bonds and other Parity Obligations of the Authority. The Offered Bonds shall not be a debt of the State of New York or of any municipality, and neither the State of New York nor any municipality shall be liable thereon. The Authority shall not have the power to pledge the credit, the revenues or the taxing power of the State of New York or any municipality, and neither the credit, the revenues nor the taxing power of the State of New York or any municipality shall be, or shall be deemed to be, pledged to the payment of any of the Offered Bonds. The Authority has no taxing power.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Offered Bonds. Investors are advised to read the entire official statement, including all portions hereof included by specific cross-reference, to obtain information essential to making an informed decision.

The Offered Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval of legality by Nixon Peabody LLP, New York, New York, Bond Counsel to the Authority. Certain legal matters with respect to the Authority and LIPA will be passed upon by Bobbi O'Connor, Esquire, General Counsel to the Authority and LIPA, and by Orrick, Herrington & Sutcliffe LLP, New York, New York, Disclosure Counsel to the Authority and LIPA. Certain legal matters will be passed upon for the Underwriter by Norton Rose Fulbright US LLP, New York, New York, Counsel to the Underwriter. Certain legal matters will be passed upon for the Bank by McDermott Will & Emery LLP, New York, New York. It is expected that the Offered Bonds will be available for delivery in book-entry-only form through The Depository Trust Company in New York, New York on or about August 18, 2023.

Barclays

Dated: August 14, 2023

Maturity Schedule

\$128,000,000
LONG ISLAND POWER AUTHORITY
ELECTRIC SYSTEM GENERAL REVENUE BONDS, SERIES 2023D

Term Bonds

\$128,000,000 Variable Rate Term Bonds due May 1, 2033 — Price 100% CUSIP* 542691HU7

* CUSIP number has been assigned by an organization not affiliated with the Authority and are included solely for the convenience of the holders of the Offered Bonds. The Authority is not responsible for the selection or uses of this CUSIP number, nor is any representation made as to the correctness of the CUSIP number on the Offered Bonds or as indicated above.

**SUMMARY OF TERMS RELATING TO
OFFERED BONDS IN THE WEEKLY AND DAILY MODE***

INTEREST PAYMENT DATES AND CALCULATION PERIOD	The first Business Day of each month, commencing September 1, 2023, based on actual days elapsed over a 365-day year (366 days in years when February has 29 days).
RECORD DATE	The Business Day preceding an Interest Payment Date.
OWNERS' RIGHTS TO TENDER	<p>While the Offered Bonds are in the Daily Mode, on any Business Day (such purchase to be made on the Business Day upon which such demand is made), upon irrevocable telephonic notice to the Tender Agent and the Remarketing Agent (promptly confirmed in writing by such Owner, delivered to the Tender Agent and the Remarketing Agent by telecopier by 11:00 a.m.</p> <p>While the Offered Bonds are in the Weekly Mode, on any Business Day by irrevocable written notice of tender (or by irrevocable telephonic notice, promptly confirmed in writing) of tender to the Tender Agent and the Remarketing Agent at their respective addresses specified below by 4:00 P.M, at least seven calendar days prior to the Purchase Date.</p>
NOTICE OF MODE CHANGE; MODE CHANGE DATE	Trustee to mail notice to Owners not later than 15 days before the Mode Change Date, which can be any Business Day.
MANDATORY TENDER FOR PURCHASE	On each Mode Change Date (other than a change between the Daily Mode and the Weekly Mode), Expiration Tender Date, Termination Tender Date, Interest Non-Reinstatement Tender Date, and Substitution Date.
RATE DETERMINATION DATE	<p>While the Offered Bonds are in the Daily Mode, each Business Day.</p> <p>While the Offered Bonds are in the Weekly Mode, each Tuesday, unless such Tuesday is not a Business Day, in which case the rate shall be set on the Business Day next succeeding such Tuesday.</p>
RATE ADJUSTMENT DATE	<p>While the Offered Bonds are in the Daily Mode, each Business Day.</p> <p>While the Offered Bonds are in the Weekly Mode, each Wednesday.</p>
MAXIMUM RATE	12% per annum.
TRUSTEE AND TENDER AGENT'S ADDRESS FOR DELIVERY OF TENDER NOTICE	<p>The Bank of New York Mellon 240 Greenwich Street, 7E New York, New York 10286 Attention: Global Corporate Trust - NY Muni Phone: (973) 247-4395 Fax: (732) 667-9205</p>
REMARKETING AGENT'S ADDRESS FOR DELIVERY OF TENDER NOTICE	<p>Barclays Capital Inc. Municipal Finance - Liquidity 745 7th Avenue, 2nd Floor New York, NY 10019 Attention: Short Term Municipal Trading New York, NY 10019 Phone: (212) 528-1011 Email: municp@barclays.com</p>

* So long as the Offered Bonds are registered in the name of Cede & Co., as Owner and Securities Depository Nominee of DTC, mechanics for tender and redemption will be in accordance with procedures established by DTC.

LONG ISLAND POWER AUTHORITY

333 Earle Ovington Blvd.
Uniondale, New York 11553
Telephone: (516) 222-7700

BOARD OF TRUSTEES

Mark Fischl* — Vice Chair

Elkan Abramowitz
Valerie Anderson Campbell
Alfred L. Cockfield
Sheldon L. Cohen

Nancy S. Goroff
Laureen Harris
Dominck Macchia
Mili Makhijani

AUTHORITY MANAGEMENT

Thomas Falcone — *Chief Executive Officer and Interim Chief Financial Officer*[†]
Mujib Lodhi — *Chief Operating Officer*
Bobbi O'Connor — *General Counsel and Secretary to the Board of Trustees*
Billy Raley — *Senior Vice President of Transmission and Distribution*
Rick Shansky — *Senior Vice President of Power Supply and Wholesale Markets*

Bond Counsel

Nixon Peabody LLP
New York, New York

Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
New York, New York

Municipal Advisor

PFM Financial Advisors LLC
New York, New York

Trustee and Tender Agent

The Bank of New York Mellon
New York, New York

* Vice Chair Fischl is presiding over the Authority's Board meetings until a new Chair is designated by the Governor.

† Chief Executive Officer Falcone is also serving as Interim Chief Financial Officer while the Authority executes its search for a new Chief Financial Officer.

No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representation, other than the information and representations contained in this Official Statement, in connection with the offering of the Offered Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Offered Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Except for the information expressly provided by the Underwriter as specified below and under the heading “UNDERWRITING,” the information set forth herein has been furnished by the Authority and LIPA and includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, LIPA, PSEG, PSEG Long Island, National Grid or Exelon since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the Authority’s and LIPA’s business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE OFFICIAL STATEMENT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONSISTS OF THE COVER PAGE, THE INSIDE COVER PAGE, THE TABLE OF CONTENTS, THE SUMMARY STATEMENT AND THE BODY OF THE OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO, AND THE INFORMATION INCLUDED BY SPECIFIC CROSS-REFERENCE HEREIN (ALL OF THE FOREGOING ARE REFERRED TO COLLECTIVELY AS “OFFICIAL STATEMENT”). THE OFFICIAL STATEMENT IS DATED THE DATE SHOWN ON THE COVER PAGE HEREIN. THE OFFICIAL STATEMENT (INCLUDING ALL THE INFORMATION INCLUDED BY SPECIFIC CROSS-REFERENCE HEREIN WHICH INFORMATION SPEAKS AS OF THE APPLICABLE DATE THEREOF) SHOULD BE READ IN ITS ENTIRETY.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

For purposes of compliance with Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, this Official Statement constitutes an official statement of the Authority that has been deemed final by the Authority as of its date except for the omission of no more than the information permitted by the Rule.

Other than with respect to information concerning the Bank contained in Attachment 6 hereto, none of the information in this remarketing circular has been supplied or verified by the Bank and the Bank makes no representation or warranty, express or implied, as to the accuracy or completeness of information it has neither supplied nor verified, the validity of the Offered Bonds, or the tax-exempt status of the interest on the Offered Bonds.

SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement and should not be considered a complete statement of the facts material to making an investment decision. The offering of the Offered Bonds to potential investors is made only by means of the entire Official Statement. Certain terms used herein are defined in this Official Statement.

The Authority and LIPA	The Long Island Power Authority (the “Authority” or the “Issuer”) is a corporate municipal instrumentality and political subdivision of the State of New York. The Authority has a wholly-owned subsidiary, the Long Island Lighting Company, which does business under the name of LIPA and Power Supply Long Island (“LIPA”).
LIPA and the System	LIPA owns and operates the electric transmission and distribution system (the “T&D System”) located in its service area, which includes the New York Counties of Nassau and Suffolk (with certain limited exceptions) and a portion of Queens County, New York known as the Rockaways. LIPA also owns an 18% interest in the Nine Mile Point Unit 2 nuclear generating facility located in Oswego, New York (“NMP2”). See “THE SYSTEM – Power Supply - <i>Nine Mile Point Nuclear Unit 2</i> ” in the ADR (defined below).
The Purpose of the Offered Bonds	The Offered Bonds are being issued (i) to refund certain outstanding bonds of the Authority and (ii) to pay costs relating to the issuance of the Offered Bonds. See “PLAN OF FINANCE” herein.
Outstanding Indebtedness	As of August 10, 2023, the Authority has senior lien Electric System General Revenue Bonds and other senior lien indebtedness outstanding in the aggregate principal amount of approximately \$5.8 billion, approximately \$127 million of which will be refunded with the proceeds of the Offered Bonds. The Offered Bonds will be secured on a parity with all of such senior lien indebtedness. As of the date hereof, the Authority has no outstanding subordinate lien indebtedness, except for certain obligations of the Authority to make swap payments as described herein. Also, the Authority currently expects to issue additional bonds and notes to finance system improvements in the future. See “DEBT SERVICE” and “PLAN OF FINANCE” herein.
The Securitization Bonds	<p>Part B of the LIPA Reform Act, also known as the Securitization Law, created the Utility Debt Securitization Authority (“UDSA”) and authorizes the issuance of restructuring bonds in an aggregate amount not to exceed \$8 billion (inclusive of the approximately \$5.4 billion of restructuring bonds already issued). As of August 10, 2023, UDSA has restructuring bonds outstanding in the aggregate principal amount of approximately \$3.7 billion. The Securitization Law permits the issuance of restructuring bonds to refund bonds issued by the Authority or UDSA and to finance system resiliency costs. See “PLAN OF FINANCE” herein for information relating to a proposed issuance of additional restructuring bonds.</p> <p>The restructuring charges are Transition Charges for purposes of the Resolution and amounts collected in respect thereof are thus <u>not</u> Revenues subject to the lien of the Resolution or the Subordinated Resolution. In addition, the UDSA bonds are not obligations of the Authority, LIPA, PSEG Long Island or any of their affiliates and are not secured by the Trust Estate described herein. See “RATES AND CHARGES – The Securitization Authority and Restructuring Charges” in the ADR.</p>
System Operation and the OSA	The Authority is managed by a senior management team and a staff that encompasses approximately 70 positions. To assist the Authority (acting through LIPA) in providing electric service in the service area, the Authority and LIPA have generally entered into operating agreements, which provide the Authority and LIPA with the operating personnel and a significant

portion of the power supply resources necessary for LIPA to provide electric service in the service area.

Commencing January 1, 2014, a wholly-owned subsidiary of Public Service Enterprise Group Incorporated (“PSEG”) dedicated to the operations of the T&D System (“PSEG Long Island”) became the service provider pursuant to the Amended and Restated Operations Services Agreement (the “2014 OSA”). PSEG Long Island is also the retail brand for electric service on Long Island.

On December 15, 2021, the 2014 OSA was further amended and restated, effective April 1, 2022 (the “OSA” or “reformed OSA”). The OSA has a base term of 12 years, expiring December 31, 2025.

Under the reformed OSA, PSEG Long Island provides 19 of the 33 senior managers at the director level or higher and executes management services generally as an independent contractor for the T&D System on behalf of LIPA in accordance with the standards set forth in the OSA.

ServCo, a subsidiary service company of PSEG Long Island, provides 14 of the senior managers at the director level or higher (and currently five of the 19 PSEG Long Island senior manager positions) and substantially all the operations services under the OSA. ServCo consists of approximately 2,600 employees, including the legacy LILCO and National Grid employees that transitioned employment to ServCo upon the effectiveness of the 2014 OSA. Upon the termination of the OSA, PSEG Long Island will transfer all Membership Interests (as defined in the OSA) in ServCo to LIPA or, at LIPA’s discretion, its designee, at no cost.

Each year, the Authority and PSEG Long Island, with involvement of the Department of Public Service (the “DPS,” which is the staff arm of the New York Public Service Commission (the “PSC”)), develop operating and capital budgets and related Performance Metrics for the services provided by PSEG Long Island. The Authority retains the ultimate authority and control over the T&D System assets and certain responsibilities, including: to determine all T&D System rates and charges; to review and approve the Authority’s consolidated budget; to represent the Authority’s interests in industry and regulatory institutions and organizations; to approve PSEG Long Island’s appointment or replacement of its senior executive team, including the president/chief operating officer; and to review and approve power and fuel supply agreements.

In order to provide stronger protections for Service Area customers, the reformed OSA: increases the amount of PSEG Long Island’s annual compensation at risk from \$10 million to \$40 million; subjects PSEG Long Island to detailed Performance Metrics set annually by the Board with a recommendation by the DPS; includes both new and strengthened termination rights and automatic compensation reductions (i.e. default and gating Performance Metrics) for failures to meet minimum emergency response, customer satisfaction, cybersecurity, and reliability standards; provides a new DPS investigative process to reduce compensation for failures to provide safe, adequate, and reliable service to customers; strengthens PSEG Long Island’s dedicated management team with new positions for Chief Information Officer, Chief Information Security Officer, Vice President for Business Services, Director of Human Resources, and Director of Emergency Response; requires PSEG Long Island to implement plans to fix known operational issues identified by Authority staff or the DPS, with oversight by the Board; requires the separation of all LIPA information technology systems from those of PSEG affiliates; and provides the Authority with new rights to independently test and validate the performance of mission-critical information technology systems.

See “RECENT DEVELOPMENTS” and “THE OSA” in the ADR.

LIPA, PSEG Long Island and DPS	<p>The LIPA Reform Act of 2013 (the “LIPA Reform Act”) amended certain provisions of the Long Island Power Authority Act and established the DPS to review and make recommendations to the Board, the Authority, and PSEG Long Island related to rates and charges, core utility functions including capital expenditures, the methods employed by PSEG Long Island for providing safe and adequate service, and PSEG Long Island’s emergency response plan. Additionally, the DPS was given the power to undertake comprehensive and regular management and operations audits of LIPA and PSEG Long Island, as it does for all investor-owned utilities in the State, every five years.</p> <p>The LIPA Reform Act also created UDSA and authorized the issuance of the restructuring bonds. See “The Securitization Bonds” above.</p>
Authority to Set Electric Rates.....	<p>Under current New York law, the Authority is empowered to set rates for electric service in its service area without being required to obtain the approval of PSC or any other State regulatory body.</p> <p>The LIPA Reform Act established a rate review process that requires the Authority and PSEG Long Island to submit a proposed rate increase for DPS review only if it would increase the rates and charges by an amount that would increase the Authority’s annual revenues by more than 2.5%. The Authority did not submit a rate proposal that would have increased rates in excess of 2.5% of aggregate revenues in 2019, 2020, 2021, 2022 or 2023. The Authority’s Board retains final rate-setting power.</p> <p>See “RATES AND CHARGES – Authority to Set Electric Rates” in the ADR.</p>
Current Rate Structure.....	<p>The Authority has adopted a set of customer rates, which include base rates, the Power Supply Charge (as described herein) and certain riders and credits. See “RATES AND CHARGES – Rate Tariffs and Adjustments” in the ADR.</p>
Service Area	<p>LIPA’s service area includes approximately 1.2 million customers. Since January 1, 2018, LIPA experienced its peak usage of approximately 5,269 MW in July 2019. In the year ending December 31, 2022, approximately 54.1% of LIPA’s annual retail revenues were received from residential customers, 44.3% from commercial customers and 1.6% from street lighting, public authorities and certain others. The largest customer in the Service Area (the Long Island Rail Road) accounted for less than 1.7% of total sales and 1% of revenue.</p>
Transmission and Distribution Facilities.....	<p>LIPA’s transmission system includes approximately 1,400 miles of overhead and underground lines with voltage levels ranging from 23 kV to 345 kV. As of December 31, 2022, the distribution system also includes approximately 14,045 circuit miles of overhead and underground line (9,014 overhead and 5,031 underground), and approximately 193,163 line transformers with a total capacity of approximately 13,767 MVA. See “THE SYSTEM” in the ADR for a discussion of the service area and the T&D System.</p>
Power Supply Resources	<p>LIPA’s power supply resources consist principally of various power purchase contracts. The principal power purchase contract is a Power Supply Agreement (the “PSA”) with National Grid that commenced in May 2013 for a maximum term of 15 years. The PSA provides approximately 3,900 MW of on-Island capacity and provides LIPA with the option to ramp down (i.e., cease purchasing capacity from) the PSA units prior to its expiration.</p>

Power Supply Resources	<p>LIPA’s power supply resources consist principally of various power purchase contracts. The principal power purchase contract is a Power Supply Agreement (the “PSA”) with National Grid that commenced in May 2013 for a maximum term of 15 years. The PSA provides approximately 3,900 MW of on-Island capacity and provides LIPA with the option to ramp down (i.e., cease purchasing capacity from) the PSA units prior to its expiration.</p> <p>In addition, LIPA currently purchases approximately 1,740 MW of capacity from other generating facilities on Long Island and outside the service area through various transmission interconnections between the T&D System and other systems in the region.</p> <p>LIPA also has an 18% ownership interest in the approximately 1,300 MW NMP2 nuclear unit. Constellation Energy Nuclear Group, LLC owns the remaining 82% interest in the unit and is responsible for its operation.</p>
Security and Sources of Payment for Bonds	<p>The Offered Bonds, all Bonds and Notes heretofore and hereafter issued on a parity therewith, and all Parity Obligations will be payable from and secured by the Trust Estate pledged under the Authority’s Resolution, subject to the prior payment of Operating Expenses. The Trust Estate consists principally of the revenues generated by the operation of the T&D System.</p> <p>The Bond Resolution contains a basic flow of funds, including a Rate Stabilization Fund, but does not require specific periodic advance deposits to be made into, or specific balances maintained in, the various funds and accounts. There is no debt service reserve fund. The Authority sometimes executes agreements in connection with the incurrence of Bonds issued under the Resolution or to directly reflect the incurrence of senior, subordinated or unsecured debt under the Resolution, which typically contain covenants, events of default, remedies, priority rights, and other similar terms. The Authority’s current agreements generally require that the Authority maintain an amount not less than \$150,000,000 in the Rate Stabilization Fund.</p> <p>Currently, additional Bonds and Notes may be issued without any historical or projected debt service coverage test and, in the case of Refunding Bonds, without compliance with any debt service savings test.</p> <p>See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” in the ADR. Also, see “PROPOSED AMENDED AND RESTATED RESOLUTION” herein and Appendix 4 “FORM OF AMENDED AND RESTATED RESOLUTION” hereto.</p>
Proposed Amended and Restated Resolution.....	<p>See “PROPOSED AMENDED AND RESTATED RESOLUTION” herein and Appendix 4 “FORM OF AMENDED AND RESTATED RESOLUTION” for discussion of the Authority’s proposed Amended and Restated Resolution, the amendments therein, and the process by which such amendments may become effective including the deemed consent to such amendments by the original purchasers and Holders of the Offered Bonds.</p>
Recent Developments	<p>See “RECENT DEVELOPMENTS” herein and in the ADR for information relating to Tropical Storm Isaias, Options Analysis and OSA Reforms, management options upon OSA termination in 2025, the Legislative Commission on the Future of LIPA, the Board Policy on Fiscal Sustainability, the impacts from the Coronavirus and COVID-19 Pandemic, the Integrated Resource Planning and Repowering Studies, Suffolk County Payments in Lieu of Taxes, the power plant property tax litigation, and recent legislation.</p>

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OFFICIAL STATEMENT
of the
LONG ISLAND POWER AUTHORITY
Relating to its
\$128,000,000
ELECTRIC SYSTEM GENERAL REVENUE BONDS, SERIES 2023D

INTRODUCTION

The \$128,000,000 Electric System General Revenue Bonds, Series 2023D (the “Offered Bonds”), are being issued by Long Island Power Authority (the “Authority”) 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”), and the Electric System General Revenue Bond Resolution of the Authority adopted on May 13, 1998 (the “Bond Resolution”), as amended and supplemented, including as supplemented by a resolution of the Authority authorizing the Offered Bonds (the “Supplemental Resolution”). The Bond Resolution, as supplemented to the date hereof, including as supplemented by the Supplemental Resolution, and as it may be further supplemented or amended in the future, is herein called the “Resolution.” Capitalized terms not otherwise defined herein shall have the meanings set forth in the Resolution, including the Certificate of Determination.

As of August 10, 2023, the Authority has outstanding approximately \$5.8 billion of senior lien bonds and other senior lien indebtedness all of which were issued under the Bond Resolution (the “Outstanding Senior Lien Indebtedness”), which includes the approximately \$127 million of bonds expected to be refunded with the proceeds of the Offered Bonds. The Offered Bonds will be on a parity as to security and source of payment with the Outstanding Senior Lien Indebtedness. The Authority has the ability to issue under the Bond Resolution additional senior lien bonds, and other obligations (“Parity Obligations”), that will be on a parity as to security and source of payment with the Outstanding Senior Lien Indebtedness and the Offered Bonds. As used in this Official Statement, the term “Bonds” means the Outstanding Senior Lien Indebtedness, the Offered Bonds and all additional senior lien bonds, notes or other evidence of indebtedness and Parity Obligations of the Authority hereafter issued under the Resolution which are on a parity as to security and source of payment. The Bonds have priority as to security and payment over the Subordinated Indebtedness mentioned in the next paragraph.

The Authority has from time to time also issued Subordinated Lien Bonds and other subordinated indebtedness under the Authority’s Electric System General Subordinated Revenue Bond Resolution adopted on May 20, 1998 (the “General Subordinated Resolution”) and various supplemental resolutions (the General Subordinated Resolution, as so supplemented, is herein called the “Subordinated Resolution”). As used in this Official Statement, the term “Subordinated Indebtedness” means all subordinated lien bonds, notes or other evidence of indebtedness of the Authority issued pursuant to the Subordinated Resolution which are on a parity as to security and source of payment. Any Subordinated Indebtedness is, in all respects, on a junior and subordinate basis as to security and source of payment to the Bonds. As of the date hereof, the Authority has no outstanding Subordinate Indebtedness, except for certain obligations of the Authority to make swap payments as described herein.

In addition, as of August 10, 2023, the Utility Debt Securitization Authority (“UDSA”) has approximately \$3.7 billion of restructuring bonds outstanding. The restructuring charges relating to those restructuring bonds and any additional restructuring bonds are Transition Charges for purposes of the Resolution and amounts collected in respect thereof are thus not Revenues subject to the lien of the Resolution or the Subordinated Resolution. In addition, the UDSA bonds are not obligations of the Authority, LIPA, PSEG Long Island or any of their affiliates and are not secured by the Trust Estate described herein. See “DEBT SERVICE” and “PLAN OF FINANCE” below.

INFORMATION INCLUDED BY SPECIFIC CROSS-REFERENCE

The following documents filed with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (“MSRB”) by the Authority are included by specific cross-reference in this Official Statement:

- The Authority’s Annual Disclosure Report for the Fiscal Year 2022 (which includes the Authority’s Basic Financial Statements and Required Supplementary Information as of and for the years ended December 31, 2022 and 2021 (With Independent Auditors’ Report Thereon)) filed on EMMA, as supplemented (the “ADR”);
- Quarterly Unaudited Financial Report of the Authority for the six-month period ended June 30, 2023;
- The Resolution;
- The Financing Agreement;
- The Second Amended and Restated Operations Services Agreement (the “OSA” or the “reformed OSA”);
- The Amended and Restated Power Supply Agreement (the “PSA”); and
- The Reimbursement Agreement, dated as of August 1, 2023 (the “Reimbursement Agreement”), between the Authority and Barclays Bank PLC (the “Bank”).

For convenience, copies of these documents can be found on the Authority’s website (www.lipower.org) under the heading “Investor Relations” and “About LIPA - Contracts & Reports.” No statement on the Authority’s website is included by specific cross-reference herein.

Independent Auditors

The Authority’s Basic Financial Statements as of and for the years ended December 31, 2022 and 2021, which are included by specific cross-reference in this Official Statement, have been audited by KPMG LLP, independent auditors, as stated in their report which appears therein.

RECENT DEVELOPMENTS

The Authority and PSEG Long Island

At the Authority’s June 28, 2023, Board meeting, the Authority presented its final independent verification and validation report (the “IV&V”) stemming from the 2020 failure of PSEG Long Island’s Outage Management System (the “OMS”) during Tropical Storm Isaias and the redeployment of such system in 2022. On Tuesday, August 4, 2020, Tropical Storm Isaias landed on Long Island and the Rockaways with rain and wind gusts up to 70 miles per hour. The resulting damage to the electrical system caused approximately 646,000 customer outages, making it the third-most damaging storm to affect the T&D System. Significantly, on the afternoon of the storm, both the OMS and PSEG Long Island’s telephone system failed. The OMS and its feeder systems are complex, mission-critical information technologies used to report power outages, assess damage, estimate customer restoration times, dispatch trucks, and communicate with customers. After delays, PSEG Long Island redeployed the OMS in February 2022 and reported that it was functioning properly. At that time, the Authority was unable to confirm by independent testing that the OMS was functioning properly and made a series of recommendations to PSEG Long Island relating to re-testing.

The IV&V concluded, in part, that PSEG Long Island finally has a working version of OMS with current software and hardware, after a remediation and upgrade effort lasting over two years and costing approximately \$47 million. During OMS remediation, intermittent issues were common, evidencing unstable and uncontrolled environments. PSEG Long Island did not follow mature IT practices in its functional and performance testing used to certify the OMS as ready for deployment in February 2022. IV&V determined the root cause of the OMS failure during Tropical Storm Isaias was not concretely identified, but the risk of occurrence was mitigated. However, in the absence of a clearly identified root cause of the OMS failure, there remains a significant concern that the OMS may have a critical issue that is exhibiting intermittently and has the potential to cause another catastrophic failure of the OMS.

Liquidity

The Authority manages its liquidity position to maintain cash on hand of at least \$100 million in its operating account and \$150 million in its Rate Stabilization Fund at each month-end, as well as having cash on hand and available

credit of at least 150 days of operating expenses. At June 30, 2023, the Authority had approximately 211 days of cash on hand and available credit.

2023 Budgets

On December 14, 2022, the Authority Board adopted 2023 Operating and Capital budgets in the amounts of \$4.2 billion and \$862 million, respectively.

PSEG Long Island's 2024 Proposed Operating and Capital Budgets

PSEG Long Island's Operating and Capital Budgets are a significant component of the Authority's Budgets. Overall, the Authority's 2023 Approved Operating Budget has revenue requirements of \$4.15 billion and the Authority's 2023 Approved Capital Budget has expenditures of \$862.0 million.

On July 31, 2023, PSEG Long Island provided its initial submission to the Authority of its proposed 2024 Operating Budget in the amount of \$764.0 million, which is an increase of \$136.4 million (22%) to the Approved 2023 PSEG Long Island Operating Budget of \$627.6 million (excluding Utility 2.0 proposals). This was an increase of \$104.4 million (16%) to the projected 2024 PSEG Long Island Operating Budget of \$659.6 million (excluding Utility 2.0 proposals) provided by PSEG Long Island in 2022 and included in the Authority's 2023 Approved Operating Budget.

The \$136.4 million proposed increase consists of \$34.7 million (6%) for inflation, less a \$2.7 million (-0.4%) adjustment for productivity, and \$104.4 million (17%) for new spending requests.

A significant component of PSEG Long Island's proposed 2024 Operating Budget increase is a 360-position (14%) increase in full-time equivalent headcount from the 2,595 positions budgeted for 2023 to 2,955 positions for 2024. This would be an increase of 433 positions (17%) from the actual headcount of 2,522 positions as of June 2023, consisting of 355 new (33%) managerial, administrative, supervisory, and technical positions and 78 new (5%) union positions.

PSEG Long Island also submitted a proposed 2024 Capital Budget of \$835 million, which was \$13 million (1.6%) above the projected 2024 Capital Budget provided by PSEG Long Island in 2022 and included in the Authority's 2023 Approved Capital Budget.

The reformed OSA effective April 1, 2022 provides for PSEG Long Island to earn a variable compensation pool based on performance relative to up to 110 Performance Metrics set annually by the Authority (with a recommendation to the Authority's Board by the DPS). Performance Metrics are designed to be objectively verifiable and achievable levels of performance within budget. Higher budgets and lower Performance Metric targets increase the likelihood that PSEG Long Island will earn the variable compensation pool.

The OSA requires PSEG Long Island to file proposed Operating and Capital Budgets and for the Authority to propose Performance Metrics for the coming year according to an annual schedule. PSEG submitted its complete set of 2024 proposed Budgets to LIPA on July 31, 2023, and the Authority submitted its complete set of proposed 2024 Performance Metrics to PSEG Long Island and DPS on July 28, 2023.

The Authority is in active discussions with PSEG Long Island on 2024 proposed Budgets and Performance Metrics, which will result in an Authority proposal to the Authority's Board in November 2023, with the Board's consideration of the Budgets and Performance Metrics in December 2023.

Based on the information provided by PSEG Long Island to date, the Authority does not believe PSEG Long Island's proposed 2024 Operating Budget requests are substantiated or that the proposed headcount levels could be achieved if approved.

PLAN OF FINANCE

The proceeds of the Offered Bonds, along with other available funds of the Authority, will be used to (i) refund certain outstanding bonds of the Authority (the “Refunded Bonds”) and (ii) pay costs (estimated to be \$539,743.57) relating to the issuance of the Offered Bonds, including underwriter’s discount. Subject to market conditions, the Authority expects to refund the following Electric System General Revenue Bonds: \$41,240,000 aggregate principal amount of Series 2014C and \$86,000,000 aggregate principal amount of Series 2015C. See Appendix 5 — “LIST OF REFUNDED BONDS.”

Other 2023 Obligations

In 2023, the Authority has issued and directly placed (i) \$137,000,000 of its Electric System General Revenue Bonds, Series 2023A; (ii) \$149,700,000 of its Electric System General Revenue Bonds, Series 2023B; and (iii) \$63,000,000 of its Electric System General Revenue Bonds, Series 2023C, the proceeds of which were applied to refund certain outstanding bonds of the Authority. Additionally, on August 10, 2023, the Authority issued (i) \$400,000,000 of its Electric System General Revenue Bonds, Series 2023E (Green Bonds) and (ii) \$179,310,000 of its Electric System General Revenue Bonds, Series 2023F, the proceeds of which are being applied to fund certain system improvements and refund certain other outstanding bonds of the Authority.

UDSA received legislative authority in August 2021 to issue additional restructuring bonds secured by additional restructuring property in an aggregate amount not to exceed \$8.0 billion (inclusive of the approximately \$4.5 billion of previously issued restructuring bonds that were issued in six series pursuant to five separate restructuring financing orders). The Authority, in consultation with the Department of Public Service, adopted four restructuring cost financing orders at its May 18, 2022, board meeting. In September 2022, UDSA issued approximately \$935.7 million of restructuring bonds pursuant to Financing Order No. 6. UDSA currently has \$2.6 billion in remaining statutory capacity to issue restructuring bonds. The Authority currently expects that UDSA will issue approximately \$700 million of restructuring bonds pursuant to Financing Order No. 7, and potentially additional bonds for refunding purposes beyond what is described below, before the end of 2023 (the “2023 UDSA Bonds”).

The proceeds of the 2023 UDSA Bonds are expected to be used to (i) purchase, redeem, repay or defease certain outstanding indebtedness of UDSA and of the Authority and (ii) finance up to approximately \$141 million in system resiliency costs associated with the Authority’s T&D System. Certain of the outstanding UDSA restructuring bonds, which may be refunded by the 2023 UDSA Bonds, are not currently callable and may be refunded pursuant to a tender offer. The Authority is currently in the process of evaluating which outstanding restructuring bonds may be targeted for a tender offer. The issuance of any 2023 UDSA Bonds will be contingent upon market conditions over the next several months, and on investor response to any tender offer.

Any restructuring bonds are not obligations of the Authority, LIPA, PSEG Long Island or any of their affiliates and are not secured by the Trust Estate described herein. The UDSA bonds are secured by irrevocable, non-bypassable consumption-based restructuring charges which secure only those bonds. Restructuring charges are not subject to the lien of the Resolution or Subordinated Resolution.

UDSA is not obligated to pursue or complete any potential transaction relating to the 2023 UDSA Bonds and may discontinue or postpone such transaction at any time without notice. UDSA may modify its plans relating to such potential transaction as it deems appropriate, including making changes to the timing and size of such transaction.

DEBT SERVICE

The following table shows information regarding the Authority’s consolidated debt service requirements following the issuance of the Offered Bonds (based on the assumptions in the footnotes to said table). Amounts shown reflect the results of the refunding of the Refunded Bonds. In addition, the table also shows the debt service relating to the UDSA bonds (based on the assumption in footnote 7 to said table) which also does not reflect the potential refunding of UDSA bonds described above.

DEBT SERVICE⁽¹⁾

Twelve Months Ended 12/31	Offered Bonds⁽²⁾		Outstanding Senior Lien⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾		Total Senior Lien	UDSA Debt
	Principal	Interest	Principal	Interest	Debt Service	Service⁽⁷⁾
2023	-	\$1,176,515	\$15,260,000	\$79,461,800	\$95,898,315	\$224,621,268
2024	-	4,453,874	82,085,000	198,965,523	285,504,397	390,075,309
2025	-	4,429,269	367,941,074	223,873,739	596,244,082	391,764,059
2026	-	4,441,600	134,455,415	226,974,745	365,871,760	381,951,184
2027	-	4,441,600	154,128,903	222,021,918	380,592,421	361,309,559
2028	-	4,443,382	170,687,012	215,968,169	391,098,564	350,671,309
2029	-	4,460,859	185,898,502	209,033,083	399,392,444	355,095,328
2030	\$36,660,000	4,431,079	172,360,000	156,882,933	370,334,013	366,562,010
2031	38,175,000	3,191,186	182,035,000	149,191,815	372,593,001	361,812,510
2032	39,870,000	1,875,481	192,805,000	141,024,244	375,574,725	356,846,135
2033	13,295,000	233,767	251,795,000	132,647,900	397,971,666	297,093,010
2034	-	-	204,060,000	122,485,891	326,545,891	189,878,885
2035	-	-	191,200,000	112,583,399	303,783,399	213,921,510
2036	-	-	217,660,000	102,812,938	320,472,938	196,944,385
2037	-	-	225,945,000	93,234,138	319,179,138	196,959,195
2038	-	-	236,500,000	83,167,895	319,667,895	202,229,000
2039	-	-	185,010,000	73,082,435	258,092,435	263,596,000
2040	-	-	203,860,000	64,646,923	268,506,923	10,004,875
2041	-	-	266,495,000	57,607,043	324,102,043	10,002,000
2042	-	-	221,190,000	44,641,546	265,831,546	9,999,125
2043	-	-	167,465,000	37,096,565	204,561,565	10,005,500
2044	-	-	173,815,000	30,994,460	204,809,460	10,005,000
2045	-	-	133,440,000	24,614,603	158,054,603	10,002,000
2046	-	-	130,140,000	20,293,793	150,433,793	10,000,875
2047	-	-	119,270,000	16,179,420	135,449,420	10,000,375
2048	-	-	99,165,000	12,650,185	111,815,185	10,004,625
2049	-	-	101,935,000	10,168,938	112,103,938	10,002,500
2050	-	-	79,375,000	7,592,853	86,967,853	10,003,000
2051	-	-	56,195,000	5,337,275	61,532,275	-
2052	-	-	38,705,000	3,204,250	41,909,250	-
2053	-	-	25,380,000	1,269,000	26,649,000	-
Total	\$128,000,000	\$37,578,613	\$4,986,255,907	\$2,879,709,417	\$8,031,543,937	\$5,211,360,530

(1) As of August 10, 2023.

(2) Variable rate bonds are assumed to pay interest at the relevant index as of August 10, 2023 plus the respective applicable spread for certain floating rate notes, which are assumed at current levels through maturity. Expected net receipts or payments under interest rate and basis swaps are not reflected. In particular, not reflected in the table above are anticipated payments under an outstanding \$587,225,000 interest rate swap that terminates in 2029 for which the Authority pays 5.12% and receives 69.47% SOFR + 7.9529 bps. The obligation of the Authority to make payments under such swap constitutes Subordinated Indebtedness. The table above does not reflect anticipated payments under a \$251,510,000 interest rate swap that terminates in 2042 for which the Authority pays 1.8571% and receives 70% SOFR + 8.0136 bps.

(3) Accreted interest on capital appreciation bonds is shown in the year of maturity.

(4) Interest has not been reduced on the Series 2010B Bonds to reflect expected receipt of “build America bonds” interest rate cash subsidies equal to 35% of the interest payable; such cash subsidies constitute Revenues under the Resolution.

(5) Does not include the Authority's (a) outstanding senior lien General Revenue Notes, which as of August 10, 2023, the Authority had approximately \$550 million issued and outstanding under its \$1 billion program. Assuming interest at a rate of 4.0% per annum, maintaining this level of outstanding General Revenue Notes would result in approximately an additional \$22 million per year of debt service interest, and (b) outstanding Senior Credit Facility that allows for borrowing up to \$200 million; there are no draws outstanding as of August 10, 2023.

(6) Reflects refunding of the Refunded Bonds.

(7) Debt service assumes that the UDSA Bonds are paid in accordance with the applicable Scheduled Maturity Date rather than the applicable legal Final Maturity Date which is 2 years later for each Tranche of the UDSA Bonds. The UDSA Bonds are not obligations of the Authority, LIPA, PSEG Long Island or any of their affiliates and are not secured by the Trust Estate described herein. The UDSA Bonds are secured by irrevocable, non-bypassable consumption-based restructuring charges, which secure only the applicable UDSA bonds. Restructuring charges are not subject to the lien of the Resolution or Subordinated General Resolution.

DESCRIPTION OF THE OFFERED BONDS

General

The Offered Bonds will be dated the date of their initial delivery and will mature on May 1, 2033. The Offered Bonds will be issued as variable rate bonds and will initially bear interest at a rate determined on August 17, 2023, effective from and including August 18, 2023, through and including August 22, 2023, and thereafter will bear interest in the Weekly Mode. Interest on the Offered Bonds while in the Weekly Mode is payable on the first Business Day of each month commencing September 1, 2023 calculated on the basis of a 365/366 day year for the actual number of days elapsed. *The interest rate Mode applicable to the Offered Bonds may be converted to various other Modes, however, this Official Statement describes the Offered Bonds only while bearing interest in the Weekly Mode or Daily Mode.*

Securities Depository

Upon initial issuance, the Offered Bonds will be available only in book-entry form. The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for the Offered Bonds, and the ownership of one fully registered bond for each maturity of Offered Bonds in the principal amount of such maturity will be registered in the name of Cede & Co., as nominee for DTC, and deposited with DTC. See Appendix 3 to this Official Statement for a description of DTC and its book-entry-only system that will apply to the Offered Bonds.

As long as the book-entry system is used for the Offered Bonds, The Bank of New York Mellon, New York, New York (the “Trustee”) and the Authority will give any notice required to be given owners of Offered Bonds only to DTC. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS FOR THE DIRECT PARTICIPANT THROUGH WHOSE DTC ACCOUNT THEIR BENEFICIAL OWNERSHIP INTEREST IS RECORDED TO RECEIVE NOTICES THAT MAY BE CONVEYED TO DIRECT PARTICIPANTS AND INDIRECT PARTICIPANTS.

Denominations; Medium, Method and Place of Payment of Principal and Interest; and Dating

The Offered Bonds shall be issued in the form of fully registered bonds in Authorized Denominations. The Offered Bonds shall be issued in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. The principal of and premium, if any, and interest on the Offered Bonds shall be payable in lawful money of the United States of America. Accrued and unpaid interest on the Offered Bonds that are not Bank Bonds shall be due on the Interest Payment Dates and payable by wire transfer of immediately available funds to the account specified by the Owner in a written direction received by the Trustee on or prior to a Record Date or, if no such account number is furnished, by check mailed by the Trustee to the Owner at the address appearing on the books required to be kept by the Trustee pursuant to the Bond Resolution, except that in the case of an Owner of \$1,000,000 or more in aggregate principal amount of Offered Bonds, upon the written request of such Owner to the Trustee, received on or prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest when due shall be made by wire transfer of immediately available funds. Any such direction or request shall remain in effect until revoked or revised by such Owner by an instrument in writing delivered to the Trustee. The principal of and premium, if any, on the Offered Bonds shall be payable on its Principal Payment Date, upon surrender thereof at the office of the Trustee.

Interest

General. Interest on Offered Bonds shall be calculated on the basis of a 365/366 day year for the actual number of days elapsed to but not including the Interest Payment Date. Absent manifest error, the interest rates for Offered Bonds contained in the records of the Trustee shall be conclusive and binding upon the Authority, the Remarketing Agent, the Tender Agent, the Trustee, the Bank and the Owners.

No Offered Bonds other than a Bank Bond may bear interest at an interest rate higher than the Maximum Rate. All Bank Bonds shall bear interest at the applicable Bank Rate.

Daily Mode—Determination of Interest Rate. The interest rate for any Offered Bonds in the Daily Mode shall be the rate of interest per annum determined by the Remarketing Agent on or before 9:30 a.m. on the Rate Determination Date (which for Offered Bonds in the Daily Mode is each Business Day) as the minimum rate of interest that, in the opinion of the Remarketing Agent, would, under then-existing market conditions, result in the sale of the Offered Bonds in the Daily Mode on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. With respect to any day that is not a Business Day, the interest rate shall be the same rate as the interest rate established for the immediately preceding Business Day. The determination of each interest rate by the Remarketing Agent shall in the absence of manifest error, be conclusive and binding upon the Remarketing Agent, the Tender Agent, the Trustee, the Credit Facility Issuer, the Liquidity Facility Issuer, the Authority and the Owners.

Weekly Mode—Determination of Interest Rate. The interest rate for the Offered Bonds for the initial Interest Rate Period shall be the rate of interest per annum set forth in the Certificate of Determination. For any Interest Rate Period that is not an initial Interest Rate Period, the interest rate for the Offered Bonds during the Weekly Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest that, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the Offered Bonds in the Weekly Mode on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. The Rate Determination Date for Offered Bonds in the Weekly Mode will be each Tuesday or, if such Tuesday is not a Business Day, the Business Day next succeeding such Tuesday. The Weekly Rate will be effective from Wednesday to Tuesday. The determination of each interest rate by the Remarketing Agent shall be conclusive and binding, in the absence of manifest error, upon the Remarketing Agent, the Tender Agent, the Trustee, the Credit Facility Issuer, the Liquidity Facility Issuer, the Authority and the Owners.

Alternate Rate for Interest Calculation. In the event (i) the Remarketing Agent fails or is unable to determine the interest rate(s) or Interest Rate Periods with respect to the Offered Bonds, or (ii) the method of determining the interest rate(s) or Interest Rate Periods with respect to the Offered Bonds shall be held to be unenforceable by a court of law of competent jurisdiction, the Offered Bonds shall thereupon, (i) in the case of Offered Bonds in the Daily Mode, be automatically converted to a Weekly Mode, and (ii) in the case of Offered Bonds in the Weekly Mode, bear interest at the Alternate Rate for subsequent Interest Rate Periods until such time as the Remarketing Agent again makes such determination or until there is delivered to the Authority, the Remarketing Agent and the Trustee a Favorable Opinion of Bond Counsel.

Changes in Mode. Any Mode, other than a Fixed Rate Mode, may be changed to any other Mode at the times and in the manner provided in the Certificate of Determination. Subsequent to such change in Mode, the Offered Bonds may again be changed to a different Mode at the times and in the manner as provided in the Certificate of Determination. Any Offered Bonds converted to a Fixed Rate Mode shall not be changed to any other Mode. ***This Official Statement describes the Offered Bonds only while bearing interest in the Weekly Mode or Daily Mode.***

Notice of Intention to Change Mode. At least 15 days prior to the Mode Change Date, the Authority shall give written notice to the Notice Parties of its intention to effect a change in the Mode from the Mode then prevailing (the “Current Mode”) to the New Mode specified in such written notice, together with the proposed Mode Change Date.

General Provisions Applying to Changes from One Mode to Another.

1. The Mode Change Date must be a Business Day.
2. On or prior to the date the Authority provides the notice described under “Notice of Intention to Change Mode” to the Notice Parties, the Authority shall deliver to the Trustee (i) a letter from counsel acceptable to the Trustee and addressed to the Trustee (with a copy to all other Notice Parties) to the effect that it expects to be able to deliver a Favorable Opinion of Bond Counsel on the Mode Change Date and (ii), if applicable, a letter from a Liquidity Facility Issuer and Credit Facility Issuer indicating that the then current Liquidity Facility and/or Credit Facility provides coverage for such New Mode and their willingness, if necessary, to increase the amount of the Liquidity Facility and Credit Facility, respectively, to the Liquidity and Credit Amount, if any, to be applicable during the New Mode.

3. No change in Mode will become effective unless all conditions precedent thereto have been met and any required items shall have been delivered to the Trustee and the Remarketing Agent by 2:30 p.m., or such later time as is acceptable to the Authority, the Trustee and the Remarketing Agent, on the Mode Change Date:

4. If all conditions to the Mode Change are met, the Interest Rate Period(s) for the New Mode shall commence on the Mode Change Date and the Interest Rate(s) shall be determined by the Remarketing Agent or otherwise in the manner provided in the Certificate of Determination.

Partial Mode Changes and Subseries Designations.

1. Less than all of the Offered Bonds then subject to a particular Mode may be converted to another Mode; provided, however, that in such event such Offered Bonds shall be re-designated into one or more subseries for each separate Mode with a new CUSIP number for each subseries and further provided that preceding such an event written confirmation of the rating on such Offered Bonds is provided by the Rating Agency or Rating Agencies then rating the Offered Bonds.

2. If less than all of the Offered Bonds then subject to a particular Mode are converted to another Mode, the particular Offered Bonds or portions thereof which are to be converted to a new Mode shall be selected by the Trustee in its discretion subject to the provisions of the Certificate of Determination regarding Authorized Denominations of Offered Bonds subject to such new Mode.

Optional Redemption

Offered Bonds in the Daily Mode or Weekly Mode shall be subject to redemption at the option of the Authority, in whole or in part, on any Business Day, at the Redemption Price equal to the principal amount thereof, plus accrued interest to the Redemption Date.

Mandatory Sinking Fund Redemption

The Offered Bonds shall be subject to redemption in part on the dates and in the respective principal amounts set forth below at 100% of the principal amount thereof, plus accrued interest to the redemption date, from mandatory Sinking Fund Installments which are required to be made in amounts sufficient to redeem on the dates set forth below the principal amount of such respective Offered Bonds specified for each of the years shown in the following table:

Sinking Fund Installments	
Date	Principal Amount
December 1, 2030	\$36,660,000
December 1, 2031	38,175,000
December 1, 2032	39,870,000
May 1, 2033 [†]	13,295,000

[†] Final Maturity

In the event a principal amount of the Offered Bonds is deemed to be no longer Outstanding, except by scheduled sinking fund redemption as described above, such principal amount shall be applied to reduce the remaining Sinking Fund Installments for such Offered Bonds in such order and amounts as is determined by an Authorized Representative of the Authority in a written certificate delivered to the Trustee, which certificate shall be conclusive as to such matters.

Redemption of Bank Bonds

The Bank Bonds shall be subject to optional and mandatory redemption as required by the Reimbursement Agreement.

Redemption in Part; Bank Bonds To Be Redeemed First

In the event of redemption of less than all the Offered Bonds, then the particular Bonds or portions thereof to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine; provided, however, the Offered Bonds to be redeemed shall be in Authorized Denominations; and provided further that in the event of any partial redemption of Offered Bonds, the Trustee shall first select for redemption all then Outstanding Bank Bonds prior to selecting for redemption any Offered Bonds which are not Bank Bonds. The Trustee shall promptly give the Bank and the Remarketing Agent notice by telephone of the selection of any Bank Bonds for redemption as described in the foregoing. New Offered Bonds representing the unredeemed balance of the principal amount thereof shall be issued to the Owner thereof, without charge therefor.

Notice of Redemption

Notice of the redemption of each Offered Bond shall be mailed by the Trustee, or if the Trustee shall so direct, by the Tender Agent, not less than twenty (20) calendar days with respect to Offered Bonds in a Weekly Mode or a Daily Mode nor not more than forty five (45) days prior to the date fixed for the redemption thereof, by first class mail, postage prepaid, to the Owner of such Bond at his address as it appears on the registry books as of the forty-fifth (45th) day (whether or not a Business Day) next preceding the redemption date. The failure of the Owner of an Offered Bond to receive such notice by mail or any defect in such notice will not affect the sufficiency of the proceedings for the redemption thereof. The Trustee shall furnish the form of such notice to the Tender Agent.

Any notice of optional redemption may state that it is conditional upon receipt by the Trustee of moneys sufficient to pay the Redemption Price, plus interest accrued to the Redemption Date, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price and accrued interest if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected Owners of Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Optional Tenders of Offered Bonds in Daily Mode and Weekly Mode

Any Offered Bond (or portions thereof in Authorized Denominations) in the Daily Mode that are not Bank Bonds or Bonds owned by, or for the account of or on behalf of the Authority or an Affiliate thereof, or LIPA or an affiliate thereof are subject to purchase, on the demand of the Owner thereof, at a price equal to the Purchase Price on any Business Day (such purchase to be made on the Business Day upon which such demand is made), upon irrevocable telephonic notice to the Tender Agent and the Remarketing Agent (promptly confirmed in writing by such Owner, delivered to the Tender Agent and the Remarketing Agent by telecopier by 11:00 a.m., New York City time, at their respective Principal Offices) which states the number and principal amount of such Bond being tendered and the Purchase Date. Such tender notice, once transmitted to the Tender Agent, shall be irrevocable with respect to the tender for which such tender notice was delivered and such tender shall occur on the Business Day specified in such Tender Notice. The Tender Agent shall, as soon as practicable, notify the Trustee of the principal amount of Bonds of the Series being tendered. The contents of any such irrevocable telephonic tender notice shall be conclusive and binding on all parties.

The Owners of Offered Bonds in a Weekly Mode that are not Bank Bonds or Bonds owned by, or for the account of or on behalf of the Authority or an Affiliate thereof, or LIPA or an affiliate thereof may elect to have such Bonds (or portions thereof in Authorized Denominations) purchased at a price equal to the Purchase Price upon delivery of an irrevocable written notice of tender, or irrevocable telephonic notice of tender to the Tender Agent and Remarketing Agent, promptly confirmed in writing to the Tender Agent and the Remarketing Agent at their respective Principal Offices, not later than 4:00 p.m. on a Business Day not less than seven (7) days before the Purchase Date specified by the Owner. Such notice shall (i) state the number and the principal amount of such Bond being tendered and (ii) state that such Bond shall be purchased on the Purchase Date so specified by the Owner. The Tender Agent shall notify the Trustee by the close of business on the next succeeding Business Day of the receipt of any notice described in this paragraph.

Notwithstanding anything in the Certificate of Determination to the contrary, during any period that the Offered Bonds are registered in the name of DTC or a nominee thereof pursuant to the Resolution, (i) any notice of tender delivered pursuant to the Certificate of Determination shall also (A) provide evidence satisfactory to the Tender Agent and the Remarketing Agent that the party delivering the notice is the beneficial owner or a custodian for the beneficial owner of the Offered Bonds referred to in the notice, and (B) if the beneficial owner is other than a DTC Participant, identify the DTC Participant through whom the beneficial owner will direct transfer; (ii) on or before the Purchase Date, the beneficial owner must direct (or if the beneficial owner is not a DTC Participant, cause its DTC Participant to direct) the transfer of said Bond on the records of DTC; and (iii) it shall not be necessary for Offered Bonds to be physically delivered on the date specified for purchase thereof, but such purchase shall be made as if such Bonds had been so delivered, and the purchase price thereof shall be paid to DTC. In accepting a notice of tender of any Offered Bond pursuant to the Certificate of Determination, the Trustee and the Tender Agent may conclusively assume that the person providing the notice of tender is the beneficial owner of the Offered Bonds being tendered and therefore entitled to tender them. The Trustee and Tender Agent assume no liability to anyone in accepting a notice of tender from a person whom it reasonably believes to be such a beneficial owner of the Offered Bonds.

Mandatory Purchase on Any Mode Change Date

Except for Bank Bonds or Offered Bonds owned by or for the account of or on behalf of the Authority, LIPA or an affiliate of either the Authority or LIPA, the Offered Bonds to be changed to any Mode from any other Mode, other than a change between the Daily Mode and the Weekly Mode, are subject to mandatory tender for purchase on the Mode Change Date at the Purchase Price.

Mandatory Purchase Upon Expiration Date, Termination Date and Substitution Date

The Offered Bonds shall be subject to mandatory tender for purchase on:

- (i) the second Business Day preceding the Expiration Date of a Liquidity Facility or Credit Facility, which second Business Day is hereinafter referred to as an “Expiration Tender Date”;
- (ii) the fifth calendar day (or if such day is not a Business Day, the preceding Business Day) following receipt by the Trustee of a written notice from the issuer of a Direct-Pay Credit Facility that an event of default has occurred and the Direct-Pay Credit Facility shall terminate not later than fifteen (15) days after delivery of such notice, which fifth calendar day is referred to as a “Termination Tender Date”, if the Liquidity Facility permits a draw thereon on the Termination Tender Date;
- (iii) the fifth calendar day (or if such day is not a Business Day, the preceding Business Day) following the receipt by the Trustee of a written notice from the issuer of a Direct-Pay Credit Facility that such Direct-Pay Credit Facility will not be reinstated (in respect of interest) to an amount equal to the interest component of the Liquidity and Credit Amount required with respect to the Offered Bonds, which fifth calendar day is hereinafter referred to as a “Interest Non-Reinstatement Tender Date”; and
- (iv) the Substitution Date for a Credit Facility (other than a bond insurance policy securing Offered Bonds in a Term Mode or a Fixed Rate Mode) or a Liquidity Facility.

Notice of Mandatory Tender for Purchase

The Trustee will, at least fifteen (15) days prior to the Expiration Tender Date with respect to Offered Bonds, give notice of the mandatory tender of the Offered Bonds on such Expiration Tender Date if it has not theretofore received confirmation that the Expiration Date has been extended.

Upon receipt of a written notice from the Credit Facility Issuer or Liquidity Facility Issuer of the occurrence and continuance of an event that would constitute an Event of Default pursuant to the related Reimbursement Agreement that would require the Trustee to cause a mandatory tender and purchase, the Trustee shall within one (1) Business Day give notice of the mandatory tender of the Offered Bonds on such Termination Tender Date if it has not theretofore received from the Credit Facility Issuer or Liquidity Facility Issuer a notice stating that the event which

resulted in the Credit Facility Issuer's or Liquidity Facility Issuer's giving notice of the Termination Date has been cured and that the Credit Facility Issuer or Liquidity Facility Issuer has rescinded its election to terminate the Credit Facility or Liquidity Facility, respectively. Notwithstanding anything to the contrary in the Certificate of Determination, such notice shall be given by Electronic Means capable of creating a written notice. Any notice given substantially as described in the Certificate of Determination shall be conclusively presumed to have been duly given, whether or not actually received by each Owner.

Upon receipt of a written notice from the issuer of a Direct-Pay Credit Facility that such Direct-Pay Credit Facility will not be reinstated (in respect of interest) to an amount equal to the interest component of the Liquidity and Credit Amount required with respect to the Offered Bonds, the Trustee shall within one (1) Business Day give notice of the mandatory tender of the Offered Bonds on such Interest Non-Reinstatement Tender Date if it has not theretofore received from the issuer of the Direct-Pay Credit Facility a notice stating that the Direct-Pay Credit Facility has been reinstated to an amount equal to the interest component of the Liquidity and Credit Amount. Notwithstanding anything to the contrary in the Certificate of Determination, such notice shall be given by Electronic Means capable of creating a written notice. Any notice given substantially as described in the Certificate of Determination shall be conclusively presumed to have been duly given, whether or not actually received by each Owner.

The Trustee shall, at least fifteen (15) days prior to any Substitution Date with respect to a Liquidity Facility or Credit Facility relating to any Bonds, give notice of the mandatory tender of such Bonds on such Substitution Date.

The Trustee shall at least fifteen (15) days prior to any Mode Change Date, (i) other than a change between the Daily Mode and the Weekly Mode, give notice of the mandatory tender for purchase of such Bonds on such Mode Change Date, or (ii) with respect to a change between the Daily Mode and the Weekly Mode, give notice of the change in Mode to occur on such Mode Change Date, even though such change in Mode will not result in a mandatory tender.

Except as otherwise provided in the Certificate of Determination, notice of any mandatory tender of Offered Bonds shall state that such Bonds are to be purchased, shall be provided by the Trustee or caused to be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail to each Owner of Bonds of the Series at the respective addresses shown on the registry books. Each notice of mandatory tender for purchase shall identify the reason for the mandatory tender for purchase, and specify the Mandatory Purchase Date, the Purchase Price, the place and manner of payment, that the Owner has no right to retain such Bonds and that no further interest will accrue from and after the Mandatory Purchase Date to such Owner. In the event a mandatory tender of Offered Bonds shall occur at or prior to the same date on which an optional tender for purchase is scheduled to occur, the terms and conditions of the applicable mandatory tender for purchase shall control. Any notice mailed as provided in the Certificate of Determination shall be conclusively presumed to have been duly given, whether or not the Owner of any Bond receives the notice, and the failure of such Owner to receive any such notice shall not affect the validity of the action described in such notice.

Remarketing of Offered Bonds; Notices

Remarketing of Offered Bonds. The Remarketing Agent for the Offered Bonds shall offer for sale and use its best efforts to find purchasers for (i) all Offered Bonds or portions thereof as to which notice of tender pursuant to the Certificate of Determination has been given and (ii) all Bonds required to be tendered for purchase. No Offered Bonds shall be remarketed after a notice of mandatory tender has been provided pursuant to the Certificate of Determination and before the Mandatory Purchase Date. Any Offered Bonds purchased as described above under "Mandatory Purchase Upon Expiration Date, Termination Date and Substitution Date" shall not be remarketed unless the Credit Facility or Liquidity Facility with respect to which there has occurred an Expiration Date, Termination Date or Substitution Date has been extended, reinstated or replaced by an Alternate Credit Facility or Alternate Liquidity Facility, as applicable, which is in effect. No Offered Bonds shall be remarketed to the Authority or LIPA, or any affiliate of the Authority or LIPA, nor shall any Bank Bonds be remarketed unless (i) the Liquidity Facility has been or will be, immediately upon the receipt of such remarketing proceeds and any Differential Interest Amount, reinstated by the amount of the reduction that occurred when such Bonds became Bank Bonds or (ii) an Alternate Liquidity Facility shall be effective as of such remarketing.

Notice of Remarketing; Registration Instructions; New Bonds. The Remarketing Agent will notify the Tender Agent by Electronic Means not later than 12:00 noon on the Purchase Date or Mandatory Purchase Date of

the registration instructions (i.e., the names of the tendering Owners and the names, addresses and taxpayer identification numbers of the purchasers, the desired Authorized Denominations and any account number for payment of principal and interest furnished by a purchaser to the Remarketing Agent) with respect thereto. Unless otherwise permitted by the Securities Depository and the book-entry-only system applicable to the Offered Bonds, the Tender Agent shall authenticate and have available for delivery to the Remarketing Agent prior to 1:30 p.m. on the Purchase Date or Mandatory Tender Date new Offered Bonds for the respective purchasers thereof. The Remarketing Agent shall employ its best efforts to provide notice to the Liquidity Facility Issuer, by telex, telegram or facsimile, in the form prescribed by the Liquidity Facility, on the date preceding the Purchase Date or Mandatory Purchase Date, of the principal amount of Offered Bonds to be tendered for which it did not have commitments for purchase as of 4:00 p.m. on such date.

Transfer of Funds; Draw on Liquidity Facility. The Remarketing Agent will at or before 12:00 noon on the Purchase Date or Mandatory Purchase Date, as the case may be, (x) notify the Authority, the Liquidity Facility Issuer, if any, and the Tender Agent by Electronic Means of the amount of tendered Offered Bonds that were successfully and were not successfully remarketed, and (y) confirm to the Tender Agent the transfer of the Purchase Price of remarketed Bonds of the Series to the Tender Agent in immediately available funds at or before 12:20 p.m., such confirmation to include the pertinent Fed Wire reference number. To the extent the Liquidity Facility is in effect, the Tender Agent will request a draw on the Liquidity Facility, in accordance with the terms thereof, by 12:30 p.m. on the Purchase Date or Mandatory Purchase Date, as the case may be, in an amount equal to the Purchase Price of all Bonds of the Series tendered or deemed tendered less the aggregate amount of remarketing proceeds transferred to the Tender Agent by the Remarketing Agent pursuant to the Certificate of Determination and cause the proceeds of such draw to be transferred to the Tender Agent by no later than 3:00 p.m. To the extent a Liquidity Facility is in effect, the Tender Agent will confirm to the Authority and the Trustee by 3:00 p.m. (close of business in the case of Offered Bonds in the Daily Mode) on the Purchase Date or Mandatory Purchase Date, receipt of the proceeds of any draw on the Liquidity Facility.

Funds and Accounts

General. Under the Certificate of Determination there is established and maintained with the Tender Agent for the Offered Bonds a separate fund to be known as the “Purchase Fund.” The Tender Agent shall further establish a separate account within such Purchase Fund to be known as the “Liquidity Facility Purchase Account” and a separate account within such Purchase Fund to be known as the “Remarketing Proceeds Account.” To the extent that the Offered Bonds are re-designated into two or more subseries, the Tender Agent shall establish and maintain a separate Purchase Fund with separate accounts therein for the Offered Bonds of each such subseries.

Remarketing Proceeds Account. Upon receipt of the proceeds of a remarketing of Offered Bonds on a Purchase Date or Mandatory Purchase Date, the Tender Agent shall deposit such proceeds in the related Remarketing Proceeds Account for application to the payment of the Purchase Price of such Bonds. Notwithstanding the foregoing, upon receipt of the proceeds of a remarketing of Bank Bonds, the Tender Agent shall immediately pay such proceeds to or for the account of the related Liquidity Facility Issuer to the extent of any amount owing to the Liquidity Facility Issuer.

Liquidity Facility Purchase Account. Upon receipt by the Tender Agent of the proceeds of any draw on a Liquidity Facility supporting Offered Bonds that are transferred to such Tender Agent pursuant to the Certificate of Determination, the Tender Agent shall deposit such moneys in the related Liquidity Facility Purchase Account for application to the payment of the Purchase Price of Offered Bonds. Any amounts deposited in the Liquidity Facility Purchase Account for a Series of Bonds and not needed with respect to any Purchase Date or Mandatory Purchase Date for the payment of the Purchase Price for any Offered Bonds shall be returned immediately to the Liquidity Facility Issuer.

No Investment; Amounts Applied Solely to related Series. Amounts held by the Tender Agent in the Liquidity Facility Purchase Account and the Remarketing Proceeds Account relating to the Offered Bonds shall not be deemed as part of the Trust Estate and shall be held uninvested and separate and apart from all other funds and accounts. Amounts so held or available to be drawn under the Liquidity Facility for deposit in a Liquidity Facility Purchase Account shall not be available to pay the Purchase Price of Bonds of any Series or Mode other than Offered Bonds and Mode that are supported by such Liquidity Facility.

Payment of Purchase Price by Tender Agent. The Tender Agent shall pay the Purchase Price of Offered Bonds to their Owners from the moneys in the Liquidity Facility Purchase Account and the Remarketing Proceeds Account in accordance with the Certificate of Determination by 3:00 p.m. on any Purchase Date or Mandatory Purchase Date, as the case may be. If on any Purchase Date or Mandatory Purchase Date any balance remains in the Purchase Fund then to the extent of any amounts owed to the Liquidity Facility Issuer, such balance shall be paid to the Liquidity Facility Issuer.

The Letter of Credit

The Letter of Credit will be issued by the Bank pursuant to the Reimbursement Agreement. This summary does not purport to be a complete description or restatement of the material provisions of the Letter of Credit. The following summarizes certain provisions of the Letter of Credit, to which document reference is made for the complete provisions thereof. The Reimbursement Agreement is included herein by specific cross-reference and should be read in its entirety.

The Letter of Credit is an irrevocable obligation of the Bank. The Letter of Credit will be issued in an amount equal to the sum of the principal amount of the Offered Bonds at the date of issuance plus interest thereon at the rate of 12% per annum (the “*Cap Interest Rate*”) for a period of forty-six (46) days based on a year of 365 days. The Trustee, upon compliance with the terms of the Letter of Credit, is authorized to draw up to (a) an amount sufficient (i) to pay the principal of the Offered Bonds when due, whether at maturity, upon acceleration or upon redemption, and (ii) to pay the portion of the purchase price of the Offered Bonds delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed or for which the purchase price has not been received as required by the Certificate of Determination (a “*Liquidity Drawing*”) equal to the principal amount of the Offered Bonds, plus (b) an amount not to exceed 46 days’ of accrued interest on the Offered Bonds at the Cap Interest Rate (i) to pay interest on the Offered Bonds when due, and (ii) to pay the portion of the purchase price of the Offered Bonds delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed or for which the purchase price has not been received as required by the Certificate of Determination, equal to the interest accrued, if any, on such Offered Bonds. No drawing shall be made under the Letter of Credit for Bank Bonds (as defined in the Reimbursement Agreement), Offered Bonds owned by or held for the benefit of the Authority or any of its affiliates or the Offered Bonds bearing interest at a rate other than the Daily Rate or the Weekly Rate.

The amount available to be drawn under the Letter of Credit will be automatically reduced to the extent of any drawing thereunder, subject to reinstatement as described below. With respect to any drawing to pay interest on the Offered Bonds (an “*Interest Drawing*”), the amount available under the Letter of Credit will be automatically reinstated as of the opening of business at the office of the Bank at which drawings under the Letter of Credit are to be honored on the fifth (5th) Business Day following such drawing unless the Trustee has received notice from the Bank by telecopy or in writing on or before the close of business on the fourth (4th) Business Day (as defined in the Letter of Credit) following the date of such drawing that the Bank has not been reimbursed for such drawing or any other Event of Default under the Reimbursement Agreement has occurred and as a consequence thereof, the Letter of Credit will not be reinstated. With respect to a Liquidity Drawing, the Letter of Credit will automatically be reduced by an amount equal to the amount of said drawing. Prior to the Conversion Date (as defined below) upon a remarketing of any Offered Bonds (or portions thereof) previously purchased with the proceeds of such Liquidity Drawing, the Bank’s obligation to honor drawings under the Letter of Credit will be automatically reinstated upon receipt by the Bank of an amount equal to the principal amount of such Offered Bonds (or portion thereof) plus interest accrued on such Offered Bonds (or portion thereof) to the date of remarketing; the amount of such reinstatement shall be equal to the Original Purchase Price Bonds (or portions thereof). “*Original Purchase Price*” shall mean the principal amount of any Offered Bonds purchased with the proceeds of a Liquidity Drawing plus the amount of accrued interest on such Offered Bonds paid with the proceeds of a Liquidity Drawing (and not pursuant to an Interest Drawing) upon such purchase unless such interest component of the Liquidity Drawing shall have been previously repaid to the Bank.

The Letter of Credit will terminate on the earliest of the Bank’s close of business on (a) its stated expiration date (originally August 18, 2028 unless renewed or extended); (b) the earlier of (i) the date which is one (1) Business Day following the date on which all of the Offered Bonds are converted to bear interest at a rate other than the Daily Rate or the Weekly Rate as specified in a certificate delivered in the form set forth in the Letter of Credit (the “*Conversion Date*”) or (ii) the date on which the Bank honors a Liquidity Drawing under the Letter of Credit on or

after the Conversion Date; (c) the date which is one (1) Business Day following receipt by the Bank from the Trustee of a certificate in the form set forth in the Letter of Credit specifying that (i) no Offered Bonds remain outstanding, (ii) all drawings required to be made under the Certificate of Determination and available under the Letter of Credit have been made and honored, or (iii) a substitute credit or liquidity facility has been issued and delivered to replace the Letter of Credit pursuant to the Certificate of Determination and (d) the date which is fifteen (15) days following the date the Trustee receives a written notice from the Bank specifying the occurrence of an “Event of Default” under the Reimbursement Agreement and stating that the Letter of Credit shall terminate fifteen (15) days following the Trustee’s receipt of such notice and directing the Trustee to cause a mandatory tender of the Offered Bonds.

The Reimbursement Agreement

The Reimbursement Agreement is included herein by specific cross-reference and should be read in its entirety.

Direct-Pay Credit Facility Drawing Account

Because the Letter of Credit is a Direct-Pay Credit Facility with respect to the Offered Bonds, the following provisions shall apply with respect to the Offered Bonds:

The Certificate of Determination creates and establishes separate accounts for the Offered Bonds, to be held by the Trustee for the benefit of the Holders of the Offered Bonds, a Direct-Pay Credit Facility Drawing Account and a Payment and Reimbursement Account. The Direct-Pay Credit Facility Drawing Account and the Payment and Reimbursement Account shall be established outside of the Debt Service Fund and shall be held by the Trustee.

The Authority shall transfer amounts that are sufficient to make payments of principal and Redemption Price of and interest on the Offered Bonds as and when the same shall become due and payable for deposit in the Debt Service Fund in accordance with the Resolution, and the Trustee shall on or prior to the related date on which principal is payable or the related Interest Payment Date transfer such payments from the Debt Service Fund to the related Payment and Reimbursement Account, regardless of whether (x) a draw is made under such Direct-Pay Credit Facility and (y) the issuer of such Direct-Pay Credit Facility honors a draw thereunder.

The Trustee shall take all action necessary to draw or make a claim on the related Direct-Pay Credit Facility in accordance with the provisions of such Direct-Pay Credit Facility, in such amounts, at such times, and in such manner as shall be necessary to pay the principal and Redemption Price (including, to the extent amounts are available therefor under the Direct-Pay Credit Facility, from Sinking Fund Installments) of and interest on all Offered Bonds payable therefrom as and when the same shall become due and payable (including, without limitation, due to an acceleration of principal and interest on all Series of Bonds payable therefrom). The Trustee shall promptly deposit into the related Direct-Pay Credit Facility Drawing Account all moneys so drawn by the Trustee under the related Direct-Pay Credit Facility, which shall not be commingled with any other moneys held by the Trustee and which shall be applied to the payment of such principal, Redemption Price and interest. If such a draw is required, the provision of indemnification under the Resolution shall not be a condition precedent to such draw or any payment therefrom.

The Trustee shall make payments of principal or Redemption Price of and interest on the Offered Bonds to their Owners in the manner provided for in the Resolution from the moneys deposited in the related Direct-Pay Credit Facility Drawing Account pursuant to the Certificate of Determination. If sufficient funds are not available in the related Direct-Pay Credit Facility Drawing Account, the Trustee shall apply other moneys, if any, available in the related Payment and Reimbursement Account, to the extent necessary to make such payment. If the principal or Redemption Price of and interest on the Offered Bonds has been paid in full when due and all payments required to be made under the Direct-Pay Credit Facility have been made, the Trustee shall apply remaining moneys, if any, available in the Payment and Reimbursement Account in an amount not to exceed the amount of the draw or borrowing under the Direct-Pay Credit Facility to reimburse the issuer of the Direct-Pay Credit Facility for such draw or borrowing after such draw or borrowing has been honored by the issuer of the Direct-Pay Credit Facility.

Amounts held in the Direct-Pay Credit Facility Drawing Account shall not be deemed to be as part of the Trust Estate and shall be held uninvested and separate and apart from all other funds and accounts solely for the benefit of the Holders of the Offered Bonds.

PROPOSED AMENDMENTS TO THE RESOLUTION

Background

The Authority became the provider of electric service in the service area on May 28, 1998 by acquiring the Long Island Lighting Company (“LILCO”), which became a wholly-owned subsidiary and has since done business as LIPA. Prior to its acquisition by the Authority, LILCO was an investor-owned utility. To effectuate the acquisition, the Authority adopted the Bond Resolution and purchased all of the outstanding common stock of LILCO with the proceeds of the initial issuance of bonds under the Bond Resolution. That acquisition was the subject of an Internal Revenue Service letter ruling which confirmed that the acquisition would not result in a federal tax liability to the Authority. In 2020, the Authority’s staff proposed to simplify the Authority’s operations by consolidating the Authority and its subsidiary, and successfully sought a letter ruling from the Internal Revenue Service to confirm that there would be no federal tax liability to the Authority or LIPA as a result of the merger of LIPA into the Authority. The timing of the merger is not certain but is expected to be this year or next. In addition, in light of the proposed consolidation, the staff proposed amending and restating the Bond Resolution (as so amended and restated, the “Amended and Restated Bond Resolution”), which Amended and Restated Bond Resolution was approved and adopted by the Authority’s Board on July 22, 2020 and is attached hereto as Appendix 4. There are conditions to the effectiveness of such amendments as described below. See “INTRODUCTION TO THE AUTHORITY AND LIPA” in the ADR for additional information about the current relationship between the Authority and LIPA.

The Amended and Restated Bond Resolution

The Consolidation Amendments

In connection with effectuating the potential consolidation, the Amended and Restated Bond Resolution contains amendments that, among other things: (i) reflect the consolidation of LIPA with the Authority and the termination of agreements between the Authority and LIPA in connection with such consolidation; and (ii) modify other provisions which would no longer be necessary upon the consolidation of LIPA into the Authority and the assumption of all liabilities of LIPA by the Authority (collectively, the “Consolidation Amendments”).

The Additional Amendments

In addition to the Consolidation Amendments, the Authority’s staff proposed other amendments unrelated to the proposed consolidation including to update the Bond Resolution by (i) amending the definition of Operating Expenses and related flow of funds provisions to permit Payments in Lieu of Taxes to be paid as Operating Expenses on the same basis as taxes, (ii) including an enhanced debt service coverage ratio in the Authority’s rate covenant (from 100% to 110% of Debt Service, and amounts under all Parity Contract Obligations, payable by the Authority in the applicable fiscal year), and (iii) including a debt service coverage ratio as a condition to issuance of Bonds (collectively, the “Additional Amendments” and together with the Consolidation Amendments, the “Proposed Amendments”).

Effectiveness

The Proposed Amendments’ effectiveness is subject to the consent or deemed consent of the holders of a majority in principal amount of all Outstanding Bonds. The original purchasers and holders of the Offered Bonds, by their purchase and acceptance thereof, thereby (i) consent, and shall be deemed to have consented, to both the Consolidation Amendments and the Additional Amendments and (ii) waive, and shall be deemed to have waived, any and all other formal notices, implementation or timing requirements that may otherwise be required under the Resolution. The Underwriter has not been requested to consent, and will not be consenting, to the amendment on behalf of any other holder of Offered Bonds.

Following the issuance of the Offered Bonds, and the redemption of the Refunded Bonds, the holders of approximately 46.38% of the Outstanding Bonds will have consented to the Proposed Amendments set forth in the Amended and Restated Resolution. However, such Proposed Amendments may become effective at a later date as a result of consents or deemed consents of holders of additional Bonds, consents solicited from other Bondholders, or the retirement or defeasance of Bonds which may reduce the principal amount of Bonds Outstanding for purposes of computing the percentage of Bondholders consenting to the proposed amendment.

Any consent to any such Proposed Amendment may be revoked, as to any Bond, by the then current holder thereof through written notice filed with the Authority and the Trustee prior to the effectiveness of the amendment. Under the Resolution, the Authority and the Trustee may deem and treat the person in whose name any Bond is registered at the time on the books of registry as the absolute owner of such Bond for all purposes whatsoever, and neither the Authority nor the Trustee will be affected by any notice to the contrary.

Any Beneficial Owner of Offered Bonds desiring to revoke a consent given with respect to the Proposed Amendments must make arrangements with the Direct Participant or Indirect Participant of DTC through which such Beneficial Owner's ownership interest in the Offered Bonds is recorded (see Appendix 3 — "BOOK-ENTRY ONLY SYSTEM") in order for such revocation to be made by the Direct Participant in whose account such ownership interest is recorded. NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY OBLIGATION TO BENEFICIAL OWNERS, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WITH RESPECT TO ANY PROCEDURES OR ARRANGEMENTS AMONG THEM OR WITH DTC RELATING TO THE REVOCATION OF ANY SUCH CONSENT, THE ADHERENCE TO ANY DTC PROCEDURES OR ARRANGEMENTS OR THE EFFECTIVENESS OF ANY ACTION TAKEN PURSUANT TO SUCH PROCEDURES OR ARRANGEMENTS.

The Amended and Restated Resolution will be effective upon the filing with the Trustee of consents (which have not been revoked), executed by Holders (or, to the extent provided by the Supplemental Resolution authorizing any series of Bonds, bond insurers or others deemed to be Holders or the underwriters of any series of Bonds), or upon the deemed consent of the Holders, of not less than a majority in principal amount of the Bonds then-Outstanding. The Amended and Restated Resolution provides that following its effectiveness, the Authority will mail notice of such amendment to the Holders of the Bonds as provided in the Bond Resolution. The Bond Resolution provides that, upon the filing of certain proofs with the Trustee as to such consent and the giving of required notice to the Holders of Bonds, the Amended and Restated Resolution and the Amendments set forth therein shall be deemed conclusively binding upon the Authority, the Trustee and the Holders of all Bonds.

Partial Effectiveness

The Authority's Board also authorized staff to file an amended and restated Bond Resolution reflecting only the Proposed Amendments as are consented to, in the event that all Proposed Amendments do not receive the consent of a majority of the holders of Bonds outstanding, or an amended and restated Bond Resolution reflecting only the Additional Amendments, in the event that the consolidation is not accomplished. Certain of the Proposed Amendments may not require the consent of the Holders of Bonds. Notwithstanding inclusion in the Amended and Restated Bond Resolution, the Authority reserves the right to implement any such Proposed Amendments which do not require the consent of the Holders of Bonds in accordance with the terms of the existing Bond Resolution.

REMARKETING AGENT

The Remarketing Agent is Paid by the Authority.

The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing the Offered Bonds that are optionally or mandatorily tendered by the Registered Owners thereof (subject, in each case, to the terms of the Resolution and the Remarketing Agreement), all as further described in this Official Statement. The Remarketing Agent is appointed by the Authority and is paid by the Authority for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of the Offered Bonds.

The Remarketing Agent Routinely Purchases Bonds for its Own Account.

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in their sole discretion, routinely purchase such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Offered Bonds for its own account and, in its sole discretion, may routinely acquire such tendered Offered Bonds in order to achieve a successful remarketing of the Offered Bonds (i.e., because there otherwise are not enough buyers to purchase the Offered Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Offered Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Offered Bonds by routinely purchasing and selling Offered Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Offered Bonds. The Remarketing Agent may also sell the Offered Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Offered Bonds. The purchase of Offered Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Offered Bonds in the market than is actually the case. The practices described above also may result in fewer Offered Bonds being tendered in a remarketing.

Offered Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date.

Pursuant to the Certificate of Determination and the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Offered Bonds bearing interest at the applicable interest rate at par plus accrued interest, if any, on and as of the applicable Rate Determination Date. The interest rate will reflect, among other factors, the level of market demand for the Offered Bonds (including whether such Remarketing Agent is willing to purchase Offered Bonds for its own account). There may or may not be Offered Bonds tendered and remarketed on a Rate Determination Date, the Remarketing Agent may or may not be able to remarket the Offered Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Offered Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Offered Bonds at the remarketing price. In the event the Remarketing Agent owns the Offered Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer the Offered Bonds on any date, including the interest rate determination date, at a discount to par to some investors.

The Ability to Sell the Offered Bonds Other Than Through the Tender Process May Be Limited.

The Remarketing Agent may buy and sell Offered Bonds other than through the tender process. However, they are not obligated to do so and may cease doing so at any time without notice and may require holders of Offered Bonds that wish to tender their Offered Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Offered Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Offered Bonds other than by tendering the Offered Bonds in accordance with the tender process provided for in the Indenture.

Under certain circumstances, the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Offered Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Offered Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Offered Bonds. Pursuant to the Resolution and the Tax Certificate (the “Tax Document”) executed in connection with the Offered Bonds, the Issuer has covenanted to comply with the applicable requirements of the Code in order to

maintain the exclusion of the interest on the Offered Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Issuer has made certain representations and certifications in the Resolution and the Tax Document.

In the opinion of Nixon Peabody LLP, Bond Counsel to the Authority (“Bond Counsel”), under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Issuer described above, interest on the Offered Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. For taxable years beginning after December 31, 2022, interest on the Offered Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the “adjusted financial statement income” of such corporations.

State Taxes

Bond Counsel is also of the opinion that interest on the Offered Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including New York City, and the Offered Bonds are exempt from all taxation directly imposed thereon by or under the authority of the State of New York, except estate or gift taxes and taxes on transfers. Bond Counsel expresses no opinion as to other state or local tax consequences arising with respect to the Offered Bonds nor as to the taxability of the Offered Bonds or the income therefrom under the laws of any state other than the State of New York.

Ancillary Tax Matters

Ownership of the Offered Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Offered Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Offered Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Offered Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as Appendix 1. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Offered Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Offered Bonds for federal or state income tax purposes, and thus on the value or marketability of the Offered Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Offered Bonds from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Offered Bonds may occur. Prospective purchasers of the Offered Bonds should consult their own tax advisors regarding the impact of any change in law on the Offered Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Offered Bonds may affect the tax status of interest on the Offered Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Offered Bonds, or the interest thereon, if any action is taken with respect to the Offered Bonds or the proceeds thereof upon the advice or approval of other counsel.

UNDERWRITING

Barclays Capital Inc. (the “Underwriter”) has agreed to purchase the Offered Bonds from the Authority at an underwriter’s discount of \$197,743.57, inclusive of expenses.

The following paragraphs were provided by the Underwriter of the Offered Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates have provided, and may in the future provide, a variety of these services to the Authority and to persons and entities with relationships with the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC is the Authority’s municipal advisor including for the Offered Bonds. The municipal advisor has provided the Authority advice on the plan of financing and reviewed the pricing of the Offered Bonds. The municipal advisor has not independently verified the information contained in this Official Statement and does not assume responsibility for the accuracy, completeness or fairness of such information.

CONTINUING DISCLOSURE UNDERTAKING

The Offered Bonds will be subject to the continuing secondary market disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”) and will be made subject to the Continuing Disclosure Certificate, a form of which is attached hereto as Appendix 2 to this Official Statement. Pursuant to the Continuing Disclosure Certificate, the Authority will provide for the benefit of the holders of the Offered Bonds certain financial information and operating data relating to the Authority by the dates specified in the Continuing Disclosure Certificate (the “Annual Report”), and provide notices of the occurrence of certain enumerated events with respect to the Offered Bonds. The Annual Report will be filed by or on behalf of the Authority with EMMA. The notices of such events would be filed by or on behalf of the Authority with EMMA and with the Trustee. The specific nature of the information to be contained in the Annual Report and the notices of events is set forth in the Form of Continuing Disclosure Certificate which is included in its entirety in Appendix 2. The Offered Bonds being made subject to the Continuing Disclosure Certificate is a condition precedent to the obligation of the Underwriter to purchase the Offered Bonds. The Authority’s undertakings in the Continuing Disclosure Certificate are being made in order to assist the Underwriter in complying with the Rule.

CREDIT RATINGS

The Offered Bonds have been assigned long-term/short-term ratings of “AA/F1” by Fitch, Inc. (“Fitch”), “Aa2/VMIG 1” by Moody’s Investors Service (“Moody’s”) and “AA+/A-1” by S&P Global Ratings (“S&P”) based on upon a joint analysis of the Authority and the Bank and its Letter of Credit.

The respective ratings by Fitch, Moody’s and S&P of the Offered Bonds reflect only the views of such organizations and any desired explanation of the significance of such ratings and any outlooks or other statements given by the rating agencies with respect thereto should be obtained from the rating agency furnishing the same, at the following addresses: Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004; Moody’s Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; and S&P Global Ratings, 55 Water Street, New York, New York 10041. Certain information and materials not included in this Official Statement were furnished to the rating agencies. Generally, a rating agency bases its rating and outlook (if any) on the information and materials furnished to it and on investigations, studies and assumptions of its own. A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance that such ratings for the Offered Bonds will continue for any given period of time or that any of such ratings will not be revised downward or withdrawn entirely by any of the rating agencies, if, in the judgment of such rating agency or agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Offered Bonds. The Authority has not undertaken any responsibility after issuance of the Offered Bonds to assure the maintenance of the ratings applicable thereto or to oppose any revision or withdrawal of such ratings.

AGREEMENT OF NEW YORK STATE

In the Act, the State pledges to and agrees with the holders of any obligations issued under the Act and the parties to any contracts with the Authority that the State will not limit or alter the rights vested in the Authority until such obligations together with the interest thereon are fully met and discharged and/or such contracts are fully performed on the part of the Authority, provided that nothing therein contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such obligations of the Authority, or those entering into such contracts with the Authority. The Authority, as agent for the State, is authorized to include such pledge and agreement by the State in all agreements with the holders of such obligations and in all such contracts. The Authority has included such pledge in the Resolution.

LEGALITY FOR INVESTMENT

The Act provides that the Offered Bonds will be legal investments for public officers and bodies of the State and all municipalities, insurance companies and associations and other persons carrying on an insurance business, banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies, and other persons carrying on a banking business, all trusts, estates and guardianships, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State, or may properly and legally invest funds, including capital in their control or belonging to them. Under the Act, the Offered Bonds are also securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

APPROVAL OF LEGAL PROCEEDINGS

Nixon Peabody LLP, New York, New York, Bond Counsel to the Authority, will render its opinions with respect to the validity of the Offered Bonds in substantially the form set forth in Appendix 1. Certain legal matters with respect to the Authority and LIPA will be passed upon by Bobbi O’Connor, Esquire, General Counsel to the Authority and LIPA, and by Orrick, Herrington & Sutcliffe LLP, New York, New York, Disclosure Counsel to the Authority and LIPA. Certain legal matters will be passed upon for the Underwriter by Norton Rose Fulbright US LLP, New York, New York, Counsel to the Underwriter. Certain legal matters will be passed upon for the Bank by McDermott Will & Emery LLP, New York, New York.

LITIGATION

There is no litigation pending or threatened in any court (either State or federal) to restrain or enjoin the issuance of the Offered Bonds or questioning the creation, organization or existence of the Authority, the title to office of the Trustees or officers of the Authority, the validity or enforceability of the Resolution, Financing Agreement, the pledge of the Trust Estate, the proceedings for the authorization, execution, authentication and offering of the Offered Bonds or the validity of the Offered Bonds.

MISCELLANEOUS

This Official Statement (which includes the ADR) includes, among other things, descriptions of (i) the Authority, LIPA, the System and NMP2 and (ii) the terms of the Offered Bonds, certain operating agreements, the Resolution, the Continuing Disclosure Certificate and certain provisions of the Act, some of which are included herein by specific-cross reference. Such descriptions are not complete and all such descriptions and references thereto are qualified by reference to each such document, copies of which may be obtained from the Authority.

The agreements with the holders of the Offered Bonds are fully set forth in the Bond Resolution, as supplemented by the Supplemental Resolution, which authorizes their issuance. This Official Statement is not to be construed as a contract with the purchasers of the Offered Bonds or of any other obligations of the Authority.

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This Official Statement has been executed on behalf of the Authority by its Chief Executive Officer pursuant to the authority of the Trustees.

LONG ISLAND POWER AUTHORITY

By: /s/ Thomas Falcone
Chief Executive Officer

Appendix 1

Form of Opinion of Nixon Peabody LLP Bond Counsel to the Authority

August __, 2023

Long Island Power Authority
333 Earle Ovington Blvd.
Uniondale, NY 11553

Ladies and Gentlemen:

We have examined a certified record of proceedings relating to the issuance of \$128,000,000 Electric System General Revenue Bonds, Series 2023D (the “Series 2023D Bonds”) of the Long Island Power Authority (the “Authority”), a corporate municipal instrumentality of the State of New York (the “State”) constituting a body corporate and politic and a political subdivision of the State.

The Series 2023D Bonds are issued under and pursuant to the Constitution and statutes of the State, including the Long Island Power Authority Act, being Title 1-A of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended (herein called the “Act”), and under and pursuant to proceedings of the Authority duly taken, including a resolution adopted by the Trustees of the Authority on May 13, 1998 entitled “Electric System General Revenue Bond Resolution” (the “General Resolution”), as heretofore amended and as supplemented including by the Twenty-Ninth Supplemental Electric System General Revenue Bond Resolution of the Authority adopted on December 18, 2019, as amended on May 20, 2020 (the “Supplemental Resolution”) and the Certificate of Determination relating to the Series 2023D Bonds (the “Certificate of Determination” and together with the General Resolution and the Supplemental Resolution, the “Resolution”).

The Authority has heretofore issued bonds (the “Outstanding Bonds”) and incurred Parity Obligations (as defined in the Resolution) under the Resolution. The Resolution provides that the Authority may issue additional Bonds (as defined in the Resolution), and incur additional Parity Obligations, thereunder from time to time on the terms and conditions and for the purposes stated therein. The Outstanding Bonds, the Series 2023D Bonds, the outstanding Parity Obligations and such additional Bonds, if issued, and such additional Parity Obligations, if incurred, will be equally and ratably secured under the Resolution, except as otherwise provided therein.

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2023D Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2023D Bonds to be included in gross income for Federal income tax purposes retroactive to the date of issue of the Series 2023D Bonds. Pursuant to the Resolution and the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the “Tax Certificate”), the Authority and the Subsidiary (defined below) have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2023D Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Authority and the Subsidiary have made certain representations and certifications in the Resolutions and the Tax Certificate. We will not independently verify the accuracy of those representations and certifications.

Based upon and subject to the foregoing, and in reliance thereon, and subject to the limitations set forth below, we are of the opinion that:

1. The Authority is duly created and validly existing under the laws of the State, including the Constitution of the State and the Act. Under the laws of the State, including the Constitution of the State, and under the Constitution of the United States, the Act is valid with respect to all provisions thereof material to the subject matters of this opinion letter.

2. 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 the Act directs the Authority to seek the review and recommendation of the New York State Public Service Commission as to certain rate 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. Notwithstanding the direction to seek such review and recommendation, the Act permits the Authority to place rates and charges into effect on an interim basis subject to possible prospective rate adjustment. The Authority has received all approvals of any governmental agency, board or commission necessary for the adoption of the Resolution.

3. The Resolution has been duly and lawfully adopted by the Authority, is in full force and effect, is valid and binding upon the Authority, and is enforceable in accordance with its terms. The Resolution creates the valid pledge which it purports to create of the Trust Estate (as defined in the Resolution), subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

4. The Series 2023D Bonds have been duly and validly authorized and issued in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolution, and are valid and binding special obligations of the Authority, enforceable in accordance with their terms and the terms of the Resolution, payable solely from the Trust Estate as provided in the Resolution. The Authority has no taxing power, the Series 2023D Bonds are not debts of the State or of any municipality thereof, and the Series 2023D Bonds will not constitute a pledge of the credit, revenues or taxing power of the State or of any municipality thereof. The Authority reserves the right to issue additional Bonds and to incur additional Parity Obligations on the terms and conditions, and for the purposes, provided in the Resolution, on a parity of security and payment with the Series 2023D Bonds and the Outstanding Bonds and outstanding Parity Obligations.

5. Any registration with, consent of, or authorization or approval by, any governmental agency, board, or commission that is necessary for the execution and delivery and the issuance of the Series 2023D Bonds has been obtained.

6. The adoption of the Resolution, compliance with all of the terms and conditions of the Resolution and the Series 2023D Bonds, and the execution and delivery of the Series 2023D Bonds, will not result in a violation of or be in conflict with any term or provision of any existing law, or of any approval by any governmental agency, board or commission necessary for the adoption of, or performance of the Authority's obligations under, the Resolution.

7. The Financing Agreement, dated as of May 1, 1998, between the Authority and Long Island Lighting Company d/b/a LIPA (as successor by merger to LIPA Acquisition Corp.) (the "Subsidiary") has been duly authorized, executed and delivered by the Authority and the Subsidiary and is a valid and binding obligation of the parties thereto, enforceable in accordance with its terms.

8. Under existing law, assuming compliance with the tax covenants described herein, and the accuracy of the aforementioned representations and certifications, interest on the Series 2023D Bonds (including any original issue discount properly allocable thereto) is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

9. Under existing statutes, interest on the Series 2023D Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York, and the Series 2023D Bonds are exempt from all taxation directly imposed thereon by or under the authority of the State, except estate or gift taxes and taxes on transfers.

The opinions contained in paragraphs 2, 3, 4 and 7 above are qualified only to the extent that the enforceability of the Resolutions, the Financing Agreement and the Series 2023D Bonds may be limited by applicable

bankruptcy, insolvency, moratorium, reorganization or other laws heretofore or hereafter enacted and judicial decisions relating to or affecting the enforcement of creditors' rights or remedies or contractual obligations generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Except as stated in paragraphs 8 and 9 above, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of, or the accrual or receipt of interest on, the Series 2023D Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2023D Bonds, or the interest thereon, if any action is taken with respect to the Series 2023D Bonds or the proceeds thereof upon the advice or approval of any other counsel.

We have not undertaken to determine, or to inform any person, whether any actions taken, or not taken, or events occurring, or not occurring, after the date of issuance of the Series 2023D Bonds may affect the tax status of interest on the Series 2023D Bonds. Further, although interest on the Series 2023D Bonds is not included in gross income for purposes of federal income taxation, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Series 2023D Bond depending upon the tax status of such holder and such holder's other items of income and deduction.

In rendering the foregoing opinions we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the Series 2023D Bonds. In rendering the foregoing opinions we have not been requested to examine any document or financial or other information concerning the Authority or the State other than the record of proceedings referred to above, and we express no opinion as to the adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2023D Bonds.

This opinion is rendered solely with regard to the matters expressly opined on above and no other opinions are intended nor should they be inferred. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

We have examined an executed Series 2023D Bond and, in our opinion, the forms of said Series 2023D Bonds and their execution are regular and proper.

Very truly yours,

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Appendix 2

Form of Continuing Disclosure Certificate

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Long Island Power Authority (the “Authority”) in connection with the issuance of its Electric System General Revenue Bonds, Series 2023D (the “Bonds”). The Bonds are being issued pursuant to the Electric System General Revenue Bond Resolution adopted by the Authority on May 13, 1998 as amended and supplemented (the “Resolution”). The Authority covenants and agrees as follows:

SECTION 1. *Purpose of the Disclosure Certificate.* This Disclosure Certificate is being executed and delivered by the Authority for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. *Definitions.* In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent,” if any, shall mean the person or firm, or any successor Dissemination Agent designated in writing by the Authority pursuant to Section 7 of this Disclosure Certificate and which has filed with the Authority and the Trustee a written acceptance of such designation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Authority’s final Official Statement relating to the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of New York.

“Trustee” shall mean The Bank of New York Mellon, New York, New York and its successors and assigns.

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Official Statement.

SECTION 3. *Provision of Annual Reports.* For so long as shall be required by the Rule:

(a) The Authority shall, or shall cause the Dissemination Agent to, not later than 6 months after the end of the Authority’s fiscal year (presently December 31), commencing with the report for the 2023 Fiscal Year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Trustee. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial

statements of the Authority may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Authority's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) Business Days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if other than the Authority). If the Authority is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Authority shall send a notice to the MSRB.

(c) If a Dissemination Agent is appointed by the Authority, the Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the MSRB; and

(ii) file a report with the Authority certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

(d) All documents provided to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 4. *Content of Annual Reports.* The Authority's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the Authority and its subsidiaries for the prior fiscal year, prepared in accordance with U.S. generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Operating results for the prior fiscal year of the type set forth in the Financial Statements of the Authority included by specific cross-reference in the Official Statement.

3. Capital expenditures for the prior fiscal year of the type set forth in the Official Statement under the heading "The System—Capital Improvements" in the Authority's Annual Disclosure Report for the Fiscal Year 2022 (which includes the Authority's Basic Financial Statements and Required Supplementary Information as of and for the years ended December 31, 2022 and 2021 (With Independent Auditors' Report Thereon)) (the "ADR").

4. Service area loads for the prior fiscal year of the type set forth in the Official Statement under the heading "The System—Loads" in the ADR.

5. A discussion of the Authority's own rates and charges (but not regional comparisons) for the prior fiscal year of the type set forth in the Official Statement under the heading "Rates and Charges" in the ADR.

6. Billings and collections for the prior fiscal year of the type set forth in the ADR under the heading "Billing and Collections."

7. A discussion of operating results, cash flows, uses of cash and capital expenditures of the type set forth in the audited Financial Statements for the years ended December 31, 2022 and 2021 included by specific cross-reference in the Official Statement.

Any or all of the items listed above may be included by specific reference to other documents, including Official Statements of debt issues of the Authority or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. The Authority shall clearly identify each such other document so included by reference.

SECTION 5. *Reporting of Listed Events.* For so long thereafter as shall be required by the Rule:

(a) Pursuant to the provisions of this Section 5, the Authority shall give, or cause to be given, to the MSRB (with a copy to the Trustee), in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies.
2. non-payment related defaults, if material.
3. modifications to rights of bondholders, if material.
4. optional, contingent or unscheduled bond calls, if material, and tender offers.
5. defeasances.
6. rating changes.
7. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
8. unscheduled draws on the debt service reserves reflecting financial difficulties.
9. unscheduled draws on the credit enhancements reflecting financial difficulties.
10. substitution of the credit or liquidity providers or their failure to perform.
11. release, substitution or sale of property securing repayment of the Bonds, if material.
12. bankruptcy, insolvency, receivership or similar event of the Authority;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority;

13. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. incurrence of a Financial Obligation (as defined in Rule 15c2-12) of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect holders of the Bonds, if material; and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

SECTION 6. *Termination of Reporting Obligation.* The Authority's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. *Dissemination Agent.* The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Authority pursuant to this Disclosure Certificate. Initially, the Authority will serve as its own dissemination agent. Notwithstanding any other provisions hereof, the Authority or the Dissemination Agent may make the filings required by this Disclosure Certificate either directly with the MSRB or through a central information repository approved in accordance with the Rule.

SECTION 8. *Amendment; Waiver.* Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders (as defined in the Resolution) of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Authority shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such

change shall be given in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. *Additional Information.* Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. *Default.* In the event of a failure of the Authority to comply with any provision of this Disclosure Certificate the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 50% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may (unless the Authority has so complied within 20 days after written notice from the Trustee of its failure to comply) take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a default or an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. *Duties, Immunities and Liabilities of Dissemination Agent.* The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's default or negligence or willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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SECTION 12. *Beneficiaries.* This Disclosure Certificate shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: August 18, 2023

LONG ISLAND POWER AUTHORITY

By: _____

Appendix 3

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Offered Bonds. The Offered Bonds will be issued as fully-registered bonds in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for the Offered Bonds in the aggregate principal amount of the maturity of such Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct DTC Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s Rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC’s records. The ownership interest of each actual purchaser of Offered Bonds (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Offered Bonds, except in the event that use of the book-entry system for a Series of the Offered Bonds is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC’s records reflect only the identity of the Direct DTC Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Offered Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (or any other DTC nominee) will consent or vote with respect to Offered Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI procedures. Under its usual procedures, DTC mails

an omnibus proxy (the “Omnibus Proxy”) to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Offered Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct DTC Participants’ accounts on the payable date in accordance with their respective holdings shown on DTC’s records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to a Series of the Offered Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Offered Bonds are required to be printed and delivered.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Offered Bonds registered in its name for the purposes of payment of the redemption proceeds and principal and interest on the Offered Bonds, giving any notice permitted or required to be given to registered owners under the Subordinated Resolution, registering the transfer of the Offered Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Offered Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Offered Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as a registered owner.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the Offered Bonds will be printed and delivered to DTC.

Unless otherwise noted, certain of the information contained in the preceding paragraphs of this Appendix has been extracted from information given by DTC. Neither the Authority, the Trustee nor the dealers make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR SUCH PARTICIPANTS, INDIRECT DTC PARTICIPANTS, OR THE BENEFICIAL OWNERS. PAYMENTS MADE TO DTC OR ITS NOMINEE SHALL SATISFY THE AUTHORITY’S OBLIGATION UNDER THE ACT AND THE BOND RESOLUTION TO THE EXTENT OF SUCH PAYMENTS.

Appendix 4

Form of Amended and Restated Resolution

(Marked to Reflect Changes; additions double-underscored, deletions struck through)

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LONG ISLAND POWER AUTHORITY

**ELECTRIC SYSTEM
GENERAL REVENUE BOND RESOLUTION**

Adopted May 13, 1998, as amended [and restated July 22, 2020](#)

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**ELECTRIC SYSTEM
GENERAL REVENUE BOND RESOLUTION**

WHEREAS, the Long Island Power Authority (the “Authority”) was created by the Long Island Power Authority Act (the “Act”), constituting title 1 A of Article 5 of the Public Authorities Law of the State of New York (the “State”); and

WHEREAS, the Act empowers the Authority, among other things, to issue its bonds for any purpose authorized thereby, including without limitation (a) to acquire any real or personal property or facilities deemed necessary by the Authority, (b) to pay interest on bonds or notes of the Authority, (c) to establish reserves to secure such bonds and notes of the Authority, (d) to establish or maintain such other funds or accounts for such purpose or purposes as the Authority may deem necessary or desirable, and (e) to pay all other expenses of the Authority incident to the issuance of such bonds or notes; and

WHEREAS, the Act authorizes the Authority to acquire, through purchase or the exercise of the power of eminent domain, all or any part of the securities or assets of Long Island Lighting Company (“LILCO”), and pursuant to such authorization the Authority ~~has entered into an Agreement and Plan of Merger dated as of June 26, 1997 (the “Acquisition Agreement”) with LILCO for the purpose of effectuating the purchase of~~ pursuant to which the Authority purchased all of the outstanding common stock of LILCO in 1998; and

~~**WHEREAS**, as an essential term and condition of the Acquisition Agreement, the Authority has also entered into various related agreements including a Management Services Agreement, an Energy Management Agreement and a Power Supply Agreement (each as hereinafter defined); and~~

WHEREAS, in accordance with the Acquisition Agreement, LIPA Acquisition Corp. (as defined in the Acquisition Agreement) ~~will be merged with and into LILCO, and as a consequence thereof, LILCO, as the surviving corporation, will become~~ became a wholly owned subsidiary of the Authority (LILCO as such surviving corporation hereinafter referred to as the “Subsidiary”); and

WHEREAS, pursuant to a Financing Agreement, dated as of May 1, 1998, by and between the Authority and the Subsidiary (as the same may be amended or supplemented, the “Financing Agreement”), (a) the Authority, among other things, ~~has~~ agreed to use its best efforts to issue its Bonds (as hereinafter defined) from time to time, to finance the acquisition, construction and installation of System Improvements (as defined herein and in the Financing Agreement), from time to time, in accordance with the terms of the Resolution and the Financing Agreement, (b) the Subsidiary, among other things, has (i) given, granted, sold and conveyed to the Authority, all of the Revenues (as hereinafter defined) derived by the Subsidiary from the ownership and operation of the System (as hereinafter defined), subject to the terms and conditions of the Resolution, the Act and the Financing Agreement with respect to the use and application thereof, and (ii) covenanted and agreed that System fees, rates, rents, charges and surcharges shall be established by the Authority so as to be sufficient, among other things, to pay the costs of operating and maintaining the System and to pay the principal of and interest on the bonds, notes or other obligations of the Authority and the Outstanding Subsidiary Unsecured Debt (as hereinafter defined), (c) the Subsidiary, among other things, ~~has~~ agreed to take such actions as may be required to assure the collection of all the fees, rates, rents, charges and surcharges established by the Authority for the use of the System and to enforce the rules and regulations of the Authority with respect to the System and (d) pursuant to the Financing Agreement, the Subsidiary ~~shall~~ agreed to operate and maintain the System in accordance with policies established by the Authority; and

WHEREAS, pursuant to an Electric System General Revenue Bond Resolution adopted May 13, 1998 by the Trustees, as heretofore amended (the “Existing General Resolution”) the Authority has determined to authorize the issuance, from time to time, of its electric revenue bonds and to use the proceeds derived from the sale thereof to carry out its corporate purposes under the Act, including, without limitation, financing, in whole or in part, the acquisition of the System and the costs of the System Improvements, and the purchase or refunding of ~~Outstanding Subsidiary Unsecured Debt and~~ bonds, notes or other obligations of the Authority theretofore issued to finance such costs;

WHEREAS, the Authority is considering (i) the dissolution of the Subsidiary and the distribution of all the assets of the Subsidiary, including the System, to the Authority, and (ii) the assumption of all the obligations of the Subsidiary by the Authority, and if such dissolution, distribution and assumption occurs, the Authority intends to terminate the Financing Agreement and the Administrative Services Agreement (as defined herein); and

WHEREAS, in light of the foregoing potential to dissolve the Subsidiary, the Authority wishes to provide for the amendment and restatement of the Existing General Resolution as herein provided to delete references where appropriate to the Subsidiary, the Financing Agreement, the Administrative Services Agreement and other provisions which would no longer be necessary upon the consolidation of the Subsidiary into the Authority and the assumption of all liabilities of the Subsidiary by the Authority; and

WHEREAS, the Authority further wishes to amend various other provisions of the Existing General Resolution as herein provided, without regard to whether the proposed dissolution of the Subsidiary occurs; and

WHEREAS, the amendments to the Existing General Resolution herein provided for shall take effect only upon satisfaction of the conditions to effectiveness provided herein;

NOW, THEREFORE, BE IT RESOLVED by the Trustees of the Long Island Power Authority as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 101. **Definitions.** In this Resolution the following terms shall have the following meanings unless the context otherwise requires:

“**Account**” shall mean one of the special accounts created and established pursuant to Article V of this Resolution.

“**Accountant**” shall mean an independent certified public accountant (or a firm thereof) of recognized standing, selected by the Authority and satisfactory to the Trustee and may be the accountant regularly auditing the books of the Authority ~~or the Subsidiary.~~

“**Acquisition Agreement**” shall have the meaning set forth in the preambles hereto.

~~“**Acquisition Debt**” shall mean (i) all Bonds and Subordinated Indebtedness issued for the purposes of providing sufficient funds to acquire all outstanding LILCO common stock in accordance with the Acquisition Agreement, pay a portion of the redemption price of certain preferred stock of LILCO in accordance with the Acquisition Agreement, retire certain outstanding debt of LILCO, purchase certain interest rate hedges entered into in anticipation of the issuance of the Bonds, and pay any fees and expenses incurred in conjunction with the foregoing, and (ii) all other Outstanding Subsidiary Unsecured Debt.~~

“**Act**” shall mean the Long Island Power Authority Act, constituting Title 1 A of Article 5 of the Public Authorities Law of the State, as amended.

~~“**Administrative Services Agreement**” shall mean the Administrative Services Agreement, dated as of May 1, 1998, between the Authority and the Subsidiary, as the same may be amended and supplemented.~~

“**Authenticating Agent**” shall mean any authenticating agent appointed pursuant to Section 1114.

“**Authority**” shall mean the Long Island Power Authority, a corporate municipal instrumentality of the State created and existing under and by virtue of the Act.

“**Authority Budget**” shall mean the annual budget of the Authority, as amended or supplemented, adopted or in effect for a particular Fiscal Year, included as part of the ~~System~~Authority Budget as provided in Section 709.

~~“**Authority Expenses**” shall mean all Operating Expenses incurred by the Authority.~~

“**Authorized Representative**” shall mean ~~in the case of both the Authority and the Subsidiary, their respective~~Authority’s Chairman, Chief Executive Officer, ~~Executive Director,~~ Chief Financial Officer, or Controller ~~or Chief Operating Officer,~~ or such other person or persons so designated by resolution of the Authority ~~or the Subsidiary, as the case may be.~~

“**Bond**” or “**Bonds**” shall mean all bonds, notes or other evidences of indebtedness authenticated and delivered pursuant to the Resolution, but shall not include Subordinated Indebtedness.

“**Bond Counsel’s Opinion**” or “**Opinion of Bond Counsel**” shall mean an opinion signed by any attorney or firm of attorneys of nationally recognized standing in the field of law relating to revenue bonds of municipalities and public agencies, selected by the Authority and reasonably satisfactory to the Trustee.

“**Bond Payment Date**” shall mean each date on which interest or both a Principal Installment and interest shall be due and payable on any of the Outstanding Bonds or Parity Reimbursement Obligations according to their respective terms.

“**Bond Year**” shall mean, with respect to any Bonds, the twelve month period, if any, set forth in a Supplemental Resolution.

“**Bondholder**”, “**Owner**” or “**Holder**” or words of similar import shall mean, when used with reference to a Bond, the person in whose name the Bond is registered on the registry books kept by the Trustee pursuant to Section 306.

“**Capitalized Interest**” shall mean that portion of the proceeds of any Bonds deposited in a sub account established in the Capitalized Interest Account of the Debt Service Fund, and interest earnings thereon to the extent retained in such Account as provided in Section 515, for the purpose of funding the payment of a portion of the interest on any Bonds.

“**Capitalized Interest Account**” shall mean the account by that name established in the Debt Service Fund pursuant to Section 502(b).

~~“**Capital Lease**” shall mean any capital lease or other obligation (other than Bonds, Subordinated Indebtedness, Outstanding Subsidiary Unsecured Debt, Parity Contract Obligations, Subordinated Contract Obligations, Parity Reimbursement Obligations, Subordinated Reimbursement Obligations, or obligations issued for purposes of Section 208), treated as debt under the accounting principles pursuant to which the books of account of the Authority or the Subsidiary, as the case may be, are kept and audited.~~

“**Certificate**” shall mean, as the context indicates, either (i) a signed document attesting to or acknowledging the matters therein stated or setting forth matters to be determined pursuant to the Resolution, (ii) the report of an Accountant as to an audit or compliance called for by the Resolution, or (iii) any report of ~~the Consulting Engineer or a~~ Rate Consultant as to any matter called for by the Resolution ~~or the Financing Agreement.~~

“**Construction Fund**” shall mean the fund by that name established pursuant to Section 502(a).

~~“Consulting Engineer” shall mean any independent engineer or firm of engineers of recognized standing selected by the Authority and may include an independent engineer or firm of engineers retained by the Authority or the Subsidiary in one or more other capacities.~~

“Costs” shall mean costs of any System Improvements or any other purpose related to the System for which bonds, notes or other obligations of the Authority may be issued under the Act or under other applicable State statutory provisions (whether or not also classifiable as an Operating Expense), including but not limited to direct costs, incidental costs (including but not limited to legal, administrative, engineering, consulting and technical services, insurance and financing costs), working capital and reserves deemed necessary or desirable by the ~~Subsidiary and approved by the~~ Authority, and other costs properly attributable thereto including but not limited to the payment of principal, interest, and redemption, tender or purchase price of any (i) obligations issued by the Authority for the payment of any of such costs, (ii) ~~Outstanding Subsidiary Unsecured Debt~~ obligations issued to pay Capitalized Interest or (iii) obligations issued to ~~pay Capitalized Interest or (iv) obligations issued to~~ refund any obligations referred to in clauses (i) or (iii) ~~or Outstanding Subsidiary Unsecured Debt referred to in clause (ii)~~; all items of expense directly or indirectly payable or reimbursable and related to the authorization, sale and issuance of Bonds, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refunding, premiums for the insurance of the payment of the Bonds and any other cost, charge or fee in connection with the original issuance of Bonds; termination payments under the Power Supply Agreement or other agreement of the Authority ~~or the Subsidiary~~ for power supply purposes; and termination payments under Financial Contracts.

“Credit Facility” shall mean a letter of credit, revolving credit agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution which provides for payment of all or a portion of the Principal Installments or interest due on any Bonds, including through a reserve or similar fund.

“Debt Service” for any Fiscal Year or part thereof shall mean, as of any date of calculation, the sum of (i) with respect to any Outstanding Bonds, an amount equal to the sum of (a) interest payable during such Fiscal Year or part thereof on such Bonds, except to the extent that such interest is to be paid from amounts representing Capitalized Interest and (b) the Principal Installments of such Bonds payable during such Fiscal Year or part thereof, and (ii) with respect to a Parity Reimbursement Obligation, an amount equal to the sum of (a) interest payable during such Fiscal Year or part thereof on such Parity Reimbursement Obligation and (b) the Principal Installments of such Parity Reimbursement Obligation payable during such Fiscal Year or part thereof. Such interest and Principal Installments shall be calculated on the assumption that (x) no such Bonds, or Parity Reimbursement Obligations Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment thereof upon stated maturity or upon mandatory redemption by application of Sinking Fund Installments, and (y) Variable Rate Bonds will bear interest at the ~~greater of (A) the~~ rate or rates which were assumed by the Authority in the Authority Budget for such Fiscal Year ~~to be borne by Variable Rate Bonds during such Fiscal Year or (B) the average rate or rates borne on Variable Rate Bonds Outstanding during the twelve calendar months preceding the date of calculation; but at a rate~~ which rate shall not be less than the rate or rates borne thereon as of ~~such~~ the date of calculation; provided, however, that if the Authority has in connection with any Variable Rate Bonds 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 Bonds 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 Bonds bear interest exceeds a stated rate of interest on all or any portion of such Variable Rate Bonds, it will be assumed that such Variable Rate Bond 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 such Authority Budget was prepared.

~~“Debt Service Component”, when used with reference to Supply Contracts or Capital Leases, shall have the meaning specified in Section 207(e).~~

“Debt Service Fund” shall mean the fund by that name established pursuant to Section 502(a).

“Defeasance Obligations” shall mean obligations of the type described in clause (ii), (iii) or (ix) of the definition of Investment Securities herein, which are not subject to redemption prior to maturity except at the option of the holder.

“Depository” shall mean any bank or trust company selected by the ~~Subsidiary or the~~ Authority, ~~as the case may be~~, as a depository of moneys to be held under the provisions of the ~~Financing Agreement or the~~ Resolution, and may include the Trustee.

~~“Energy Management Agreement” shall mean the Energy Management Agreement, dated as of June 26, 1997, between the Authority and LILCO, and their respective successors and assigns, as the same may be amended and supplemented.~~

“Event of Default” shall mean any event specified in Section 1001.

“Fiduciary” shall mean the Trustee, any Paying Agent, any Depository, or any Authenticating Agent.

“Financial Contract” shall mean, to the extent from time to time permitted by law, any financial arrangement entered into by the Authority with respect to Bonds or Subordinated Indebtedness, and any financial arrangement entered into by the Authority ~~or the Subsidiary with respect to Outstanding Subsidiary Unsecured Debt~~, for the purpose of moderating interest rate fluctuations or any other purpose; ~~(i) which is entered into with an entity that is a Qualified Counterparty at the time the arrangement is entered into, and (ii) which is any of the following, or any combination thereof, or any option with respect thereto: a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Bonds or Subordinated Indebtedness, or of such Outstanding Subsidiary Unsecured Debt, as the case may be, as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Bonds or Subordinated Indebtedness, or such Outstanding Subsidiary Unsecured Debt, as the case may be); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; or other similar transaction (however designated).~~

~~“Financing Agreement” shall mean the Financing Agreement, dated as of May 1, 1998, by and between the Authority and the Subsidiary, as the same may be amended and supplemented; provided, however, that upon the expiration or termination of the Agreement in accordance with its terms, references thereto contained in the Resolution shall be deemed to be of no effect.~~

“Fiscal Year” shall mean the twelve month period commencing on January 1 of each year; provided, however, that the Authority ~~and the Subsidiary~~ may at any time adopt a different twelve month period as the Fiscal Year, in which case January 1, when used herein with reference to Fiscal Year, shall be construed to mean the first day of the first calendar month of such different Fiscal Year.

“Fund” shall mean any fund established pursuant to Section 502.

“Generally Accepted Accounting Principles” means accounting principles, standards, methods and terminology followed and construed, as nearly as practicable, in conformity with the pronouncements of the Financial Accounting Standards Board (or any successor), the Governmental Accounting Standards Board (or any successor), the International Accounting Standards Board (or any successor) or any other nationally or internationally recognized accounting standards, as determined by the Authority, in each case as amended from time to time.

“Investment Securities” shall mean and include any of the following securities, if and to the extent the same are at the time legal investments by the Authority of the funds to be invested therein and 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:

(i) direct obligations of, or obligations guaranteed as to principal and interest by, any state or direct obligations of any agency, public authority or political subdivision thereof, provided such obligations are rated, at the time of purchase, in one of the three highest Rating Categories by a Rating Agency;

(ii) (a) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are guaranteed by, the United States of America, including obligations of any agency thereof or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America to the extent unconditionally guaranteed by the United States of America or (b) any other receipt, certificate or other evidence of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in subclause (a) of this clause (ii);

(iii) obligations of any agency, subdivision, department, division or instrumentality of the United States of America, or obligations fully guaranteed as to interest and principal by any agency, subdivision, department, division or instrumentality of the United States of America [and obligations of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association;](#)

(iv) banker’s acceptances or certificates of deposit issued by a commercial bank with its principal place of business within the State and having capital and surplus of more than \$100,000,000;

(v) corporate securities, including commercial paper and fixed income obligations, which are, at the time of purchase, rated by a Rating Agency in one of its three highest Rating Categories for comparable types of obligations;

(vi) repurchase agreements or other investment agreements collateralized by securities described in clause (ii) above with any registered broker/dealer or with any domestic commercial bank whose long term debt obligations are rated “investment grade” by each Rating Agency, provided that (a) a specific written repurchase agreement governs the transaction, (b) the securities are held, free and clear of any lien, by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is either a direct member of the Federal Reserve Bank or a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25,000,000, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee, (c) the repurchase agreement has a term of thirty days or less, or the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within five business days of such valuation, and (d) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%;

(vii) investment agreements or guaranteed investment contracts with any financial institution whose senior long term debt obligations, or whose obligations under such an investment agreement or guaranteed investment contract are guaranteed by a financial institution whose senior long term debt obligations, have a rating (at the time such agreement or contract is

entered into) in one of the three highest Rating Categories for comparable types of obligations by a Rating Agency;

(viii) money market funds rated in one of the three highest Rating Categories for comparable types of obligations by a Rating Agency;

(ix) municipal obligations, the payment of principal and redemption price, if any, and interest on which is irrevocably secured by obligations of the type referred to in clauses (i), (ii) or (iii) above and which obligations have been deposited in an escrow arrangement which is irrevocably pledged to the payment of such municipal obligations and which municipal obligations are rated in the highest Rating Category by a Rating Agency, or any other municipal obligation rated in the highest Rating Category by a Rating Agency;

(x) obligations of any person or entity which shall be rated at the time of the investment in one of the three highest Rating Categories by a Rating Agency; and

(xi) any other investment in which the Authority is permitted to invest under applicable law, notwithstanding any limitations set forth in clauses (i) through (x) above.

Obligations of any Fiduciary or an affiliate thereof may be Investment Securities, provided that they otherwise qualify.

~~“LILCO” shall mean the Long Island Lighting Company, a New York corporation.~~

~~“Management Services Agreement” shall mean the Management Services Agreement, dated as of June 26, 1997, between the Authority and LILCO, and their respective successors and assigns, as the same may be amended and supplemented.~~

“Operating Expense Fund” shall mean the fund by that name established pursuant to Section 502(a).

“Operating Expenses” shall mean any and all current expenses of maintaining, repairing, operating and managing the System, including but not limited to the costs of supplies, electricity, capacity, fuel, fuel assemblies and components required for the operation of the System ~~(including but not limited to any payments made under Supply Contracts other than the Debt Service Component thereof);~~ payments relating to fuel or electricity hedging instruments; all payments under any System Agreements; all salaries, administrative, general, commercial, architectural, engineering, advertising, public notices, auditing, billing, collection and enforcement and legal expenses; insurance and surety bond premiums; consultants’ fees and charges; payments to pension, retirement, health and hospitalization funds; any taxes or PILOTs which may lawfully be imposed on the System or the income or operation thereof or of the Subsidiary Authority; costs of public hearings; ordinary and current rentals of equipment or other property; lease payments for real property or interests therein; expenses of maintenance and repair (including replacements); expenses, liabilities and compensation of the Trustee or any other Fiduciary or depository of Authority ~~or Subsidiary~~ funds; to the extent provided by law, agreement or other instrument of the Authority ~~or the Subsidiary~~, indemnification of Fiduciaries, Trustees of the Authority, officers and employees of the Authority, ~~directors, officers and employees of the Subsidiary~~, and others, and premiums for insurance related thereto; reasonable reserves for operation, maintenance and repair and for self-insurance; and all other expenses necessary, incidental or convenient for the efficient operation of the System; all costs and expenses associated with or arising out of the research, development (including feasibility and other studies, including but not limited to resource planning and studies and reports relating to demand side management) and/or implementation of any project, facility, system, task or measure related to the System including but not limited to demand side management programs, deemed desirable or necessary by the Authority ~~or the Subsidiary~~; all other costs and expenses arising out of or in connection with the conduct of the ~~Subsidiary’s~~ Authority’s business or necessary, incidental or convenient for the

efficient operation of the ~~Subsidiary; and all expenses necessary, incidental or convenient for the efficient operation of the Authority and the performance of the obligations of the Authority under the Administrative Services Agreement~~ Authority. Solely for purposes of Section 205(e) and 701, Operating Expenses shall be calculated in accordance with Generally Accepted Accounting Principles, subject to the next succeeding sentence. Notwithstanding the foregoing, Operating Expenses shall not include (i) any costs and expenses attributable to a Separately Financed Project, (ii) any costs or expenses for new construction or for reconstruction other than restoration of any part of the System to the condition of serviceability thereof when new, (iii) ~~the Debt Service Component of any Supply Contract, (iv) to the extent so specified by the Authority, any incentive payments payable by the Subsidiary under any System Agreement, (v) any~~ payments payable by the ~~Subsidiary~~ Authority under any other agreement the terms of which specify that the same shall not constitute an Operating Expense under the Resolution, ~~and (vi) any allowance for depreciation, (vii) payments under any Capital Leases, or (viii) any PILOTs or amortization or losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System.~~

“Option Securities Operations Services Agreement” shall mean ~~bonds, notes or other evidences of indebtedness which by their terms may be tendered by and at the option of the Holder thereof for purchase or payment by or on behalf of the Authority prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Holder thereof,~~ the Amended and Restated Operations Services Agreement, dated as of December 31, 2013, between the Authority and PSEG Long Island LLC, and their respective successors and assigns, as the same may be amended and supplemented.

“Outstanding” when used with reference to Parity Reimbursement Obligations, shall have the meaning given to such term in the agreement creating such Parity Reimbursement Obligations, and, when used with reference to Bonds, shall mean, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

- (i) any Bonds canceled by the Trustee at or prior to such date;
- (ii) any Bonds the principal and Redemption Price, if any, of and interest on which have been paid in accordance with the terms thereof;
- (iii) any Bonds in lieu of or in substitution for which other Bonds have been authenticated and delivered pursuant to the Resolution; and
- (iv) any Bonds deemed to have been paid as provided in Section 1201(b).

~~**“Outstanding Subsidiary Unsecured Debt”** shall mean (i) any indebtedness of the Subsidiary outstanding as of the date on which the merger and related transactions between the Authority and LILCO provided for by the Acquisition Agreement are completed, as described in the Financing Agreement, consisting of (a) “Bonds” as defined in the Indenture dated as of November 1, 1986 between LILCO and The Connecticut Bank and Trust Company, National Association, as amended and supplemented, and the Indenture dated as of November 1, 1992 between LILCO and Chemical Bank, as amended and supplemented, and (b) the promissory notes issued by LILCO to the New York State Energy Research and Development Authority as security for the tax exempt obligations issued by such Development Authority for the benefit of LILCO, and (ii) Financial Contracts (regardless of when entered into) to the extent provided by Section 207(b), and (iii) any reimbursement obligation relating to any letter of credit or other credit support for any indebtedness referred to in (i)(a) or (b) above.~~

~~**“Parity Contract Obligation”** shall have the meaning provided in Section 207(e).~~

~~**“Parity Contract Obligations Fund”** shall mean the fund by that name established pursuant to Section 502(a).~~

~~“Parity Obligations” shall mean, collectively, all Parity Contract Obligations and Parity Reimbursement Obligations.~~

“Parity Reimbursement Obligation” shall have the meaning provided in Section 207(c).

“Paying Agent” shall mean any paying agent for any Bonds, and its successor or successors and any other person which may at any time be substituted in its place pursuant to the Resolution.

“PILOTs” shall mean any payments in lieu of taxes due and owing by the Authority ~~or the Subsidiary~~ in accordance with Section 1020-q of the Act or other applicable law.

~~“PILOTs Fund” shall mean the fund by that name established pursuant to Section 502(a).~~

“Power Supply Agreement” shall mean the Amended and Restated Power Supply Agreement dated as of ~~June 26~~October 10, 19972012, between the ~~Authority and LILCO~~Long Island Lighting Company d/b/a LIPA and National Grid Generation LLC, and their respective successors and assigns, as the same may be amended and supplemented.

“Principal Installment” shall mean, as of any date of calculation and with respect to any Outstanding Bonds, (i) the principal amount of such Bonds (including (x) any amount designated in, or determined pursuant to, the applicable Supplemental Resolution, as the “principal amount” with respect to any Bonds which do not pay full current interest for all or any part of their term and (y) the principal amount of any Parity Reimbursement Obligation) due on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance of any Sinking Fund Installments due on a certain future date for such Bonds, or (iii) if such future dates coincide as to different Bonds, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date.

“Principal Office”, when used with respect to any Fiduciary, and any provision of the Resolution, shall mean the corporate trust or other office or offices of such Fiduciary designated thereby with respect to such provision.

~~“Promissory Notes” shall mean the Promissory Notes (as defined in the Acquisition Agreement) of the Parent and/or one or more Transferee Subsidiaries (each as defined in the Acquisition Agreement) delivered to the Subsidiary.~~

~~“Property Tax Settlement” shall mean any program of rebates and credits to System customers in respect of the amounts otherwise payable by Suffolk County, the Town of Brookhaven and certain other municipalities within Suffolk County as refunds of taxes and payments in lieu of taxes relating to the Shoreham Nuclear Power Plant.~~

~~“Qualified Counterparty” shall mean an entity (i) whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating or claims paying ability are rated (at the time the subject Financial Contract is entered into) in any of the three highest Rating Categories from a nationally recognized statistical rating organization, (ii) whose payment obligations under a Financial Contract are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating or claims paying ability, are rated (at the time the subject Financial Contract is entered into) in any of the three highest Rating Categories from a nationally recognized statistical rating organization, or (iii) whose obligation, if any, to make payment to the Authority upon the termination of the subject Financial Contract is fully collateralized by Investment Securities of the type described in clause (ii) of the definition of Investment Securities; provided, however, that such obligation shall be deemed to be fully collateralized if the Investment Securities shall have a market value, determined periodically in accordance with the Financial Contract, that is not less than 102% of any termination payment.~~

“Rate Consultant” shall mean the independent accountant or firm of independent accountants, or a management consultant or firm of management consultants, or independent engineer or firm of independent engineers which, in any case, shall be of recognized standing in the field of electric transmission and distribution system consulting (and which may be the firm then serving as ~~the Consulting Engineer~~ a consulting engineer or auditor of ~~either the Authority or Subsidiary~~), selected by the Authority.

“Rate Stabilization Fund” shall mean the fund by that name established pursuant to Section 502(a).

“Rating Agency” shall mean each of Fitch ~~IBCA, Inc.~~ Group, Moody’s Investors Service, Inc., ~~and~~ Standard & Poor’s Ratings Services and any other or nationally recognized statistical rating organization specified in a Supplemental Resolution, and their respective successors and assigns, in each case and at any time only if the same is then maintaining a rating on any Bonds at the request of the Authority.

“Rating Category” means a general rating category of an applicable Rating Agency or nationally recognized statistical rating organization without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“Record Date” with respect to each scheduled payment of principal of, premium, if any, and interest on each Bond, the date specified as the “record date” therefor in the Supplemental Resolution authorizing such Bond.

“Redemption Price” shall mean, when used with respect to a Bond or portion thereof, the principal amount thereof plus the applicable premium, if any, payable upon either optional or mandatory redemption thereof pursuant to the Resolution.

“Refunding Bond” shall mean any Bond authenticated and delivered on original issuance pursuant to Section 206 for the purpose of refunding any Outstanding Bonds, or thereafter authenticated and delivered pursuant to the Resolution in lieu of or substitution for such Bond.

“Reimbursement Obligation” shall have the meaning provided in Section 207(c).

“Required Deposits” shall mean the amount, if any, payable into the Operating Expense Fund, the Debt Service Fund, the Parity ~~Contract~~ Reimbursement Obligations Fund, and the Subordinated Indebtedness Fund, ~~the Subsidiary Unsecured Debt Fund and the PILOTs Fund~~, but in each case only to the extent such payments are required to be made from Revenues.

“Resolution” shall mean this Electric System General Revenue Bond Resolution, adopted by the Authority on May 13, 1998, as the same ~~may~~ has heretofore been amended and as further amended and restated by a resolution adopted by the Authority on July __, 2020, as the same may hereafter be amended or supplemented by a Supplemental Resolution or Resolutions.

“Revenue Fund” shall mean the fund by that name established pursuant to Section 502(a).

“Revenues” shall mean all revenues, rates, fees, charges, surcharges, rents, proceeds from the sale of ~~Subsidiary~~ Authority assets, proceeds of insurance, and other income and receipts, as derived in cash, directly or indirectly from any of the ~~Subsidiary’s~~ Authority’s operations, by or for the account of the Authority ~~or the Subsidiary~~, including but not limited to ~~(i) all payments received by the Authority or the Subsidiary with respect to the Promissory Notes, (ii) any guaranty of performance under any System Agreement and (iii) all dividends received by the Authority as a result of ownership of any stock or other evidences of an equity interest in the Subsidiary, including, without limitation, any amounts received by the Authority by reason of the dissolution of the Subsidiary;~~ including, without limitation, any amounts received by the Authority by reason of the dissolution of the Subsidiary; provided, however, that Revenues shall not include (a) any Transition Charge, (b) any of the foregoing attributable directly or indirectly to the

ownership or operation of any Separately Financed Project, or (c) any federal or State grant moneys the receipt of which is conditioned upon their expenditure for a particular purpose unless the Authority determines that such grant moneys shall constitute Revenues. Notwithstanding the foregoing, Revenues also shall not include any amounts, or amounts from any sources, as may be specified from time to time by Supplemental Resolution; ~~provided, however, that at the time such Supplemental Resolution becomes effective the tests, Solely for purposes of Sections 205(e)(B) shall be satisfied without regard to either (i) such amounts or (ii) Section 205(e)(D), and 701, Revenues shall be calculated in accordance with Generally Accepted Accounting Principles, subject to proviso contained in the second preceding sentence.~~

“Separately Financed Project” means any project described as such in Section 208.

“Series” or “Series of Bonds” shall mean all of the Bonds authenticated and delivered on original issuance identified pursuant to the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to the Resolution regardless of variations in maturity, interest rate or other provisions.

~~**“Shoreham Credits”** shall mean credits to the bills of System ratepayers arising from the Property Tax Settlement.~~

“Sinking Fund Installment” shall mean, as of any particular date of calculation, the amount required, as of such date of calculation, to be paid by the Authority on a future date for the retirement of Outstanding Bonds which are stated to mature subsequent to such future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond.

“State” shall mean the State of New York.

~~**“Subordinated Contract Obligation”** shall mean the Debt Service Component of a Supply Contract that does not constitute a Parity Contract Obligation.~~

“Subordinated Credit Facility” shall mean a letter of credit, revolving credit agreement, standby purchase agreement, surety bond, insurance policy or similar obligation, arrangement or instrument issued by a bank, insurance company or other financial institution which (i) provides for payment of all or a portion of the principal of or interest on any Subordinated Indebtedness, (ii) provides funds for the purchase of any Bonds or Subordinated Indebtedness, or any portion of any thereof, or (iii) secures the payment by the Authority of its obligations under a Financial Contract relating to Bonds or Subordinated Indebtedness.

“Subordinated Indebtedness” shall mean any bond, note or other evidence of indebtedness issued by the Authority in furtherance of its corporate purposes under the Act and secured by a pledge of the Trust Estate subordinate to the pledge thereof made hereby in favor of the Bonds and Parity Reimbursement Obligations and otherwise as provided hereby. Subordinated Indebtedness shall include, but shall not be limited to, ~~Option Securities~~, Reimbursement Obligations other than Parity Reimbursement Obligations, and Financial Contracts to the extent provided by Section 207(b).

“Subordinated Indebtedness Fund” shall mean the fund by that name established pursuant to Section 502(a).

“Subordinated Reimbursement Obligation” shall have the meaning provided in Section 207(d).

“Subsidiary” shall mean ~~LIPA Acquisition Corp., and following the merger of LIPA Acquisition Corp. with LILCO shall mean LILCO, as the surviving corporation of such merger, and any successor to either thereof or assignee of either thereof permitted under the Financing Agreement.~~ Long Island Lighting Company d/b/a LIPA.

~~**“Subsidiary Budget”** shall have the meaning specified in the Financing Agreement.~~

~~“Subsidiary Expenses” shall mean all Operating Expenses incurred by the Subsidiary.~~

~~“Subsidiary Unsecured Debt Fund” shall mean the fund by that name established pursuant to Section 502(a).~~

“Supplemental Resolution” shall mean a resolution of the Authority authorizing the issuance of a Series of Bonds or otherwise amending or supplementing the Resolution, adopted in accordance with Article VIII.

~~“Supply Contracts” shall have the meaning specified in Section 207(e).~~

“System” shall mean the ~~Retained Assets (as defined in the Acquisition Agreement)~~electric distribution, transmission and generation rights, assets and properties owned the Subsidiary at the time of its acquisition by the Authority and any System Improvements thereafter or hereafter made or acquired by the Subsidiary or the Authority, but shall not include any Separately Financed Projects.

“System Agreements” shall mean any agreements relating to the operation or maintenance of the System, the supply of power and energy to the System, and the provision of transmission and distribution services and capacity for the System, including, but not limited to, the ~~Management~~Operations Services Agreement, ~~the Energy Management Agreement~~ and the Power Supply Agreement.

~~“System Budget” shall mean the combined Authority Budget and Subsidiary Budget, as amended or supplemented, adopted or in effect for a particular Fiscal Year, as provided in Section 709 and in the Financing Agreement.~~

“System Improvement” means any project, facility, system, equipment, or material related to or necessary or desirable in connection with the generation, production, transportation, transmission, distribution, delivery, storage, conservation, purchase or use of energy or fuel, whether owned jointly or singly by the ~~Subsidiary~~Authority, including any capacity or output in which the ~~Subsidiary~~Authority has an interest, heretofore or hereafter authorized by the Act or by other applicable State statutory provisions, including but not limited to demand side management programs; provided, however, that the term “System Improvement” shall not include any Separately Financed Project.

“Transition Charge” shall mean any rates, fees, charges or surcharges relating to the System or the customers thereof established by irrevocable rate order or other action or instrument, and applicable to or by the Authority ~~or the Subsidiary~~, in conjunction with the issuance of debt or other securities under a separate resolution, indenture or similar instrument (other than the Resolution) to the extent such rates, fees, charges or surcharges are pledged or otherwise encumbered or conveyed as security for such debt or other securities, and shall include, without limitation, UDSA Charges.

“Trust Estate” shall mean, collectively:

(i) all payments received by the Authority from the Subsidiary under the Financing Agreement, and all rights to collect and receive the same;

(ii) all Revenues and all right, title and interest of the Authority in and to the Revenues, including all rights of the Authority to collect and receive the same, including but not limited to ~~(a) all payments received by the Authority with respect to the Promissory Notes and all right, title and interest of the Authority in and to the Promissory Notes, including all rights of the Authority to collect and receive amounts payable thereunder and (b)~~ any dividends received by the Authority as a result of ownership of any common or preferred stock or other evidences of an equity interest of the Authority in the Subsidiary, and all rights to receive the same;

(iii) the proceeds of sale of Bonds until expended for the purposes authorized by the Resolution;

(iv) all Funds, Accounts and subaccounts established by the Resolution, including securities credited thereto and investment earnings thereon; and

(v) all funds, moneys and securities and any and all other rights and interests in property, whether tangible or intangible, from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Bonds by the Authority, or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times, and to hold and apply the same subject to the terms hereof.

“**Trustee**” shall mean United States Trust Company of New York, and its successor or successors and any other person which may at any time be substituted in its place pursuant to the Resolution.

“**UDSA Charges**” shall mean any Transition Charges heretofore or hereafter established by or for the benefit of the Utility Debt Securitization Authority.

“**Variable Rate Bond**” shall mean, as of any date of determination, any Bond on which the interest rate borne thereby may vary during any part of its remaining term, ~~but shall not include any Option Security.~~

Section 102. **Interpretation.** In this Resolution, unless the context otherwise requires:

(1) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Resolution.

(2) The terms “hereby,” “hereof,” “herein,” “hereunder” and any similar terms, as used in this Resolution, refer to this Resolution, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of this Resolution.

(3) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(4) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(5) Words importing the redemption or redeeming or calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond.

(6) Any headings preceding the texts of the several Articles and Sections of this Resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference, and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

(7) The date upon which any Sinking Fund Installment is required to be made pursuant to a Supplemental Resolution authorizing the issuance and delivery of Bonds shall be deemed to be the date upon which such Sinking Fund Installment is payable and the Outstanding Bonds to be retired by application of such Sinking Fund Installment shall be deemed to be the Bonds entitled to such Sinking Fund Installment.

(8) Any reference to the payment of a Bond shall be a reference to the payment of the Principal Installments or Redemption Price thereof and interest thereon.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 201. **Authorization of Bonds; Purpose.** There is hereby created an issue of bonds of the Authority to be designated as “Electric System General Revenue Bonds” to be issued for any lawful purpose of the Authority, including but not limited to providing sufficient funds to ~~acquire all outstanding LILCO common stock in accordance with the Acquisition Agreement, pay a portion of the redemption price of certain preferred stock of LILCO in accordance with the Acquisition Agreement, fund the Property Tax Settlement, retire certain outstanding debt of LILCO, purchase certain interest rate hedges entered into in anticipation of the issuance of the Acquisition Debt,~~ fund Costs of System Improvements, refund any Bonds or any other bonds, notes or other obligations issued by the Authority for lawful purposes, and pay any fees and expenses incurred in conjunction with the foregoing and the issuance of such Bonds, and to make payments into any Fund or Account as required by or permitted under the Resolution. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Resolution is not limited except as provided in the Resolution or as may be limited by law.

Section 202. **Resolution to Constitute Contract.** In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of the Resolution shall be deemed to be and shall constitute a contract between the Authority, the Trustee and the Holders from time to time of the Bonds. The pledge hereof and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the Holders of any and all such Bonds, each of which, regardless of the time or times of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the Resolution.

Section 203. **Obligation of Bonds.** The Bonds shall be special obligations of the Authority payable solely from the Trust Estate, and no other revenues or assets of the Authority shall be, or shall be deemed to be, pledged to the payment of the Bonds; provided, however, that nothing contained in the Resolution shall prevent the pledge of any Credit Facility relating to any particular Bonds, or the proceeds of such Credit Facility, to the payment of such Bonds. The bonds, notes and other obligations of the Authority (including but not limited to the Bonds) shall not be a debt of the State or of any municipality, and neither the State nor any municipality shall be liable thereon. Neither the credit, the revenues nor the taxing power of the State or of any municipality shall be, or shall be deemed to be, pledged to the payment of any bonds, notes or other obligations of the Authority (including but not limited to the Bonds).

Section 204. **Authorization of Bonds in Series.** The Bonds shall be issued subject to the terms, conditions and limitations established in the Resolution and in one or more Series as hereinafter provided. Nothing herein contained shall preclude the consolidation into a single Series for purposes of issuance and sale of Bonds otherwise permitted by the Resolution to be issued at the same time in two or more separate Series, but for the purpose of satisfying the requirements of Section 205 or 206, the Bonds otherwise permitted by the Resolution to be issued as a separate Series shall be considered separately as if the Bonds were in fact to be issued as a separate Series. In the event that separate Series are combined for purposes of issuance and sale, they may be issued under a single Supplemental Resolution.

Section 205. **Conditions Precedent to Delivery of Bonds.** Bonds, except for Refunding Bonds, shall be executed by the Authority for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Authority or upon its order, but only upon the receipt by the Trustee of each of the following:

(a) A Bond Counsel’s Opinion to the effect that (i) the Authority has the right and power to adopt the Resolution under the Act; (ii) the Resolution has been duly and lawfully adopted by the Authority and is enforceable against the Authority except as may be limited as described therein; (iii) the Resolution

creates the valid pledge which it purports to create of the Trust Estate; (iv) such Bonds are valid and binding special obligations of the Authority, enforceable in accordance with their terms and the terms of the Resolution except as may be limited as described therein; and (v) upon the execution, authentication and delivery of such Bonds all conditions required by the Resolution precedent to the issuance of such Bonds will have been met and such Bonds will have been duly and validly authorized and issued in accordance with the Act and the Resolution.

(b) A written order as to the delivery of such Bonds, signed by an Authorized Representative of the Authority.

(c) A copy of the Supplemental Resolution authorizing such Bonds certified by an Authorized Representative of the Authority, which resolution shall specify or shall set forth the method for specifying:

(i) the authorized principal amount and Series designation of such Bonds, the Bond Year, if any, for such Series and the Credit Facility, if any, related thereto;

(ii) the purposes for which such Bonds are being issued;

(iii) the dated date or dates, and the maturity date or dates of such Bonds;

(iv) if such Bonds will pay current interest for all or any part of their term, the interest rate or rates of the Bonds of such Series, or the manner of determining such rate or rates, the Bond Payment Dates therefor (which may be any date or dates and may be different dates for different Bonds) and the method of payment thereof and, if such Bonds will not pay full current interest for all or any part of their term, the rate or rates to be borne by, the method of accrual or compounding, if any, and the other terms and conditions of such Bonds including the designation, or manner of determining, the "principal amount" of such Bonds;

(v) if any such Bonds are Variable Rate Bonds, the limitation, if any, on the numerical rate or rates of interest which such Bonds may bear at any time;

(vi) the Record Date, if any, for such Bonds;

(vii) the minimum denomination of, and the manner of dating, numbering and lettering, such Bonds, but such Bonds shall be in denominations equal to the minimum denomination or any multiple thereof or as may otherwise be authorized by such Supplemental Resolution;

(viii) the place or places of payment of such Bonds or the manner of appointing and designating the same;

(ix) if any such Bonds are redeemable, the Redemption Prices and the redemption terms for such Bonds;

(x) the amount and due date of each Sinking Fund Installment, if any, for Bonds of like maturity and the method of crediting purchases and redemptions of such Bonds against such Sinking Fund Installment requirements;

(xi) if so determined by the Authority, provisions for the sale of such Bonds;

(xii) the forms of such Bonds and of the Trustee's certificate of authentication;

(xiii) the respective amounts, if any, to be deposited from the proceeds of such Bonds in the Construction Fund, in any sub account established in the Capitalized Interest Account in the Debt Service Fund pursuant to Section 502(b) and in any other Funds and Accounts, or otherwise as may be permitted by the Resolution;

(xiv) any Credit Facility for such Bonds and provision for reimbursement or repayment of any draws thereon (including interest on amounts not reimbursed or repaid) and payment of any fees, charges and costs relating thereto;

(xv) ~~if such Bonds are issued to retire outstanding LILCO debt or redeem outstanding LILCO preferred stock, appropriate provision for the deposit and application of the proceeds thereof~~ Intentionally Omitted;

(xvi) if such Bonds are to be listed on a domestic or foreign stock exchange, delegating to Authorized Representatives of the Authority the authority to take all such actions as they deem necessary or appropriate to comply with the listing requirements of the exchange, including without limitation the appointment of a member of the exchange as listing agent, the publication where required by the exchange of all redemption notices, the appointment of a special clearing agent and paying agent, and the execution of an undertaking letter with the exchange; and

(xvii) any other provisions deemed advisable by the Authority as shall not conflict with the provisions hereof.

(d) ~~An executed copy of the Financing Agreement and any amendment or supplement to the Financing Agreement not theretofore delivered to the Trustee~~ Intentionally Omitted.

(e) Except in the case of Refunding Bonds issued pursuant to Section 206, the Certificate referred to in either subparagraph (A) or (B), ~~unless not required pursuant to subparagraph (D)~~, as follows:

~~(B)~~ (A) A Certificate of an Authorized Representative of the Authority setting forth (i) the Revenues for any 12 consecutive calendar months out of the 18 calendar months immediately preceding the month in which such Bonds are to be issued, (ii) the Debt Service, and the amount payable under all Parity ~~Contract~~ Reimbursement Obligations, during such 12 month period for which Revenues are set forth pursuant to clause (i), excluding in each case any amount thereof paid from sources other than Revenues, and (iii) the sum of the Required Deposits for such 12 month period (excluding Required Deposits for the payment of Outstanding Bonds and Parity Reimbursement Obligations), and showing that the amount set forth in clause (i) is at least equal to the sum of (x) ~~120~~ 110% of the amount set forth in clause (ii) and (y) 100% of the amount set forth in clause (iii).

~~(CB)~~ (A) A Certificate of an Authorized Representative of the Authority or a Rate Consultant setting forth (i) the estimated Revenues for each of the full Fiscal Years in the period beginning with the Fiscal Year in which such Bonds are authenticated and delivered and ending with the ~~fifth~~ third full Fiscal Year after such date of authentication and delivery, (ii) the estimated Debt Service, and estimated amounts payable under all Parity ~~Contract~~ Reimbursement Obligations, during each Fiscal Year for which Revenues are estimated, (iii) the projected Debt Service, and projected amounts payable under Parity ~~Contract~~ Reimbursement Obligations, projected to be issued for any purpose during each Fiscal Year for which Revenues are estimated, and (iv) the sum of the estimated and projected Required Deposits for each such Fiscal Year (excluding Required Deposits for the payment of Outstanding Bonds and Parity Reimbursement Obligations), and showing that for each such Fiscal Year the amount set forth in clause (i) is at least equal to the sum of (x) ~~120~~ 110% of the sum of the amounts set forth in clauses (ii) and (iii), and (y) 100% of the amount set forth in clause (iv). The Authorized Representative of the

Authority or Rate Consultant may base its estimates and projections upon such factors as he or it shall consider reasonable, a statement to which effect shall be included in such Certificate.

(DC) For purposes of this subsection (e), (i) Revenues shall include any amounts withdrawn in any Fiscal Year from the Rate Stabilization Fund which were ~~either (1) on deposit therein prior to such Fiscal Year or (2) proceeds of Bonds or Subordinated Indebtedness issued to fund the Shoreham Credits~~, (ii) Revenues shall not include any proceeds from the sale of Subsidiary Authority assets ~~or proceeds of insurance~~, and (iii) any Debt Service, Parity ~~Contract~~Reimbursement Obligations and Required Deposits shall not include any amounts thereof expected by the Authority to be paid from any funds, other than 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 Reimbursement Obligations, Outstanding Subsidiary Unsecured Debt or Subordinated Indebtedness, ~~other than proceeds of Bonds or Subordinated Indebtedness issued to fund the Shoreham Credits~~), which expectations, if included in a resolution of the Authority or Certificate of an Authorized Representative of the Authority filed with the Trustee, shall be conclusive).

~~(E) The provisions of this subsection (e) shall not apply, (i) to the initial Series of Bonds issued hereunder, (ii) to any Bonds constituting Acquisition Debt, (iii) to any Bonds, if issued for any purposes described in the public offering statement issued by the Authority in connection with the initial Series of Bonds issued hereunder, as part of the "Plan of Finance", in each such case if and to the extent not financed from the initial Series of Bonds issued hereunder, or (iv) at any time after the Authority shall have retired, other than from proceeds of Bonds or Subordinated Indebtedness, an amount equal to 25% of the Acquisition Debt net of the then outstanding balance of the Promissory Notes.~~

(f) Except in the case of Refunding Bonds issued pursuant to Section 206, a Certificate, dated as of the date of delivery of such Bonds, of ~~(i) an Authorized Representative of the Authority stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Resolution and (ii) an Authorized Representative of the Subsidiary stating that the Subsidiary is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Financing Agreement.~~

(g) In the case of any Bonds any proceeds of which are to fund Capitalized Interest, (i) the written direction of an Authorized Representative of the Authority to establish a sub account in the Capitalized Interest Account in the Debt Service Fund and (ii) the amount of the proceeds of such Bonds to be deposited to such sub account.

(h) Such further documents and moneys as are required by the provisions of Article VIII or any Supplemental Resolution adopted pursuant to Article VIII.

Any Supplemental Resolution may provide that (i) so long as a Credit Facility providing security (but not liquidity) is in full force and effect, and payment on the Credit Facility is not in default and the issuer of the Credit Facility is qualified to do business, the issuer of the Credit Facility shall be deemed to be the sole Owner of the Outstanding Bonds the payment of which such Credit Facility secures when the approval, consent or action of the Owners of such Bonds is required or may be exercised under the Resolution, or, in the alternative, that the approval, consent or action of the issuer of the Credit Facility shall be required in addition to the approval, consent or action of the applicable percentage of the Owners of Outstanding Bonds including, without limitation, Section 803 and following an Event of Default, and (ii) in the event that the principal, sinking fund installments, if any, and Redemption Price, if applicable, and interest due on any Outstanding Bonds shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of the Authority to the Owners of such Bonds shall continue to exist and such issuer of the Credit Facility shall be subrogated to the rights of such Owners in accordance with the terms of such Credit Facility.

Any Supplemental Resolution authorizing Bonds may delegate to any officers or employees of the Authority the determination of any details of such Bonds, within limitations which shall be set forth in such Supplemental Resolution. Any such determination shall be in writing, and each such written determination shall be deemed to be part of the Supplemental Resolution providing for the same.

Section 206. **Conditions Precedent to Delivery of Refunding Bonds.** All Refunding Bonds shall be executed by the Authority for issuance and delivered to the Trustee, and thereupon shall be authenticated by the Trustee and delivered to the Authority or upon its order, but only upon the receipt by the Trustee of:

- (i) the documents required by Section 205 other than subsections (e) and (f) thereof; and
- (ii) such documents, instructions, moneys and securities as are required by the provisions of Section 1201 or any Supplemental Resolution adopted pursuant to Article VIII to cause the Bonds or portions thereof to be refunded to be paid or deemed to have been paid within the meaning and with the effect expressed in Section 1201(a).

Section 207. **Special Provisions Relating to ~~Option Securities~~, Financial Contracts, Subordinated Credit Facilities, Parity Reimbursement Obligations and Subordinated Indebtedness.** (a) ~~All Option Securities shall be issued as Subordinated Indebtedness~~[Intentionally Omitted].

(b) Payments to ~~Qualified Counterparties~~counterparties under Financial Contracts shall constitute Subordinated Indebtedness, ~~except that such payments under Financial Contracts relating to Outstanding Subsidiary Unsecured Debt shall constitute Outstanding Subsidiary Unsecured Debt.~~

(c) In connection with any Bonds, the Authority may obtain or cause to be obtained one or more Credit Facilities and agree with the issuer of a Credit Facility to reimburse such issuer directly for amounts paid under the terms of such Credit Facility, together with interest thereon; provided, however, that no obligation to reimburse an issuer of a Credit Facility shall be created, for purposes of the Resolution, until amounts are paid under such Credit Facility. Such payments to reimburse the issuer of a Credit Facility are referred to herein as "Reimbursement Obligations." Any Reimbursement Obligation (a "Parity Reimbursement Obligation") may be secured by a pledge of and a lien on the Trust Estate on a parity with the lien created thereon by Section 501. Any such Parity Reimbursement Obligation shall be deemed to be a part of the Series to which the Credit Facility which gave rise to such Parity Reimbursement Obligation relates.

(d) Payments to reimburse the issuer of a Subordinated Credit Facility (a "Subordinated Reimbursement Obligation") shall constitute Subordinated Indebtedness.

~~(e) With respect to any contract of the Authority or the Subsidiary with another entity for fuel, energy or power (a "Supply Contract"), the obligation of the Authority or the Subsidiary, as the case may be, to pay that portion of any rates, fees, charges, surcharges or payments for the specific purpose of meeting principal and/or interest on that entity's obligations directly associated with such contract and payable to such entity regardless of whether fuel or energy is delivered or made available for delivery and the principal and/or interest component of any Capital Lease, (such portion or component, the "Debt Service Component") shall be (i) payable from Revenues and secured by a pledge of, and lien on, the Trust Estate on a parity with the lien created by Section 501 to secure the Bonds (a "Parity Contract Obligation") only if, when such Supply Contract or Capital Lease is entered into, the Authority shall have satisfied the test set forth in either Section 205(e)(A) or (B), subject to Section 205(e)(D), with respect to such Debt Service Component or (ii) payable from funds withdrawn from the Revenue Fund as permitted by Section 505(b), in all other events.~~

Section 208. **Separately Financed Project.** Nothing in the Resolution shall prevent the Authority from authorizing and issuing bonds, notes, or other obligations or evidences of indebtedness other than

Bonds, for any purpose of the Authority authorized by the Act or by other applicable State statutory provisions, or from financing any such purpose from other available funds (such purpose being referred to herein as a “Separately Financed Project”), if the debt service on such bonds, notes, or other obligations or evidences of indebtedness, if any, and the Authority’s share of any operating expenses related to such Separately Financed Project, are payable solely from the revenues or other income derived from the ownership or operation of such Separately Financed Project or from other funds withdrawn from the Revenue Fund as permitted by Section 505(b), and may be secured by the ~~Authority’s or any Authority subsidiary’s~~ ownership interest therein.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

Section 301. **Title of Bonds.** Subject to the provisions of Section 302, each Bond shall be entitled and shall bear such letters or numbers and such Series designation as shall be determined in the Supplemental Resolution authorizing such Bond.

Section 302. **Legends.** In accordance with Section 1020 l of the Act, the Bonds shall contain or have endorsed thereon a statement to the effect that neither the State nor any municipality thereof is liable thereon and that such Bond is not a debt of the State or of any municipality thereof, and that the Authority does not have the power to pledge the credit, the revenues or the taxing power of the State or any municipality thereof, and neither the credit of the revenues nor the taxing power of the State or of any municipality thereof is or shall be or be deemed to be pledged to the payment of the Bonds. In addition, the Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Resolution as may be necessary or desirable to comply with custom or otherwise as may be determined by the Authority prior to delivery thereof.

Section 303. **Place and Medium of Payment; Form.** Unless otherwise determined by a Supplemental Resolution authorizing particular Bonds, such Bonds shall be payable at the Principal Office of the Trustee, and any Paying Agent appointed or provided for such Bond, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Unless otherwise provided in a Supplemental Resolution providing for particular Bonds, such Bonds shall be issued in the form of fully registered bonds without coupons payable to a named person or registered assigns. The Authority may provide in an applicable Supplemental Resolution for the issuance of Bonds in book entry form, together with such related modifications to the Resolution as are necessary and appropriate for such Bonds.

Section 304. **Payment of Interest.** Interest on the Bonds shall be payable in the manner provided in the Supplemental Resolution authorizing the issuance of such Bonds to the person in whose name such Bonds are registered, as shown on the registry books of the Authority kept for such purpose at the office of the Trustee, at the close of business on the Record Date, or as otherwise provided in the Supplemental Resolution authorizing the issuance of such Bonds.

Section 305. **Interchangeability of Bonds.** Upon surrender thereof at the Principal Office of the Trustee, as registrar, with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his duly authorized attorney, Bonds may, at the option of the Owner thereof and upon payment by such Owner of any charges which the Trustee may make as provided in Section 307, be exchanged for an equal aggregate principal amount of Bonds of the same Series, maturity and interest rate of any of the authorized denominations.

Section 306. **Negotiability, Transfer and Registry.** (a) Each Bond shall be transferable only upon the books of the Authority, which shall be kept for that purpose at the Principal Office of the Trustee, by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by such Owner or his duly authorized attorney. Upon such transfer, the Authority shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, Series and maturity as the surrendered Bond.

(b) The Authority and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Authority as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of or interest on such Bond and for all other purposes, and all such payments shall be valid and effective to satisfy and discharge the Authority's obligations with respect to the payment of such principal, Redemption Price and interest upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor any Fiduciary shall be affected by any notice to the contrary. To the extent permitted by law, the Authority agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under the Resolution, in so treating any such registered owner.

Section 307. **Regulations With Respect to Exchanges and Transfers.** In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Trustee. For every such exchange or transfer of Bonds whether temporary or definitive, the Authority or the Trustee may, as a condition precedent to the privilege of making such exchange or transfer, make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Authority nor the Trustee shall be required to transfer or exchange Bonds of any Series for a period of fifteen days next preceding the first publication or mailing of any notice of redemption or to transfer or exchange any Bonds called for redemption.

Section 308. **Bonds Mutilated, Destroyed, Stolen or Lost.** In case any Bond shall become mutilated or be destroyed, stolen or lost, the Authority shall execute, and thereupon the Trustee shall authenticate and deliver a new Bond of like Series, maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Authority and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Authority and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Authority and the Trustee may prescribe and paying such expenses as the Authority and Trustee may incur. All Bonds so surrendered to the Trustee shall be canceled by it. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under the Resolution, in any moneys or securities held by the Authority or the Fiduciaries for the benefit of the Bondholders. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 309. **Preparation of Definitive Bonds; Temporary Bonds.** (a) Until the definitive Bonds of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 310, and, upon the request of the Authority, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof and as to interchangeability and registration of Bonds, as permitted by law, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued in such denominations as may be authorized by the Authority, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender therefor of such temporary Bonds, the Trustee shall authenticate and, without charge to the Holder thereof, deliver in exchange therefor, definitive Bonds of the same aggregate principal amount, Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to the Resolution.

(b) If the Authority shall authorize the issuance of temporary Bonds in more than one denomination, the Holder of any temporary Bond or Bonds may, at his option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount, Series and

maturity of any other authorized denomination or denominations, and thereupon the Authority shall execute and the Trustee shall authenticate and, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges provided for in Section 307, shall deliver a temporary Bond or Bonds of like aggregate principal amount, Series and maturity in such other authorized denomination or denominations as shall be requested by such Holder.

(c) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

Section 310. **Execution and Authentication.** (a) After their authorization by a Supplemental Resolution, Bonds may be executed by or on behalf of the Authority and, except as otherwise provided in such Supplemental Resolution, delivered to the Trustee for authentication. The Bonds shall be executed in the name and on behalf of the Authority by the manual or facsimile signature of any Authorized Representative of the Authority and the corporate seal of the Authority (or a facsimile thereof) shall be thereunto affixed, imprinted, impressed, engraved or otherwise reproduced thereon, and attested by the manual or facsimile signature of any other Authorized Representative of the Authority, or in such other manner as may be required by law. In case any one or more of the officers or employees who shall have signed or sealed any of the Bonds shall cease to be such officer or employee before the Bonds so signed and sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office or be so employed. Any Bond may be signed and sealed on behalf of the Authority by such persons as at the actual time of the execution of such Bond shall be duly authorized or hold the proper office in or employment by the Authority, although at the date of such Bonds such person may not have been so authorized to have held such office or employment.

(b) Except as otherwise provided in a Supplemental Resolution with respect to the Series of Bonds authorized thereunder, Bonds shall bear thereon a certificate of authentication, in the form set forth in the Supplemental Resolution authorizing such Bonds, executed manually by the Trustee. Except as otherwise provided by Supplemental Resolution, no Bond shall be entitled to any right or benefit under the Resolution or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the Owner thereof is entitled to the benefits hereof.

Section 311. **Book-Entry-Only System.** Notwithstanding any other provision of the Resolution, the Authority may employ a book-entry-only system of registration with respect to any Bonds. The procedures regarding such registration shall be set forth in the Supplemental Resolution authorizing such Bonds and the Authority may, if necessary, amend the Resolution pursuant to Section 801(9). Notwithstanding the foregoing, any provisions of the Resolution inconsistent with book-entry-only Bonds shall not be applicable to such book-entry-only Bonds.

Section 312. **Inapplicability of Article.** The provisions of this Article III shall not apply to any Parity Reimbursement Obligation unless any one or more of the provisions hereof are made applicable by the Supplemental Resolution authorizing the Bonds of which such Parity Reimbursement Obligation is deemed to be a part pursuant to Section 207.

ARTICLE IV

APPLICATION OF BOND PROCEEDS

Section 401. **Application of Bond Proceeds.** The proceeds (including accrued interest) of the sale of the Bonds shall be deposited in such Funds and Accounts, or otherwise paid or deposited, and in the respective amounts as shall be provided by the Supplemental Resolution authorizing such Bonds. All proceeds not otherwise paid or deposited shall be deposited in the Construction Fund; provided, however, that in the case of

Refunding Bonds, all such amounts not otherwise paid or deposited shall be applied to the refunding purposes thereof in the manner provided in the related Supplemental Resolution.

ARTICLE V

FUNDS AND ACCOUNTS

Section 501. **The Pledge Effected by this Resolution.** (a) The Trust Estate is hereby pledged for the payment of the Bonds and Parity Reimbursement Obligations in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution, the Act and the Financing Agreement permitting the application thereof for or to the purposes and on the terms and conditions herein and therein set forth.

(b) The pledge of subsection (a) shall be valid and binding from the time when it is made, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof. The Revenues, moneys and proceeds received by the Authority as part of the Trust Estate shall immediately be subject to the lien of such pledge without any physical delivery or further act.

(c) As further security for the payment of the Bonds and Parity Reimbursement Obligations, the Authority hereby ~~assigns, transfers and pledges~~confirms its assignment transfer and pledge to the Trustee all of its rights and interests under and pursuant to the Financing Agreement, dated as of May 1, 1998 between the Authority and the Subsidiary (excluding rights to notice and other procedural rights, its rights to indemnification and rights and interests not material to Bondholders), including, without limiting the generality of the foregoing, the present and continuing right (i) to make claim for, collect or cause to be collected, receive or cause to be received, ~~from the Subsidiary or otherwise,~~ all Revenues thereunder, ~~(ii) to bring actions and proceedings thereunder for the enforcement thereof, and (iii) to do any and all things which the Authority is or may become entitled to do under the Financing Agreement; provided, however, that the assignment made hereby shall not impair or diminish any obligation of the Authority under the Financing Agreement. Notwithstanding the foregoing, so long as there shall exist no event of default under the Financing Agreement, the Subsidiary shall have the right to exercise every right, power and authority under the Financing Agreement.~~

Section 502. **Establishment of Funds and Accounts.** (a) The following Funds are hereby established:

- (1) Construction Fund, to be held by the Authority;
- (2) Revenue Fund, to be held by the Authority;
- (3) Operating Expense Fund, to be held by the Authority;
- (4) Debt Service Fund, to be held by the Trustee;
- (5) Parity ~~Contract~~Reimbursement Obligations Fund, to be held by the Authority;
- (6) Subordinated Indebtedness Fund, to be held by the Authority, subject to subsection (d) below;
- (7) ~~Subsidiary Unsecured Debt Fund, to be held by the Authority~~[intentionally omitted];
- (8) ~~PILOTs Fund, to be held by the Authority~~[intentionally omitted]; and
- (9) Rate Stabilization Fund, to be held by the Authority.

(b) There is hereby established in the Debt Service Fund a separate account to be known as the "Capitalized Interest Account." The Trustee shall, upon receipt of a written direction signed by an Authorized Representative of the Authority, establish, in the Capitalized Interest Account, a sub account for each Series of Bonds for which Capitalized Interest has been provided.

(c) In addition to the Account established in subsection (b) above, the Trustee shall, at the request of the Authority, establish within any Fund held by the Trustee such Accounts as shall be designated in the written instructions of an Authorized Representative of the Authority and shall in like manner establish within any Account such sub accounts for the purposes of such Accounts as shall be so designated, and the Authority may do likewise with respect to any Fund held by it.

(d) Any Accounts or subaccounts established within the Subordinated Indebtedness Fund simultaneously may be held by the Authority or by one or more trustees or other depositories as required by the resolutions, indentures or similar instruments authorizing and providing for issuance of Subordinated Indebtedness. Any such resolution, indenture or similar instrument also may establish such other funds or accounts as shall be necessary or desirable in connection with such Subordinated Indebtedness.

Section 503. **Construction Fund.** (a) There shall be deposited from time to time in the Construction Fund any amount required to be deposited therein pursuant to the Resolution or the Financing Agreement, and any other amounts received by the Authority for or in connection with the System and determined by the Authority to be deposited therein, which are not otherwise required to be applied in accordance with the Resolution.

(b) The proceeds of insurance, if any, maintained by the Authority ~~or the Subsidiary~~ against physical loss of or damage to the System, or of contractors' performance bonds with respect thereto, pertaining to the period of acquisition or construction of System Improvements, to the extent not deposited to the Revenue Fund, shall be paid into the Construction Fund.

(c) Except as otherwise provided in this Section and in Section 515(b), amounts in the Construction Fund shall be expended ~~only to pay Costs of System Improvements~~ in the amounts, at the times, in the manner, and on other terms and conditions as determined by the Authority from time to time.

(d) Notwithstanding any of the other provisions of this Section, to the extent that other moneys are not available therefor in any of the other Funds and Accounts established under the Resolution, amounts in the Construction Fund shall be applied to the payment of the Principal Installments of and interest on Bonds.

Section 504. **Revenue Fund.** The Authority shall, as promptly as practicable after receipt thereof by the ~~Subsidiary or the~~ Authority, deposit all Revenues in the Revenue Fund, unless required by the Resolution to be deposited to any other Fund or Account. There shall also be deposited in the Revenue Fund all other amounts required by the Resolution or the Financing Agreement to be so deposited.

Section 505. **Payments Into Certain Funds.** (a) Amounts on deposit from time to time in the Revenue Fund shall be withdrawn and deposited as follows and, as of any time, in the following order of priority:

FIRST: to the Operating Expense Fund, the amount determined by the Authority from time to time to be deposited thereto to pay, or to be set aside therein as a reserve for the payment of, Operating Expenses;

SECOND: (B) to the Debt Service Fund, the amounts required to pay or provide for the payment of the Principal Installments and Redemption Price of and interest on Bonds and Parity Reimbursement Obligations; provided, however, that no such amount shall be required to be deposited therein in advance of one business day prior to the due date of any such payment; and

(C) to the Parity ~~Contract~~Reimbursement Obligations Fund, the amount determined by the Authority to be required to be deposited therein to pay or provide for the payment of Parity ~~Contract~~Reimbursement Obligations; provided, however, that no such amount shall be required to be deposited therein in advance of one business day prior to the due date of any such payment;

provided, however, that if the balance remaining to make all such deposits is less than sufficient to do so in full, deposits shall be made pro rata between the Debt Service Fund and the Parity ~~Contract~~Reimbursement Obligations Fund in the same ratio that the amount required to be deposited thereto bears to the sum of the amount required to be deposited to each such Fund;

THIRD: if such amounts are not expected by the Authority to be required thereafter for purposes of paragraphs FIRST or SECOND above, to the Subordinated Indebtedness Fund, the amount determined by the Authority to be required to be deposited therein to pay or provide for the payment of principal and redemption price of and interest on Subordinated Indebtedness in accordance with Section 509; provided, however, that no such amount shall be required to be deposited therein in advance of one business day prior to the due date of any such payment;

FOURTH:[INTENTIONALLY OMITTED];

FIFTH: [Intentionally Omitted]; and

~~FOURTH: if such amounts are not expected by the Authority to be required thereafter for purposes of paragraphs FIRST, SECOND or THIRD above, to the Subsidiary Unsecured Debt Fund, the amount determined by the Authority to be required to be deposited therein to pay or provide for the payment of Outstanding Subsidiary Unsecured Debt in accordance with Section 510;~~

~~FIFTH: if such amounts are not expected by the Authority to be required thereafter for purposes of paragraphs FIRST, SECOND, THIRD or FOURTH above, to the PILOTs Fund, the amount determined by the Authority to be required to be deposited in such Fund to pay or provide for the payment of PILOTs in accordance with Section 511 in accordance with the System Budget or the entire balance if less than sufficient; and~~

SIXTH: if such amounts are not expected by the Authority to be required thereafter for purposes of paragraphs FIRST, SECOND, or THIRD, ~~FOURTH or FIFTH~~ above, to the Rate Stabilization Fund, the amount determined by the Authority to be deposited therein to provide for any payments or deposits from Revenues thereafter.

Such expectations of the Authority may but shall not be required to extend beyond any Fiscal Year for which a ~~System~~man Authority Budget has been adopted, and may take into account, among other things, anticipated future receipts of Revenues and other moneys constituting part of the Trust Estate.

(b) Any moneys remaining in the Revenue Fund at any time and not deposited as set forth in subsection (a) above may be retained in the Revenue Fund or may be withdrawn and used for any lawful purpose of the Authority ~~or the Subsidiary~~ determined by the Authority, including but not limited to the purchase or redemption of any bonds, notes or other obligations of the Authority ~~or the Subsidiary and, to the extent specified by the Authority, the payment of any incentive payments payable by the Subsidiary under any System Agreement, which are not payable as an Operating Expense~~; provided, however, that prior to any such withdrawal, the Authority shall have determined, taking into account, among other considerations, anticipated future receipts of Revenues and other moneys constituting part of the Trust Estate, that the moneys to be withdrawn are not needed for any other purpose provided in paragraphs FIRST through SIXTH of subsection (a) above. Amounts paid out or withdrawn pursuant to this paragraph (b) shall be free and clear of the lien and pledge created by the Resolution unless deposited into any Fund or Account; ~~provided, however, that to the extent amounts are paid out or withdrawn for the purpose of paying any expense of the Subsidiary, such amounts shall remain subject to the lien and pledge created by~~

~~the Resolution until such amounts are actually applied by LIPA or the Subsidiary to the payment of such expense.~~

(c) Purchases of Bonds or Subordinated Indebtedness from amounts in the Revenue Fund shall be made at the direction of the Authority, with or without advertisement and with or without notice to other Holders of Bonds or Subordinated Indebtedness. Such purchases shall be made at such price or prices as determined by the Authority. If Sinking Fund Installments have been established for the maturities of Bonds purchased by the Authority, then the Authority shall direct the Trustee to credit the principal amount purchased against the applicable Sinking Fund Installments in such order and amounts as are determined by the Authority.

Section 506. **Operating Expense Fund.** (a) Amounts credited to the Operating Expense Fund shall be applied from time to time solely to the payment of Operating Expenses at the times, in the manner, and on the other terms and conditions as determined by the Authority from time to time.

(b) If and to the extent provided in a Supplemental Resolution authorizing Bonds, amounts from the proceeds of such Bonds may be credited to the Operating Expense Fund and set aside therein as specified in the Supplemental Resolution for any purpose of such Fund.

Section 507. **Debt Service Fund.** (a) The Trustee shall for all Outstanding Bonds and Parity Reimbursement Obligations, pay (i) on each Bond Payment Date, (1) from the moneys on deposit in the Debt Service Fund the amounts required for the payment of the Principal Installments, if any, due on such Bond Payment Date and (2) from the moneys on deposit in the Debt Service Fund, including the moneys credited to the sub account, if any, established for such Series in the Capitalized Interest Account, the interest due on such Bond Payment Date, and (ii) on any redemption date or date of purchase, the amounts required for the payment of accrued interest on Bonds to be redeemed or purchased on such date unless the payment of such accrued interest shall be otherwise provided.

(b) As soon as practicable after the forty fifth day preceding the due date of any Sinking Fund Installment, the Trustee shall proceed to call for redemption, pursuant to Section 603, on such due date, Bonds of the Series and maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of the principal amount specified for such Sinking Fund Installment of the Bonds of such Series and maturity. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable Redemption Price thereof on the redemption date. The Trustee shall apply to the redemption of the Bonds on each such redemption date the amount required for the redemption of such Bonds.

(c) In the event of the refunding of any Bonds, the Trustee shall, upon the written direction of the Authority, withdraw from the Debt Service Fund and the Capitalized Interest Account related to the Bonds to be refunded all or any portion of amounts accumulated therein with respect to the Bonds to be refunded and deposit such amounts as provided in such written direction; provided, however, that such withdrawal shall not be made unless immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to Section 1201.

Section 508. **Parity ~~Contract~~Reimbursement Obligations Fund.** (a) Amounts credited to the Parity ~~Contract~~Reimbursement Obligations Fund shall be applied from time to time solely to pay or provide for the payment of Parity ~~Contract~~Reimbursement Obligations at the times, in the manner, and on the other terms and conditions as determined by the Authority from time to time, subject to subsection (b) below.

(b) If at any time any amount remains on deposit in the Parity ~~Contract~~Reimbursement Obligations Fund which the Authority determines is not required thereafter for purposes thereof, such amount shall be transferred to the Revenue Fund.

Section 509. **Subordinated Indebtedness Fund.** (a) Amounts on deposit in the Subordinated Indebtedness Fund shall be applied by the Authority solely to pay or provide for the payment of the principal and redemption price of and interest on Subordinated Indebtedness, or as otherwise provided by the resolution of the Authority authorizing each issue of Subordinated Indebtedness, subject to subsections (b) and (c) below.

(b) If at any time the amounts in the Operating Expense Fund, Debt Service Fund or Parity ~~Contract~~Reimbursement Obligations Fund shall be less than the current requirements thereof, the Authority shall withdraw from the Subordinated Indebtedness Fund and deposit in such other Funds the amounts necessary (or all the moneys in the Subordinated Indebtedness Fund, if less than the amounts necessary, applying available amounts in the order of priority and otherwise as specified in Section 505(a)) to make up such deficiency.

(c) If at any time any amount remains on deposit in the Subordinated Indebtedness Fund which the Authority determines is not required thereafter for purposes thereof, such amount shall be transferred to the Revenue Fund.

Section 510. [INTENTIONALLY OMITTED]

Section 511. [INTENTIONALLY OMITTED]

~~**Section 510. Subsidiary Unsecured Debt Fund.** (a) Amounts on deposit in the Subsidiary Unsecured Debt Fund shall be applied by the Authority solely to the payment of the principal of and interest on the Outstanding Subsidiary Unsecured Debt, subject to subsections (b) and (c) below.~~

~~(b) If at any time the amounts in the Operating Expense Fund, Debt Service Fund, Parity Contract Obligations Fund or Subordinated Indebtedness Fund shall be less than the current requirements thereof, the Authority shall withdraw from the Subsidiary Unsecured Debt Fund and deposit in such other Funds the amounts necessary (or all the moneys in said Fund, if less than the amounts necessary, applying available amounts in the order of priority and otherwise as specified in Section 505(a)) to make up such deficiency.~~

~~(c) If at any time any amount remains on deposit in the Subsidiary Unsecured Debt Fund which the Authority determines is not required thereafter for purposes thereof, such amount shall be transferred to the Revenue Fund.~~

~~**Section 511. PILOTs Fund.** (a) Amounts on deposit in the PILOTs Fund shall be applied by the Authority, or paid to the Subsidiary for application by the Subsidiary, solely to make payments to the State, or any municipality or other political subdivision of the State, which shall be entitled to receive PILOTs under the Act, at such times and in such amounts as the Authority shall determine to be required to make such payments, subject to subsections (b) and (c) below.~~

~~(b) If at any time the amounts in the Operating Expense Fund, Debt Service Fund, Parity Contract Obligations Fund, Subordinated Indebtedness Fund or Subsidiary Unsecured Debt Fund shall be less than the current requirements thereof, the Authority shall withdraw from the PILOTs Fund and deposit in such other Funds the amounts necessary (or all the moneys in the PILOTs Fund, if less than the amounts necessary, applying available amounts in the order of priority and otherwise as specified in Section 505(a)) to make up such deficiency.~~

~~(c) Amounts on deposit in the PILOTs Fund which the Authority may determine to be in excess of the amount required to be maintained therein for the purposes of such Fund shall be transferred to the Revenue Fund.~~

Section 512. **Rate Stabilization Fund.** (a) Amounts on deposit in the Rate Stabilization Fund may be used for any lawful purpose of the Authority ~~or the Subsidiary~~, including but not limited to making any

deposits required by the Resolution to any Fund or Account, as determined by the Authority; provided, however, that no such deposit to any such Fund or Account shall be required except as specified by subsection (b) below.

(b) If at any time the amounts in the Operating Expense Fund, Debt Service Fund, Parity ~~Contract Reimbursement~~ Obligations Fund, or Subordinated Indebtedness ~~Fund, Subsidiary Unsecured Debt Fund or PILOTs~~ Fund shall be less than the current requirements thereof, the Authority shall withdraw from the Rate Stabilization Fund and deposit in such other Funds the amounts necessary (or all the moneys in the Rate Stabilization Fund, if less than the amounts necessary, applying available amounts in the order of priority and otherwise as specified in Section 505(a)) to make up such deficiency.

(c) Amounts on deposit in the Rate Stabilization Fund which the Authority may determine to be in excess of the amount required to be maintained therein for the purposes of such Fund shall be transferred to the Revenue Fund.

Section 513. **Depositories.** (a) All moneys or securities held by the Authority or the Trustee under the provisions of the Resolution shall constitute trust funds and the Authority or the Trustee may, and the Trustee shall if directed in writing by an Authorized Representative of the Authority, deposit such moneys or securities with one or more Depositories in trust for the Authority, or the Trustee, as the case may be. All moneys or securities deposited under the provisions of the Resolution with the Authority, the Trustee or any Depository shall be held in trust and applied only in accordance with the provisions of the Resolution and each of the Funds and the Accounts shall be a trust fund for the purposes thereof. The Authority and the Trustee shall instruct each Depository that any moneys or securities credited to a Fund or an Account hereunder which are deposited with such Depository shall be identified to be part of such Fund or Account and subject to the pledge created under the Resolution. Prior to the first deposit of any moneys or securities with each Depository, the Authority and the Trustee shall obtain from such Depository its agreement to serve as agent of the Authority or the Trustee, as the case may be, in holding such moneys or securities in pledge in favor of the Authority or the Trustee, as the case may be, and the contract or other written instrument between the Authority and such Depository governing the establishment and operation of such account shall provide the moneys or securities from time to time deposited with such Depository shall be held by such Depository as such agent in pledge in favor of Authority, or the Trustee, as the case may be, provided, however, that, except as otherwise expressly provided herein, the Authority shall be permitted at any time to make withdrawals from and write checks or other drafts against any account held by the Authority and established with such Depository and apply the same for the purposes specified in the Resolution and, subject to Section 515 hereof, the Authority shall be permitted to invest amounts in any such account in Investment Securities.

(b) Each Depository shall be a bank or trust company organized under the laws of the State or a national banking association (having its principal office within the State), having capital stock, surplus and undivided earnings aggregating at least \$100,000,000 (or such greater amount as set forth in a Supplemental Resolution) and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the Resolution.

(c) Moneys and securities credited to any Fund or Account may be commingled with moneys and securities credited to other Funds or Accounts for the purposes of establishing checking or other bank accounts for purposes of investing funds or otherwise; provided, however, the Trustee and the Authority shall at all times maintain or cause to be maintained accurate books and records reflecting the amounts credited to the respective Funds and Accounts held by them. All withdrawals from any commingled moneys or securities shall be charged against the proper Fund or Account and no moneys shall be withdrawn from commingled moneys if there is not on credit to the Fund or Account to be charged sufficient funds to cover such withdrawal.

Section 514. **Deposits.** (a) All Revenues and other moneys held by any Depository under the Resolution may be placed on demand or time deposit, if and as directed by the Authority, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. All such moneys deposited with a Fiduciary, acting as a Depository, may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such

Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Authority and acceptable to such Fiduciary, on time deposit, provided that such moneys on deposit be available for use at the time when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar condition or as required by law.

(b) All moneys deposited with the Authority, the Trustee and each Depositary shall be credited to the particular Fund or Account to which such moneys belong.

Section 515. **Investment of Certain Funds.** (a) Moneys held in all Funds and Accounts shall be invested and reinvested by the Authority or the Trustee, as the case may be, to the fullest extent practicable in Investment Securities which mature not later than at such times as shall be necessary to provide moneys when needed for payment to be made from such Funds and Accounts, subject, in the case of the Subordinated Indebtedness Fund ~~and Subsidiary Unsecured Debt Fund~~, to the terms of any resolutions, indentures, or other instruments securing any issue of Subordinated Indebtedness ~~or Outstanding Subsidiary Unsecured Debt, as the case may be~~. The Trustee shall make all such investments of moneys held by it in accordance with written instructions from any Authorized Representative of the Authority. In making any investment in any Investment Securities with moneys in any Fund or Account established under the Resolution, the Authority may, and may instruct the Trustee to, combine such moneys with moneys in any other Fund or Account, but solely for purposes of making such investment in such Investment Securities. Subject to Section 1103, the Trustee shall have no liability for any losses incurred in connection with any investment made pursuant hereto.

(b) Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in the Funds and Accounts, other than the Construction Fund and Capitalized Interest Account, shall be paid into the Revenue Fund as and when received. Interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) and other investment earnings on any moneys or investments in the Construction Fund and Capitalized Interest Account shall remain in such Fund or Account, respectively, unless the Authority elects to pay the same into the Revenue Fund.

(c) All Investment Securities acquired with moneys in any Fund or Account shall be held by the Authority or the Trustee in pledge or by a Depositary as agent in pledge in favor of the Authority or the Trustee, as the case may be, in accordance with Section 514.

(d) Nothing in the Resolution shall prevent any Investment Securities acquired as investments of any Fund or Account held under the Resolution from being issued or held in book entry form on the books of the Department of the Treasury of the United States or of the Federal Reserve Bank of New York.

ARTICLE VI

REDEMPTION OF BONDS

The provisions contained in the following Sections of this Article VI are applicable to all Bonds, except as may be otherwise set forth in a Supplemental Resolution authorizing any such Bonds.

Section 601. **Privilege of Redemption and Redemption Price.** Bonds subject to redemption prior to maturity pursuant to a Supplemental Resolution shall be redeemable, upon published notice as provided in this Article, at such times, at such Redemption Prices and upon such terms as may be specified in the Supplemental Resolution.

Section 602. **Redemption at the Election of the Authority.** In the case of any redemption of Bonds otherwise than as provided in Section 603, the Authority shall give written notice to the Trustee of the election so to redeem, of the redemption date, of the Series, of the principal amounts of the Bonds of each maturity

of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in any Supplemental Resolution authorizing a Series of Bonds). Such notice shall be given at least forty five days prior to the redemption date, unless the Trustee consents to lesser advance notice. The Trustee shall give the notice provided for in Section 605 whether or not, on the date of the receipt of notice to the Trustee pursuant to this Section 602, there is available in the Debt Service Fund or in any other applicable fund or account established by or pursuant to Supplemental Resolution for the payment of any Bonds an amount sufficient to pay the Redemption Price of the Bonds to be redeemed and to pay the interest accrued and unpaid on such Bonds to the designated redemption date.

Section 603. Redemption Otherwise Than at Authority Election. Whenever by the terms of this Resolution or a Supplemental Resolution, Bonds are required to be redeemed otherwise than at the election of the Authority, the Authority may nonetheless select the Series of Bonds, the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in this Resolution or a Supplemental Resolution) and in the event the Authority does not notify the Trustee of such Series, maturities and principal amounts to be redeemed on or before the 60th day preceding the redemption date, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and apply the moneys available therefor to redeem on the redemption date at the Redemption Price therefor, together with accrued interest to the redemption date, all of the Bonds to be redeemed.

Section 604. Selection of Bonds to be Redeemed. In the event of redemption of less than all the Outstanding Bonds of like Series and maturity, the Trustee shall select, in such manner in its discretion as it shall deem appropriate and fair, the numbers of the Bonds to be redeemed. For the purposes of this Section, Bonds which have theretofore been selected for redemption shall not be deemed Outstanding.

Section 605. Notice of Redemption. When the Trustee shall receive notice from the Authority of its election to redeem Bonds pursuant to Section 602, and in the case of any redemption as provided in Section 603, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall specify the Series and maturities and, if any maturity shall include Bonds bearing different rates and all Bonds of such maturity are not to be redeemed, interest rate or rates of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series, maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed and, in the case of the Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed, and, if applicable, that such notice is conditional and the conditions that must be satisfied. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable, subject to any such conditions. The Trustee shall mail a copy of such notice by first class mail, postage prepaid, not less than thirty days nor more than forty-five days before the redemption date, to the Owners of the Bonds or portion of Bonds which are to be redeemed, at their last addresses appearing upon the registry books. Failure so to mail any such notice to any particular Owner shall not affect the validity of the proceedings for the redemption of Bonds not owned by such Owner, and failure of any Owner to receive such notice shall not affect the validity of the proposed redemption of Bonds.

Notice of redemption of any Bonds shall also be sent by the Trustee to such additional persons as may be specified in the Supplemental Resolution authorizing such Bonds.

Section 606. Conditional Notices. Any notice to the Trustee pursuant to Section 602 or to the Owners of Bonds pursuant to Section 605 may state that it is conditional upon receipt by the Trustee of moneys sufficient to pay the Redemption Price of such Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Trustee to

affected Owners of Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Section 607. **Payment of Redeemed Bonds.** Notice having been given in the manner provided in Section 605, but subject to Section 606, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice such Bonds shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If, on the redemption date, moneys for the redemption of all the Bonds of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds of such Series and maturity so called for redemption shall cease to accrue and become payable. Subject to Section 606 hereof, if said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

ARTICLE VII

PARTICULAR COVENANTS

The Authority covenants and agrees with the Trustee and the Holders of the Bonds as follows:

Section 701. **Rate Covenants; Related Obligations.** (a) The Authority shall at all times maintain rates, fees or charges sufficient to pay the costs of operation and maintenance of the facilities owned or operated by the Authority, payments in lieu of taxes, renewals, replacements and capital additions, the principal of and interest on any obligations issued pursuant to the Resolution as the same severally become due and payable, and to establish or maintain any reserves or other funds or accounts required or established by or pursuant to the terms of the Resolution. Without limiting the generality of the foregoing, 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) 120% (except, after the Authority shall have retired, other than from proceeds of Bonds or Subordinated Indebtedness, an amount equal to 25% of the Acquisition Debt net of the then outstanding balance of the Promissory Notes, 100~~110% of Debt Service, and amounts under all Parity ~~Contract~~Reimbursement Obligations, payable by the Authority in such Fiscal Year, (ii) 100% of the Operating Expenses payable in such Fiscal Year, and (iii) 100% of ~~the amount necessary to pay all PILOTs payable in such Fiscal Year, and (iv) 100% of~~ the amount necessary to pay other Required Deposits, all other payments required pursuant to the Resolution and the Financing Agreement, and all other payments required for the System, for such Fiscal Year; provided, however, that if at any time such fees, rates, rents, charges and surcharges are or will be insufficient to meet the requirements of this Section, it shall not constitute a violation of this Section if and to the extent the Authority promptly takes action reasonably expected by the Authority to cure or avoid any such deficiency or to cause the same to be cured or avoided, or if the Authority complies with the provisions of subsection (d) of this Section. For purposes of this subsection (a), at any time, (i) Revenues shall include any amounts withdrawn or expected to be withdrawn thereafter in any Fiscal Year from the Rate Stabilization Fund which were ~~either (1) on deposit therein prior to such Fiscal Year or (2) proceeds of Bonds or Subordinated Indebtedness issued to fund the Shoreham Credits~~, (ii) Revenues shall not include any proceeds from the sale of ~~Subsidiary Authority~~ assets ~~or proceeds of insurance~~, and (iii) Debt Service, Parity ~~Contract~~Reimbursement Obligations, ~~PILOTs~~ and other Required Deposits shall not include any amounts thereof expected by the Authority to be paid from any funds, other than 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 ~~Contract~~Reimbursement Obligations, ~~Outstanding Subsidiary Unsecured Debt or Subordinated Indebtedness, other than proceeds of Bonds or Subordinated Indebtedness issued to fund the Shoreham Credits~~), which expectations, if included in a resolution of the Authority or Certificate of an Authorized Representative, shall be conclusive.

(b) The Authority shall review, ~~or cause the Subsidiary to review,~~ the adequacy of System fees, rates, rents, charges and surcharges at least annually. If such annual or more frequent review, ~~or the report of the Rate Consultant pursuant to Section 702,~~ indicates that the rates, fees, rents, charges and surcharges are, or will be, insufficient to meet the requirements of this Section 701, the Authority shall promptly take, ~~or cause the Subsidiary to take,~~ the necessary action to cure or avoid any such deficiency except as otherwise may be provided by subsection (d) of this Section.

(c) Except to the extent required by law, the Authority will not ~~permit the Subsidiary to~~ furnish or supply or cause to be furnished or supplied any product, use or service of the System free of charge (or at a nominal charge) to any person, firm or corporation, public or private, unless and to the extent the Authority shall have determined that other adequate consideration has been, or is expected to be, received by the Subsidiary Authority in connection therewith, and the Authority will ~~cause the Subsidiary to~~ enforce or cause to be enforced the payment of any and all amounts owing to the Subsidiary Authority for use of the System in accordance with ~~Section 6.7 of the Financing Agreement~~ the Authority's rules and regulations relating to the provision of electric service.

(d) The failure in any Fiscal Year to comply with the covenant in clauses (i) (but only to the extent of the excess, if any, over 100% of Debt Service and amounts under all Parity Contract Reimbursement Obligations); and (iii) ~~and (iv)~~ of the ~~first~~ second sentence of subsection (a) of this Section or the corresponding provisions of the second sentence of subsection (b) of this Section (for purposes of this subsection (d), the "non-debt service and operating expense rate covenant"), shall not constitute an Event of Default if the Authority shall comply with this subsection (d). If the Authority shall fail in any Fiscal Year to comply with the non-debt service and operating expense rate covenant, the Authority shall retain a Rate Consultant ~~and a Consulting Engineer~~ for the purpose of reviewing System fees, rates, rents, charges and surcharges and reviewing the ~~System Budget in the manner described in Section 702~~ Authority Budget. The Rate Consultant's recommendation as to any necessary or advisable revisions of rates, fees, rents, charges and surcharges may also contain such other advice and recommendation as it may deem desirable. If the Rate Consultant ~~(relying upon the certificate of the Consulting Engineer hereinafter mentioned in this subsection)~~ shall be of the opinion, as shown by a certificate filed with the Trustee ~~pursuant to Section 702,~~ that a schedule of fees, rates, rents, charges and surcharges for the System which would provide funds to meet the requirements specified in the non-debt service and operating expense rate covenant is impracticable at that time and the Authority therefore cannot comply with the non-debt service and operating expense rate covenant, then the Authority shall fix and establish such schedule of System fees, rates, rents, charges and surcharges as is recommended in such certificate by the Rate Consultant to comply as nearly as practicable with the non-debt service and operating expense rate covenant, and in such event the failure of the Authority to comply with the non-debt service and operating expense rate covenant shall not constitute an Event of Default. ~~The Rate Consultant's certificate shall be accompanied by a certificate of the Consulting Engineer setting forth estimates of amounts required as provided by Section 702(b)(i) for the then current and the ensuing two Fiscal Years.~~ This subsection (d) shall not apply to the covenant in clauses (i) (to the extent of 100% of Debt Service and amounts under all Parity Contract Reimbursement Obligations) and (ii) of the ~~first~~ second sentence of subsection (a) of this Section or the corresponding provisions of the second sentence of subsection (b) of this Section.

Section 702. [INTENTIONALLY OMITTED].

~~**Section 702. Consulting Engineer and Rate Consultant.** (a) Subject to subsection (e) of this Section, the Authority shall employ or cause the Subsidiary to employ a Consulting Engineer and a Rate Consultant whose duties, respectively, shall be to make any certificates and perform any other acts required or permitted of the Consulting Engineer and the Rate Consultant hereunder or under the Financing Agreement. If so determined hereafter by the Authority, the same person or firm may perform the duties and functions of the Consulting Engineer and the Rate Consultant.~~

~~(b) Commencing with Fiscal Year 1999 and no less frequently than every other Fiscal Year thereafter, the Consulting Engineer and the Rate Consultant shall make an examination of, and shall report on, the properties and operations of the System. Such report shall be submitted to the Authority, the Subsidiary, and the Trustee no later than eight months after the close of the Fiscal Year to which such examination relates and shall set forth the following:~~

~~(i) the Consulting Engineer's advice and recommendation as to the proper operation, maintenance and repair of the System during the ensuing two Fiscal Years, and an estimate of the amounts of money necessary for such purposes;~~

~~(ii) the Consulting Engineer's advice and recommendations as to improvements which should be made during the ensuing two Fiscal Years, and an estimate of the amounts of money necessary for such purposes, showing the amount projected to be expended during such Fiscal Years from the proceeds of Bonds or Subordinated Indebtedness issued under or pursuant to the Resolution;~~

~~(iii) the Rate Consultant's recommendation as to any necessary or advisable revisions of rates, fees, rents, charges and surcharges and such other advice and recommendation as it may deem desirable; and~~

~~(iv) the Consulting Engineer's findings as to whether the System has been maintained in good repair and sound operating condition, and its estimate of the amount, if any, required to be expended to place such properties in such condition and the details of such expenditures and the approximate time required therefor.~~

~~(c) The Authority covenants that if any such report shall set forth that the properties of the System have not been maintained in good repair and sound operating condition, it will cause the Subsidiary to promptly restore the properties to good repair and sound operating condition with all expedition practicable.~~

~~(d) The Authority further covenants that (i) it will cause the Subsidiary to provide the Consulting Engineer and the Rate Consultant free access to all properties of the System and every part thereof and, to the extent necessary to complete any duty or obligation of the Consulting Engineer or Rate Consultant, free access to any facilities of any operator or manager of the System utilized in the management or operation of the System, for the purposes of inspection and examination, and (ii) the books, records and accounts of the Authority and the Subsidiary may be examined by the Consulting Engineer and the Rate Consultant at all reasonable times.~~

~~(e) At any time after the expiration of the term of the initial Management Services Agreement the Authority may perform any duty or obligation of the Consulting Engineer or Rate Consultant under this Section; provided, however, that the Authority may not act as Rate Consultant or Consulting Engineer for any purpose of Section 205(e) or 701(d), or under this Section for purposes of complying with Section 701(d).~~

Section 703. **Offices for Servicing Bonds.** The Authority shall at all times maintain one or more offices or agencies where Bonds may be presented for registration, transfer or exchange, and where notices, presentations and demands upon the Authority in respect of the Bonds or of the Resolution may be served. The Authority hereby appoints the Trustee as its agent to maintain such office or agency, subject to Section 1114. The Authority shall at all times maintain one or more offices or agencies where the Bonds may be presented for payment.

Section 704. **Further Assurance.** At any and all times the Authority shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for better assuring,

conveying, granting, pledging, assigning and confirming all and singular, the rights, assets, revenues and other moneys, securities, funds and property hereby pledged or assigned, or intended so to be, or which the Authority may become bound to pledge or assign.

Section 705. Power to Issue Bonds and Pledge Rights and Interests; Payment of Bonds.

The Authority is duly authorized under all applicable laws to authorize and issue the Bonds and to adopt this Resolution and to pledge the rights and interests purported to be pledged and assigned hereby in the manner and to the extent herein provided. The rights and interests so pledged and assigned are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to or of equal rank with the pledge created hereby, other than (i) any pledge, lien, charge or encumbrance created by the Authority to secure any Parity [Reimbursement](#) Obligation, which may be of equal rank and priority with the pledge made hereby, and (ii) any pledge, lien, charge or encumbrance created by the Authority to secure any Subordinated Indebtedness, which shall be subject and subordinate in all respects to the pledge hereby made, and all corporate or other action on the part of the Authority to that end has been and will be duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable special obligations of the Authority in accordance with their terms and the terms of the Resolution. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Trust Estate pledged and assigned under the Resolution and all the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

The Authority shall duly and punctually pay or cause to be paid (but solely from the sources herein provided) the Principal Installments or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds.

Section 706. Books of Account; Audits.

The Authority shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions under the Resolution and which, together with all other books and papers of the Authority, shall at all reasonable times be subject to the inspection of the Trustee or the representative, duly authorized in writing, of the Holder or Holders of not less than 25% in principal amount of the Bonds then Outstanding. Such books of account are to be audited at least annually by independent certified public accountants experienced in public finance and electric utility accounting selected by the Authority. A copy of each audit report, annual balance sheet and income and expense statement shall be filed with the Trustee and sent to any Owner filing with the Authority a written request therefor.

Section 707. Indebtedness and Liens. (a) The Authority shall not, ~~and shall not permit or allow the Subsidiary to,~~ issue any bonds, notes or other evidences of indebtedness or otherwise incur any indebtedness or contract obligations, other than Bonds or Parity [Reimbursement](#) Obligations, secured by a pledge of or other lien or charge on the Trust Estate which is prior to or of equal rank or priority with the pledge made hereby.

(b) The Authority shall not create or cause to be created, ~~and shall not permit or allow the Subsidiary to create or cause to be created,~~ any lien or charge on the Trust Estate which is prior to or of equal rank or priority with the pledge made hereby.

(c) Nothing contained herein shall prohibit the Authority from issuing either (i) Subordinated Indebtedness payable from the Subordinated Indebtedness Fund, and secured by a pledge of and lien or charge on the Trust Estate, and further secured by an assignment of rights and interests under and pursuant to the Financing Agreement to the extent provided by Section 501(c), in each case subject and subordinate in all respects to the pledge thereof and lien and charge thereon, or assignment thereof, as the case may be, created by the Resolution in favor of Bonds and Parity [Reimbursement](#) Obligations, or (ii) other bonds, notes or other evidences of indebtedness for borrowed money payable from funds withdrawn from the Revenue Fund as permitted by Section 505(b).

Section 708. Agreement of the State. In accordance with Section 1020 o of the Act, the Authority, as agent for the State, hereby agrees with the Holders of obligations issued hereunder that the State will not limit or alter the rights vested in the Authority by the Act until such obligations together with the interest thereon

are fully met and discharged, provided that nothing herein contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the Holders of such obligations of the Authority.

Section 709. **Annual ~~System~~Authority Budget.** (a) Prior to the beginning of each Fiscal Year ~~commencing with Fiscal Year 1999~~, the Authority shall file with ~~the Subsidiary and the~~ Trustee an annual ~~System~~Authority Budget for the ensuing Fiscal Year which shall set forth in reasonable detail the estimated Revenues and Operating Expenses for the System for such year. Such annual ~~System Budget shall include the Subsidiary Budget and the~~ Authority Budget ~~and~~ also may set forth such additional material as the Authority may determine. ~~At the end of each quarter, the Authority shall review its estimates for such Fiscal Year, and in the event such estimates do not substantially correspond with actual Revenues or Operating Expenses, or if there are at any time during any such Fiscal Year extraordinary receipts or payments of unusual costs, the Authority shall prepare an amended annual System Budget for the remainder of the then current Fiscal Year. The Authority also may at any time adopt an amended annual System Budget for the remainder of the then current Fiscal Year.~~

(b) If for any reason the Authority shall not have adopted the ~~System~~Authority Budget by the time required by subsection (a) above, the ~~System~~Authority Budget for the then-current Fiscal Year shall be deemed to be the ~~System~~Authority Budget for the ensuing Fiscal Year until a new ~~System~~Authority Budget is adopted.

(c) The Authority may at any time adopt an amended ~~System~~Authority Budget for the then-current or ensuing Fiscal Year, ~~but no such amended System Budget shall supersede any prior System Budget until the Authority shall have filed with the Trustee and the Subsidiary a copy of such amended System Budget.~~

Section 710. **Deposits to Funds.** The Authority shall take such action as may be required to cause all Revenues to be deposited in the Revenue Fund (or, if so required by the Resolution, any other Fund or Account) from and after the date hereof.

Section 711. [INTENTIONALLY OMITTED].

Section 712. [INTENTIONALLY OMITTED].

~~**Section 711. Enforcement and Amendment of Financing Agreement.** The Authority shall enforce or cause to be enforced the provisions of the Financing Agreement and duly perform its covenants and agreements under the Financing Agreement. The Authority will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with the Financing Agreement except in accordance with Section 712.~~

~~**Section 712. Amendments to Financing Agreement.** (a) Except as otherwise provided herein, the Financing Agreement may not be amended, changed, modified or terminated, nor may any provision thereof be waived, without the consent of the Holders of Outstanding Bonds as herein provided, if such amendment, change, modification, termination or waiver adversely affects the interest of the Holders of Outstanding Bonds in any material respect.~~

~~No such amendment, change, modification, termination or waiver shall take effect unless the prior written consent of (a) the Holders of at least a majority in principal amount of the Bonds then Outstanding, or (b) in case less than all Bonds then Outstanding are affected by the amendment, change, modification, termination or waiver, the Holders of not less than a majority in principal amount of the Bonds so affected and then Outstanding; provided, however, that if such amendment, change, modification, termination or waiver will, by its terms, not take effect so long as any specified Bonds remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section.~~

~~(b) For the purposes of this Section, any purchasers of the Bonds, whether purchasing as underwriters, for resale or otherwise, upon such purchase, may consent to an amendment, change, modification, termination or waiver permitted by this Section with the same effect as a consent given by the Holders of such Bonds.~~

~~(c) For the purposes of this Section, a Bond shall be deemed to be adversely affected by an amendment, change, modification, termination or waiver of the Financing Agreement if the same adversely affects or diminishes the rights of the Holder of such Bond in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, any particular Bond would be adversely affected in any material respect by any amendment, change, modification, termination or waiver, and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds.~~

~~For the purposes of this Section, the Trustee shall be entitled to rely upon an opinion of counsel, which counsel shall be satisfactory to the Trustee, with respect to whether any amendment, change, modification, termination or waiver adversely affects the interests of any Holders of Bonds then Outstanding in any material respect.~~

Section 713. **No Competitive Facilities.** The Authority shall not hereafter construct, acquire or operate any plants, structures, facilities or properties which will provide electric transmission or distribution service in the Service Area (as defined in the Act as in effect on the date hereof) in competition with and not as part of the System unless such construction, acquisition or operation, in the judgment of the Authority, does not materially impair the ability of the Authority to comply with Section 701.

~~**Section 714. Disposition of Assets.** (a) The Authority shall not hereafter 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 Subsidiary, unless the Authority or any subsidiary thereof shall thereupon own or effectively control the operation of the System.~~

Section 714. ~~(b) Except as provided by the Financing Agreement, the~~**Disposition of Assets.**
The Authority shall not dispose of, or cause the disposition of, or permit to be disposed of, any real or personal properties of the System unless such disposal, in the judgment of the Authority, (i) is desirable in the conduct of the business of the System and (ii) does not materially impair the ability of the Authority to comply with Section 701.

Section 715. **Tax Rulings.** The Authority shall not, and shall not permit the Subsidiary, to do or omit to do any act that would result in (i) the revocation of the rulings that were issued by the Internal Revenue Service to the Authority, dated March 4, 1998, and (ii) a resultant material federal income tax liability.

Section 716. **General.** The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act and the Resolution in accordance with the terms of such provisions.

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

Section 801. **Supplemental Resolutions Effective Upon Filing With the Trustee.** For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted by the Authority, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Representative, shall be fully effective in accordance with its terms:

- (1) to close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(2) to add to the covenants and agreements of the Authority in the Resolution other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(3) to add to the limitations and restrictions in the Resolution other limitations and restrictions to be observed by the Authority;

(4) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Resolution;

(5) to authorize Bonds and, in connection therewith, specify and determine the matters and things referred to in Articles II through VI or this Article, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(6) to confirm, as further assurance, any pledge under, and the subjection of any other property to any lien or pledge created or to be created by, the Resolution;

(7) to modify any of the provisions of the Resolution to permit compliance with any amendment to the Internal Revenue Code of 1986, as amended, or any successor thereto, as the same may be in effect from time to time, if, in the Opinion of Bond Counsel, failure to so modify the Resolution either would adversely affect the ability of the Authority to issue Bonds the interest on which is excludable from gross income for purposes of federal income taxation, or is necessary or advisable to preserve such exclusion with respect to any Outstanding Bonds;

(8) to modify, amend or supplement the Resolution in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America, and, if the Authority so determines, to add hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar Federal statute;

(9) to comply with such regulations and procedures as are from time to time in effect relating to establishing and maintaining a book-entry-only system;

(10) to provide for the issuance of Bonds in coupon form payable to bearer;

(11) to comply with the requirements of any Rating Agency in order to maintain or improve a rating on the Bonds by such Rating Agency;

(12) to implement the last sentence of the definition of Revenues in Section 101;

(13) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution;

(14) to insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect; or

(15) to modify any of the provisions of the Resolution in any respect whatsoever, provided that (a) such modification is to be effective upon or prior to the issuance of any Bonds

affected thereby, or (b) such modification shall be, and be expressed to be, effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding.

Section 802. **Supplemental Resolutions Effective Upon Consent of Trustee.** (a) For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Representative, and (ii) the filing with the Authority of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(1) to modify any provision hereof or of any previously adopted Supplemental Resolution in any respect, provided that such modification shall not adversely affect the interests of the Bondholders in any material respect; or

(2) to provide for additional duties of any Fiduciary.

(b) Any such Supplemental Resolution may also contain one or more of the purposes specified in Section 801, and in that event, the consent of the Trustee required by this Section shall be applicable only to those provisions of such Supplemental Resolution as shall contain one or more of the purposes set forth in subsection (a) of this Section.

Section 803. **Supplemental Resolutions Effective With Consent of Bondholders.** At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders in accordance with and subject to the provisions of Article IX, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Representative and upon compliance with the provisions of Article IX, shall become fully effective in accordance with its terms as provided in said Article.

Section 804. **General Provisions.** (a) The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article and Article IX. Nothing in this Article or Article IX contained shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 704 or the right or obligation of the Authority to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

(b) Any Supplemental Resolution referred to and permitted or authorized by Sections 801 and 802 may be adopted by the Authority without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Resolution filed with the Trustee shall be accompanied by a Bond Counsel's Opinion to the effect that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Authority.

(c) The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Section 801, 802 or 803 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Bond Counsel's Opinion) that such Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

(d) No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

ARTICLE IX

AMENDMENTS

Section 901. **Mailing of Notice of Amendment.** Any provision in this Article for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed, by first class mail, postage prepaid only (i) to each Owner of Bonds then Outstanding at his address appearing upon the registry books, and (ii) to the Trustee. Any such notice or other paper may also be given to the holders of any series of Bonds in accordance with the notice provision specified in the applicable Supplemental Resolution.

Section 902. **Powers of Amendment.** Any modification or amendment of the Resolution or of the rights and obligations of the Authority and of the Holders of the Bonds hereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 903, (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given and (ii) in case less than all Bonds then Outstanding are affected by the modification or amendment, of the Holders of at least a majority in principal amount of such Outstanding Bonds that are or may be so affected; except that if such modification or amendment will, by its terms, not take effect so long as any particular Bonds remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, a Bond shall be deemed to be affected by a modification or amendment of the Resolution if the same materially and adversely affects or diminishes the rights of the Holder of such Bond. The Trustee may in its reasonable discretion determine whether or not, in accordance with the foregoing powers of amendment, particular Bonds would be affected by any modification or amendment hereof and any such determination shall be binding and conclusive on the Authority and all Holders of Bonds.

Section 903. **Consent of Bondholders.** (a) The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 902, to take effect when and as provided in this Section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Authority to Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Holders of the percentages of Outstanding Bonds specified in Section 902 and (b) a Bond Counsel's Opinion to the effect that such Supplemental Resolution has been duly and lawfully adopted and filed in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution and is valid and binding upon the Authority, and (ii) a notice shall have been mailed as hereinafter provided in this Section. The Authority may fix a record date for purposes of determining Bondholders entitled to consent to a proposed Supplemental Resolution.

For the purposes of this Article IX, the purchasers of any Bonds, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Authority, may consent to a modification or amendment permitted by Section 803 or 902 in the manner provided herein, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of such Bonds by the Authority.

(b) At any time after the Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with the Authority and the Trustee a written statement that Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this Section, shall be given to Bondholders by the Authority by mailing such notice to Bondholders. The Authority shall file with the Trustee proof of the giving of such notice. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Authority, the Fiduciaries and the Holders of all Bonds upon the filing with the Trustee of the proof of the giving of such last mentioned notice.

Section 904. **Modifications by Unanimous Consent.** The terms and provisions of the Resolution and the rights and obligations of the Authority and of the Holders of the Bonds may be modified or amended in any respect upon the adopting and filing of a Supplemental Resolution and the consent of the Holders of all the Bonds then Outstanding, such consent to be given as provided in Section 903 except that no notice to Bondholders shall be required; but no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders.

Section 905. **Exclusion of Bonds.** Bonds owned or held by or for the account of the Authority ~~or the Subsidiary~~ shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, Section 712, Article VIII, Article X or Section 1109 and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article, Section 712, Article VIII, Article X or Section 1109. At the time of any consent or other action taken under this Article, Section 712, Article VIII, Article X or Section 1109, the Authority shall furnish the Trustee a Certificate of an Authorized Representative, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 906. **Notation on Bonds.** Bonds authenticated and delivered after the effective date of any action taken as in Article VIII, Section 712 or this Article provided may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the Principal Office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Holder of any Bond then Outstanding shall be exchanged for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds and without the imposition by the Authority or the Trustee of any fee or cost.

ARTICLE X

REMEDIES ON DEFAULT

Section 1001. **Events of Default.** Each of the following events is defined as and shall constitute an "Event of Default":

- (1) a default in the due and punctual payment of a Principal Installment or the Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or upon call for redemption, or otherwise; or

(2) a default in the due and punctual payment of any installment of interest on any Bond, when and as such interest installment shall become due and payable, and such default shall continue for a period of five (5) days; or

(3) default by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part or on the part of the Authority in this Resolution, any Supplemental Resolution or in the Bonds contained, and such default shall continue for a period of sixty (60) days after written notice thereof stating that such notice is a "Notice of Default" to the Authority by the Trustee or to the Authority and to the Trustee by the Holders of not less than sixty-six and two-thirds percent (66-2/3%) of the principal amount of the Bonds Outstanding, provided that if such default shall be such that it cannot be corrected within such sixty day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected; or

~~(4) a default under the Financing Agreement by the Subsidiary shall have occurred and be continuing for a period of sixty (60) days after written notice thereof stating that such notice is a "Notice of Default" to the Authority and the Subsidiary by the Trustee, or to the Authority and the Subsidiary and the Trustee by the Holders of not less than sixty six and two thirds percent (66-2/3%) of the principal amount of Bonds Outstanding, provided that if such default shall be such that it cannot be corrected within such sixty day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected; or~~

(4) ~~(5)~~ if the Authority ~~or the Subsidiary~~ (1) files a petition seeking a composition of its indebtedness under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State; (2) consents to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Authority or ~~the Subsidiary or~~ any substantial portion of either of their property; (3) makes any assignment for the benefit of creditors; or (4) admits in writing its inability generally to pay its debts generally as they become due; or

(5) ~~(6)~~ if (1) a decree or order for relief is entered by a court having jurisdiction of the Authority ~~or the Subsidiary~~ adjudging the Authority ~~or the Subsidiary~~ a bankrupt or insolvent or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition in respect of the Authority ~~or the Subsidiary~~ in an involuntary case under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State; (2) a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Authority or ~~Subsidiary or~~ any substantial portion of either of their property is appointed; or (3) the winding up or liquidation of its affairs is ordered and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days,

Upon the happening and continuance of any Event of Default, the Trustee may and, upon the written request of the Holders of not less than sixty six and two-thirds percent (66 2/3%) of the principal amount of the Bonds Outstanding the Trustee shall, in any such case, unless the principal of all the Bonds then Outstanding shall already have become due and payable, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Resolution or in any of the Bonds contained to the contrary notwithstanding. The right of the Trustee to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of principal and interest upon the Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the Authority under the Resolution (except the interest accrued since the next preceding interest date on the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the Authority or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under the Resolution (other than the payment of

principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Holders of a majority in principal amount of the Bonds Outstanding, by written notice to the Authority and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted without a direction from the Holders of the Bonds as aforesaid at the time of such request, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Holders of sixty six and two-thirds percent (66 2/3%) of the principal amount of the Bonds then Outstanding, then any such declaration shall ipso facto be deemed to be rescinded and any such default and its consequences shall ipso facto be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Section 1002. **Accounting and Examination of Records After Default.** (a) The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Authority shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys.

(b) The Authority covenants that if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under the Resolution for such period as shall be stated in such demand.

Section 1003. **Application of Revenues and Other Moneys After Default.** (a) The Authority covenants that, if an Event of Default shall happen and shall not have been remedied, the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, any moneys, securities and funds then held by the Authority, ~~the Subsidiary~~ or a Depositary in any Fund or Account under the Resolution or under the Financing Agreement, and (ii) as promptly as practicable after receipt thereof, the Revenues.

(b) During the continuance of an Event of Default, the Trustee shall apply such Revenues and the income therefrom as follows and in the following order:

(1) To the payment of the reasonable and proper charges and expenses of the Trustee and of any engineer or firm of engineers selected by the Trustee pursuant to subsection (2) below.

(2) To the payment of the amounts required for reasonable and necessary Operating Expenses, including reasonable and necessary reserves and working capital, and for reasonable repairs and replacements, and to the extent necessary to prevent loss of Revenues, as may be certified to the Trustee by an independent engineer or firm of engineers of recognized standing (who may be an engineer or firm of engineers retained by the Authority for other purpose) selected by the Trustee. For this purpose the books of record and account of the Authority shall at all times be subject to the inspection of such engineer or firm of engineers during the continuance of such Event of Default.

(3) To the payment of the interest and principal or Redemption Price then due on the Bonds and Parity [Reimbursement](#) Obligations (collectively, for purposes of this Section, the "Payment Obligations") as follows:

(i) unless the principal thereof shall have become or have been declared due and payable,

First: to the payment to the persons entitled thereto of all installments of interest then due and payable in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably,

according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price, or principal and redemption premium, if any, of any Payment Obligations which shall have become due and payable, whether at maturity or by call for redemption (other than Payment Obligations called for redemption for the payment of which moneys are held pursuant to the Resolution), in the order of their due dates, with interest thereon at the rate or rates, if any, expressed therein from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full all Payment Obligations due on any particular date, together with such interest, if any, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, or principal and redemption premium, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

(ii) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Payment Obligations without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Payment Obligation over any other Payment Obligation, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

(c) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, however, that if the principal or Redemption Price of the Bonds Outstanding, together with accrued interest thereon, shall have been declared to be due and payable pursuant to Section 1001, such date of declaration shall be the date from which interest shall cease to accrue. The Trustee shall give such written notice to all Owners of Bonds as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

(d) If and when all overdue installments of interest on all Payment Obligations, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the Authority under the Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, including but not limited to all Subordinated Indebtedness, ~~Outstanding Subsidiary Unsecured Debt and PILOTs~~, shall either be paid by or for the account of the Authority, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Authority all such Revenues then remaining unexpended in the hands of the Trustee (except Revenues deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee), and thereupon the Authority and the Trustee shall be restored, respectively, to their former positions and rights under the Resolution, and all Revenues shall thereafter be applied as provided in Article V. No such payment over to the Authority by the Trustee or resumption of the application of Revenues as provided in Article V shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

Section 1004. **Proceedings Brought by Trustee.** (a) If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, if the Trustee shall deem it advisable, may proceed to protect and enforce its rights and the rights of the Holders of the Bonds under the Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against the Authority as if the Authority were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Resolution.

(b) All rights of action under the Resolution may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

(c) The Holders of not less than sixty-six and two-thirds percent (66-2/3%) a majority in principal amount of the Bonds at the time Outstanding may direct by instrument in writing the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

(d) Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Resolution and provided to be exercised by the Trustee upon the occurrence of an Event of Default; and, as a matter of right against the Authority, without notice or demand and without regard to the adequacy of the security for the Bonds, the Trustee shall, to the extent permitted by law, be entitled to the appointment of a receiver of the moneys, securities and funds then held by the Authority in any Fund or Account under the Resolution and, subject to application of the Revenues, with all such powers as the court or courts making such appointment shall confer; but, notwithstanding the appointment of any receiver, the Trustee shall be entitled to retain possession and control of and to collect and receive income from, any moneys, securities and funds deposited or pledged with it under the Resolution or agreed or provided to be delivered or pledged with it under the Resolution.

(e) Regardless of the happening of an Event of Default, the Trustee shall have the power to, but (unless requested in writing by the Holders of not less than sixty-six and two-thirds percent (66-2/3%) in principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity) shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Resolution by any acts which may be unlawful or in violation of the Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

Section 1005. **Restriction on Bondholders' Action.** (a) No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless such Holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the Holders of not less than sixty-six and two-thirds percent (66-2/3%) in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in this Section or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request within a reasonable time; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice

the pledge created by the Resolution, or to enforce any right under the Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Resolution shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Holders of the Outstanding Bonds.

(b) Nothing in the Resolution or in the Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of and interest on the Bonds to the respective Holders thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Holder to enforce such payment of his Bond.

Section 1006. **Trustee May File Proofs of Claim.** (a) In the case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relating to the Authority ~~or the Subsidiary~~, or any property of the Authority ~~or the Subsidiary~~, the Trustee (whether or not the principal of the Bonds shall then be due and payable by acceleration or otherwise, and whether or not the Trustee shall have made any demand upon the Authority for the payment of overdue principal and interest) shall be entitled and empowered, by intervention in such proceeding or other means:

(i) to file and prove a claim for the whole amount of the principal, Redemption Price, if any, and interest owing and unpaid in respect of the Bonds then Outstanding and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Owners allowed in such proceeding; and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each Owner to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Owners, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 1105. Nothing in this Section shall confer or be deemed to confer on the Trustee any right to collect and receive moneys or other property other than the Trust Estate or in respect thereof.

(b) No provision of the Resolution shall empower the Trustee to authorize or consent to or accept or adopt on behalf of any Owners of the Bonds any plan of reorganization, arrangement, adjustment or composition affecting any of the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding.

Section 1007. **Remedies Not Exclusive.** No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of adoption of the Resolution.

Section 1008. **Effect of Waiver and Other Circumstances.** (a) No delay or omission of the Trustee or of any Bondholder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such default or to be an acquiescence therein; and every power and remedy given by this Article to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

(b) Prior to the declaration of maturity of the Bonds as provided in Section 1001, the Holders of a majority in principal amount of the Bonds at the time Outstanding, or their attorneys in-fact duly authorized, may on behalf of the Holders of all of the Bonds waive any past default under the Resolution

and its consequences, except a default in the payment of interest on or principal or Redemption Price of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

ARTICLE XI

CONCERNING FIDUCIARIES

Section 1101. **Trustee, Appointment and Acceptance of Duties.** ~~United States Trust Company Bank~~ of New York Mellon, New York, New York, has been appointed and is hereby ~~appointed~~confirmed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing the certificate of authentication endorsed upon the Bonds, and, by executing such certificate upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in the Resolution.

Section 1102. **Paying Agents; Appointment and Acceptance of Duties.** (a) The Authority may appoint one or more Paying Agents for the Bonds of any Series, by Supplemental Resolution, and the Authority may at any time or from time to time appoint one or more other Paying Agents for such Bonds in the manner and subject to the conditions set forth in Section 1113 for the appointment of a successor Paying Agent. The Trustee may be appointed a Paying Agent.

(b) Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Authority and to the Trustee a written acceptance thereof.

Section 1103. **Responsibilities of Fiduciaries.** The recitals of fact in the Resolution and in the Bonds contained shall be taken as the statements of the Authority and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Bonds issued thereunder or in respect of the security afforded by the Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the issuance of the Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Authority or for any losses incurred upon the sale or redemption of any securities purchased for or held in any Fund or Account under the Resolution. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be liable in connection with the performance of its duties under the Resolution except for its own willful misconduct, negligence or default. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Resolution and no implied covenants or obligations shall be read into the Resolution against the Trustee.

Section 1104. **Evidence on Which Fiduciaries May Act.** (a) Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by such Fiduciary under the Resolution in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of an Authorized Representative of the Authority ~~or the Subsidiary~~, as the case may be, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof

accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

(c) Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Authority ~~or the Subsidiary~~ to any Fiduciary shall be sufficiently executed if executed in the name of the Authority by its respective Authorized Representative.

Section 1105. **Compensation.** The Authority shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Resolution. To the extent permitted by law, the Authority further agrees to indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its willful misconduct, negligence or bad faith.

Section 1106. **Certain Permitted Acts.** Any Fiduciary may become the Owner of any Bonds or any other obligations of the Authority with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as Depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or the Holders of any other obligations of the Authority or to effect or aid in any reorganization growing out of the enforcement of the Bonds or any other obligations of the Authority or the Resolution, whether or not any such committee shall represent the Holders of a majority or more in principal amount of the Bonds then Outstanding.

Section 1107. **Resignation of Trustee.** The Trustee may at any time resign and be discharged of the duties and obligations created by the Resolution by giving not less than sixty days written notice to the Authority and ~~the Subsidiary and~~ mailing notice thereof to the Bondholders. Such resignation shall take effect immediately upon the appointment of a successor Trustee by the Authority or the Bondholders as provided in Section 1109.

Section 1108. **Removal of Trustee.** The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys in fact duly authorized, excluding any Bonds held by or for the account of the Authority ~~or the Subsidiary~~. The Authority may remove the Trustee at any time, except during the existence of an Event of Default, by filing an instrument signed by an Authorized Representative of the Authority.

Section 1109. **Appointment of Successor Trustee.** (a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Authority ~~or the Subsidiary~~, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys in fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; but (unless a successor Trustee shall have been appointed by the Bondholders as aforesaid) the Authority by a duly executed written instrument signed by an Authorized Representative shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders as authorized in this Section. The Authority shall mail notice of any such appointment made by it not less than twenty days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the Bondholders.

(b) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty five days after the Trustee shall have given to the Authority written notice as provided in Section 1107 or after a vacancy in the office of the Trustee shall

have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(c) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank or trust company organized under the laws of any state or a national banking association, and having a capital and surplus aggregating at least \$100,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

Section 1110. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under the Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify any Paying Agent of its appointment as Trustee.

Section 1111. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and, in the case of any successor Trustee, shall meet the requirements of paragraph (c) of Section 1109, in the case of a successor Paying Agent, shall meet the requirements of paragraph (a) of Section 1113, and shall be authorized by law to perform all the duties imposed upon it by the Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 1112. Adoption of Authentication. In case any of the Bonds contemplated to be issued under the Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and, in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in the Resolution provided that the certificate of the Trustee shall have.

Section 1113. Resignation or Removal of Paying Agent and Appointment of Successor.
(a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least sixty days written notice to the Authority ~~and the Subsidiary~~, the Trustee, and the other Paying Agents. Any Paying Agent may be removed by the Authority at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Representative. Any successor Paying Agent shall be appointed by the Authority, with the approval of the Trustee, and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having a capital and surplus aggregating at least \$100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

(b) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

Section 1114. **Authenticating Agent.** (a) With the consent of the Authority, the Trustee may appoint an additional person, firm or company to act as an authenticating agent, in addition to the Trustee, with power to act on its behalf and subject to its direction in the authentication and delivery of Bonds in connection with transfers and exchanges under Article III. For all purposes of the Resolution, the authentication and delivery of Bonds by an Authenticating Agent pursuant to this Section 1114 shall be deemed to be authentication and delivery of those Bonds by the Trustee and the provisions of Article III hereof shall be applicable to any Authenticating Agent, and all references therein to "Trustee" insofar as they pertain to the authentication, transfer or registration of Bonds shall also mean "Authenticating Agent" if such an entity has been appointed for such purposes.

(b) Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee and to the Authority. The Trustee may at any time terminate the agency of any Authenticating Agent, by giving written notice of termination to such Authenticating Agent and to the Authority. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section, the Trustee may appoint a successor Authenticating Agent acceptable to the Authority.

(c) Within ten days after such appointment of an Authenticating Agent or successor Authenticating Agent, the Trustee shall mail notice thereof to the Owners of the Bonds at the addresses appearing on the registry books.

(d) The Trustee shall pay to any Authenticating Agent from time to time reasonable compensation for its services, and the Trustee shall be entitled to be reimbursed for such payments pursuant to Section 1105.

Section 1115. **Several Capacities.** Anything in the Resolution to the contrary notwithstanding, the same entity may serve as the Trustee, or any other Fiduciary, and in any combination of such capacities, to the extent permitted by law.

ARTICLE XII

MISCELLANEOUS

Section 1201. **Defeasance.** (a) If the Authority shall pay or cause to be paid to the Holders of all Bonds then Outstanding, the Principal Installments and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then, at the option of the Authority, expressed in a Certificate of an Authorized Representative of the Authority and delivered to the Trustee, the covenants, agreements and other obligations of the Authority to the Bondholders shall be discharged and satisfied and such Holders shall cease to be entitled to any lien, benefit or security under the Resolution. In such event, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries shall pay over or deliver to the Authority all moneys, securities and funds held by them pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(b) Bonds or any portion thereof for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee (through deposit by the Authority of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in paragraph (a) of this Section. Any Outstanding Bonds or any portion thereof shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section either

(A) as provided in the Supplemental Resolution authorizing their issuance or (B) if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee instructions accepted in writing by the Trustee to mail as provided in Article VI notice of redemption of such Bonds (other than Bonds which have been purchased by the Trustee at the direction of the Authority as hereinafter provided prior to the mailing of such notice of redemption) on said date, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal installments of and/or the interest on which when due, without reinvestment, will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the Principal Installments or Redemption Price, if applicable, and interest due and to become due on said Bonds or portion thereof on or prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not to be redeemed within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, a notice to the Holders of such Bonds that the deposit required by clause (ii) above has been made with the Trustee and that said Bonds or portion thereof (as the same thereafter may change) are deemed to have been paid in accordance with this Section and stating such maturity or redemption date (as the same thereafter may change) upon which moneys are to be available for the payment of the Principal Installments or Redemption Price, if applicable, on said Bonds or portion thereof (other than Bonds which have been purchased by the Trustee at the direction of the Authority as hereinafter provided prior to the publication of the notice of redemption referred to in clause (i) hereof). The Trustee also shall mail, as soon as practicable, a notice to the Holders of any Bonds affected by any change contemplated by the preceding clause (iii), describing such change. The Trustee shall, as and to the extent necessary, apply moneys held by it pursuant to this Section to the retirement of said Bonds (or portions thereof) in amounts equal to the unsatisfied balances of any Sinking Fund Installments with respect to such Bonds (or portions thereof), all in the manner provided in the Resolution.

The Trustee shall, if so directed by the Authority (x) prior to the maturity date of Bonds (or portions thereof) deemed to have been paid in accordance with this Section which are not to be redeemed prior to their maturity date or (y) prior to the mailing of the notice of redemption referred to in clause (i) above with respect to any Bonds deemed to have been paid in accordance with this Section which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee in respect of such Bonds and redeem or sell Defeasance Obligations so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the Trustee shall receive an Accountant's Certificate showing that the moneys and Defeasance Obligations remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient to pay when due the Principal Installment or Redemption Price, if applicable, and interest due or to become due on all Bonds, in respect of which such moneys and Defeasance Obligations are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be, and a Bond Counsel's Opinion to the effect that such redemption or sale of such Defeasance Obligations will not adversely affect the exclusion of the interest on such Bonds (if issued on a tax-exempt basis) from gross income for purposes of federal income taxation and that such redemption or sale otherwise complies with or is permitted by the provisions of the Resolution. The directions given by the Authority to the Trustee referred to in the preceding sentence shall also specify the portion, if any, of such Bonds so purchased and canceled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section upon their maturity date or dates and the portion, if any, of such Bonds so purchased and canceled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section on any date or dates prior to their maturity. In the event that on any date as a result of any purchases and cancellations of Bonds as provided in this Section the total amount of moneys and Defeasance Obligations remaining on deposit with the Trustee under this Section is in excess of the total amount which would have been required to be deposited with the Trustee or such date in respect of the remaining Bonds in order to satisfy clause (ii) of the first paragraph of this subsection (b) the Trustee shall, if requested by the Authority, pay the amount of such excess to the Authority free and clear of any lien or pledge securing said Bonds or otherwise existing under the Resolution. Neither Defeasance Obligations nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided, however, that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the

Authority as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested at the written direction of an Authorized Representative of the Authority in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any lien or pledge securing said Bonds or otherwise existing under the Resolution.

(c) Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of the principal of or interest on any Bonds which remain unclaimed for two years after the date when such principal or interest, respectively, has become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for two years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such principal or interest, as the case may be, becomes due and payable, shall, at the written request of the Authority, be repaid by the Fiduciary to the Authority, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Authority for the payment of such principal or interest, as the case may be. Notwithstanding the foregoing or anything in the Resolution to the contrary, any moneys held by a Fiduciary in trust for the payment and discharge of the principal of or interest on any Bonds which remain unclaimed after such moneys were to be applied to the payment of such principal or interest, as the case may be, in accordance with the Resolution may be applied in accordance with the provisions of the Abandoned Property Law of the State, being Chapter 1 of the Consolidated Laws of the State, or any successor provision thereto, and upon such application, the Fiduciary shall thereupon be released and discharged with respect thereto and the Holders of Bonds shall look only to the Authority or the Comptroller of the State for the payment of such principal or interest, as the case may be. Before being required to make any such payment to the Authority or to apply such moneys in accordance with the Abandoned Property Law (or its successor) of the State, the Fiduciary shall, at the expense of the Authority, cause to be mailed to the Bondholders entitled to receive such moneys a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the mailing, the balance of such moneys then unclaimed will be returned to the Authority or applied in accordance with the Abandoned Property Law (or its successor) of the State, as the case may be.

Section 1202. Evidence of Signatures of Bondholders and Ownership of Bonds. (a) Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys in-fact appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorneys, shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) if made in any manner satisfactory to the Trustee. Proof of the holding of Bonds on any date shall be provided by the registration books of the Authority maintained by the Trustee.

(b) Any request or consent by the Owner of any Bond shall bind all future Owners of such Bond and any Bond issued in exchange therefor in respect of anything done or suffered to be done by the Authority or any Fiduciary in accordance therewith.

Section 1203. Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

Section 1204. Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority, any other Fiduciary, and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

Section 1205. **Parties Interested Herein; Survival of Resolution for Benefit of Subordinated Indebtedness.** (a) Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Authority, the Fiduciaries, the Holders of the Bonds, and, only to the extent expressly provided in the Resolution, ~~the holders of Outstanding Subsidiary Unsecured Debt~~ and Subordinated Indebtedness and the issuers of Credit Facilities and parties to Financial Contracts, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof. All covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Fiduciaries, the Holders of the Bonds, and, only to the extent expressly provided in the Resolution, the holders of ~~Outstanding Subsidiary Unsecured Debt and~~ Subordinated Indebtedness and the issuers of Credit Facilities and parties to Financial Contracts.

(b) Anything in the Resolution to the contrary notwithstanding, including but not limited to Section 1201, the Resolution shall remain in full force and effect to the extent and for so long as the provisions of the Resolution are required for the payment and security of Subordinated Indebtedness.

Section 1206. **No Personal Liability on Bonds or Subordinated Indebtedness.** Neither the Trustees of the Authority nor any person executing Bonds, Parity Reimbursement Obligations, Subordinated Indebtedness, ~~Subordinated Contract Obligations~~, Subordinated Reimbursement Obligations or Financial Contracts shall be liable personally thereon or be subject to any personal liability or accountability by the issuance or execution and delivery thereof.

Section 1207. **Successors and Assigns.** Whenever in the Resolution the Authority is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in the Resolution contained by or on behalf of the Authority shall bind and enure to the benefit of its successors and assigns whether so expressed or not.

Section 1208. **Severability of Invalid Provisions.** If any one or more of the covenants or agreements provided in this Resolution on the part of the Authority or any Fiduciary to be performed should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of the Resolution.

Section 1209. **Payments on Saturdays, Sundays and Holidays.** In any case where the date of any payment required to be made under the Resolution shall be a Saturday or a Sunday or shall be, at the place designated for such payment a legal holiday or a day on which banking institutions are authorized by law to close, then such payment shall not be made on such date but shall be made on the next succeeding business day not a Saturday, Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close.

Section 1210. **Governing Law.** The Resolution shall be governed by and interpreted in accordance with internal laws of the State without regard to conflicts of laws principles.

Section 1211. **Findings and Determinations; Effective Date.** ~~This Resolution shall take effect immediately.~~

(a) *Finding and Determination.* None of the modifications and amendments effectuated by this amendment and restatement of the Resolution permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or change or modify any of the rights or obligations of any Fiduciary without its written assent thereto and, accordingly, each such modification or amendment may be made with the written consent of the Holders of at least a majority of the Bonds outstanding in accordance with Section 902 of the General Resolution.

(b) *Effectiveness of Amendments.* The amendments made by this amendment and restatement of the Resolution shall be effective upon the filing with the Trustee of consents (which have not been revoked), executed by Holders (or, to the extent provided by the Supplemental Resolution authorizing any Bonds, bond insurers or others deemed to be Holders or the underwriters of any series of Bonds), or upon the deemed consent pursuant to subsection (e) below of the Holders, of not less than a majority in principal amount of the Bonds then Outstanding. Following the effectiveness of such amendments, the officers and employees of the Authority shall take all action necessary or appropriate to be published and mailed notice of such amendments as provided by Section 902 of the General Resolution.

(c) *Amendments.* The provisions of this amended and restated Resolution may be modified by subsequent Supplemental Resolution, adopted prior to the effective date of the amendments made by this Section, to the extent necessary or desirable, as determined by the Trustees, to give full effect to the substance of such provisions.

(d) *Deemed Consents.* Pursuant to Section 903 of the General Resolution, the original purchasers and Holders of Bonds issued on and after the effective date of this Supplemental Resolution, by their purchase and acceptance thereof, thereby (i) consent, and shall be deemed to have consented to, the modifications and amendments made by or pursuant to this amended and restated Resolution, and (ii) waive, and shall be deemed to have waived, any and all other formal notices, implementation or timing requirements that may otherwise be required under the Resolution, which consents shall be effective and binding unless and until revoked pursuant to and to the extent permitted by said Section 903 of the Resolution.

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Appendix 5

List of Refunded Bonds

The Authority expects to redeem one or more series of outstanding bonds (the “Refunded Bonds”) and to apply a portion of the proceeds of the Offered Bonds together with other Authority funds to provide for the payment of the principal amount and the interest payable on such bonds on or before the applicable redemption or maturity dates. The refunding is contingent upon the delivery of the Offered Bonds.

Series	Maturity Date	Amount Outstanding	Amount Refunded	Redemption Date	Redemption Price	CUSIP*
2014C	5/1/2033	\$41,240,000	\$41,240,000	9/1/2023	100%	542691GG9
2015C	5/1/2033	86,000,000	86,000,000	9/1/2023	100	5426904F6

* CUSIP numbers have been assigned by an organization not affiliated with the Authority and are included solely for the convenience of the holders of the Offered Bonds. The Authority is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to the correctness of the CUSIP numbers on the Refunded Bonds or as indicated above.

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Appendix 6

Certain Information Relating to the Bank

Barclays Bank PLC (the Bank, and together with its subsidiary undertakings, the Barclays Bank Group) is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered head office at 1 Churchill Place, London E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the Group or Barclays) is the ultimate holding company of the Group. The Bank's principal activity is to offer products and services designed for larger corporate, wholesale and international banking clients.

Barclays is a British universal bank, supporting individuals and small businesses through its consumer banking services, and larger businesses and institutions through its corporate and investment banking services. Barclays is diversified by business, geography and income type. The Group's operations include consumer banking and payment services in the UK, U.S. and Europe, as well as a global corporate and investment bank. The Group operates as two divisions – the Barclays UK (Barclays UK) division and the Barclays International (Barclays International) division – which are supported by Barclays Execution Services Limited, the Group-wide service company providing technology, operations and functional services to businesses across the Group. Barclays UK consists of UK Personal Banking, UK Business Banking and Barclaycard Consumer UK businesses. These businesses are carried on by its UK ring-fenced bank, Barclays Bank UK PLC (BBUKPLC) and certain other entities within the Group. Barclays International consists of Corporate and Investment Bank and Consumer, Cards and Payments businesses. These businesses operate within its non-ring-fenced bank, the Bank and its subsidiaries, and by certain other entities within the Group.

The short term unsecured obligations of the Bank are rated A-1 by S&P Global Ratings UK Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the unsecured unsubordinated long term obligations of the Bank are rated A+ by S&P Global Ratings UK Limited, A1 by Moody's Investors Service Ltd. and A+ by Fitch Ratings Limited

Based on the Barclays Bank Group's audited financial information for the year ended 31 December 2022, the Barclays Bank Group had total assets of £1,203,537m (December 2021: £1,061,778m), loans and advances at amortised cost of £182,507m (December 2021: £145,259m), total deposits at amortised cost of £291,579m (December 2021: £262,828m), and total equity of £58,953m (December 2021: £56,317m). The profit before tax of the Barclays Bank Group for the year ended 31 December 2022 was £4,867m. The delivery of the information concerning the Bank, the Barclays Bank Group and the Group contained in this Official Statement shall not create any implication that there has been no change in the affairs of the Bank, the Barclays Bank Group or the Group since the date hereof, or that the information contained or referred to in this Official Statement is correct as of any time subsequent to its date.

The delivery of the information concerning the Bank, the Barclays Bank Group and the Group contained in this Official Statement shall not create any implication that there has been no change in the affairs of the Bank, the Barclays Bank Group or the Group since the date hereof, or that the information contained or referred to in this Official Statement is correct as of any time subsequent to its date.

Barclays Bank PLC is responsible only for the information contained in this Appendix 6 to the Official Statement and did not participate in the preparation of, or in any way verify the information contained in, any other part of the Official Statement. Accordingly, Barclays Bank PLC assumes no responsibility for and makes no representation or warranty as to the accuracy or completeness of information contained in any other part of the Official Statement.

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