

BOARD POLICIES

AS OF NOVEMBER 2026

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Board Policy: **Purpose and Vision**

Policy Type: **Strategic Direction**

Monitored by: **Governance, Planning and Personnel Committee**

Board Resolution: **#1317, adopted September 21, 2016**
#1683, amended November 17, 2021

Board Policy on Purpose and Vision

Purpose Statement

LIPA's purpose is to serve our customers and community by providing **clean, reliable, and affordable energy** to Long Island and the Rockaways. As a not-for-profit utility, LIPA is a **value-driven** organization that puts our **customers first** in all our actions.

Vision

LIPA's vision is to be our customers' **trusted energy partner**. To achieve our vision, LIPA will:

- actively **engage** with our customers and the communities we serve;
- **respond** to our customers' needs and **exceed their expectations**;
- be a recognized **innovator** in our industry to better serve our customers; and
- be known as a **steward** of our environment and community.

Board Policy:	**Clean Energy and Power Supply**
Policy Type:	**Strategic Direction**
Monitored by:	**Oversight and Clean Energy Committee**
Board Resolution:	**#1372, approved July 26, 2017** **#1421, amended July 25, 2018** **#1487, amended July 24, 2019** **#1551, amended July 22, 2020** **#1727, amended May 18, 2022**

LIPA's vision for clean energy and power supply is to provide clean, reliable, resilient electricity to our customers at an affordable cost that both maintains the economic competitiveness of our region and minimizes the economy-wide greenhouse gas emissions of Long Island and the Rockaways by encouraging the electrification of vehicles, buildings, and equipment.

To achieve our vision for **Clean** energy, LIPA will:

- Achieve a **zero-carbon electric grid by 2040**, while meeting or exceeding LIPA's share of the clean energy goals of New York's Climate Leadership and Community Protection Act ("CLCPA"), including those for renewables, offshore wind, distributed solar, and storage.
- Demonstrate innovation and be recognized among the **leading utilities** in reducing economy-wide greenhouse gas emissions through **energy efficiency** and **beneficial electrification**.
- Improve equity for disadvantaged communities, as measured by meeting or exceeding LIPA's share of New York's **environmental justice** goals as defined by the CLCPA and the Climate Justice Working Group, including ensuring that disadvantaged communities receive 40% of the overall benefits of clean energy, energy efficiency, energy assistance, and energy transportation investments, but not less than 35% of the overall benefits of spending on clean energy and energy efficiency programs, projects or investments.

To achieve our vision for **Reliable Power Supply**, LIPA will:

- Plan for a power supply portfolio that meets or exceeds industry standards for reliability, as demonstrated through **Integrated Resource Plans** conducted no less than every five years and by implementing the actionable recommendations of those plans in a timely manner.

To achieve our vision for **Affordability**, LIPA will:

- Consider the benefits and costs of its clean energy programs and power supply to achieve the **greatest value** for our customers.
- Competitively procure the **least-cost resources and programs** that meet our clean energy and reliability objectives, including using our not-for-profit, tax-exempt cost of capital to finance assets or pre-pay for energy, and using LIPA-owned land or exercising LIPA's rights

to acquire generating sites.

- Regularly demonstrate efforts to **minimize cost and maximize performance** with contractual counterparties and through **advocating with regulatory authorities** for fair cost allocations for Long Island and Rockaways electric customers.

The Chief Executive Officer, or his or her designee, will report annually to the Board on the key provisions of this Policy.

Board Policy:	**Customer Experience**
Policy Type:	**Strategic Direction**
Monitored by:	**Oversight and Clean Energy**
Board Resolution:	**#1370, approved July 26, 2017** **#1430, amended September 27, 2018** **#1480, amended May 22, 2019** **#1576, amended December 16, 2020** **#1683, amended November 17, 2021** **#1989, amended November 18, 2026**

Board Policy on Customer Experience

LIPA's vision is to provide a customer experience that is fair, accessible, responsive, and continuously improving. Customers should be treated with dignity, empathy, respect, and compassion, and LIPA's policies and oversight should promote customer trust and confidence. LIPA's objective is to provide customer service that meets high industry standards and reflects the needs of the communities we serve.

To achieve this objective, LIPA will:

- Establish and periodically review a Customer Bill of Rights and applicable Service Standards that clearly define expectations for customer treatment, service, and accountability.
- Put customers at the center of our decisions, recognizing that customers have different circumstances, preferences, abilities, and needs.
- Provide reasonable flexibility and customer assistance to resolve payment and service challenges. Consistent with applicable laws and tariffs, service termination should be used only after appropriate assistance and payment options have been exhausted.
- Measure customer experience, including customer satisfaction, accessibility, responsiveness, issue resolution, and adherence to established service standards, using recognized industry benchmarks while delivering top quartile performance in J.D. Power's utility residential and business customer satisfaction studies.
- Demonstrate continual improvement in customer satisfaction, ease of interaction, and value as measured by internal, end-to-end customer post-transaction assessments.
- Invest in technologies that enhance the service, flexibility, convenience, and cost-effectiveness of billing, payment, appointments, emergency restoration, and other customer interactions.
- Provide clear, accurate, and proactive customer communications related to billing, energy usage, outages, restoration, and other significant customer matters.
- Use customer and performance insights to continually improve customer-facing policies, programs, and services, and evaluate their effectiveness based on customer experience, participation, and value.

The Chief Executive Officer, or his or her designee, will report annually to the Board on compliance with the key provisions of the Customer Experience Policy as well as compliance with the Customer Bill of Rights and related service standards.

Board Policy:	**Transmission & Distribution Operations**
Policy Type:	**Strategic Direction**
Monitored by:	**Oversight and Clean Energy**
Board Resolution:	**#1371, approved July 26, 2017** **#1479, amended May 22, 2019** **#1552, amended July 22, 2020** **#1683, amended November 17, 2021**

Board Policy on Transmission & Distribution Operations

LIPA's vision for our transmission and distribution system is to achieve industry leading reliability, improve resiliency by minimizing outages and reducing restoration times after significant system disruptions, and leverage modern system design and technology to provide value to all customers.

To achieve our vision for reliability, LIPA will:

- provide top decile reliability (i.e., top 10% of peer utilities) as measured by system average outage duration, excluding major events[1];
- improve circuit conditions that cause a customer to experience four or more sustained outages or six or more momentary outages in any 12-month period[2];
- utilize modern system design and technology to anticipate and minimize outages, monitor system condition, provide for preventative and predictive system maintenance, and facilitate the efficient and timely interconnection of renewable and distributed resources;
- safeguard people and protect facilities and functions that support operations from unauthorized access or disruption through vulnerability assessments and risk mitigation.

To achieve our vision for resiliency, LIPA will:

- mitigate the effects of climate change through multi-year programs that reduce the number and duration of outages after significant system disruptions;
- assure timely and accurate communication to customers about outages and restoration times;
- independently verify that emergency restoration plans are complete and tested.

[1] NYCRR 97.1 defines a "major" storm as one resulting in at least one customer outage lasting at least 24 hours or outages affecting at least 10% of the customers in a utility division. In applying the 24-hour exclusion, LIPA shall consider whether such outages are consistent with the pattern of restoration or otherwise anomalous in terms of duration or barriers to restoration.

[2] A sustained outage is greater than 5 minutes in duration while a momentary outage is less than five minutes.

The Chief Executive Officer, or his or her designee, will report annually to the Board on the key provisions of this Policy.

Board Policy:	**Customer Value, Affordability, and Rate Design**
Policy Type:	**Strategic Direction**
Monitored by:	**Finance and Audit Committee**
Board Resolution:	**#1318, approved September 21, 2016** **#1357, amended March 29, 2017** **#1422, amended July 25, 2018** **#1488, amended July 24, 2019** **#1726, amended May 18, 2022**

LIPA's vision for customer value and affordability is to maintain competitive electric rates compared to other regional utilities while transitioning to a zero-carbon electric grid, achieving industry-leading reliability, resiliency, and customer experience, and meeting the energy needs of low-income customers. Our vision for rate design is to provide customers with fair electric rates that are as simple as possible and that include opportunities for customers to save money.

To achieve our vision for **customer value**, LIPA will:

- **Prioritize investments** for our customers to balance cost and service quality, as demonstrated in the Strategic Roadmaps and Budgets reviewed and approved by the Board.
- **Communicate the benefits and cost drivers** of any rate increases to customers.
- Maximize the value to customers of our **not-for-profit** public power business model by using our tax-exempt cost of capital and eligibility for federal and state grants to reduce costs for customers.

To achieve our vision for **affordability**, LIPA will:

- Maintain **competitive electric rates**, as compared to the system average rates of those regional electric utilities that most closely resemble the costs, electric supply, and policy goals of our service territory.
- **Aggressively manage costs**, avoiding expenditures that do not advance our purpose.
- Offer programs to **low-income and disadvantaged customers** to maintain electric bills that are a reasonable percentage of household income.

To achieve our vision for **rate design**, LIPA will:

- Design electric rates that:
  - Are as **simple** and **easy to understand** as possible;
  - Provide customers with **opportunities to save money**;
  - **Equitably allocate costs** across and within customer classes; and
  - **Encourage conservation**, the efficient use of energy resources, and the transition to a carbon-free economy.
- Employ **innovative electric rate design** based on industry trends and research, stakeholder feedback in statewide proceedings, LIPA-run collaboratives, and comments from the public.

The Chief Executive Officer will report annually to the Board on the key provisions of this Policy.

Board Policy:	**Information Technology and Cyber Security**
Policy Type:	**Strategic Direction**
Monitored by:	**Oversight and Clean Energy**
Board Resolution:	**#1500, approved December 18, 2019** **#1578, amended December 16, 2020** **#1683, amended November 17, 2021**

Board Policy on Information Technology and Cyber Security

LIPA's vision for information technology and cyber security is to use technology to enhance and simplify the customer experience, improve reliability, and minimize operating costs, while ensuring robust, secure technology platforms that provide operational stability and protect customer, employee, and third-party data from unauthorized access or disruption. LIPA supports data privacy by transparently communicating how customer information is collected, used, and disclosed.

To achieve our vision for information technology, LIPA will:

- Invest in information technology that supports the efficiency of business operations, promotes innovation, and provides long-term customer value;
- Deploy modern grid management technology and data analytics that enhance grid operations, customer service, utility asset management, and demand management, as measured by a Smart Grid Maturity Model level consistent with industry best practices (i.e., top 25% of utilities);
- Ensure the capacity of the information technology organization to deliver reliable, robust, and resilient systems, as measured by a Capability Maturity Model Integration level of 3 or higher;
- Regularly upgrade information and operational technology systems to maintain all systems within their active service life and under general support from the product vendor.

To achieve our vision for cyber security and data privacy, LIPA will:

- Conduct quarterly internal vulnerability assessments and annual third-party vulnerability assessments and penetration testing of all information and operational technology systems and promptly mitigate vulnerabilities;
- Maintain a level of 3 or higher on the NIST Cybersecurity Framework, as evaluated annually through an independent assessment;

- Communicate how customer information is collected, used, and disclosed and ensure that, if confidential customer information is shared with a third-party for a business purpose, the third-party has robust information security practices.

The Chief Executive Officer, or his or her designee, will report annually to the Board on compliance with the key provisions of this Policy.

Board Policy:	**Fiscal Sustainability**
Policy Type:	**Strategic Direction**
Monitored by:	**Finance and Audit Committee**
Board Resolution:	**#1319, approved September 21, 2016** **#1354, amended March 29, 2017** **#1473, amended March 20, 2019** **#1498, amended December 18, 2019** **#1579, amended December 16, 2020** **#1745, amended September 28, 2022** **#1856, amended September 25, 2024**

LIPA's vision for **fiscal sustainability** is to meet the Board's policy goals to provide clean, reliable, and affordable energy through strategies that prudently manage and safeguard LIPA's assets and result in the lowest long-term cost to customers.

To achieve our vision for fiscal sustainability, LIPA will:

- Decrease LIPA's leverage and cost of capital by:
  - Achieving AA-category credit ratings via reducing LIPA's debt-to-assets ratio from 92 percent to 70 percent or less by 2030.
  - Maximizing grants and low-cost funding sources.
  - Minimizing costs through securitization of debt and tax-exempt financing.
  - Pre-funding long-term liabilities on an actuarially sound basis including (1) pension costs, (2) Other Post-Employment Benefits ("OPEBs")[1]; and (3) the Nuclear Decommissioning Trust Fund.
  - Maintaining fixed-obligation coverage ratios of no less than 1.40x on LIPA-issued debt and lease payments; and 1.20x on the combination of LIPA-issued debt, UDSA-issued debt, and lease and subscription-based information technology arrangement (SBITA) payments.
  - Minimizing LIPA's need for coverage while maintaining fiscal sustainability by budgeting reasonable amounts and using reconciliation mechanisms for hard-to-predict cost categories (e.g. storms).

- Maintain cash-on-hand and available credit sufficient to fund business operations in emergencies, as measured by month-end balances of at least:
  - $100 million in the Operating Fund and $150 million in the Rate Stabilization Fund.
  - 150 days of operating expenses.

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[1] Service Provider OPEBs will be funded to a dedicated OPEB Account. After notifying the Finance and Audit Committee, LIPA's Chief Executive Officer or Chief Financial Officer are authorized to withdraw funds from the OPEB Account if there are insufficient revenues to pay reasonable and necessary Operating Expenses or to make payments on bonds or parity obligations. The OPEB Account is therefore deemed available to make such payments, acting as a reserve fund. Any withdrawals for such purposes will be repaid within twelve months.

- Develop budgets and financial plans that maximize customer value and aggressively manage costs.

- Provide operating managers with financial reporting that drives sound business decisions and the best use of limited resources.

- Provide LIPA's customers and investors with timely, transparent, accurate, and useful information to evaluate LIPA's financial performance and plans.

The Chief Executive Officer shall report annually to the Board on compliance with the key provisions of this Policy.

Board Policy:	**Economic Development and Community Engagement**
Policy Type:	**Strategic Direction**
Monitored by:	**Finance and Audit Committee**
Board Resolution:	**#1356, approved March 29, 2017** **#1470, amended March 20, 2019** **#1537, amended June 24, 2020** **#1744, amended September 28, 2022**

LIPA's vision for **economic development and community engagement** is to promote the economic growth and vitality of our service territory by encouraging the efficient use of utility plant and equipment and by attracting personnel to LIPA and its service provider who are purpose-oriented and dedicated to Long Island and the Rockaways.

LIPA will achieve our vision of economic development and community engagement by:

- Attracting both large and small commercial customers to the service territory and helping such customers grow their businesses through electric rates that are discounted below LIPA's average cost of service[1];
- Offering economic development rates and programs consistent with those offered by other utilities in the State or best practices within the electric utility industry;
- Engaging in community events, volunteerism, educational programs, and selected grant-making consistent with LIPA's powers, duties, and purpose and the framework of this Policy, with a general preference for engaging with governmental entities, not-for-profit organizations, and businesses located in the service area[2].
- Endeavoring to be an agent of local economic development as a large purchaser of goods and services. In doing so, in selecting among alternatives, LIPA will take into consideration the operational, environmental, and economic benefits to the service territory, including any impact on long-term local employment.

The Chief Executive Officer, or his or her designee will report annually to the Finance and Audit Committee of the Board of Trustees on the key provisions of this Policy.

[1] The discounted rates will be above LIPA's marginal cost of serving new electric load or retaining existing load by using facilities and assets that would otherwise be underutilized.

[2] The policy does not promote the use of customer funds for charitable causes unrelated to a power, duty or purpose of LIPA granted pursuant to applicable law. LIPA's Chief Executive Officer is delegated authority to contract with grant partners where LIPA's commitment of financial and in-kind resources does not exceed $1 million.

Board Policy:	**Safety**
Policy Type:	**Strategic Direction**
Monitored by:	**Oversight and Clean Energy Committee**
Board Resolution:	**#1379, approved September 27, 2017** **#1759, approved December 14, 2022**

LIPA's vision for safety is to be recognized as a leader in employee safety while also assuring the safety of the public related to LIPA operations and facilities.

To achieve our vision for safety, LIPA will:

- Benchmark safety to the top 10 percent of peer utilities, as measured by the OSHA Recordable Incidence Rate and OSHA Days Away Rate.
- Take steps to eliminate fatalities and serious injuries to employees, contractors, and members of the public.
- Assess the operational factors that contribute to injuries (e.g., motor vehicle accidents) and the efforts to improve performance, where necessary.
- Review no less than every three years the policies, procedures, and practices of its service provider related to:
    - Complying with applicable health and safety laws and regulations concerning its employees, contractors, and the public;
    - Maintaining appropriate safety procedures, programs, and training for employees and contractors based on their responsibilities and duties;
    - Reporting incidents involving employees and the public promptly, investigating the cause of such incidents, and taking corrective action.

The Chief Executive Officer will report annually to the Board on:

- Safety performance, including comparisons to peer electric utilities;
- Initiatives to improve the safety of LIPA's operations;
- The adequacy of policies, procedures, and practices related to safety; and
- Compliance with applicable health and safety laws and regulations.

Board Policy:	**Strategic Planning and Performance Management**
Policy Type:	**Strategic Direction**
Monitored by:	**Board of Trustees**
Board Resolution**:**	**#1409, approved March 29, 2018,** **#1461, amended January 23, 2019** **#1547, amended July 22, 2020** **#1668, amended September 22, 2021** **#1777, amended February 15, 2023**

LIPA's vision for strategic planning and performance management is to achieve the strategic objectives established by the Board in its policies and to provide transparency and accountability to the Board and customers for the realization of the Board's strategic objectives and the funds budgeted each year.

LIPA will achieve its vision by directing the Chief Executive Officer to undertake: (i) effective methods of translating the Board's strategic policy objectives into multi-year plans, annual work plans, performance metrics, budgets, and recommendations[1] for the Board's review and approval, and (ii) a transparent system of performance reporting to the Board and public relative to the policies, plans, metrics, budgets, and recommendations adopted by the Board.

Strategic and Annual Planning

The Chief Executive Officer will prepare and submit to the Board for review and approval the following to advance the Board's policy objectives across various time horizons:

- **Five-year Long-Range Plans:** LIPA's Chief Executive Officer, in consultation with its service provider(s), will on a triennial basis develop five-year roadmaps for each key business area to advance the Board's strategic objectives. The Long-Range Plans will evaluate the current state of the business area, articulate an end-state vision to be achieved within five years, and identify the projects necessary to close the gap. Each roadmap will include:

    - Prioritized list of projects with associated business rationale and benefits
    - Schedule for and sequencing of projects
    - Dependency on or interaction with projects initiated by other business areas
    - Budget requirements for project implementation and operations

The schedule below defines the timeline for the submission to the Board of the initial Long-Range Plans for each business area:

    - Transmission and distribution ("T&D"), information technology, customer experience, finance, and performance management no later than March 31, 2023.
    - Business services and power supply and clean energy programs no later than March 31, 2024.

- **LIPA's Annual Work Plan, Performance Metrics, and Budgets:** LIPA's Chief Executive Officer will translate the Board's strategic policy objectives and Five-Year Long-Range Plans into annual work plans,

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

performance metrics, and budgets for the Board's review and approval. The annual work plan defines the activities LIPA staff will directly undertake for the year, while the performance metrics define the objectives that will determine PSEG Long Island's Variable Compensation for the year. The work plan and performance metrics are designed to be objectively verifiable and reasonably achievable levels of performance. The funds to achieve this level of performance are also budgeted, tying realistic plans and budgets to measurable outcomes each year. The oversight activities of LIPA staff may also result in Board recommendations to improve the operations of business areas managed by service provider(s).

Performance Management Reporting

Performance management reporting provides transparency and accountability to the Board and customers for the accomplishment of the Board's strategic objectives and the funds budgeted each year. The Chief Executive Officer will prepare a written report to the Board and make it available on LIPA's website for each of the following:

- **Policy Reports:** Annual reports on LIPA's performance as compared to the key objectives of each Board strategic direction and operating policy.
- **Work Plan Reports:** Annual reports on the projects and activities LIPA staff will directly undertake to advance the Board's policy objectives and accomplishments as compared to the prior year's work plan.
- **Performance Metrics and Board Recommendation Reports:** LIPA's business model involves significant outsourcing to service provider(s), which places heightened importance on vendor performance in advancing the Board's policy objectives. Therefore, the Chief Executive Officer will separately provide quarterly and annual reports on PSEG Long Island's performance as compared to the Board-approved performance metrics and recommendations.
- **Budget Reports:** Quarterly and annual budget reports comparing actual financial results to the Board-approved financial plan, including significant variances and their causes, separately detailed between LIPA and service provider-managed budget elements.

The Chief Executive Officer is responsible for informing the Board in a timely manner of developments that in the Chief Executive Officer's reasonable judgment are (i) unique or significant operational risks to LIPA; (ii) could significantly impact LIPA's customers, reputation, or community relations; or (iii) materially compromise the ability to achieve the policies and strategic objectives established by the Board.

Board Policy: **Social and Environmental Justice**

Policy Type: **Strategic Direction**

Monitored by: **Governance, Planning, and Personnel Committee**

Board Resolution: **#1542, adopted June 24, 2020**
#1662, amended August 11, 2021
#1788, amended March 29, 2023

LIPA's vision for social and environmental justice is to foster a workplace that promotes diversity, equity, and belonging and to promote fairness and equity in the impact of our programs on our community.

LIPA values employees, customers, and stakeholders for the variety of their backgrounds and personal characteristics, including:

- race, ethnicity, national origin, religion, gender, gender identity, sexual orientation, marital status, physical ability, political affiliation, age, veteran status, and any other characteristic protected by law; and
- other characteristics such as talents, thinking styles, and lived experiences.

LIPA will foster and promote a diverse, equitable, and inclusive workplace by:

- modeling and cultivating the organization's values of service, collaboration, and excellence and their related behaviors, which foster an open, positive, and respectful workplace, including by considering these behaviors in our hiring, performance evaluation, and promotion practices;
- attracting, retaining, and developing a diverse workforce representative of the electric customers we serve;
- utilizing annual employee engagement and climate surveys and related initiatives to measure and advance our diversity, equity, and inclusion practices; and
- overseeing the diversity, equity, and inclusion initiatives of LIPA's service providers.

LIPA supports social and environmental justice, namely achieving fairness and equity in the transition to a clean energy future, and believes that all communities are entitled to equal protection of environmental laws and regulations.[1]

In furtherance of social and environmental justice, LIPA will:

- pursue initiatives that promote fairness and equity in the clean energy transition;
- pursue initiatives that promote fairness and equity in the application of environmental laws and regulations; and
- promote the participation of minority, women-owned, and service-disabled veteran-owned businesses in procurements by LIPA and its service providers.

The Chief Executive Officer, or his or her designee, will report annually to the Governance, Planning, and Personnel Committee of the Board of Trustees on the key provisions of this Policy.

[1] See Climate Leadership and Community Protection Act and in Article 48 of the Environmental Justice of the Environmental Conservation Law for more information.

Board Policy:	**Staffing and Employment**
Policy Type:	**Operating Policy**
Monitored by:	**Governance, Planning and Personnel Committee**
Board Resolution:	**#1338, approved January 25, 2017** **#1435, amended October 24, 2018** **#1485, amended July 24, 2019** **#1538, amended June 24, 2020** **#1643, amended June 23, 2021**

Board Policy on Staffing and Employment

It is the policy of the Long Island Power Authority ("LIPA") to foster a work environment that attracts and retains experienced professionals of diverse talents and backgrounds and promotes an ethical, productive, and accountable workplace. In furtherance of these goals, the Board of Trustees:

- Appoints and, if necessary, discharges the Chief Executive Officer ("CEO");
- Evaluates the performance of and determines the compensation of the CEO[1];
- With the advice of the CEO, appoints the other Board-appointed Officers specified in LIPA's By-laws[2].

Furthermore, the Board of Trustees authorizes and directs the CEO to:

- Manage LIPA's organization and staffing, including hiring and terminating staff, to enable the Authority to achieve its mission and values, while recognizing that diversity of talent, interests, background and experience is a key attribute to a healthy organization;
- Maintain staffing at the minimum level necessary to ensure that LIPA meets its obligations with respect to its bonds and notes, statutes, contracts, and oversight of its service provider;

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[1] The Board annually evaluates the CEO's performance by comparing: (i) the LIPA's performance to the policies established by the Board, and (ii) the skills of the CEO to the competency profile established for the position. The Board periodically reviews the CEO's compensation using a benchmarking survey. The CEO's cost-of-living adjustments ("COLA"), if any, are tied to performance. If the CEO's performance "meets expectations", the COLA equals the rate of inflation. If the CEO "significantly exceeds expectations", the COLA equals the rate of inflation plus one percent. If the CEO's performance is "outstanding," the COLA equals the rate of inflation plus two percent.

[2] Pursuant to LIPA's By-laws, the Board-appointed Officers include the Chief Executive Officer, the Chief Financial Officer, and the General Counsel. The Chief Executive Officer may appoint such other Officers as he or she may from time to time deem necessary or desirable.

- Develop and implement human resource practices, programs, training, and initiatives that are consistent with this Policy and the Policy on Diversity and Inclusion, meet or exceed relevant laws and regulations, and ensure an ethical, safe, and discrimination/harassment free work environment, including:

  a. Employee Policies that provide guidance to employees regarding their rights, benefits, and responsibilities and that address:
     - diversity and equal employment opportunity;
     - the Americans with Disabilities Act and reasonable accommodations;
     - intolerance for workplace bullying and harassment;
     - domestic violence and prevention of violence in the workplace;
     - timekeeping practices;
     - vacation, sick time and other benefits, including family and medical leave;
     - internal transfers and promotions;
     - reasonable travel and expense reimbursement;

  b. a Code of Ethics and Conduct, including annual acknowledgement of receipt and compliance by each employee; and

  c. a record retention policy that complies with applicable New York State laws and regulations.

- Establish and administer compensation practices and benefits for LIPA's Staff that are sufficient but not excessive to attract and retain a qualified, experienced workforce; are appropriate based on an individual's knowledge, skill, and contribution; motivate and reward individual performance; and encourage organizational responsiveness to LIPA's mission and values. In addition, LIPA will establish salary ranges for each position that are informed by:
  - compensation and benefits of employees with similar skills at utilities of similar size and complexity;
  - an appropriate balance of compensation practices among public and private organizations;
  - industry and regional cost-of-living trends;
  - the ability to recruit qualified personnel for a position;
  - individual employee performance and contribution; and
  - a process that permits an employee to appeal in writing any compensation decision resulting from a performance evaluation.

- Refrain from establishing or implying employment obligations to individuals of longer than one year or offering compensation to new hires that exceeds the range set for the position by a benchmarking survey, without Board approval. Unless authorized in writing by the CEO, employment shall be on an at-will basis.
- Establish policies and programs that support and encourage the personal and professional development of employees, including:
  - programs for continuing education and tuition reimbursement;
  - core skills continuing education;

- performance appraisal and enhancement;
- management and leadership training; and
- utility and public power industry learning.

- Conduct an annual engagement survey and utilize the results to design programs and initiatives to maintain an annual employee engagement score among the top 10 percent of benchmarked companies.

- Maintain a succession plan to address the inevitable turn-over of executives and staff with the least possible interruption to LIPA's operations.

The CEO will report annually to the Governance, Planning and Personnel Committee on compliance with the key provisions of this Policy.

Board Policy: **Enterprise Risk Management**

Policy Type: **Operating**

Monitored by: **Finance and Audit Committee**

Board Resolution: **#1351, approved March 29, 2017**
#1428, amended September 27, 2018
#1492, amended September 25, 2019
#1572, amended December 16, 2020
#1808, amended September 27, 2023
#1929, amended November 12, 2025

Board Policy on Enterprise Risk Management

The Long Island Power Authority's ("LIPA") vision for Enterprise Risk Management ("ERM") is to maintain an industry leading program that identifies, assesses, and monitors significant risks to achieving LIPA's purpose and vision and the Board's objectives as stated in each policy.

LIPA shall maintain an ERM program[1] with the following key provisions:

- Strategically manage or oversee risks to reduce the probability of significant outages, financial loss, health and safety events, reputational harm, and failure to achieve the Board Policy objectives.
- Create an Enterprise Risk Management Committee ("ERMC"), which Committee members will be appointed at the discretion of LIPA's Chief Executive Officer. LIPA's service provider will maintain a Risk Management Committee to oversee those risks and report to LIPA's ERMC.[2]
- Perform an evaluation of its most significant risks and corresponding management activities.
- Ensure LIPA and PSEG Long Island leadership promotes a strong risk aware culture by discussing risk openly, integrating risk management into decision making processes, and promoting accountability for managing risk across the organization.

LIPA's Chief Executive Officer or his or her designee will report annually to the Finance and Audit Committee of the Board on: (i) compliance with the key provisions of the Policy, including the results of a biennial review of the maturity of the program compared to industry best practices; and (ii) review of the significant risks to LIPA's purpose and vision.

[1] Section 4.2(5)(q)(i) of the Seconded Amended and Restated Operations Services Agreement ("2nd Amended and Restated OSA") requires that the Service Provider be responsible for "maintaining a comprehensive Enterprise Risk Management ("ERM") Program ("ERM Program") to identify, assess, monitor, and report on the Service Provider's most significant risks to the organization in accordance with the prevailing LIPA Board policy on Enterprise Risk Management."

[2] Section 4.2(5)(q)(vi) of the 2nd Amended and Restated OSA requires that the Service Provider be responsible for "establishing and maintaining a Risk Management Committee to oversee the Service Provider's ERM Program, including but not limited to, the risk assessment process, deep dives, risk escalation, and reporting on the most significant risks to LIPA's management team."

Board Policy:	**Power Supply Hedging Program**
Policy Type:	**Operating Policies**
Monitored by:	**Finance and Audit**
Board Resolution:	**#1352, approved March 29, 2017** **#1429, amended September 27, 2018** **#1493, amended September 25, 2019** **#1910, amended May 22, 2025**

Board Policy on Power Supply Hedging Program

The Long Island Power Authority's ("LIPA") objective for a Power Supply Hedging Program (the "Program") is to mitigate a portion of the volatility of purchased power and fuel commodity costs in a programmatic and reasonable way, and to provide greater stability in power supply costs for LIPA's customers. An effective commodity hedging program is a utility best practice to help achieve the above objective.

LIPA shall maintain a Power Supply Hedging Program with the following key provisions:

- Create a Power Supply Risk Management Committee, for which Committee members will be appointed at the discretion of LIPA's Chief Executive Officer.
- Execute the Program using financial derivatives and physical supply and delivery contracts with a net position not to exceed 90% of LIPA's projected fuel and purchased power requirements. Hedge positions shall not have a term in excess of seventy-two (72) months without the prior approval of the Finance and Audit Committee of the Board.
- The hedge Program should achieve appropriate risk mitigation and is not for purposes of financial speculation and provide transparency regarding LIPA's commodity risk management activities and results.

LIPA's Chief Executive Officer shall appoint the members of a Power Supply Risk Management Committee ("PRMC") consisting of at least three other LIPA staff, two of which must be drawn from LIPA senior management. The PRMC will establish, maintain, and monitor processes and controls, the conduct of LIPA's Power Supply Hedging Program, and the activities of its contracted Power Supply Management-Fuel Management External Service Provider ("PSMFM Service Provider"). The key provisions of the PRMC's activities shall include:

- Oversight and ensuring that all Program activities conducted by LIPA and its external PSMFM Service Provider are in accordance with the Board Policy;
- Determining LIPA's tolerance for exposure to fuel and purchased power price movements and power supply cost volatility considering the costs of limiting such exposure;
- Addressing all risk factors that are demonstrably quantifiable, actionable, and material to the Program;
- Establishing risk boundaries consistent with such tolerances and evaluating allowable

financial and physical instruments in executing the Program;

- Establishing appropriate processes and protocols to review and monitor counterparty credit worthiness on a regular basis; and
- Monitoring Commodity Futures Trading Commission rule making and all other regulatory and legal requirements to ensure that LIPA is taking the actions required to maintain compliance with respect to any transactions under the Program.

The PSMFM Service Provider will report to the Finance and Audit Committee of the Board biannually on the Program. Additionally, the Chief Executive Officer, or his or her designee, will provide an annual compliance report on the Program to the Finance and Audit Committee.

Appendix #1: Board Policy on Power Supply Hedging Program - PSMFM Service Provider

As of 1/1/2015: PSEG Energy Resources and Trade

Board Policy:	**Taxes and PILOTs**
Policy Type:	**Operating**
Monitored by:	**Finance and Audit Committee**
Board Resolution:	**#1320, approved September 21, 2016** **#1464, amended January 23, 2019** **#1807, amended September 27, 2023**

Board Policy on Taxes and PILOTs

The Long Island Power Authority's ("LIPA") vision for payment of its taxes and payments in-lieu-of taxes ("PILOT") obligation is to pay only such taxes, PILOTs, assessments, and fees as are required by law or by agreement in an effort to provide service at an affordable level while still taking into account the needs of LIPA's municipal partners. In doing so, LIPA will:

- Avail itself of the lawful right to challenge excessive tax assessments and payment obligations to lower customer costs and to minimize the cross-subsidization of taxpayers in some taxing jurisdictions by LIPA's customer-owners in other jurisdictions.

- Inform customers of the burden of taxes, PILOTs, assessments, and fees in their electric bills.

The Chief Executive Officer (or his designee) is hereby authorized to enter into any agreements that advance the Board's Policy on Taxes and PILOTs, including but not limited to agreements to make payments to municipalities and taxing jurisdictions to offset reductions in tax revenues due to settlements of any LIPA tax or PILOT challenges.[1]

The Chief Executive Officer will promptly report any settlement or related agreements to the Board and will report annually to the Finance and Audit Committee on compliance with the provisions of the Policy.

[1] LIPA's Bylaws authorize the Chief Executive Officer (or his designee) to sign contracts, agreements and other documents on the Authority's behalf. This includes the authority to enter into agreements with municipalities and taxing jurisdictions to obtain reductions in the Authority's taxes, PILOTs, assessments, and fees, either paid directly or through contracts with the owners of power plants.

Board Policy:	**Construction of Transmission and Distribution Projects**
Policy Type:	**Operating Policies**
Monitored by:	**Oversight and Clean Energy Committee**
Board Resolution:	**#1383, approved September 27, 2017** **#1449, amended December 19, 2018** **#1491, amended September 25, 2019** **#1865, amended November 13, 2024**

Board Policy on Construction of Transmission and Distribution Projects

It is the policy of the Long Island Power Authority to (i) make choices for the construction of the transmission and distribution system in a consistent manner that balances cost for all customers with local concerns; (ii) to conduct public outreach prior to the beginning of construction in accordance with certain principles described herein; and (iii) to accommodate local preferences for underground construction in circumstances where system-wide benefits are insufficient to justify the incremental expense by providing mechanisms for local choice and local funding.

Regulatory Requirements

LIPA's construction of transmission and distribution facilities must comply with criteria contained in several statutes and regulations, including:

- Article VII of the New York Public Service Law (Article VII)[1],
- State Environmental Quality Review Act (SEQRA),
- Environmental Conservation Law (ECL) Article 8,
- 6 NYCRR 617 (SEQRA implementing regulations),
- 21 NYCRR 10052 (LIPA's SEQRA implementing regulations), and
- Smart Growth Public Infrastructure Policy Act, ECL Article 6.

This Policy supplements these legal and regulatory requirements to guide consistent decision-making.

[1] Article VII applies to electric transmission facilities with a design capacity of 100 kilovolts (kV) or more extending for at least 10 miles, or 125 kV and extending more than one mile.

Selection of Construction Type

LIPA's electric transmission and distribution system is predominantly an overhead system.[2] In general, overhead construction with a robust tree-trim program has provided the best balance between reliability and cost of service for LIPA's customers. In recognition of evolving risks to the T&D System in the future as a result of climate change and other factors, for new transmission projects designed for voltages 65kV and above that are not subject to Article VII, underground method of construction is more likely than not to meet the requirements of LIPA Policy on Transmission and Distribution Operations. If overhead method is proposed for such facilities, a review of factors such as those identified in certain state regulations (see, for example, Title 16 NYCRR Part 102) should be performed.

To achieve the objectives of this Policy, LIPA and its Service Provider will:

- For transmission projects designed for voltages 65 kV and above that are not subject to Article VII, prepare a pre-construction report containing an advantage-disadvantage analysis using standardized criteria for evaluating the system-wide benefits and costs to the public of construction of overhead versus underground transmission projects similar to the criteria used by New York utilities subject to Title 16 of the New York Codes, Rules and Regulations (NYCRR) Part 102[3], such report to be done sufficiently far in advance of construction to inform the public outreach and project planning process[4];
- For all transmission projects designed for voltages below 65 kV, as well as all distribution projects, consider the criteria set forth in the attachment to this Policy, as applicable.
- Maintain a special tariff for undergrounding to provide a financing mechanism that allows local communities to pay for the additional cost of undergrounding all or a portion of a transmission or distribution project where insufficient systemwide benefits exist to justify allocation of the incremental expense throughout the Service Area[5];
- Underground service to multiple occupancy buildings and new residential subdivisions at the developer's expense in accordance with similar criteria used by New York utilities subject to 16 NYCRR Part 100; maintain tariff provisions for the utility to provide cost allowances for undergrounding residential service where required or where requested by an applicant, consistent with Title 16 NYCRR Part 98 (e) and (f); and underground customer-owned facilities at customer expense.

[2] As of 2024, LIPA's electric grid contains approximately [10,000 miles (9,000 distribution and 1,000 transmission) of overhead lines and 5,500 miles (5,000 distribution and 500 transmission)] of underground lines.

[4] The analysis for each project will be sent to the Trustees as an information item when completed.

[5] Local communities may also pursue other financing mechanisms, such as an undergrounding district.

Application of the Policy to Projects Planned by Parties Other Than LIPA

Consistent with this Policy, if a party other than LIPA is planning a transmission project in the LIPA's Service Area, including upgrading or rebuilding facilities, designed for voltages 65kV and above that is not subject to Article VII, such party should plan for underground method of construction for the planned facilities after it has completed a consultation with the LIPA. The party may plan for overhead method of construction if it completes the pre-construction report contemplated by this policy with consideration of criteria set forth in the attachment to this policy, and on the basis of such report and consideration has reasonably concluded, with concurrence by LIPA, that overhead construction method is justified for all or relevant portions of the planned facility.

Principles for Public Outreach

Public outreach is important to maintaining public acceptance and support for the infrastructure necessary to maintain reliable electric service to the 1.2 million customers served by the LIPA and its Service Provider. The electric grid is a complex system of generation and transmission that aims to ensure adequate levels of power reach customers at reasonable cost, with minimum impact to the environment and local community.

LIPA's Service Provider implements many widely varying infrastructure projects each year. There is therefore no "one size fits all" approach to public outreach, and any process requires regular review, including to consider changing conditions or lessons learned from actual projects over time.

To achieve the objectives of this Policy, LIPA and its Service Provider will conduct outreach to affected public officials, civic leaders, and communities in advance of the construction of transmission and distribution projects in a manner appropriate to each project, including visual representations of the proposed project as built, if appropriate, consistent with industry best practices, as mutually agreed upon by LIPA and its Service Provider, and in consultation with the Department of Public Service.[6]

LIPA's principles to guide the public outreach process include:

- Evaluating the potential impacts of each major project for:
    - Project scope, development timeline, and alternatives;
    - Cost, including the cost of alternatives;
    - Community impact, including:
        - Local services,
        - Aesthetic concerns,
        - Tree canopy and vegetation,
        - Residential or commercial districts,
        - Height of poles,
        - Historic or cultural areas,

[6] The Department of Public Service's responsibilities in reviewing such capital projects are pursuant to the LIPA Reform Act, as described in a letter from the DPS CEO dated June 23, 2014.

        - Environmentally sensitive areas;
    - Local, state and federal jurisdictions affected; and
    - Permitting and regulatory requirements.
- Using tools for public outreach designed to ensure all relevant officials, stakeholders, and customers are informed of project plans, and that all projects proceed transparently, including:
    - Briefing officials in affected areas;
    - Meeting with civic groups and organizations, as appropriate;
    - Notifying affected customers through mailings, door hangers, websites, outbound calls, open houses, and social media, as appropriate.
- Developing systematic outreach plans, particular and appropriate to each project, based on the potential impacts of the project, evaluated as described above.
- Performing appropriate outreach for each project prior to any State Environmental Quality Review Act determination, if applicable.

The Chief Executive Officer will report annually to the Board on compliance with the key provisions of this Policy.

Attachment

LIPA's Standardized Criteria for Evaluating Systemwide Benefits of Overhead Versus Undergrounds Transmission Facilities

LIPA's Board Policy on the *Construction of Transmission and Distribution Projects* requires "utilizing standardized criteria for evaluating the systemwide benefits and costs to the public of construction of overhead versus underground transmission projects similar to the criteria used by New York utilities subject to Title 16 of NYCRR Part 102."

Therefore, the evaluation of whether to construct overhead versus underground transmission facilities[7] shall include:

1. Any Priority Areas (defined below) affected by the subject Project where the advantages of overhead transmission construction to the public *throughout the Service Area* may outweigh the disadvantages (i.e., an advantage- disadvantage analysis);
2. An inventory of other potentially affected areas in categories identified below; and
3. An explanation of why the proposed transmission facility or portion thereof should be placed overhead or underground.

The categories of areas shall be updated as 16 NYCRR Part 102 may change from time to time.

I. Priority Areas for Advantage-Disadvantage Analysis

Priority Areas for an advantage-disadvantage analysis that evaluates whether the advantages of overhead construction outweigh the disadvantages to the public *throughout the Service Area* are:

1. National and State parks, preserves, reservations, landmarks, and monuments formally so designated and acquired for their natural, scenic or cultural value by appropriate State and Federal agencies. (Included would be historic landmarks, national landmarks, national monuments and trails, and wild and scenic rivers.)

2. Status as a disadvantaged and/or historically marginalized community;

3. Historic sites formally so designated by National or State agencies but without acquisition of rights or ownership sufficient for the purpose of preservation.

4. Central Business Districts (as defined below) in towns, cities, villages and hamlets.

[7] Transmission facilities 65 kV or higher for distances of one mile or longer, excluding facilities subject to Article VII of the Public Service Law; the construction of all other such transmission facilities in Priority Areas shall be reported to the Board no less than annually.

5. Developed and partly developed residential areas with an existing density of one or more dwelling units per acre, as shown on approved Subdivision (as defined below) maps, occupying a minimum contiguous area of 20 acres, all or a portion of which would be traversed by the proposed transmission facility right-of-way.

II. Definitions

(a) Central Business Districts are:

1. The centrally located, prime commercial district of a municipality (which may be a town, city, village or hamlet), the focus of main traffic arteries and mass transit composed of retail trade, offices (including governmental functions), light manufacturing and commercialized recreational activities with few or no dwellings.
2. Commercial areas essentially one lot deep along a thoroughfare are more aptly described as strip developments and not central business districts.

Central business districts occupy a relatively small proportion of the urbanized area -- not over four percent even in the smallest cities and only 0.4 percent in the largest.

(b) Subdivisions are a tract of land divided into lots for residential buildings the plan for which has been approved by governmental authorities having jurisdiction.

III. Exemption from Completion of Full Report Consistent with 16 NYCRR 102

A full report consistent with the provisions of 16 NYCRR 102 is not required for upgrading or rebuilding transmission facilities on existing right-of-way provided that all of the following conditions are met:

1. No additional rights-of-way are required;
2. There is no increase in the number of structures on the right-of-way;
3. The resulting structures do not carry more than two circuits;
4. No substantial modification will be made to existing vegetative cover on the right-of- way; and
5. The height of a new tower does not exceed the height of a replaced tower by more than 10 feet.

Likewise, a full report is not required if construction of the facility in question must substantially be overhead for technical reasons.

IV. Elements of the Advantage-Disadvantage Analysis for Priority Areas

The advantage-disadvantage analysis for Priority Areas is meant to provide a framework by which the features or facts which support one or another mode of construction are identified clearly. Circumstances that reduce or enhance the benefits or affect the costs of overhead construction, identified in the advantage-disadvantage analysis, will provide the basis for decision. Examples of factors which may affect a decision to overhead would include the availability of suitable existing corridors, or the likelihood of pronounced visual impact.

Data and/or all pertinent information for each item shall be presented for both the underground and overhead alternative. The analysis of cost should be made on a present-worth basis for both alternatives over a period long enough to allow for appropriate incremental construction.

The advantage-disadvantage analysis for Priority Areas shall include:

1. Availability of existing corridors suitable for additional transmission facilities. (The availability of suitable existing corridors through a Priority Area, for example, may reduce the relative benefits of underground construction.)
2. Capital construction costs. (Costs that may be capitalized under the uniform system of accounts.)
3. Construction expense costs. (Costs that may not be capitalized.)
4. Right-of-way acquisition costs.
5. Anticipated total operation and maintenance costs including power losses for the depreciable life of the plant, discounted to present-worth, when the present worth of such losses is significant in comparison to other costs (such as (i) there is no increase in the number of structures on the right-of- way; (ii) the resulting structures do not carry more than two circuits; or (iii) no substantial modification will be made to existing vegetative cover on the right-of-way).
6. Relevant technological considerations.
7. The relative effect on vegetation, wildlife, soils, erosion, streams, and other such natural features (as noted in biological surveys, water quality ratings, and land management policies and practices) of the construction methods proposed.
8. The relative visual impact including incremental impact compared to existing surroundings.
9. Relative availability of right-of-way for other uses: e.g., parks, recreation, farming, transportation.

V. Other Areas to Be Inventoried

Other areas which should be inventoried, but for which an advantage-disadvantage analysis is not required, but may be prepared if appropriate, are:

1. Areas of outstanding natural or scenic value which are preserved by non-profit private agencies, but which have not been formally so designated by national or State agencies.
2. Areas of outstanding cultural value (e.g., attractive pastoral scenes, locations of noteworthy architectural and/or social import both within and outside specific sites) that have been formally designated by the appropriate governmental authority.
3. Existing local (city, town, village and county) parks and open space areas that have been formally established by governmental or private authorities.
4. Public and semipublic facilities such as cemeteries, educational, correctional and medical facilities and military installations.
5. Existing light industrial and commercial areas (e.g., industrial parks, shopping centers, office building complexes).
6. Partially developed residential areas where the Subdivision will have an eventual population density of one or more dwelling units per acre, as shown on approved Subdivision maps, comprising a minimum contiguous area of 20 acres or a portion of which is traversed by the proposed transmission facility right- of-way.
7. Areas of outstanding cultural value (e.g., attractive pastoral scenes, locations of noteworthy architectural and/or social import both within and outside specific sites that lend attractiveness to a neighborhood or community) that have not been formally designated by governmental or private authority.
8. Residential areas with less population density than those specified in preceding categories.
9. Planned and zoned undeveloped light industrial, commercial and residential areas.
10. Managed woodlands (e.g., commercial and other productive forests).
11. Agricultural districts established in accordance with article 25-AA of the Agriculture and Markets Law, and other farmlands.
12. Existing and planned heavy industrial areas.
13. Woods and open lands other than those included within areas specified in any Priority Area above.

Board Policy: **Public Policy Transmission Planning**

Policy Type: **Operating**

Monitored by: **Oversight and Clean Energy Committee**

Board Resolution: **#1414, approved May 23, 2018**
#1540, amended June 24, 2020

Board Policy on Public Policy Transmission Planning

It is the policy of the Long Island Power Authority ("LIPA") to fulfill its responsibilities under Section 31.4.2 of the New York Independent System Operator ("NYISO") Open Access Transmission Tariff ("OATT") using the following procedures to evaluate whether public policy requirements drive the need for physical modifications to the Long Island Transmission District ("Long Island PPTNs"). The procedures are adopted pursuant to Section § 1020-f(z) of the Long Island Power Authority Act.

Procedures:

Step 1: NYISO 60-Day Solicitation of Public Comments Proposing Public Policy Requirements for Review.

The NYISO, as part of its biennial planning process, holds a 60-day public comment period in which entities may identify public policy requirements that should be evaluated for the purposes of determining whether such requirements drive the need for transmission improvements to the bulk transmission system in New York State, including within the Long Island Transmission District.

Step 2: Receipt of Proposals from the NYISO and Request for Evaluation.

The NYISO will transmit to LIPA a request for evaluation of the proposed Long Island PPTNs pursuant to Section 31.4.2 of the NYISO OATT. LIPA's Chief Executive Officer ("CEO"), or his or her designee, will undertake the actions referenced in Section 31.4.2 of the NYISO OATT.

Step 3: LIPA's Evaluation and Determination of Long Island Public Policy Transmission Needs.

LIPA shall commence an evaluation of whether there are any Long Island PPTNs. The evaluation shall consider the proposed Long Island PPTNs and such other information or analyses that LIPA may require to determine whether one or more Long Island PPTNs exist(s) and should be referred to the Department of Public Service ("DPS") for consideration of

statewide needs. Such evaluation shall include consultation with DPS to ensure proper coordination between LIPA and Public Service Commission ("PSC") processes, as to technical content and schedule. Should LIPA's evaluation identify a Long Island PPTN that should be considered for statewide cost allocation, LIPA, at the direction of the CEO, shall submit a written determination based on its evaluation to the PSC describing its evaluation and justification. Thereafter, the PSC will determine whether such transmission needs should qualify for statewide cost allocation pursuant to the NYISO OATT.

Step 4: Actions Following a Determination by the New York Public Service Commission

Should the PSC determine that a Long Island PPTN does not qualify for statewide cost allocation, such transmission needs shall remain within the jurisdiction of LIPA to address within its regular planning process or such other planning processes as may be established by the PSC or the NYISO.

Should the PSC determine that a Long Island PPTN qualifies for statewide cost allocation pursuant to the NYISO OATT, the PSC will request NYISO to solicit proposals for specific projects to meet the identified need. LIPA, in consultation with PSEG Long Island, shall determine whether or not to submit a project proposal to NYISO and shall inform the Board of Trustees of its decision.

NYISO will follow its procedures as set forth in the NYISO OATT and will select one or more proposed projects to be developed. Each selected project will be subject to regulatory approvals by FERC and the PSC.

Should a project to be owned by LIPA and constructed by LIPA or PSEG Long Island be selected by NYISO, any budget or budget amendment for such project shall be subject to the approval of the Board of Trustees.

Annual Report:

The CEO shall report to the Board of Trustees at least annually on LIPA's assessment of Long Island PPTNs.

Board Policy:	**Asset Management**
Policy Type:	**Operating**
Monitored by:	**Oversight and Clean Energy Committee**
Board Resolution:	**#1649, approved June 23, 2021** **#1812, amended September 27, 2023**

Board Policy on Asset Management

The Long Island Power Authority's ("LIPA") vision for asset management is to maintain a robust system for the clean, reliable, and affordable operation of the transmission and distribution system assets. LIPA will take prudent and reasonable measures to accomplish the following:

- Adopt the ISO Asset Management Framework that encompasses industry-leading practices and achieve a maturity goal of 3.0 or greater by the end of 2027.

- Develop and maintain a modern enterprise asset management system ("EAMS") for asset-related work management, capturing, managing, and reporting on all strategic and operational assets, defining the relationships between those assets, and assessing the effectiveness and efficiencies of those assets.

The Chief Executive Officer, or his or her designee, will report annually to the Oversight and Clean Energy Committee on the key provisions of this Policy.

Board Policy:	INVESTMENT POLICY
Policy Type:	Operating
Monitored by:	Finance and Audit Committee
Board Resolution:	#1891, Approved March 26, 2025

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1. OVERVIEW OF INVESTMENT POLICY

1.1. Purpose and Scope

This policy sets forth instructions to the officers and staff of the Long Island Power Authority ("LIPA" or the "Authority") with regard to investments of monies of LIPA and its subsidiary and the monitoring and reporting of such investments. The Policy is intended to meet the provisions of the Public Authorities Law ("PAL") Section 2925, the Office of the State Comptroller's Investment Guidelines for Public Authorities contained in 2 New York Codes, Rules and Regulations ("NYCRR") Part 201, Section 201.3, the provisions of LIPA's enabling legislation, and the parameters established by LIPA's Financing Documents. This Policy has been adopted by, and can only be changed by, the Board of Trustees.

1.2. Definitions

"LIPA" or the "Authority" means the Long Island Power Authority, a corporate municipal instrumentality of the State of New York, established pursuant to Chapter 517 of the Laws of 1986 of the State of New York.

"Eligible Banking Institution" means any commercial bank or financial institution whose long-term unsecured debt securities are rated A- or better by S&P, A3 or better by Moody's, or A- or better by Fitch, and having its principal office within the State, as authorized by the Board of Trustees by Resolution on May 18, 2016.

"Financing Documents" means the Electric System General Bond Resolution, adopted May 13, 1998 (the "General Bond Resolution"); the Electric System General Subordinated Revenue Bond Resolution, adopted May 20, 1998 ("Subordinated Bond Resolution"); the Amended and Restated Credit Agreement, dated as of March 17, 2022 among the Long Island Power Authority and JPMorgan Chase Bank, as Administrative Agent expiring on March 16, 2027 related to Electric System General Revenue Notes, Series 2019 A; any agreement with the issuer of any Credit Facility (as defined in the General Bond Resolution or the Subordinated Bond Resolution); and any Liquidity Facility (as defined in the General Bond Resolution or the Subordinated Bond Resolution), in each case as the same may be amended and supplemented from time to time.

"Investment Funds" means monies and financial resources available for investment by LIPA and its subsidiary.

"Investment Securities" means any or all the investment obligations described in Section 2.2 hereof.

"Rating Agencies" means Standard and Poor's Global Ratings (S&P), Moody's Investors Service (Moody's), and Fitch Ratings (Fitch).

"State" means the State of New York.

1.3. Management of Investment Program

1.3.1. Delegation of investment Authority

The responsibility for implementing the investment program is delegated to the Chief Financial Officer. The Chief Financial Officer directs LIPA's investment activities through the Director of Finance and Treasury or the Manager of Treasury.

Investments shall be made in accordance with this policy, including the Operating Procedures and Controls, which are attached as Appendix A. LIPA's governing body and management are responsible for making investment decisions for the Authority and for doing so with the judgment, care, skill, prudence and diligence under the circumstances then prevailing that a knowledgeable and prudent investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. All LIPA staff participating in the investment process shall act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in LIPA's ability to effectively fulfill its responsibilities. All participants in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

1.3.2. Annual Review and Approval

LIPA staff involved in the investment process shall review the Investment Policy on an annual basis, or more frequently as required, and shall submit the Investment Policy to the Authority's Finance and Audit Committee and Board of Trustees no less frequently than annually for review and approval as required by the PAL.

After any modifications to the Investment Policy, a revised policy must be distributed to Authority personnel on the approved distribution list and the Financial Institutions specified in Appendix A.

2. INVESTMENT MANAGEMENT OBJECTIVES AND PERMITTED INVESTMENT

2.1. Investment Objectives

LIPA's investment objectives, listed in order of importance, are: to conform with all applicable legal and regulatory requirements; to adequately safeguard investment principal; to provide for portfolio liquidity; and to earn reasonable rates of return.

The investment objectives for the NDTF and OPEB Accounts (described below) are to conform with all applicable legal and regulatory requirements; to earn reasonable rates of return; and to provide for portfolio liquidity, as necessary.

2.2. Permitted Investments

LIPA, subject to the requirements of Section 3.5 of this Policy, may deposit monies with Eligible Banking Institutions, as separately authorized by the Board of Trustees by Resolution on May 18, 2016. Additionally, investments shall be limited to the following types of securities ("Permitted Investments"):

1. **U.S. Treasury & Government Guaranteed-** U.S. Treasury obligations, and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the U.S. Government.

2. **Federal Agency/GSE** - Debt obligations, participations or other instruments issued or fully guaranteed by any U.S. Federal agency, instrumentality or government-sponsored enterprise (GSE).

3. **Supranational** - U.S. dollar denominated debt obligations of a multilateral organization of governments.

4. **Corporates and Other Debt Obligations-** U.S. dollar denominated corporate notes, bonds or other debt obligations issued or guaranteed by a U.S. or foreign corporation, financial institution, non-profit, or other entity.

5. **Municipals-** Obligations issued or guaranteed by any state, territory or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality or other unit of local government of any U.S. state or territory.

6. **Collateralized Investment Agreements** - Investment agreements or guaranteed investment contract with any financial institution that guarantees repayment of principal and a fixed or floating interest rate for a predetermined period.

7. **Agency Mortgage Backed Securities-** Mortgage-backed securities (MBS), backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a U.S. Federal agency or government sponsored enterprise, including but not limited to pass-throughs, collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs).

8. **Asset-Backed Securities** - Asset-backed securities (ABS) whose underlying collateral consists of loans, leases or receivables including but not limited to auto loans/leases, credit card receivables, student loans, equipment loans/leases.

9. **Negotiable Bank Deposit Obligations** - Negotiable bank certificates of deposit, deposit notes or other deposit obligations issued by a nationally or state-chartered bank, credit union or savings association, or by a federally or state-licensed branch of a foreign bank or financial institution. *No new securities will be purchased in this sector.*

10. **Commercial Paper-** U.S. dollar denominated commercial paper issued or guaranteed by a U.S. or foreign corporation, company, financial institution, trust or other entity, including both unsecured debt and asset-backed programs.

11. **Bankers' Acceptances-** Bankers' acceptances issued, drawn on, or guaranteed by a U.S. bank or U.S. branch of a foreign bank.

12. **Insured Bank Deposits** - Interest bearing time certificates of deposit, savings accounts or deposit accounts fully insured by the Federal Deposit Insurance Corporation (FDIC).

13. **Money Market Mutual Funds** - Shares in open-end and no-load money market mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule2a-7.

14. **Floating Rate Notes** - Floating rate notes (FRNs) may be purchased as part of LIPA's Portfolio if the following criteria are met:

    a. FRN rate resets no less frequently than quarterly;
    b. FRN rate resets with a frequency that produces a close tracking with money market rates;
    c. FRN is indexed to a money market rate such as, but not limited to, Federal Funds, Secured Overnight Financing Rate (SOFR) Treasury Bills or LIBOR and correlates very highly with overall changes in money market rates even under wide swings in interest rates;
    d. Any interest rate cap is at least 10%; and
    e. Director of Finance and Treasury, Manager of Treasury or the designated Investment Manager uses pricing services, pricing matrices or "theoretical" pricing models to calculate the market value of all FRNs held in the portfolio to value the portfolio holdings.

15. **Repurchase Agreements-** Permitted provided certain conditions are met:

    a. The contract is fully secured by deliverable U.S. Government Obligations as described in Section 2.2.1 having a market value of at least one hundred two percent (102%) of the amount of the obligation's principal and accrued interest;
    b. A written master repurchase agreement governs the transaction that outlines the basic rights of both buyer and seller, including:
        - events of default which would permit the purchaser to liquidate pledged collateral;
        - the relationship between parties to the agreement, which shall ordinarily be purchaser and seller;
        - method of computing margin maintenance requirements and providing for timely correction of margin deficiencies or excesses;
    c. The repurchase agreement is transacted on a delivery or book entry versus payment basis;
    d. 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; 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; and such third party is either
        - a Federal Reserve Bank, or
        - a bank which is a member of the Federal Reserve Bank or maintains an account with member banks to accomplish book-entry transfer f securities to the credit of the Authority and which (1) has combined capital and surplus of more than $1 billion, and (2) has a long-term debt rating of "A-" or higher by S&P and "A3" or higher by Moody's;
    e. A perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Authority;
    f. The Investment Manager will value the collateral daily, and require that if additional collateral is required then that collateral must be delivered within one business day (if a collateral deficiency is not corrected within this time frame, the collateral securities will be liquidated);
    g. Substitutions of collateral will be permitted only with advance written approval of the Chief Financial Officer;

h. LIPA will only enter into repurchase agreements with reputable firms that have a short-term debt rating of "A-1" or higher by S&P and "P-1" or higher by Moody's and are:
   - Broker dealers who are members of the National Association of Securities Dealers, listed on the Federal Reserve Bank of New York's list of primary government securities dealers, and have $25 billion in assets and $350 million in capital, or
   - Banks or trust companies authorized to do business in the State of New York and have $5 billion in assets and $500 million in capital;
   - No more than 20% or $50 million, whichever is less, of the Investment Funds will be invested with any single repurchase agreement counterparty; and

i. The repurchase agreement shall have a term not to exceed ninety days.

Permitted investments must be authorized if the moneys being invested are subject to a legal or other restriction that precludes such investment.

2.3. Diversification, Ratings and Maturity of Investments Reference Table

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement[1]	Maximum Maturity [6]
U.S. Treasury	100%	100%	N/A	5.5 Years (5.5 year avg. life[5] for GNMA)
GNMA		40%		
Other U.S. Government Guaranteed (e.g. AID, GTC)		10%		
Federal Agency/GSE: FNMA, FHLMC,FHLB, FFCB	75%	40%[4]	N/A	10 Years
Federal Agency/GSE other than those above		10%		
Supranationals where U.S. isa shareholder and voting member	25%	10%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AA-/Aa3, or equivalent)	5.5 Years
Corporates and other Debt Obligations	40%[2]	5%[3]	Highest ST or Three Highest LT Rating Categories (A-1/P-1, A-/ A3 or equivalent)	5.5 Years
Municipals	25%	5%	Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/ A3, or equivalent)	5.5 Years
Agency Mortgage-Backed Securities	25%	40%[4]	N/A	5.5 Year Avg. Life[5]
Asset-Backed Securities	20%	5%	Highest ST or LT Rating (A-1+/P-1, AAA/Aaa, or equivalent)	5.5 Year Avg. Life[5]
Negotiable Certificates of Deposit (CD)[7]	50%[2]	5%[3]	Highest ST or Three Highest LT Rating Categories (A-1/P-1, A-/A3, or equivalent)	3 Years
Commercial Paper (CP)	50%[2]	5%[3]	Highest ST Rating Category (A-1/P-1, or equivalent)	270 Days
Collateralized Investment Agreements	50%	5%	Two Highest LT Rating Categories	5.5 Years
Bankers' Acceptances (BAs)	35%[2]	5%[3]	Highest ST Rating Category (A-1/P-1, or equivalent)	180 Days
Insured Bank Deposits	25%	FIDC limit for insurance	None, if fully FDIC-insured	2 Years
Floating Rate Notes			Should reflect the appropriate sector requirements	
Repurchase Agreements	40%	20%	Counterparty (or if the counterparty is not rated by an NRSRO, then the counterparty's parent) must be rated in the Highest ST Rating Category (A-1/P-1, or equivalent) If the counterparty is a Federal Reserve Bank, no rating is required	90 Days
Government Money Market Funds	100%	100%	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf,or equivalent)	N/A
Money Market Funds	100%	25%	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf,or equivalent)	N/A

Notes:

[1] Rating by at least one SEC-registered Nationally Recognized Statistical Rating Organization ("NRSRO"), unless otherwise noted. ST=Short-term; LT=Long-term.

[2] Maximum allocation to non-government securities is 75% combined.

[3] Maximum across all non-government permitted investment sectors is 5% combined per issuer.

[4] Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency MBS, is 40%.

[5] The maturity limit for MBS and ABS is based on the expected average life at time of purchase, measured using Bloomberg or other industry standard methods.

[6] All investments shall mature or be redeemable no later than such times as shall be necessary to provide monies needed for payments to be made from any such fund or account. Unless otherwise noted, maturity limitation is measured from the transaction's settlement date.

[7] No new securities in this sector will be purchased.

2.4. Prohibited Investment Vehicles

LIPA is prohibited from investing in the investments or engaging in the practices listed below:

- Investment in Auction Rate Securities (ARS);
- Home equity ABS and reverse repurchase agreements;
- Short sales (selling a specific security before it has been legally purchased);
- Borrowing funds for the sole purpose of reinvesting the proceeds of such borrowing;
- Investment in complex derivatives such as range notes, dual index notes, inverse floating rate notes and deleveraged notes, or notes linked to lagging indices or to long- term indices;
- Investing in any security not specifically permitted by this Investment Policy (see process below for minor exceptions).

2.5. Downgrades

The Director of Finance and Treasury, Manager of Treasury or the designated Investment Manager(s) shall report any credit rating downgrade resulting in violation of the Investment Policy to the Chief Financial Officer within a reasonable period of learning of the downgrade, along with any recommended action. The Chief Financial Officer or Director of Finance and Treasury shall provide direction to the Manager of Treasury or the Investment Manager(s) within a reasonable period of the downgrade, which would generally be to liquidate any security that does not comport with the Investment Policy and Financing Documents at the time of the downgrade. Any direction to take an action other than to liquidate such security shall be reported to the Finance and Audit Committee of the Board of Trustees.

2.6. Process for Obtaining Approval for Exceptions

Approval for new instruments not listed herein shall be obtained from the Authority's Board of Trustees. The Board hereby authorizes minor exceptions (including ratings or diversification guidelines) to the Investment Policy with the immediate approval of the Chief Financial Officer and final approval by the Board of Trustees. Any such minor exceptions to the Investment Policy will be reported to the Finance and Audit Committee of the Board of Trustees. If the Board of

Trustees comes to the decision not to approve a minor exception the investment will be liquidated immediately.

2.7. Nuclear Decommissioning Trust Funds and OPEB Account

Sections 2.2, 2.3, 2.4 and 2.5 shall not govern the investment of the Nuclear Decommissioning Trust Funds (NDTF) for Nine Mile Point Unit 2 or the Other Post-Employment Benefits (OPEB) Account. Separate investment provisions are provided for the NDTF (Appendix B) and OPEB Account (Appendix C).

3. OPERATING PARAMETERS AND CONTROLS

LIPA has developed the following investment management controls to ensure that its assets are protected against loss, theft and misuse.

3.1. Authorized Officers and Employees

Investment decisions on behalf of the Authority shall be made by the Director of Finance and Treasury, Manager of Treasury or the external Investment Manager(s), under the supervision of the Chief Financial Officer.

3.2. Competitive Selection

For each transaction more than $10 million (or such other threshold dollar amount as the Chief Financial Officer may specify in writing), LIPA shall use competitive quotations. For each transaction equal to or less than $10 million (or such other threshold dollar amount as the Chief Financial Officer may specify in writing), LIPA may use either competitive quotations or negotiated prices. The foregoing shall not apply to the purchase of government securities at initial auction or upon initial offering. A minimum of three quotes shall be obtained and documented from Dealers and/or Banks, except in the purchase of government securities at their initial auction or upon initial offering, and the most favorable quote accepted.

To the extent that LIPA invests in an SEC registered mutual fund or exchange traded fund whose investment objectives and policies are consistent with this Investment Policy, the selection of a no-load, open-end fund constitutes a competitive selection.

3.3. Annual Investment Audit

An annual independent audit of all investments will be performed by the external auditors. LIPA shall comply with all legal and regulatory requirements, including those mandated by the PAL, the NYCRR, the Financing Documents, and the Investment Policy. The Annual Investment Audit shall:

- Determine whether investment assets are adequately safeguarded; adequate accounts and records are maintained which accurately reflect all transactions and report on the disposition of LIPA's investment assets; and a system of adequate internal controls is maintained;

- Determine whether LIPA has complied with applicable laws, regulations, the State Comptroller's investment guideline requirements, such public authority accounting directives as may be issued by the State Comptroller, and the Investment Policy; and
- Be designed to the extent practical to satisfy both the common interest of LIPA and the public officials accountable to others.

The results of the Annual Investment Audit shall be set forth in a report submitted to the Chief Financial Officer, and to LIPA's Board of Trustees (the "Annual Investment Audit Report") which shall include without limitation:

- A description of the scope and objectives of the audit;
- A statement that the audit was made in accordance with generally accepted government auditing standards;
- A description of any material weakness found in the internal controls;
- A description of any non-compliance with LIPA's own investment policies as well as applicable laws, regulations, the State Comptroller's investment guideline requirements, and such public authority accounting directives as may be issued by the State Comptroller;
- A statement of positive assurance of compliance on the items tested;
- A statement on any other material deficiency or reportable condition as defined *by Governmental Auditing Standards* identified during the audit not covered above; and
- Recommendations, if any, with respect to amendment of this Investment Policy.

The Annual Investment Audit Report shall be filed within ninety (90) days after the close of the Authority's fiscal year with the Office of Budget and Policy Analysis of the Office of the State Comptroller.

3.4. Written Contracts and Confirmations

A written contract and/or a written confirmation shall be required for each investment transaction. However, LIPA shall not be required to enter into a formal written contract if the Authority's oral instructions to its broker, dealer, agent, investment manager/advisor, or custodian with respect to such transactions are confirmed in writing or by written confirmation at the earliest practicable moment.

3.5. Safekeeping and Custody

All investment securities purchased by LIPA or held as collateral on deposits or investments shall be held by a third-party custodian who may not otherwise be a party to the investment transaction and with whom the Authority has a written custodial agreement. All securities shall be held in the name of the Authority and will be free and clear of any lien.

All investment transactions will be conducted on a delivery-vs.-payment basis. Payment for investments shall be made only upon receipt by the custodian of the physical security, or in the case of securities in book-entry form, when credited for the custodian's account, which shall be segregated for LIPA's sole use. The custodian shall issue a safekeeping receipt to LIPA listing the specific instrument, rate, maturity and other pertinent information. Monthly,

the custodian will also provide reports listing all securities held for the Authority, the book value of holdings, and the market value as of month-end.

The custodian may act on oral instructions from the Chief Financial Officer, the Director of Finance and Treasury, or the Manager of Treasury. Such instructions are to be confirmed in writing, within one business day, by an authorized signatory of LIPA.

Representatives of the custodian responsible for, or in any manner involved with, the safekeeping and custody process of the Authority shall be bonded in such a fashion as to protect LIPA from losses from malfeasance and misfeasance. If required by the Chief Financial Officer, appropriate Authority Officials may also be bonded in such a fashion.

All demand deposits, time deposits, and certificates of deposit shall be collateralized for amounts over and above Federal Deposit Insurance Corporation coverage. All collateral shall be Permitted Investments as set out in Section 2. There shall be a written custodial agreement that, among other things, specifies the circumstances under which collateral may be substituted. LIPA should not accept a pledge of a proportionate interest in a pool of collateral. The market value and accrued interest of collateral should, at least, equal the value of the investment and any accrued interest at all times. The recorded value of collateral backing any investment should be compared with current market values (mark-to-market) at the time of the initial investment and monthly thereafter to be certain that it continues to be at least equal to the value of the investment plus accrued interest. The mark-to-market reviews should use "bid" prices from a constant source. Negotiable Bank Deposit Obligations as defined in sections 2.2 and 2.3 of this policy are exempt from these collateral requirements.

3.6. Internal Controls

LIPA follows the operating procedures defined in Appendix A to control all Authority investment activity.

3.7. Notification Concerning Violations of Investment Policy

If this Investment Policy is violated, the Chief Financial Officer shall be informed immediately and advised of any corrective action that should be taken, as well as the implication of such action.

4. QUALIFIED FINANCIAL INSTITUTIONS

4.1. Qualifications for Brokers, Dealers and Agents

The Director of Finance and Treasury and/or LIPA's Investment Manager shall identify broker/dealers that are approved for investment purposes ("Qualified Institutions") and maintain a list of such approved dealers. Only firms meeting the following requirements will be eligible to serve as Qualified Institutions:

- "Primary" dealers and regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule);
- Registered as a dealer under the Securities Exchange Act of1934;
- Member in good standing of the Financial Industry Regulatory Authority (FINRA);

- Registered to sell securities in the State; and
- The firm and assigned broker have been engaged in the business of effecting transactions in U.S. government and agency obligations for at least five (5) years.

When selecting trading partners, LIPA will also consider the firm's quality, size, reliability, the Authority's prior experience with the firm, the firm's level of expertise and prior experience with respect to the contemplated transactions.

4.2. Qualifications for Investment Advisors/Managers

For the purpose of rendering investment management/advisory services to the Authority, LIPA may qualify any bank or trust company organized under the laws of any state of the United States of America, any national banking association, and any partnership, corporation, or person which is:

- Authorized to do business in the State as an investment manager/advisor; and
- Registered with the SEC under the Investment Advisor Act of 1940 or exempt from registration.

LIPA shall consider the firm's capitalization, quality, size and reliability, the Authority's prior experience with the firm, the firm's level of expertise and prior experience with respect to the contemplated transaction.

4.3. Qualifications for Custodial Banks

To be eligible to hold Investment Securities purchased by LIPA or collateral securing its investments, a custodial bank shall be a member bank of the Federal Reserve System or maintain accounts with member banks of the Federal Reserve System to accomplish book-entry transfer of Investment Securities to the credit of the Authority. The custodian should not be the same party that is selling the Investment Securities. To be eligible to perform custodial services, the Chief Financial Officer, or his/her designee, must review the annual financial statements and credit ratings of the proposed custodian bank and based upon such review, affirmatively find that the proposed custodial bank is financially sound. Such determinations of creditworthiness shall be undertaken on a periodic basis as determined by the Chief Financial Officer.

4.4. Ongoing Disclosure

All brokers, dealers and other financial institutions described in sections 4.1, 4.2, and 4.3 shall be provided with current copies of the Authority's Investment Policy. A current audited financial statement is required to be on file for each financial institution and broker/dealer with which the Authority has investment transactions.

4.5. Affirmative Action

Article 15-A of the Executive Law and 9 NYCRR Part 4.21 regarding affirmative action shall apply with respect to LIPA's investment activities. The Authority shall seek to use minority and women- owned financial firms in the conduct of LIPA's investment activities.

5. REPORTING

Management reporting is required by the Authority to track compliance with policy guidelines, assess the performance of the portfolio, and to inform appropriate management personnel.

5.1. Management Reporting

To manage the Investment Funds effectively and to provide management with useful information, it is necessary for the Director of Finance and Treasury to report reliable and timely information regarding the investment transactions that take place.

A Quarterly Management Report on the investment management program shall be prepared by the Manager of Treasury under the supervision of the Director of Finance and Treasury and presented to the Chief Financial Officer and LIPA's Board of Trustees, no more than 45 days after each quarter end. The Quarterly Management Report shall include:

- A portfolio inventory;
- Credit quality of each holding (or average credit quality of each fund);
- Duration {or average maturity) of each fund;
- Mark-to-market valuations on investments and collateral;
- A breakdown of the portfolio by counterparty; and
- Portfolio position against asset allocation target

An Annual Investment Report shall be prepared by the Manager of Treasury and submitted by the Chief Financial Officer to the Board of Trustees and filed with the State Division of the Budget, State Comptroller, State Senate Finance Committee, and Assembly Ways and Means Committee no more than 90 days after each year end. The Annual Investment Report may be a part of any other annual report that LIPA is required to make. The Annual Investment Report shall include the following:

- The Investment Policy is in compliance with Section 2925(3) of the Public Authorities Law and any amendments since last reported;
- An explanation of the Investment Policy and amendments;
- The results of the Annual Independent Audit (described in Section3.3);
- Investment income record of the Authority; and
- A list of the total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and manager/advisor rendering investment associated services to LIPA since the date of the last investment report.

5.2. Performance Reporting

Performance reporting shall be included in the Management Reports and should track performance relative to specified benchmarks and sector indices for the current period and year- to-date. The Director of Finance and Treasury and Chief Financial Officer will act on any weaknesses related to the management of the assets

6. APPLICABILITY

This Investment Policy shall govern all investments initiated by LIPA after March 27, 2024 and shall not apply to any investments initiated by the Authority on or prior to March 27, 2024. Nothing contained in these Investment Policy shall be deemed to alter, affect the validity of, modify the terms of, or impair any contract, agreement or investment of funds made or entered into in violation of, or without compliance with, the provisions of this Investment Policy.

7. BANK AUTHORIZATION

The Chief Executive Officer or any authorized designees[1] ("Authorized Persons") are authorized to deposit any LIPA funds in any commercial bank or financial institution whose long-term deposits are rated A- or better by Standard & Poor's Corporation, A3 or better by Moody's Investor Service, Inc. or A- or better by Fitch, Inc. (each such institution referred to herein as the "Bank"), either at its head office or at any of its branches.

Any LIPA funds deposited in the Bank may be subject to withdrawal or charge at any time and from time to time upon checks, notes, drafts, bills of exchange, acceptances, undertakings, wire transfers or other instruments or orders for the payment of money when made, signed, drawn, accepted or endorsed, as applicable, on behalf of the Authority in accordance with the Financial Policies and Procedures of the Authority and its Service Provider by Authorized Persons.

[1] The Chief Executive Officer's designees under this Investment Policy shall include only persons permitted by the LIPA By-Laws, Article IV, Section 7(c) (Powers and Duties of the Chief Executive Officer) and Article VIII, Section 1 (Execution of Instruments), and any other applicable guidance or limitations provided by the LIPA Board of Trustees

APPENDIX A- OPERATING PROCEDURES AND CONTROLS (Manual)

A. Distribution of the Investment Policy

The policy and all subsequent amendments, revisions and updates shall be distributed to LIPA personnel per the approval of the Chief Financial Officer.

During the period in which LIPA retains investment manager(s), the investment manager(s) must also receive the Investment Policy and all amendments, updates, or revisions to insure compliance with the most current policy. Below is the distribution list matrix for the investment policy.

Distribution List	Frequency
Board of Trustees	As necessary
Chief Executive Officer	As necessary
Chief Financial Officer	As necessary
Director of Finance and Treasury	As necessary
Controller	As necessary
Investment Manager(s)	As necessary
General Counsel	As necessary
Manager of Treasury	As necessary

B. Roles and Responsibilities in Executing the Investment Policy

The roles and responsibilities for investment management at the Authority rest primarily with the Director of Finance and Treasury and the Chief Financial Officer. The matrix below defines the roles and responsibilities of all parties involved in the execution of the Investment Policy.

Roles	Responsibility	Frequency
Board of Trustees	▪ Final Approval of the policy ▪ Approval of exceptions to the policy (e.g. new investment types) ▪ Approval of revisions to the policy	▪ Annual ▪ As necessary ▪ As necessary
Chief Executive Officer	▪ Responsible for adherence to all Authority policies	▪ As necessary
Chief Financial Officer	▪ Approval of the policy ▪ Approval of investment strategy ▪ Approval of performance measurements ▪ Approval of minor exceptions to the policy (i.e. amounts, maturities)	▪ Annual ▪ Annual ▪ Ongoing ▪ As necessary

Director of Finance and Treasury	▪ Serve as custodian of the policy ▪ Develop investment strategy ▪ Review investment strategy ▪ Establish performance measurements ▪ Distribution of policy and amendments ▪ Annual review of policy ▪ Oversight of investment activity ▪ Invest funds as provided for in the policy ▪ Review performance information ▪ Management reporting ▪ Collect performance information ▪ Distribute performance information ▪ Keep abreast of developments and notify the Chief Financial Officer, as needed	▪ Ongoing ▪ Annual ▪ Ongoing ▪ Ongoing ▪ As necessary ▪ Annual ▪ Ongoing ▪ Ongoing ▪ Monthly ▪ Quarterly ▪ Weekly ▪ Weekly ▪ Ongoing
Investment Manager(s)	▪ Develop investment strategy ▪ Review investment strategy ▪ Invest funds as provided for in the policy ▪ Reporting investment portfolio	▪ Annual ▪ Ongoing ▪ Ongoing ▪ Daily, Monthly, Quarterly

C. Segregation of Duties

LIPA requires adequate segregation of duties to prevent possible fraud, operational errors, misappropriation of funds, unauthorized trades, concealment of trades, and manipulation of accounting records. Personnel involved in risk monitoring activities should be segregated from risk taking (i.e. executing transactions).

Activity to be Performed	Segregation Level
Trade Execution	Individuals who are authorized to execute transactions should not confirm and settle the trades or conduct account reconciliation activities.
Trade Confirmation	Individuals who conduct confirmations should not execute transactions.
Settlement - Disbursing and Receiving Funds	Individuals who handle cash settlement on the trades should not execute the trades. Cash settlement shall be transacted by any one of the authorized Authority signatories who did not participate in the trade execution. Only one signature is required due to the nature of the transaction, i.e., transfer of assets between Authority accounts.
Account Reconciliation	Account reconciliation activities must be segregated from trade execution activities.

D. Management Reporting

Report	Contents	Audience	Frequency
Management Report	Investment portfolio, mark-to-market valuations, collateral, counterparty breakdown, investment performance vs. benchmark, variance analysis	Chief Financial Officer, Board of Trustees	▪ Quarterly
Annual Investment Report	Investment Policy, explanation of Investment Policy & amendments, annual investment audit, annual investment income, total fees and commissions paid	Chief Financial Officer, Board of Trustees. (File with Division of the Budget, State Comptroller, State Senate Finance Committee, Assembly Ways and Means Committee)	▪ Annually

E. Operating Procedures

Operating procedures for the administration of LIPA's investment program should include the following:

- The establishment and maintenance of a system of internal controls;
- Each disbursement of funds (and corresponding receipt of Investment Securities) or delivery of Investment Securities (and corresponding receipt of funds) shall be based upon proper written authorization. If the authorization is initially given orally, there shall be documented confirmation from an authorized signatory of the Authority to the custodian;
- The process of initiating, reviewing and approving requests to buy and sell Investment Securities shall be documented and retained for audit purposes. Dealer limits should be established and reviewed regularly;
- Custodians must have prior authorization from the Authority to deliver obligations and collateral. All transactions must be confirmed, to the Authority. Delivery of obligations sold shall only be made upon receipt of funds; Custodial banks shall be required to report whenever activity has occurred in the Authority's custodial account;
- There shall be at least monthly verification of both the principal amount and the market values of all investments and collateral. Appropriate listings shall be obtained from the custodian and compared against the Authority's records;
- A record of investments shall be maintained. The records shall identify the Investment Security, the fund for which held, the place where kept, date of disposition and amount realized, and the market value and custodian of collateral;
- Methods for adding, changing or deleting information contained in the investment record, including a description of the documents to be created and verification tests to be conducted;
- A data base of records incorporating descriptions and amounts of investments, transaction dates, interest rates, maturities, bond ratings, market prices, and related information necessary to manage the portfolio;
- Requirements for periodic reporting and a satisfactory level of accountability.

APPENDIX B - NDTF INVESTMENT PROVISIONS

NUCLEAR DECOMMISSIONING TRUST FUND
INVESTMENT PROVISIONS

To meet LIPA's objectives of funding future liabilities for the nuclear decommissioning obligations of the Authority's 18% share of Nine Mile Point Unit 2, while balancing long-term risk and return and providing reasonable diversification, the NDTF Account shall allocate assets in accordance with the targets for each asset class as follows:

Asset Class	Asset Weighting
Domestic Equity Mutual Funds	35%
International Equity Mutual Funds	25%
Fixed Income Mutual Funds	20%
Fixed Income Mutual Funds - Inflation Protected Securities	20%

Domestic and International Equity Mutual Funds should replicate broad-based, low cost market index strategies. These funds may be designed to replicate the composition of benchmark market indices, such as those provided by Barclay's, CRSP, Dow Jones, FTSE, MSCI, Russell, and S&P.

Fixed Income Mutual Funds should replicate the Barclays U.S. Treasury Inflation Protected Securities Index[1] or the Barclay's Capital U.S. Float Adjusted Aggregate Bond Market Index.

The portfolio should be rebalanced on a quarterly basis when any asset class falls outside of a 5% range of its asset weighting.[2]

LIPA may from time to time find it necessary to hold cash, Treasury bills, money market mutual funds, investment accounts, or "sweep accounts" pending investment or for other reasons.

[1] Includes the inflation-indexed securities within the Barclays U.S. Treasury Bond Index, which represents U.S. Treasury obligations with maturities of more than one year.

[2] LIPA shall have until the end of the following quarter to rebalance investments into the above stated investment allocation.

APPENDIX C - OPEB ACCOUNT INVESTMENT PROVISIONS

OPEB ACCOUNT
INVESTMENT PROVISIONS

To meet LIPA's objectives of funding future contractual retirement benefit obligations while balancing long-term risk and return and providing reasonable diversification, the OPEB Account shall allocate assets in accordance with the targets for each asset class as follows:

Asset Class	Asset Weighting
Domestic Equity Mutual Funds	40%
International Equity Mutual Funds	25%
Fixed Income Mutual Funds	20%
Fixed Income Mutual Funds- Inflation Protected Securities	15%

Domestic and International Equity Mutual Funds should replicate broad-based, low cost market index strategies. These funds may be designed to replicate the composition of benchmark market indices, such as those provided by Barclay's, CRSP, Dow Jones, FTSE, MSCI, Russell, and S&P.

Fixed Income Mutual Funds should replicate the Barclays U.S. Treasury Inflation Protected Securities Index[1] or the Barclay's Capital U.S. Float Adjusted Aggregate Bond Market Index.

The portfolio should be rebalanced on a quarterly basis when any asset class falls outside of a 5% range of its asset weighting[2].

LIPA may from time to time find it necessary to hold cash, Treasury bills, money market mutual funds, investment accounts, or "sweep accounts" pending investment or for other reasons.

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[1] Includes the inflation-indexed securities within the Barclays U.S. Treasury Bond Index, which represents U.S. Treasury obligations with maturities of more than one year.

[2] LIPA shall have until the end of the following quarter to rebalance investments into the above stated investment allocation.

Board Policy:	**Purpose of the Board**
Policy Type:	**Board-Staff Linkage**
Monitored By:	**Governance, Planning, and Personnel Committee**
Board Resolution:	**#1322, approved September 21, 2016** **#1778, amended February 15, 2023**

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

The **Board of Trustees** will:

- Define LIPA's purpose, vision, and strategic objectives in the form of Board policy.
- Monitor LIPA's performance relative to the strategic policies adopted by the Board.
- Review and adopt strategic plans, work plans, performance metrics, budgets, and recommendations[1] prepared for LIPA by the Chief Executive Officer to advance the Board's strategic objectives.
- Hire, evaluate and, when necessary, discharge the Chief Executive Officer.
- Serve as ambassadors for LIPA and seek to understand the viewpoints of our stakeholders when formulating policy.
- Approve contracts and make decisions as required by law or LIPA's policies.
- Fulfill and abide by its fiduciary duties.[2]
- Regularly discuss and evaluate the Board's own performance and that of its committees.[3]

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

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

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

[1] Board recommendations as defined in the Second Amended and Restated Operations Services Agreement.
[2] *See* N.Y. Pub. Auth. Law§ 2824(1) (McKinney); *see also* The Trustee Code of Conduct and the Authority's bond covenants.
[3] *See* N.Y. Pub. Auth. Law§ 2824(7) (McKinney); Authority By-Laws, at Article 5 § 2; Governance Committee Charter; at 3.

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

Board Policy:	**Trustee Communications**
Policy Type:	**Governance Process**
Monitored by:	**Governance Committee**
Board Resolution:	**#1331, approved December 20, 2016**

Policy on Trustee Communications and Conduct

The Trustees of the Board of the Long Island Power Authority undertake a fiduciary duty of loyalty and care as part of their oath of office, as defined by the New York Public Authorities Law, Trustee Code of Ethics and Conduct, bond covenants, and other policies adopted by the Board,[1] including:

- A duty of loyalty, which requires that each Trustee (i) act at all times in the best interests of the Authority, its customers and bondholders, whose interests must take precedence over any self-interest of the Trustee, and (ii) avoid conflicts of interest and self-dealing; and

- A duty of care, which requires that each Trustee act in good faith and with the degree of diligence, care, and skill of an ordinarily prudent person in similar circumstances.

In acknowledgement and furtherance of its fiduciary duties, the Board hereby adopts this Policy on Trustee Communications and Conduct. Specifically, Trustees shall:

a) at all times act in an ethical, businesslike, productive, and lawful manner and shall avoid even the appearance of impropriety or self-interest to ensure and maintain public confidence in the Authority and its Board of Trustees.
b) conduct themselves with civility and respect at all times with one another, with staff, and with members of the public.
c) pursuant to their fiduciary duty of loyalty, subordinate any conflicting loyalties such as that to advocacy or interest groups, membership on other boards, employers or consulting engagements, or their personal interests acting as a consumer or industry professional.
d) at all times maintain the confidentiality of Authority information[2] that is available to them only due to their status as a Trustee, in accordance with their fiduciary obligations and the Trustee Code of Ethics and Conduct, as breaches of confidentiality harm the interests of the Authority and its customers and undermine the Board's deliberative process, relationships with staff, and the trust and confidence that the Trustees have in each other.
e) not represent to the public or media that they exercise individual authority over the Authority except as explicitly set forth in Board policies and recognize the inability of any one Trustee to speak for the Authority, the Board, or other Trustees. In particular, Trustees shall:
    i. not appear, or present themselves as a representative of the Authority, the Board, or other Trustees, except to repeat explicitly stated Board decisions or where explicitly authorized by the Board.
    ii. refrain from representing to members of the public or media that they influence an individual customer's level of service or electric bill.

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

[2] The definition of "confidential information," whether pursuant to this policy or the Trustee Code of Ethics and Conduct, is not intended to be nor should it be interpreted as limiting the scope of information subject to disclosure pursuant to New York's Freedom of Information Law ("FOIL") or any provision of New York's Open Public Meetings Law. Nevertheless, pursuant to Public Officers Law § 74(3)(c) a Trustee may not "disclose confidential information acquired by him in the course of his official duties nor use such information to further his personal interests."

f) refer public or media inquiries dealing with matters of fact concerning the Authority, rather than matters on which they may have an opinion, to the Authority's Chief Executive Officer or Director of Communications, who are the only official spokespersons for the Authority, in recognition that a Trustee is not authorized to speak on behalf of the Authority or the Board, a Trustee may not have all of the relevant or most current information necessary to respond accurately to a factual inquiry, and the media and public must receive correct, complete, and consistent information.

g) at all times endeavor to express their individual opinions in a responsible manner, clearly identifying such as their individual opinions, comments or statements.

   i. Trustees may criticize the decisions of the Authority, but in doing so should make it clear that it is their own opinion and not the opinion of the Authority, the Board or other Trustees, and so long as such criticism complies with the other limitations set forth herein.

   ii. Trustees shall not use their position as a platform for publicity for an advocacy or interest group to which they belong, employment or consulting engagements, or to further their personal or professional reputation in an industry or community, which would be in conflict with their fiduciary duty of loyalty to place the interests of the Authority over their own self-interest.

   iii. Pursuant to their fiduciary duty of care, Trustees should refrain from publicly espousing a position on matters that may come before the Board prior to reviewing the record or recommendation so as to make a reasonably informed, rational judgment and avoid even the appearance that a Trustee has failed to discharge their duties in good faith.

   iv. Trustees should exercise utmost care concerning ongoing or imminent procurements, request for proposals, or contract awards in order to avoid improperly influencing the outcome, appearing conflicted, or violating any procurement lobbying laws or guidelines.

   v. Trustees are encouraged to notify the Chief Executive Officer or Director of Communications in advance if they plan to speak publicly, in the media, or through the various other communication channels that may be available now or in the future with regard to Authority matters, decisions and policies.

Board Policy:	**Audit Relationships**
Policy Type:	**Governance Process**
Monitored by:	**Finance and Audit Committee**
Board Resolution:	**#1355, approved March 29, 2017** **#1410, amended March 29, 2018** **#1420, amended July 25, 2018** **#1462, amended January 23, 2019** **#1528, amended, May 20, 2020** **#1632, amended, May 19, 2021** **#1725, amended, May 18, 2022** **#1800, amended, June 28, 2023** **#1885, amended, January 23, 2025** **#1951, amended, January 28, 2026**

LIPA's vision for audit relationships is to use audits to provide independent, objective assurance to the Board of Trustees (the "Board"), management, and stakeholders designed to improve LIPA's operations, risk management, controls, and governance processes, including those managed on LIPA's behalf by service providers.

To achieve our vision for audit relationships, LIPA will do the following:

Independent External Auditor

- The Board, on the recommendation of the Finance and Audit Committee (the "F&A Committee"), will select an independent certified public accounting firm to conduct annual audits of LIPA. The Board will select the external auditor based on advice from staff and others as it deems necessary to exercise prudent, and independent judgment.
- The F&A Committee will annually review the audit services to be performed by such independent auditor, including the scope, fees, and terms thereof and all relationships between the auditor and LIPA.
- The F&A Committee will meet each year with the external auditors at the commencement of the annual audit and again after the audit is complete. The meeting at the completion of the audit will be independent of staff. The F&A Committee members will report any significant findings to the Board in a timely manner.

Internal Auditors

- LIPA's internal auditors will adhere to the Institute of Internal Auditors' Mandatory Guidance, which includes the Global Internal Audit Standards ("the Standards") and Topical Requirements.
- Internal auditors shall conduct audits as identified in the annual audit plan as well as special projects requested by the F&A Committee or management.

- The annual audit plan will include audits of LIPA and its service provider. The internal auditors shall have unlimited access to all activities, records, property, and personnel of LIPA and its service provider in the performance of their duties.
- The F&A Committee will annually review and provide guidance on the audit plan as well as the charter, activities, staffing, budget, and organizational structure of the Internal Audit department, and confirm the independence of the internal auditors. The Chief Audit Executive shall administratively report to the Chief Executive Officer.
- The F&A Committee will review and approve the appointment or removal of the Chief Audit Executive. The Chief Executive Officer may appoint an individual to serve as Chief Audit Executive on an interim basis.
- The F&A Committee will monitor, in consultation with the Chief Audit Executive, the significant findings of internal audit reports and the status of the implementation of management action plans in response to such audit findings.
- The F&A Committee will meet at least twice per year with the Chief Audit Executive, independent of other LIPA staff, and will report any significant audit findings to the Board in a timely manner.

Department of Public Service Management and Operations Audits

The LIPA Reform Act (the "Act") directs the Department of Public Service ("DPS") to conduct a comprehensive management and operations audit of LIPA and PSEG Long Island at least once every five years.

- Upon completion of an audit, the DPS must deliver to the Board a report of its findings together with any recommendations for improvements. Absent a preliminary finding of inconsistency made by the Board, under the procedures set forth in the Act, the audit report's recommendations become final 30 days after receipt by the Board.
- After the audit report's finalization, LIPA, in coordination with PSEG Long Island, shall submit an implementation plan to the Finance and Audit Committee of the Board to effectuate the audit's recommendations.
- LIPA and PSEG Long Island's internal audit departments will review the effectiveness of the implementation plan in addressing each audit recommendation after the plan is completed for that recommendation.
- LIPA's Chief Audit Executive will submit an annual report to the F&A Committee of the Board and the DPS on the status of the implementation plan. That annual report will include a summary of the activities completed to date and any revisions to completion targets. The F&A Committee will report significant matters to the Board.

The F&A Committee will annually review the provisions of the Board Policy on Audit Relationships.

Board Policy:	**Board Governance and Agenda Planning**
Policy Type:	**Governance**
Monitored By:	**Governance, Planning and Personnel Committee**
Board Resolution:	**#1323, approved September 21, 2016** **#1439, amended October 24, 2018** **#1505, amended December 18, 2019**

Policy on Board Governance and Agenda Planning

The members of the Board of Trustees of the Long Island Power Authority ("LIPA" or "the Authority") are fiduciaries who are collectively entrusted with responsibility for the Authority, including ensuring LIPA achieves its mission and values for the benefit of its customer-owners. The Chief Executive Officer of the Authority, including acting through the Authority's service provider, is responsible for implementing the Board's policies and the day-to-day operations of the Authority.

Board Objectives for Governance

To achieve its purpose, the Board of Trustees must govern with attention to its fiduciary duties of loyalty and care and by emphasizing through its actions and agendas:

- outward vision;
- the mission and values of the Authority;
- decisions and actions of the Board arrived at based on deliberation and a spirit of cooperation and collegiality with due respect for the expression of individual opinions;
- informed and fact-based discussion and debate;
- encouragement and exploration of diverse viewpoints regarding mission, policy, and actions;
- clear and appropriate distinction of Board and chief executive roles and responsibilities; and;
- proactivity rather than reactivity.

Accordingly, the Board will:

- Use the expertise of individual members to enhance the understanding of the Board as a body, without allowing the expertise of individual members or staff to substitute for the judgment of the Board as a whole.
- Direct and control the Authority through the careful establishment of broad written policies reflecting the Board's values and perspectives for the benefit of the Authority's customer-owners. The Board's major policy focus will be on the intended long-term impacts, not on the administrative means of attaining those impacts, which are the role of the chief executive and service provider.
- Monitor the Board's process, performance and activities in comparison to its governance objectives.
- Pursue continual board education and development across all areas of the Authority's operations and Board activities, including orientation of new members in the Board's

fiduciary duties, governance process, and periodic discussion of governance process improvement.

- Establish and maintain an outline of the core competencies required for an effective Board member (See Appendix A).
- Establish and maintain an outline of the core competencies required for an effective Chairperson and Committee Chairs (See Appendix A).
- Establish and maintain a list of Trustee expectations to ensure that all Trustees have a common understanding of the requirements for a productive and engaged Board member (See Appendix B).
- Systematically monitor the performance of the Chief Executive Officer and service provider relative to the policies of the Board relating to its mission and values and any limitations established by Board policy. To do so, the Board will adopt a schedule developed as part of the annual Board agenda planning process discussed below.

Annual Board Agenda Planning

A proactive approach to governance consistent with the Board's responsibilities begins with setting the Board's agenda each year. Accordingly, the Board will plan an annual cycle of governance and development topics for its meetings that (a) completes an annual re-exploration of its mission and values, and the policies to achieve those ends and (b) continually improves Board performance through Board education, development and deliberation.

- The annual Board agenda cycle will start in the fourth quarter of each year with the Board's development of topics for each meeting for the following year.
    - The Board will adopt a schedule of Board meetings and topics for each Board meeting for the coming year. That annual schedule will include a review of the objectives and accomplishments of the Authority and its service provider related to each of the Board's "mission" and "operating" policies.
    - The Board will also adopt a schedule of education and development for the Trustees for the year (e.g. presentations by industry experts, advocacy groups, staff) on key areas of focus (e.g. governance, customer voice, finance, rates and risk, and operations and planning), to be arranged by staff based on the topics requested by the Board.
- Throughout the year, the Board will attend to consent agenda items as expeditiously as possible to leave time available to address governance and development items requiring discussion.

A sample Board meeting agenda is provided as Appendix C. It is the intent of the Board to follow the format of the sample Board agenda, with allowances for specific circumstances as they arise.

Appendix A: Trustee, Chair and Committee Chair Core Competencies and Attributes

Appendix B: Trustee Expectations

Appendix C: Sample Board Agenda

Appendix A

Competencies and Professional Attributes for LIPA Trustees

Section 1020-d of the LIPA Reform Act requires that all Trustees appointed to the Long Island Power Authority's ("LIPA" or the "Authority") Board of Trustees (the "Board") shall reside in the service territory and have relevant utility, corporate board or financial experience.

Section 2824 of the Public Authorities Law of the State of New York requires that the board of each public authority establish a governance committee whose responsibilities include advising those responsible for appointing Trustees, on the skills and experiences required of potential Trustees. LIPA's Governance, Planning and Personnel Committee's (the "Governance Committee") charter provides that that Committee is responsible for "developing a description of the competencies and personal attributes required of Trustees to assist those authorized to appoint members to the Board in identifying qualified individuals." In addition, the LIPA Board's Policy on Board Governance and Agenda Planning requires the Authority to establish and maintain an outline of the core competencies required to be an effective Board member and an effective Board or Committee Chairperson.

The Governance Committee has prepared, and the LIPA Board of Trustees has approved this document to provide guidance to those charged with appointing LIPA's Trustees on the key roles and responsibilities of LIPA's Trustees and the competencies, skills and experience necessary to satisfy the requirements of the LIPA Reform Act and govern the business of the Authority.

Key Roles and Responsibilities of Trustees

Trustees are responsible for fulfilling the legal and fiduciary duties incumbent upon them as policymakers. The Board defines the mission and values of the Authority with a focus on key dimensions of utility performance such as rate competitiveness, fiscal soundness, reliability, customer service and value, and environmental stewardship. In addition, the Board sets policy for the Authority and ensures its performance on behalf of its customer-owners, including setting LIPA's rates and charges, hiring and evaluating certain of LIPA's senior officers, and approving its budgets and major contracts.

In order to carry out the key roles and responsibilities of the Board, it is the opinion of the Board that each Trustee must possess qualifications necessary to oversee the operation of an electric utility that affects the economy, quality of life, operations, and energy efficiency of every home, business, and institution in the utility's service territory. Moreover, it is imperative that Trustees understand the complex industry issues they are required to set policy on and, in certain cases, consider and take action on.

Required Experience and Skill of Trustees

As required by Section 1020-d of the LIPA Reform Act, individuals considered for appointment to the Board must have experience in at least one of the following three areas:

- Prior utility experience or energy industry experience, such as individuals who prior to their respective appointments, have been employed by an electric or gas utility company,

or have been voting members of one or more groups, companies, associations or organizations dedicated to utility, energy or environmental matters.

- Finance and/or accounting expertise and experience, such as individuals who prior to their respective appointments, have had past employment experience in finance or accounting, professional certification in finance or accounting, or any other comparable experience or a background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities at a firm with sizable financial resources or exposure.

- Corporate Board or Corporate Governance experience, such as serving on the Board of a large business or not-for-profit organization with substantial financial resources, executive experience working directly with a board in an official capacity, or direct experience in providing advice and analysis to the board of a large business or not-for-profit organization with substantial financial resources.

In addition, the Board suggests that specific expertise relevant to the Board's Committees, such as the Committees listed below, would be helpful to the conduct of the Board's responsibilities. For example, such experience may include specific experience in general governance of the Authority's business, management of personnel and compensation, public policy setting or other skills that might be relevant to the Authority now or in the future.

Preferred Attributes of Trustees

Trustees are expected to work collaboratively to address the business of the Authority, establish policies and expectations, and make sound judgments in performing their fiduciary responsibilities to the customer-owners of the Authority. In order to perform effectively, it is expected that Board members will exhibit the following professional attributes:

- Ability to work collaboratively to arrive at consensus and joint-decision making. Demonstrably favorable prior experience in working with recognized issues-oriented committees, business associations or community groups is recommended.

- Ability to communicate clearly and to the point on issues that affect the business of the Board. Recognized experience in dealing publicly with issues in a calm and balanced manner and promoting the positions espoused by a group or committee in public forums is recommended.

- Ability to weigh all sides of an issue. Trustees need to represent all of the Authority's customer-owners and are not appointed to represent any single constituency or interest group. A demonstrated ability to find common ground and accept input from a broad range of viewpoints is recommended.

- Ability to commit significant time and effort to the Authority's business. The number and range of issues that Trustees need to deliberate and decide on requires a significant commitment of time and effort for Trustees to be educated, to weigh the input of all parties and constituencies, and to deliberate on matters of policy and performance. A

demonstrated ability to commit sufficient time to the Authority and to manage that time wisely is recommended.

Board Committees that Require Specific Competencies

The LIPA Board has established three committees to provide specific, specialized guidance to the Board as a whole and to LIPA's executive management, and to allow for more detailed examinations of strategic issues. A list of these committees and the particular responsibilities of each is provided below. It is the opinion of the Committee that those elected officials responsible for appointing Trustees to the LIPA Board should appoint individuals that possess some of the competencies and experience listed below in order to ensure proper and effective functioning of the LIPA Board.

- Finance and Audit Committee - The members of this committee must be familiar with corporate financial and accounting practices and should possess a basic understanding of governmental financial reporting and auditing. Members are responsible for overseeing, monitoring and making recommendations with respect to the Authority's investment and debt management policies and procedures, internal and external audit process, the financial reporting process and the system of risk assessment and internal controls with specific responsibility for:

    - annual budgets;
    - borrowing, debt management, and interest rate exchange agreements;
    - power supply hedging;
    - investments including the Authority's investment policy and the investment of assets;
    - financial statements and disclosure matters;
    - internal audit;
    - enterprise risk management and internal control; and
    - compliance oversight

    In addition, Finance and Audit Committee members are regularly required to opine on matters affecting financial policy.

- Oversight and REV Committee – The members of this committee must be familiar with electric utility operations and measuring performance, in connection with all aspects of electric utility operations in order to ensure that customers in LIPA's service territory receive a safe, reliable, efficient, clean and economical supply of electricity. Members are responsible for monitoring PSEG Long Island's performance under the Amended & Restated Operations Services Agreement ("Amended OSA") related to:

- performance metrics;
- emergency management;
- transmission and distribution operations;
- energy efficiency and renewable goals;
- capital and operating budget expenditures;
- communications with stakeholders;
- customer service;
- billing and collections;
- power supply and fuel supply management (as carried out by PSEG Energy Resources & Trade);
- power markets activities;
- senior management staffing;
- monitoring PSEG Long Island's compliance with "Contract Standards" as defined in the Amended OSA, including compliance with applicable law and New York Public Service Commission ("PSC") practices;
- PSEG Long Island's implementation of recommendations included in Management and Operations Audit conducted by the Department of Public Service ("DPS");
- reviewing Authority management's operations and financial oversight process; and
- monitoring the policies, principles and recommendations being advanced by the Public Service Commission in its REV proceeding.

- Governance, Planning and Personnel Committee – The members of this committee must be familiar with the fiduciary responsibilities of Board members, governance best practices, the differing roles and responsibilities of the Board and management, corporate management, human resources, and compensation matters. Members are responsible for:
    - developing and recommending to the Board policies for the sound governance of the Authority including but not limited to the purpose and role of the Board, the Board's relationship with the CEO of the Authority and other Board-appointed officers;
    - developing, reviewing and updating, as needed, Codes of Ethics and Conduct, performance standards for the Board and employees of the Authority and other such

policies as it deems necessary or appropriate to address transparency, independence, accountability, fiduciary responsibilities, and management oversight;

- updating the Authority's corporate governance principles;

- ensuring that the Board's policies provide strategic direction for the Authority and that the Board is being effective in the utilization of the Authority's assets and oversight of the Authority's activities;

- advising those responsible for appointing Trustees on the skills and experiences required of potential Trustees;

- presenting recommendations to the Board relating to attraction, appointment, evaluation, retention, compensation, and separation from employment of the Authority's CEO;

- overseeing the CEO's administration of the Authority's compensation and benefit plans and personnel policies and programs including those related to the attraction, retention, continued development, and separation from employment of employees;

- consulting with the CEO and advising the Board with respect to the attraction, appointment, retention and separation from employment of the Chief Financial Officer and General Counsel;

- advising the Board with respect to emergency succession planning for the position of the CEO.

Appendix B

Expectations of Individual LIPA Trustees*:*

- Understand, articulate and model the Authority's mission, vision and values.
- Serve the Authority and its customer-owners as a whole rather than any constituency or special group.
- Volunteer to serve on Board committees as requested by the Chair.
- Be familiar with national, state and local trends and developments in the electric industry that affect the Authority.
- Attend and participate in all Board and committee meetings.
- Participate in training and development opportunities outside of Board and committee meetings.
- Be effective in all Board discussions and deliberations by being prepared and familiar with required reading materials provided in advance.
- Recognize potential leaders in the community for the Authority's Board and identify them to their respective appointing authorities.
- Understand, support and comply with the Authority's By-laws and Board policies, including the Board Policy on Trustee Communications and the Trustee Code of Ethics and Conduct.
- Hold Authority information and data confidential until advised by the Chief Executive Officer or their designee that such information and data can be shared publicly.
- Participate in Board self-assessments and all other surveys and requests for information to continuously improve the Board's performance.

Expectations of the Board and Committee Chairpersons:

- Know and be able articulate the core responsibilities of the Board and respective Committees, as provided for in the Authority's By-laws and Committee Charters.
- Ensure that each Trustee and Committee Member is properly informed on voting items, and that Staff provides sufficient information in advance of votes to enable the Trustees or Committee Members to form appropriate judgments.
- Communicate amongst Trustees and Committee Members in advance of each meeting in order to hold each Trustee or Committee Member accountable for knowing and understanding the content and significance of the materials provided by Authority Staff.
- Encourage participation by each Trustee and Committee Member.
- Provide input to the Chief Executive Officer or his/her designee on agenda planning in advance of each meeting.
- Serve as the leader and facilitator during Board and Committee meetings to ensure that each meeting is conducted with respect and decorum, and in compliance with the Board Policy on Trustee Communications.
- Support and encourage continuing education for Trustees and Committee Members to develop individual and collective skill sets.

Appendix C

Sample Board Meeting Agenda

- Call to Order – Attendance
- Chair's Remarks
- Chief Executive Officer report
- Consent Agenda (to be developed for each meeting by Board Chair)
    - Approval of prior meeting minutes
    - Approval of ministerial items
- Board Reports
    - Chief Financial Officer report
    - Secretary's Report on Communications and Board Policies
    - Service Provider report on performance against contract standards
    - Other specific items as requested by the Board
- Governance Topics and Monitoring of Board-Specified Performance Objectives
    - Scheduled annual review of Board policies related to mission, values or governance and suggested amendments or new policies
    - Presentations for Board development and education
    - Governance items for discussion (new developments, violations, etc.)
- Other agenda items as may lawfully come before the Board
- Public comment
- Adjourn

Board Policy:	**Responsiveness and Integrity**
Policy Type:	**Governance**
Monitored by:	**Governance, Planning and Personnel Committee**
Resolution:	**#1437, approved October 24, 2018** **#1895, amended March 26, 2025**

Board Policy on Responsiveness and Integrity[1]

It is the policy of the Long Island Power Authority ("LIPA) to act in accordance with its Purpose and Vision by adopting standards that further accountability, transparency, stakeholder participation, and ethical conduct.

- **Ensuring Board and Staff Accountability to Customer-Owners through the Board Policy Governance Process by:**
    - Defining LIPA's purpose and vision and key policies. These Board policies encompass all key aspects of LIPA's responsibilities in accordance with sound fiscal and operating practices. These policies are available to the public on the LIPA's website for their review.
    - Evaluating LIPA's performance relative to certain Board polices and making the evaluation available to the public on LIPA's website.
- **Making Board Decisions in a Transparent Manner by**:
    - Posting *Preliminary* Board and Committee agendas on LIPA's website one week before each meeting, or at the date the meeting is noticed if that notice is within one week of the scheduled meeting date.
    - Posting Board and Committee materials on LIPA's website at least the day before each meeting.
    - Live webcasting Board and Committee meetings and making a replay video available online after the meeting.

[1] This Policy is intended to establish standards for the LIPA Trustees and Staff but is not intended to supplant, alter, change and/or modify any responsibilities that LIPA may have under applicable laws, including, but not limited to, Public Authorities Law, Public Officers Law, Environmental Conservation Law and/or the State Administrative Procedures Act. Furthermore, in rare circumstance, LIPA may deviate from its standards, if appropriate or necessary.

- Posting significant documents on LIPA's website for public review such as major contracts, bond offering statements, financial reports, budgets, and environmental assessments.

- Making other materials available via New York's Freedom of Information Law ("FOIL"), with information on how to request such material on LIPA's website.

- **Inviting Stakeholder Feedback by:**

  - Incorporating customer service and satisfaction information into the Board's Policy Governance Process, where possible, such as survey data and benchmarked service levels.

  - For Board actions with significant public interest, in the judgement and at the discretion of the Board, directing Staff to either (i) hold public comment sessions or (ii) post the proposed action on LIPA's website prior to Board action and solicit written public comment.

    - Transcripts of public comment sessions or any written materials submitted by the public will be provided to the Board at least one week before the Board considers such an action.

    - LIPA Staff will respond to such public comments received at least one week before the meeting in writing in the Staff memo prepared for the Board's review.

  - Listening respectfully to members of the public wishing to speak at Board meetings, while maintaining the appropriate decorum at each meeting, including maintaining Guidelines for Public Participation on LIPA's website and in the Board's agendas.

  - Encouraging interested members of the public to participate in appropriate Department of Public Service ("DPS") proceedings or working groups on matters of State policy that will come before the LIPA Board, including maintaining a list of such proceeding or working groups on LIPA's website.

  - Providing the public with methods to contact the Board via the LIPA's website, including in writing or online, and responding to such comments either in the Staff memo on each Board action, or individually, as appropriate.

  - Maintaining a Community Advisory Board with members from business, labor, non-profit, and other stakeholder groups to advise management on issues of concern to the citizens of Long Island and the Rockaways.

- **Conducting LIPA's Affairs in an Ethical Manner by**:

- Annually reviewing LIPA's Code of Ethics and Conduct and making such code available for the public's review on LIPA's website.

- Ensuring that LIPA's Internal Audit Department has a direct reporting relationship to the LIPA Board of Trustees.

- Maintaining a Whistleblower Protection Policy with associated anonymous hotline.

Board Policy: **Prompt Payment**

Policy Type: **Compliance Policy**

Monitored by: **Governance Committee**

Board Resolution: **#1344, approved March 29, 2017**

Section 1.1 Purpose and Applicability

(a) The purpose of this policy is to implement Section 2880 of the Public Authorities Law by detailing the Authority's policy for making payment promptly on amounts properly due by the Authority under Contracts. This policy constitutes the Authority's prompt payment policy as required by that Section.

(b) This policy generally applies to payments due by the Authority to a person or business in the private sector under a Contract it has entered into with the Authority. This policy does not apply to payments due:

1) under the Eminent Domain Procedure Law;

2) as interest allowed on judgments rendered by a court pursuant to any provision of law except Section 2880 of the Public Authorities Law;

3) to the federal government; to any state agency or its instrumentalities; to any duly constituted unit of local government, including but not limited to counties, cities, towns, villages, school districts, special districts, or any of their related instrumentalities; to any public authority or public benefit corporation; or to its employees when acting in or incidental to their public employment capacity;

4) if the Authority is exercising a legally or authorized set-off against all or part of the payment; or

5) if other State or Federal law, rule, or regulation specifically requires otherwise.

Section 1.2 Definitions: As used in this policy, the following terms shall have the following meanings:

(a) "Authority" means the Long Island Power Authority, its wholly-owned subsidiary Long Island Lighting Company d/b/a LIPA and d/b/a Power Supply Long Island, including when acting on behalf of the Utility Debt Securitization Authority.

(b) "Contract" means an enforceable agreement entered into between the Authority and a Contractor.

(c) "Contractor" means any person, entity, partnership, private corporation or association providing goods, property or services to the Authority pursuant to a Contract.

(d) "Designated payment office" means the office within the Authority to which a proper invoice is to be submitted by a Contractor.

(e) "Payment" means provision by the Authority of funds in an amount sufficient to satisfy a debt properly due to a Contractor and payable under all applicable provisions of a Contract to which this policy applies and of law, including but not limited to provisions for retained amounts or provision which may limit the Authority's power to pay, such as claims, liens, attachments, or judgments against the Contractor which have not been properly discharged waived or released. Payment shall be deemed to occur on the date the Authority places the funds in the mail addressed to the Contractor, or, in the event payment is made electronically, on the date on which the Authority initiates the electronic transfer.

(f) "Payment due date" means the date by which payment must occur, in accordance with the provisions of Section 1.3 through 1.5 of this policy, in order for the Authority not to be liable for interest pursuant to Section 1.6.

(g) "Prompt payment" means a payment within the time periods applicable pursuant to Sections 1.3 through 1.5 of this policy in order for the Authority not to be liable for interest pursuant to Section 1.6.

(h) "Proper invoice" means a written request for a Contract payment that is submitted by a Contractor setting forth the description, price or cost, and quantity of goods, property, or services delivered, or rendered by the Contractor in such form, and supported by such other substantiating documentation, as the Authority may reasonably require, including but not limited to any requirements set forth in the Contract.

(i) "Public holiday" shall have the meaning ascribed to it in New York General Construction Law § 24.

(j) "Receipt" of an invoice

1) "Receipt" of an invoice means:

A. If the payment is one for which an invoice is required, the later of;

i. the date on which a proper invoice is actually received in the designated payment office during the normal business hours; or

ii. the date by which, during normal business hours; the Authority has actually received all the purchased goods, property, or services

covered by a proper invoice previously received in the designated payment office.

B. If a Contract provides that a payment will be made on a specific date or at a predetermined interval without the Contractor being required to submit a written invoice, the thirtieth calendar day, excluding public holidays, before the date so specified or predetermined.

2) For purposes of this subdivision, if the Contract requires a multifaceted, completed, or working system, or delivery of no less that a specific quantity of goods, property, or services and only a portion of such systems or less that the required goods, property, or services are working, completed or delivered, even though the Contractor has invoiced the Authority for the portion working, completed, or delivered, the Authority will not be considered in receipt of an invoice until the specified minimum amount of the system, goods, property, or services are working, completed or delivered.

(k) "Set-off" means the reduction by the Authority of a payment due to a Contractor by an amount equal to the amount of an unpaid legally enforceable debt owed by the Contractor to the Authority.

Section 1.3 Prompt Payment Schedule: Except as otherwise provided by law or regulation or in Sections 1.4 and 1.5 of this policy, the payment due date of an amount properly due by the Authority under a Contract shall be thirty calendar days, excluding public holidays, after receipt of an invoice for such amount due; except that if such thirtieth calendar day falls on a Saturday or Sunday, the payment due date shall be the following business day.

Section 1.4 Payment Procedures

(a) Unless otherwise specified by a Contract provision, proper invoice submitted by the Contractor to the designated payment office shall be required to initiate payment for goods, property, or services. As soon as any invoice is received in the designated payment office during normal business hours, such invoice shall be date-stamped. The invoice shall then promptly be reviewed by the Authority.

(b) The Authority shall notify the Contractor within fifteen calendar days after receipt of an invoice of:

1) any defects in the delivered goods, property, or services;

2) any defects in the invoice; and

3) suspected improprieties of any kind.

(c) The existence of any defects or suspected improprieties shall prevent the commencement of the time period specified in Section 1.3 until any such defects or improprieties are corrected or otherwise resolved.

(d) If the Authority fails to notify a Contractor of a defect or impropriety within the fifteen calendar day period specified in subdivision (b), the sole effect shall be that the number of days allowed for payment after the defects or improprieties have been corrected or otherwise resolved shall be reduced by the number of days between the fifteenth day and the day that notification was transmitted to the Contractor. If the Authority fails to provide reasonable grounds for its contention that a defect or impropriety exists, the sole effect shall be that the payment due date shall be calculated using the original date of receipt of an invoice.

(e) In the absence of any defect or suspected impropriety, or upon satisfactory corrections or resolution of a defect or suspected impropriety, the Authority shall make payment consistent with any such correction or resolution and the provisions of this policy.

Section 1.5 Exceptions and extension of payment due date. The Authority has determined that, notwithstanding the provisions of Section 1.3 and 1.4, any of the following facts or circumstances, which may occur concurrently or consecutively, reasonably justify extension of the payment due date;

(a) If any documentation, supporting data, performance verification, or notice specifically required by the Contract or other State or Federal mandate has not been submitted to the Authority on a timely basis, then the payment due date shall be extended by the number of calendar days from the date by which all such matter was to be submitted to the Authority to the date when the Authority has actually received such matter.

(b) If an inspection or testing period, performance verification, audit, or other review or documentation independent of the Contractor is specifically required by the Contract or by other State or Federal mandate, whether to be performed by or on behalf of the Authority or another entity, or is specifically permitted by the Contract or by other State or Federal provision and the Authority or other entity with the right to do so elects to have such activity or documentation undertaken, then the payment due date shall be extended by the number of calendar days from the date of receipt of an invoice to the date when any such activity or documentation has been completed, the Authority has actually received the results of such activity or documentation conducted by another entity, and any deficiencies identified or issues raised as a result of such activity or documentation have been corrected or otherwise resolved.

(c) If an invoice must be examined by a State or Federal agency, or by another party contributing to the funding of the Contract, prior to payment, then the payment due date shall be extended by the number of calendar days from the date of receipt of an invoice to the date when the State or Federal agency, or other contributing party to the Contract, has completed the inspection, advised the Authority of the results of the inspection, and any

deficiencies identified or issues raised as a result of such inspection have been corrected or otherwise resolved.

(d) If appropriate funds from which payment is to be made have not yet been appropriated or, if appropriated, not yet been made available to the Authority, then the payment due date shall be extended by the number of calendar days from the date of receipt of an invoice to the date when such funds are made available to the Authority.

Section 1.6 Interest eligibility and computation: If the Authority fails to make prompt payment, the Authority shall become liable for interest payments to a Contractor on the payment. Interest shall be computed and accrue to the overpayment rate set by the Commissioner of Taxation pursuant to Subsection (e) of Section 1096 of the Tax Law of the State of New York. Interest on such a payment shall accrue for the period beginning on the day after the payment due date and ending on the earliest to occur of (i) the date of payment, (ii) the date of a notice of intention to file a claim, (iii) the date of a notice of a claim, and (iv) the date commencing a legal action for the payment of such interest.

Section 1.7 Sources of funds to pay interest: Any interest payable by the Authority pursuant to this policy shall be paid only from the same accounts, funds, or appropriates that are lawfully available to make the related Contract payment.

Section 1.8 Incorporation of Prompt Payment Policy into Contracts: The provisions of this policy in effect at the time of creation of a Contract shall be incorporated into and made part of such Contract and shall apply to all payments as they become due pursuant to the terms and conditions of such Contract, notwithstanding that the Authority may subsequently amend this policy.

Section 1.9 Notice of objection: Unless a different procedure is specifically prescribed in a Contract, a Contractor may object to any action taken by the Authority pursuant to this policy which prevents the commencement of the time in which interest will be paid by submitting a written notice of objection to the Authority. Such notice shall be signed and dated and concisely and clearly set forth the basis for the objection and be sent to the Chief Financial Officer of the Authority. The Chief Financial Officer or his designee shall review the objection for purposes of affirming or modifying the Authority's action. Within 15 working days of the receipt of the objection, the Chief Financial Officer or his designee shall notify the Contractor either that the Authority's action is affirmed or that it is modified or that, due to the complexity of the issue, additional time is needed to conduct the review; provided, however, in no event shall the extended review period exceed 30 calendar days.

Section 1.10 Judicial Review: Any determination made by the Authority pursuant to this policy which prevents the commencement of the time in which interest will be paid is subject to judicial review in a proceeding pursuant to Article 78 of the Civil Practice Law and Rules. Such proceedings shall only be commenced upon completion of the review procedure that may be specified in the Contract or by law, rule or regulation.

Section 1.11 Court Action or other Legal Processes

(a) Notwithstanding any other law to the contrary, the liability of the Authority to make an interest payment to a Contractor pursuant to this policy shall not extend beyond the date of a notice of intention to file a claim, the date of a notice of a claim, or the date commencing a legal action for the payment of such interest, whichever occurs first.

(b) With respect to the court action or other legal process referred to in Subdivision (a) of this Section, any interest obligation incurred by the Authority after the date specified therein pursuant to any provision of law other than Public Authorities Law Section 2880 shall be determined as prescribed by such separate provision of law, shall be paid as directed by the court, and shall be paid from any source of funds available for that purpose.

Board Policy:	**Property Disposition**
Policy Type:	**Compliance Process**
Monitored by:	**Governance Committee**
Board Resolution:	**Resolution #1610, approved March 29, 2021**

Long Island Power Authority (referred to herein as the "Authority") is required by Section 2896 of the Public Authorities Law to adopt by resolution comprehensive guidelines, to be annually reviewed and approved by the Trustees of the Authority, regarding the use, awarding, monitoring and reporting of contracts for the disposal of Property. The following Board Policy (the "Policy") is adopted pursuant to such requirement and is applicable with respect to the use, awarding, monitoring and reporting of all Property Disposition Contracts which are (i) entered into by the Authority and (ii) solicited or awarded by the Authority on behalf of the Long Island Lighting Company d/b/a LIPA and d/b/a Power Supply Long Island or on behalf of the Utility Debt Securitization Authority (collectively, the "Authority").

I. DEFINITIONS

1. "Contracting Officer" shall mean the General Counsel or his or her designee.

2. "Dispose" or "disposal" shall mean transfer of title or any other beneficial interest in personal or real property in accordance with these guidelines.

3. "Fair Market Value" shall mean the estimated dollar amount that a willing buyer would pay to a willing seller for the Real Property in an arms-length transaction in the appropriate marketplace

4. "Property" shall mean personal property, real property, and any inchoate or other interest in such property owned by the Authority, to the extent that such interest may by conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party. Neither electricity nor natural gas nor any attributes derived therefrom, shall be considered Property for purposes of this guideline.

5. "Property Disposition Contracts" shall mean written agreements for the sale, lease, transfer or other disposition of Property.

6. "Real Property" shall mean real property and interests therein.

II. PRINCIPAL DUTIES OF CONTRACTING OFFICER

The Contracting Officer, as designated in Section I.1, is responsible for the supervision and direction over the custody, control and disposition of Property and responsible for the

Authority's compliance with, and enforcement of, these guidelines. The Contracting Officer shall: (a) maintain adequate inventory controls and accountability systems for all Property under the Authority's control; (b) periodically inventory such Property to determine which Property shall be disposed of; (c) transfer or dispose of such Property as promptly as possible in accordance with these guidelines; and (d) produce and submit reports pursuant to Section IV.B. of these guidelines.

III. PROPERTY DISPOSITION CONTRACTS

A. Reason(s) for Use of Property Disposition Contracts

Property Disposition Contracts may be entered into for the purpose of disposing of Property which is no longer necessary or useful for the operations of the Authority or the Subsidiary to warrant retention, if the disposition of such Property will result in cost savings or other benefits to the Authority, the disposition thereof will result in the receipt of valuable consideration or other benefits by the Authority, or the disposition is of neutral or nominal value to the parties.

B. Method of Disposition

The Authority may dispose of Property for no less than the Fair Market Value by sale, exchange, or transfer, for cash, credit or other Property, with or without warranty, upon such terms and conditions as are determined by the Contracting Officer; except as otherwise permitted by this Section III.B. and Section III.C.4 (below). However, no disposition of Real Property, or any interest in Real Property shall be made unless an appraisal of such Property has been made by an independent appraiser and included in the record of the transaction. Further, no disposition of any other property, which because of its unique nature or the unique circumstances of the proposed transaction is not readily valued by reference to an active market for similar property, shall be made without a similar appraisal.

In addition to the circumstances permitted by Section III.C.4 (below), the Authority may dispose of Property for less than Fair Market Value when the value of the transaction is nominal and the Property Disposition Contract is temporary and revocable. For such transactions, the requirements of Sections III.C.5, 6 and 7 (also below) do not apply.

C. Award of Property Disposition Contracts; Selection Criteria for Property Disposition Contracts

1. All sales or other dispositions of Property shall be conducted in accordance with these Guidelines by or under the supervision of the Contracting Officer.

2. All Property Disposition Contracts shall be made after publicly advertising for bids unless the criteria set forth below in the Guidelines at Section III.C.3. have been met for such contracts to be made by negotiation or public auction. Whenever public advertising for bids is required, (i) the advertisement for bids shall be made at such time prior to the disposal or contract, through such methods, and on such terms and conditions, as shall permit full and free competition

consistent with the value and nature of the Property; (ii) all bids shall be publicly disclosed at the time and place stated in the advertisement; and (iii) the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the state, price and other factors considered; provided, that all bids may be rejected when it is in the public interest to do so.

3. Property Disposition Contracts may be negotiated or made by public auction without regard to the criteria set forth above in the Guidelines at Section III.C.2. but subject to obtaining such competition as the Contracting Officer determines is feasible under the circumstances, if (i) the personal property involved has qualities separate from the utilitarian purpose of such property, such as artistic quality, antiquity, historical significance, rarity or other quality of similar effect, that would tend to increase its value, or if the personal property is to be sold in such quantity that, if it were disposed of by publicly advertising for bids, would adversely affect the state or local market for such property, and the estimated Fair Market Value of such property and other satisfactory terms of disposal can be obtained by negotiation; (ii) the Fair Market Value of the Property does not exceed fifteen thousand dollars; (iii) bid prices after advertising therefor are not reasonable, either as to all or some part of the Property, or have not been independently arrived at in open competition; (iv) the disposition of Property will be to the state or any political subdivision, and the estimated Fair Market Value of the Property and other satisfactory terms of disposal are obtained by negotiation; (v) under the circumstances permitted by Section III.C.4, or (vi) such action is otherwise authorized by law.

4. Property may not be disposed of for less than Fair Market Value unless the following criteria are met: (i) the property is transferred to a government or other public entity and the terms and conditions of the transfer require that the ownership and use of the property will remain with the government or any other public entity; (ii) the purpose of the transfer is within the purpose, mission or governing statute of the public authority; or (iii) if the transfer is other than to a governmental entity and would not be consistent with the Authority's mission, purpose or governing statute, the Authority shall provide written notification to the governor, speaker of the assembly and temporary president of the senate. The governor, senate or assembly may deny the transfer. The governor or either house of the legislature will take action within sixty days of receiving notification of the proposed transfer from January through June. If the notification is received by the legislature from July through December, the legislature may take any action within sixty days of January first of the following year. In the event that there is no denial within sixty days of the notification to the governor, senate and assembly, the Authority may effectuate the transfer.

5. In the event the Authority proposes that property be disposed of for less than Fair Market Value, the following information must be provided to the Authority Board of Trustees and the public prior to being approved by the Board of Trustees:

(i) a full description of the property;

(ii) an appraisal of the Fair Market Value of the property and any other information establishing the Fair Market Value sought by the Board of Trustees;

(iii) a description of the purpose of the transfer and a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer, including but not limited to the kind, number, location, wages or salaries of jobs created or preserved as required by the transfer, the benefits to the communities in which the property is situated

(iv) a statement of the value to be received as compared to the Fair Market Value;

(v) the names of any private parties participating in the transfer and a statement of the value to the private party if different than the statement in (iv) above;

(vi) the names of other private parties who have made an offer for such an asset, the value offered, and the purpose for which the asset was sought to be used.

6. Before approving the disposition of property for less than Fair Market Value, the Board of Trustees must consider the information described in paragraph 5 above and make a written determination that there is no reasonable alternative to the proposed below-market transfer that would achieve the same purpose of such transfer. Such determination may be provided on a case-by-case basis or a blanket basis for all such dispositions that have substantially similar circumstances.

7. Except for dispositions where the purpose of the transfer is within the purpose, mission or governing statute of the Authority, the Contracting Officer shall transmit a statement explaining the circumstances of the negotiated disposition of Property by at least ninety days prior to such disposal to each of the State Comptroller, the Director of the Budget, the Commissioner of General Services, the State legislature, and the Authorities Budget Office, and a copy thereof shall be preserved in the files of the Authority. Such a statement shall be prepared in connection with a negotiated disposition of Property of any of the following: (i) any personal property which has an estimated Fair Market Value in excess of fifteen thousand dollars; (ii) any Real Property that has an estimated Fair Market Value in excess of one hundred thousand dollars, except that any real property disposed of by lease or exchange shall only be subject to clauses iii and iv of this Section.; (iii) any Real Property disposed of by lease if the estimated annual rent over the term of the lease is in excess of fifteen thousand dollars; (iv) any Real Property or related personal property disposed of by exchange, regardless of value, or any Property any part of the consideration for which is Real Property.

To the extent that Property Disposition Contracts are competitively awarded, such awards shall be made upon receipt and evaluation of bids or proposals or other information obtained from persons/firms responding to a request for proposals or other form of solicitation on the basis of the criteria specified in the request for proposals or other solicitation. The Contracting Officer shall document the processes by which Property is sold or otherwise disposed of, by making a record summarizing the nature and scope of the Property disposed, the name of each person or organization submitting, or requested to submit, a bid or proposal, the

price or other consideration bid and received, and the basis for selection of both the purchaser and method of disposition of the Property.

8. All dispositions of Property also shall be subject to compliance with Section 6.15 of the Financing Agreement, dated as of May 1, 1998, between the Authority and the Subsidiary (the "Financing Agreement") and Section 714 of the Electric System General Revenue Bond Resolution adopted by the Authority on May 13, 1998, as supplemented (the "General Resolution"). In furtherance thereof, no Property of the Authority or the Subsidiary shall be sold or otherwise disposed of unless the Chief Financial Officer has determined that such disposition (i) is desirable in the conduct of the business of the Authority or the Subsidiary, (ii) is not disadvantageous in any material respect to the holders of the Authority's Obligations (as defined in the General Resolution), (iii) does not materially impair the ability of the Authority and the Subsidiary to comply with their respective obligations to comply with the rate covenants contained in Section 6.1 of the Financing Agreement and Section 701 of the General Resolution, and (iv) does not breach any covenants of the Authority or the Subsidiary relating to the exclusion of interest on the Authority's Obligations, which determinations shall be evidenced in writing and maintained with the records of the Authority relating to the disposition of such Property.

D. Approval Process for Property Disposition Contracts

In addition to any other approvals required by law, the award of Property Disposition Contracts and any related determinations made in connection therewith shall be approved as follows:

1. Property Disposition Contracts in amounts equal to or less than $1,000,000 and related determinations shall be approved by the Contracting Officer and the Chief Financial Officer or the Chief Executive Officer.

2. Property Disposition Contracts in amounts greater than $1,000,000 and related determinations shall be approved by the Trustees of the Authority.

IV. GENERAL

A. Implementation of Guidelines

The Contracting Officer is empowered to prepare such supplemental procedures as may be required to effectively implement these Guidelines, copies of which shall be provided to the Trustees.

B. Reports

1. Property Disposition Guidelines approved by Authority shall be annually reviewed and approved by the Trustees of the Authority. On or before the thirty-first day of March in each year, the Authority shall file with the State Comptroller a copy of the most recently reviewed and adopted guidelines, including the name of the Contracting Officer, and must post such guidelines on the Authority's website. Guidelines posted on the Authority's website shall be maintained at least until the disposition guidelines for the following year are posted on the website.

2. Within ninety days of the end of the fiscal year, the Contracting Officer shall prepare and submit to the Trustees, the Governor, the Chairman and ranking minority member of the Senate Finance Committee, the Chairman and ranking minority member of the Assembly Ways and Means Committee, the State Comptroller, and the Authorities Budget Office, a report listing all Real Property of the Authority having an estimated Fair Market Value in excess of fifteen thousand dollars that the Authority disposed of during the previous fiscal year. The report shall contain the price received by the Authority and the name of the purchaser for all such property sold by the Authority during such period.

C. Effect of Awarded Contracts

These Guidelines are intended for the guidance of the officers and employees of the Authority and the Subsidiary only. Nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof, or be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement made or entered into in violation of, or without compliance with, these Guidelines. In accordance with Section 2897.5 of the Public Authorities Law, a deed, bill of sale, lease, or other instruments executed by or on behalf of the Authority or the Subsidiary, purporting to transfer title or any other interest in Property shall be conclusive evidence of compliance with these guidelines insofar as concerns title or other interest of any bona fide grantee or transferee who has given valuable consideration for such title or other interest and has not received actual or constructive notice of lack of compliance with these guidelines prior to the closing

Board Policy:	**Real Property Acquisition**
Policy Type:	**Compliance Process**
Monitored by:	**Governance Committee**
Board Resolution:	#**1346, approved March 29, 2017**

Long Island Power Authority is required by Section 2824 of the Public Authorities Law to establish policies and procedures regarding, among other things, the acquisition of real property. The following Board Policy (the "Policy") is adopted pursuant to such requirement and is applicable with respect to the use, awarding, monitoring and reporting of all Property Acquisition Contracts which are (i) entered into by the Authority and (ii) solicited or awarded by the Authority on behalf of the Long Island Lighting Company d/b/a LIPA and d/b/a Power Supply Long Island and the Utility Debt Securitization Authority (collectively referred to herein as the "Authority").

I. DEFINITIONS

1. "Contracting Officer" shall mean the officer or employee of the Authority who shall be responsible for the acquisition of Property. The Contracting Officer is hereby designated the Authority's Chief Executive Officer or the equivalent(s) or designee.

2. "Fair Market Value" shall mean the estimated dollar amount that a willing buyer would pay to a willing seller for Real Property in an arms-length transaction in the appropriate marketplace and under similar circumstances

3. "Property Acquisition Contracts" shall mean written agreements for the acquisition by purchase or lease of Real Property.

4. "Real Property" shall mean real property and interests therein.

II. PRINCIPAL DUTIES OF CONTRACTING OFFICER

The Contracting Officer shall be responsible for the supervision and direction over the acquisition of Real Property and responsible for the Authority's compliance with, and enforcement of this Policy.

III. PROPERTY ACQUISITION CONTRACTS

A. Reason(s) for Use of Property Acquisition Contracts

Property Acquisition Contracts may be entered into for the purpose of acquiring Real Property which is determined to be necessary or useful for the operations of the Authority.

B. Award of Property Acquisition Contracts

1. All Property Acquisition Contracts shall be entered into in accordance with this Policy by the responsible Authority officer.

2. Property Acquisition Contracts shall be entered into on a negotiated basis, unless the Contracting Officer shall have determined that a sufficient number of parcels of Real Property are available and of equivalent usefulness to the Authority so as to make a competitive process feasible and desirable. The Authority shall document the processes by which Real Property is acquired, by making a record summarizing the nature and scope of the Real Property acquired, the name of the seller, the price or other consideration paid for the Real Property acquired, the method of determining the price or other consideration paid for the Real Property, and any Real Property considered as an alternative to the Real Property acquired and the reason for the selection of the Real Property acquired

C. Approval Process for Property Acquisition Contracts

In addition to any other approvals that may be required by law, all Property Acquisition Contracts and any related determinations made in connection therewith shall be approved as follows:

1. Property Acquisition Contracts in amounts equal to or less than $1,000,000 and related determinations shall be approved by the Contracting Officer (if other than the Chief Executive Officer), the Chief Financial Officer and the Chief Executive Officer, or their respective designees.

2. Property Acquisition Contracts in amounts greater than $1,000,000 and related determinations shall be approved by the Trustees of the Authority.

IV. GENERAL

A. Implementation of Guidelines

The Contracting Officer is empowered to prepare such supplemental procedures as may be required to effectively implement this Policy, copies of which shall be provided to the Trustees.

B. Reports; Periodic Review

1. Within ninety days of the end of each fiscal year, the Contracting Officer, or their designees, shall prepare and submit to the Governor, the Chairman and ranking minority member of the Senate Finance Committee, the Chairman and ranking minority member of the Assembly Ways and Means Committee, the State Comptroller, and the Authorities Budget Office, with a copy to the Trustees, a list of all Real Property of the Authority having an estimated Fair Market Value in excess of fifteen thousand dollars that the Authority acquired during the previous fiscal year.

2. Property Acquisition Guidelines approved by Authority shall be periodically reviewed and approved by the Trustees of the Authority. A copy of this Policy shall be posted on the Authority's website.

C. Effect of Awarded Contracts

These Guidelines are intended for the guidance of the officers and employees of the Authority only. Nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof, or be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement made or entered into in violation of, or without compliance with, this Policy.

Board Policy:	**Procurement Lobbying**
Policy Type:	**Compliance Process**
Monitored by:	**Governance Committee**
Board Resolution:	**#1347, approved March 29, 2017**
	#1707, amended February 17, 2022

I. INTRODUCTION

In furtherance of LIPA's commitment to ensure the transparency and accountability of its operations, the following Board Policy (the "Policy") sets forth LIPA's policy on (a) recording attempts to influence the outcome of LIPA's Procurements, Rules, Regulations, or Ratemaking activity and (b) the requirement that all LIPA employees and Trustees report certain advertising and lobbying activities. This Policy is applicable to all employees, officers and Trustees of LIPA, its wholly owned subsidiary Long Island Lighting Company d/b/a/ LIPA and d/b/a/ Power Supply Long Island, and the Utility Debt Securitization Authority (collectively referred to herein as "LIPA") and is in compliance with the requirements of the "Procurement Lobbying Law" found in the State Finance Law, the "Lobbying Contacts" provisions of the Public Authorities Law and Section 1020-kk of the Public Authorities Law. The restrictions and/or reporting requirements associated with both types of lobbying activity are outlined below.

II. PROCUREMENT LOBBYING

This section of the Policy has been issued pursuant to the State Finance Law, which generally prohibits, with limited exception, individuals or entities from communicating with anyone other than the person(s) designated by LIPA to communicate with such individuals or entities about a procurement for a prescribed period of time during the procurement process. LIPA is required to collect and record certain information pertaining to attempts to influence the procurement (a "**Contact,**" defined below) during the procurement period from the earliest solicitation of a proposal to the final approval of the procurement (the "**Restricted Period**," defined below). The specific requirements related to these activities are set forth as follows:

A. Statutory Definitions[1]

Article of Procurement — A commodity, service, technology, public work, construction, revenue contract, the purchase, sale or lease of real property or an acquisition or granting of

[1] Defined terms are in bold.

	an interest in real property that is the subject of a governmental procurement.
Contact[2]	Any oral, written or electronic communication with LIPA staff, trustees or LIPA consultants about LIPA procurement under circumstances where a reasonable person would infer that the communication was intended to influence the procurement.
Governmental Entity	All New York State agencies and authorities; both houses of the Legislature; the Unified Court System; municipal agencies and their respective employees.
LIPA Procurement	shall mean (i) the preparation or terms of the specifications, bid documents, requests for proposals, or evaluation criteria for a procurement contract, (ii) solicitation for a procurement contract, (iii) evaluation of a procurement contract, (iv) award, approval, denial or disapproval of a procurement contract, or (v) approval or denial of an assignment, amendment (other than amendments that are authorized and payable under the terms of the procurement contract as it was finally awarded or approved by the Comptroller, as applicable), renewal or extension of a procurement contract, or any other material change in the procurement contract resulting in a financial benefit to the **Offerer**.
Offerer	The individual or entity, or any employee agent or consultant or person acting on behalf of such individual or entity, that **Contacts** LIPA about a **LIPA Procurement** during the restricted period of the procurement.
Procurement Contract	Any contract or other agreement for an **Article of Procurement** involving an estimated annualized expenditure in excess of $15,000. Grants, State Finance Law Article XI–B contracts between LIPA and not-for-profit organizations, intergovernmental agreements, railroad and utility force accounts, utility relocation project agreements or orders, and eminent domain transactions shall not be deemed **Procurement Contracts**.

[2] Note that the statutory definition for "Contact" is different for Procurement Lobbying discussed in Article II of this Policy and for Rule, Regulation or Ratemaking Lobbying discussed in Article III of this policy.

Restricted Period	The period of time commencing with the earliest date of written notice, advertisement or solicitation of a request for proposal, invitation for bids, or solicitation of proposals, or any other method for soliciting a response from **Offerers** intending to result in a **Procurement Contract** with LIPA and ending with the final contract award and approval by LIPA, and where applicable, the Office of the State Comptroller.

B. Exemptions

Certain communications are exempt from the Policy. These include: (i) submissions in response to an invitation for bid, a request for proposal or other solicitation, (ii) submissions of written questions to an invitation for bid, a request for proposal or other solicitation, (ii) submissions of written questions to a designated contact set forth in an invitation for bid, request for proposal or other solicitation, (iii) participation in a conference provided for in an invitation for bid, request for proposal or other solicitation, (iv) contract negotiations, (v) inquiries regarding the factual status of a **Procurement Contract**, and (vi) complaints and protests regarding the procurement process and outcome.

In addition, any communication received by LIPA from members of the New York State Legislature or the Legislative Staff, when acting in their official capacity, shall not be considered a **Contact** for recording purposes.

C. Violations

A violation of this Policy occurs when there is a **Contact** during the **Restricted Period** between the **Offerer** and someone other than the person(s) designated by LIPA to receive communications for the particular **LIPA Procurement**. This includes instances where the **Offerer Contacts** LIPA regarding a procurement of another **Governmental Entity**.

Attempts by an **Offerer** to influence a **LIPA Procurement** in a manner that would result in a violation of the Public Officers Law or any other applicable ethics code shall also be a violation of this Policy.

D. Procedures

a. Notifying Vendors of Procurement Lobbying Policy

i. For each **Procurement Contract**, LIPA will designate a person or persons to receive communications from **Offerers** concerning the **LIPA Procurement**.

ii. LIPA will incorporate a summary of the policy governing lobbying during a **LIPA Procurement** in its documents relating to the **Procurement Contract** and provide a copy of the policy and prohibitions regarding permissible communications to **Offerers**.

iii. LIPA shall seek written affirmation from all **Offerers** indicating that they understand and agree to comply with this Policy (*See Attachment 1*).

b. Making Determinations of Responsibility

i. Prior to award of a **Procurement Contract**, LIPA must make a responsibility determination with respect to the **Offerer** to be recommended for the award of the contract based upon, among other things, the information supplied by that **Offerer**, using the **Offerer** Disclosure of Prior Non-Responsibility Determinations Form (*See Attachment 2*), whether it has been found non-responsible within the last four years by any **Governmental Entity** for: (1) failure to comply with State Finance Law § 139 j, or (2) the intentional provision of false or incomplete information. This disclosure must be certified by the **Offerer** and must affirmatively state that the information supplied by the **Offerer** to LIPA is complete, true and accurate.

ii. The **Procurement Contract** must include a provision allowing LIPA to terminate the contract if the certification is subsequently found to be incomplete, false or inaccurate. Admissions by the **Offerer** of past findings of non-responsibility may constitute a basis for rejection of the **Offerer** by LIPA. LIPA can award a contract to the **Offerer** despite the past findings of non-responsibility if it determines that the award of the **Procurement Contract** to the **Offerer** is necessary to protect public property or public health or safety, and that the **Offerer** is the only source capable of supplying the required **Article of Procurement** within the necessary time frame. The basis of such a finding must be included in procurement record of the **LIPA Procurement**.

c. Recording Contacts

i. All LIPA employees must record any **Contact** from any person or entity. **Contacts** may be initiated by parties with an interest in the **LIPA Procurement** that are not necessarily connected directly to the **Offerer**. **Contacts** may come in the form of

telephone conversations, correspondence, electronic mail and person–to-person discussions. The Record of Contact Form (*See Attachment 3*) should be used to record all **Contacts**. The form is also available to employees on the LIPA Intranet.

ii. Examples of **Contacts** for which a Record of Contact must be completed include:

1. During the **Restricted Period**, an **Offerer Contacts** a LIPA employee (other than the employee designated to receive such communications) to discuss the **Offerer's** cost, competitiveness or its suitability to be selected for a contract.

2. A court reporter, expert witness or any other vendor offers a LIPA employee a gift of any monetary value during the **Restricted Period**.

iii. Examples of permissible communications which may be directed to persons other than those designated by LIPA to receive communications from **Offerers** concerning the **LIPA Procurement** include:

1. Inquiries as to the status of the procurement process.

2. Requests to be included on LIPA's **Offerer** list.

3. Receipt of advertising material.

4. Intra-agency communications of administrative details concerning the procurement.

5. Responses to LIPA-issued Requests for Information.

6. Written questions submitted by **Offerers** regarding a solicitation during the allowable time period of a competitive procurement.

7. Complaints about the procurement process or outcome.

8. Participation in an **Offerer's** conference as provided for in a Request for Proposals of Invitation for Bids.

9. Submission of a proposal or bid in response to a Request for Proposals or Invitation for Bids.

10. Contract negotiations.

11. Debriefing of an **Offerer** after a contract award has been made.

None of the above communications require the preparation of a Record of Contact unless such communication constitutes an attempt to influence the **LIPA Procurement**.

iv. If a LIPA employee is in doubt about whether a communication was intended to influence the **LIPA Procurement**, he or she should record the communication on the Record of Contact Form and submit it to the Director of Procurement for further investigation.

v. The LIPA Officer responsible for the procurement, or his or her designee, will be required to ensure that all Records of Contacts are included in the procurement record for the related **Procurement Contract**.

E. Investigation of Contacts/Penalties for Violations

a. All reported **Contacts** will be immediately investigated by the Director of Procurement, or his or her designee. If the Director of Procurement finds sufficient cause to believe that an **Offerer** has violated this Policy, the **Offerer** will be notified in writing of the investigation and will be afforded an opportunity to respond to the alleged violation. Investigations will be completed as soon as practicable so as not to delay the progress of the **LIPA Procurement**.

b. If the Director of Procurement should find at the conclusion of the investigation that the **Offerer** knowingly and willfully made a prohibited **Contact** in violation of this Policy, then the **Offerer** shall be disqualified as non responsible, unless LIPA makes a finding that the award of the **Procurement Contract** to the **Offerer** is necessary to protect public property or public health or safety, and that the **Offerer** is the only source capable of supplying the required **Article of Procurement** within the necessary time frame. The basis of such a finding must be included in the procurement record of the **Procurement Contract**.

III. RULE, REGULATION OR RATEMAKING LOBBYING

This section of this Policy has been issued pursuant to the Public Authorities Law, and establishes measures to create and maintain records of any attempt by a "**Lobbyist"** (as

defined below) to influence: (a) the adoption or rejection of any rule or regulation by LIPA, and/or (b) the outcome of any ratemaking proceeding by LIPA, as follows:

A. Statutory Definitions[3]

Contact Any conversation, in person or by telephonic or other remote means, or correspondence between any **Lobbyist** engaged in the act of **Lobbying** and any employee, officer or trustee within LIPA who can make or influence a decision on the subject of the **Lobbying** on behalf of the LIPA.

Lobbying Any attempt to influence: (a) the adoption or rejection of any rule or regulation by LIPA, and/or (b) the outcome of any ratemaking proceeding by LIPA.

Lobbyist Every person or organization retained, employed or designated by any client to engage in L**obbying**. **Lobbyist** does not include any officer, director, trustee, employee, counsel or agent of the state, or of any municipality or subdivision of New York State, when such persons are discharging their official duties.[4]

B. Responsibilities

a. An employee, officer or trustee who is contacted by a **Lobbyist** shall make a contemporaneous record of such **Contact** on a form including the day and time of the **Contact**, the identity of the **Lobbyist** and a summary of the substance of the **Contact**. The employee, officer or trustee shall notify and deliver the completed form to the General Counsel.

b. The General Counsel shall prescribe such form to be used by all employees, officers and trustees to record such lobbying **Contacts** under this Policy. (Attachment 4)

c. Upon receipt of a record of **Contact**, the General Counsel shall maintain or cause to be maintained such record for a period of not less than seven (7) years in a filing system that is indexed or otherwise organized in a manner in which such records are readily identifiable and referenced to LIPA decisions regarding (a) the adoption or rejection of any rule or regulation by LIPA and (b) the outcome of any ratemaking proceeding by LIPA.

IV. SEMI-ANNUAL EXPENDITURE AND LOBBYING REPORT

[3] Defined terms are in bold.

[4] Officers, directors, trustees, employees, counsels or agents of colleges as defined by New York Education law §2(2) are considered lobbyists for purposes of PAL §2987.

A. **Statutory Definitions**

Lobbying or Lobbying Activities: communicating with Government Officials in an attempt to influence the making, developing, amending, or defeating of legislative proposals, bills, or resolutions, regulations, policies, or programs including any attempt to influence:

i) the passage or defeat of any legislation or resolution by either house of the state legislature including but not limited to the introduction or intended introduction of such legislation or resolution or approval or disapproval of any legislation.

ii) the adoption, issuance, rescission or modification or terms of a gubernatorial executive order.

iii) the adoption or rejection of any rule or regulation having the force and effect of law by a state agency.

iv) the passage or defeat of any local law, ordinance, resolution, or regulation by any municipality.

v) the adoption, issuance, rescission, modification, or terms of any executive order issued by the chief executive officer of a municipality; and

vi) the adoption or rejection of any rule, regulation, or resolution having the force and effect of a local law, ordinance, resolution or regulation.

Advertising: any promotional activity or public service announcement that requires the purchase of media space, including television airtime, radio airtime, internet media space, billboards, newspaper space, magazine space or any private publication which requires the expenditure of any public funds.

Government Official: an elected or appointed official, officer, employee, or director of, or any representative or agent acting on behalf of:

i) a body of any level of government, whether federal, provincial, state, municipal or other.
ii) a political party, a party official or candidate for political office.
iii) a state-owned or controlled entity.
iv) a public international or intergovernmental organization; or
v) a person who holds a legislative, administrative, or judicial position.

Employee: LIPA Trustees and staff.

B. <u>Responsibilities</u>

i) LIPA employees engaged in lobbying and advertising activities, as defined above, must track such activity by completing the prescribed LIPA reporting form within 5 days of the event (Attachment 5 [to come]).

ii)

iii) LIPA's General Counsel, on or before March 31, 2022 and every semi-annual period thereafter, shall prepare an expenditure and lobbying report to be sent to the governor, the president of the senate, and the speaker of the assembly based upon the information recorded by employees as described above.

Any questions regarding this Policy and/or interpretation of this Policy should be directed to LIPA's General Counsel.

Attachment 1

PROCUREMENT LOBBYING FORM

OFFERER AFFIRMATION OF UNDERSTANDING AND COMPLIANCE

Contract Number Related to Offer:

_____ hereby affirms that it/he/she has read and understands the Long Island Power Authority's ("LIPA") Lobbying Guidelines governing Procurement Lobbying and agrees to comply with LIPA's procedures relating to permissible Contacts during a LIPA Procurement.

Date: _____ , 201_

Name of Offerer:

Address:

_____

Signature of Offerer

Attachment 2

PROCUREMENT LOBBYING FORM

Offerer Disclosure of Prior Non-Responsibility Determinations

****

Name of Individual or Entity Seeking to Enter into the Procurement Contract:

Address:

Name and Title of Person Submitting this Form:

Contract Procurement Number:

Date:

1. Has any Governmental Entity made a finding of non-responsibility regarding the individual or entity seeking to enter into the procurement contract in the previous four years? (Please circle):

No Yes

2. If yes, was the basis for the finding of non-responsibility due to a violation of State Finance Law § 139 j? (Please circle):

No Yes

3. Was the basis for the finding of non-responsibility due to the intentional provision of false or incomplete information to a Governmental Entity? (Please circle):

No Yes

4. If yes, please provide details regarding the finding of non-responsibility below.

Governmental Entity:

Date of Finding of Non-Responsibility:

Basis of Finding of Non-Responsibility:

5. Has any Governmental Entity or other governmental agency terminated or withheld a procurement contract with the above-named individual or entity due to the intentional provision of false or incomplete information? (Please circle):

No Yes

6. If yes, please provide details below.

Governmental Entity:

Date of Termination or Withholding of Contract:

Basis of Termination or Withholding:

Offerer certifies that all information provided to the Long Island Power Authority with respect to State Finance Law § 139-k is complete, true and accurate.

By: Date:

Signature

Name:

Title:

Attachment 3

PROCUREMENT LOBBYING FORM

Record of Contact
Under State Finance Law §139-k(4)

Was the person making the Contact informed that the Contact would be documented?
[ ] Yes [ ] No

To: Procurement Record Regarding
Procurement Contract Number:
From:
(Name and title) Date: Subject: Record of Contact under State Finance Law §139-k(4) I had Contact with the below named individual regarding the above identified procurement. The term "Contact" is defined in State Finance Law §139-k (1)(c). In accordance with State Finance Law §139-k (4), the following information was obtained. Name:
Address:
Telephone Number:
Place of Principal Employment:
Occupation:

Is the above named person or organization the "Offerer" in this governmental procurement? (Please circle) yes no List date(s) of Contact:
(add additional pages as necessary) *Optional* Summarize the form (e.g., email, letter, conversation) and topic of the communication on each date of Contact:
(add additional pages or copies of written communications as necessary)

Attachment 4

NON-PROCUREMENT LOBBYING FORM

Report of Lobbying Contact
(Public Authorities Law § 2987)

Any Contact by a "Lobbyist"[1] regarding the adoption or rejection of any rule or regulation of the Long Island Power Authority ("LIPA"), and/or the outcome of any ratemaking proceeding by LIPA shall be recorded on this form.

To: General Counsel and Secretary
From:

_____
(Name and Title)

Date: _____

Subject: Record of Contact

I was contacted by the below-named individual regarding the adoption or rejection of a rule or regulation of LIPA or regarding the outcome of a ratemaking proceeding of LIPA as follows:

Name of Lobbyist:

Address:

Telephone Number:

Date and Time of Contact:

[1] Every person or organization retained, employed or designated by any client to engage in lobbying, Lobbyist does not include any officer, director, trustee, employee, counsel or agent of the state, or of any municipality or subdivision of New York state, when such person are discharging their official duties.

Board Policy:	**Use, Awarding, Monitoring and Reporting of Procurement Contracts**
Policy Type:	**Compliance Process**
Monitored by:	**Governance Committee**
Board Resolution:	**#1786, approved March 29, 2023** **#1974, amended June 24, 2026**

Long Island Power Authority is required by Section 2879 of the Public Authorities Law to adopt by resolution comprehensive guidelines, to be annually reviewed and approved by the Trustees of the Authority, regarding the use, awarding, monitoring and reporting of procurement contracts. The following Board Policy (the "Policy") is adopted pursuant to such requirement and is applicable with respect to the use, awarding, monitoring and reporting of all Procurement Contracts which are (i) entered into by the Authority and (ii) solicited or awarded by the Authority on behalf of the Long Island Lighting Company d/b/a LIPA and d/b/a Power Supply Long Island and the Utility Debt Securitization Authority (collectively referred to herein as the "Authority").

I. DEFINITIONS

1. "Best Value" means the basis for awarding contracts that best achieves the criteria specified by the Authority in a solicitation for proposals, including without limitation, quality, cost and efficiency.

2. "Contractor(s)" means any individual, business, vendor or other legal entity awarded a contract with the Authority to furnish commodities, services or technology for an agreed-upon price.

3. "Electricity" means electric energy or capacity, transmission capacity or services, including related financial rights, or ancillary services.

4. "Electricity Contract" means any Procurement Contract for the acquisition of electric energy or capacity, transmission capacity or services, including related financial rights, or ancillary services.

5. "Goods" consist of supplies, materials and equipment acquired by the Authority, but shall not include product acquired pursuant to an Electricity Contract.

6. "Procurement Contract" means any written agreement signed by the Authority, and any amendment thereto, for the acquisition of Goods, Services, Technology,

Electricity, and construction in the actual or estimated amount of five thousand dollars or more.

7. "Procurement Staff" means the Authority officer conducting any procurement of Goods, Services, Technology, Electricity and construction pursuant to Section I.1 of Article II of this Policy.

8. "Proposer" means anyone, including without limitation potential contractors, consultants, suppliers, manufacturers, subcontractors and sub-consultants, seeking to enter into a Procurement Contract with the Authority.

9. "Services" consists of legal, accounting, management consulting, investment banking, planning, training, statistical, research, public relations, construction management, architectural, engineering, surveying, or other services, whether personal or non-personal, of a consulting, professional, technical or other nature for a fee, commission or other compensation by a person or persons who are not providing such services as officers or employees of the Authority.

10. "Technology" includes a Good or a Service or a combination thereof, that results in a technical method of achieving a practical purpose or in improvements in productivity.

II. PROCUREMENT CONTRACTS

A. Reason(s) for Use of Services Contracts

Services contracts may be entered into because of one or more of the following factors or considerations:

1. Requirement of special expertise or unusual qualifications.

2. Nature, magnitude or complexity of Services required.

3. Lack of sufficient in-house resources, support staff, specialized facilities or equipment.

4. Lower cost.

5. Short-term or infrequent need for the Services does not warrant permanent Authority staffing.

6. Distance of the location or locations where the Services must be performed from the Authority offices or facilities.

7. Performance of a function requiring independence from the Authority management (e.g., independent auditors).

8. To meet unusual schedule requirements or emergencies.

B. Selection Procedures

1. Selection Procedures for Procurement Contracts

Except as specifically waived for one or more of the reasons set forth in Section B.2 of Article II of this Policy or as otherwise may be required or authorized by law, Procurement Contracts shall be awarded as set forth below.

a. General Policy for Procurement Contracts

The Authority is adopting this Policy in accordance with Section 2879 of the New York Public Authorities Law (the "PAL"). In accordance with Section 2879 of the PAL, all Procurement Contracts shall be awarded in accordance with this Policy. To the extent required by Section 1020-cc of the PAL, contracts for construction or purchase of Goods shall be let pursuant to Section 103 or, as applicable, Section 120-w(4)(e) of the New York General Municipal Law (the "GML").

The Procurement Staff conducting any procurement of any contract for construction or purchase of Goods shall determine, in consultation with the Authority's General Counsel, whether Section 103 of the GML, Section 120-w(4)(e) of the GML, or any other provisions of New York State law (including State Finance Law Section 163 ("Wick's Law") are applicable to the procurement. If it is determined that such contract is to be let in accordance with Section 103 or Section 120-w(4)(e) of the GML, the provisions of such section and, to the extent not inconsistent therewith, this Policy shall govern such procurement.

Procurement Contracts are to be awarded to Contractors on a competitive basis to the maximum extent possible. Such awards are to be made by the Authority on the basis of:

(i) lowest price or Best Value for contracts procured pursuant to Section 103 of the GML; provided, however, that contracts for construction of public works pursuant to Article 8 of the New York Labor Law shall be awarded on the basis of lowest price; and

(ii) Best Value for all other Procurement Contracts;

and based upon receipt and evaluation of proposals or other information obtained from responsible persons/firms submitting a responsive bid or proposal in response to a request for proposals, an invitation for bid or other method of procurement.

The Authority encourages the use of qualified labor, suppliers and other resources from the Authority's service area to the extent possible consistent with law and this policy.

Pursuant to Executive Order 22 the Authority shall follow the GreenNY procurement

specifications, to the extent applicable, approved by the GreenNY Council when procuring under existing contracts or when developing new solicitations and contracts for the procurement of commodities, services, and technology, or where applicable, in the development of new public works solicitations and contracts.

2. Public Notice

To the extent required by Article 4-C of the Economic Development Law, notice of all Procurement Contract opportunities estimated to be $50,000 or more shall be advertised in the State's procurement opportunities newsletter. Notice of the award of all Procurement Contracts valued at $50,000 or more shall also be posted in the State's procurement opportunities newsletter.

In addition to the above, all invitations for bids for Procurement Contracts for construction or purchase of Goods pursuant to Section 103 of the GML involving an expenditure of more than $20,000 shall be advertised in the principal newspaper of the Authority's service area, if any, or, if none, in such newspaper of general circulation in the service area as may be designated by the officer supervising such procurement. All solicitations for proposals for Procurement Contracts for construction or purchase of Goods conducted in accordance with Section 120-w(4)(e) of the GML shall be advertised in (i) the principal newspaper of the Authority's service area, if any, (ii) at least one newspaper of general circulation (which may be the principal newspaper of the Authority's service area), (iii) the state register and (iv) the environmental notice bulletin.

a. Soliciting and Accepting Proposals

(i) For every procurement, a record shall be maintained ("Procurement Record") documenting the basis for all the decisions made by the Authority during the procurement process.

(ii) Except as otherwise provided in this Policy, the Authority shall select a competitive procurement process and document this process in the Procurement Record. The method of award, including the evaluation methodology, must be established prior to the opening of bids or proposals.

(iii) The solicitation shall prescribe the specifications or requirements that must be met in order to be considered responsive and shall describe and disclose the general manner in which the evaluations and selection shall be conducted.

(iv) The Authority may seek clarification from Proposers for purposes of assuring a full understanding as to responsiveness of the proposal to the procurement's specifications and/or requirements.

(v) The Authority may clarify the requirements set forth in the solicitation document.

(vi) The Authority may negotiate with one or more Proposers determined to be susceptible of being selected for contract award prior to award.

(vii) The Authority may conduct competitive negotiations. The Authority may, prior to making an award, request best and final offers from one or more Proposers determined to be susceptible of being selected for contract award.

(viii) The Authority may withdraw any pending solicitation at any time for cause or no cause. All proposals may be rejected. Where provided in the solicitation, separable portions of proposals may be rejected.

(ix) Prior to making an award of contract, based upon such criteria and factors as the Authority shall have established, the Authority shall make a determination of the responsiveness of each proposal and of the responsibility under State Finance Law of the selected Proposer(s).

(x) Except as may be provided for in the solicitation or as may be required by law, disclosure of the content of competing proposals received in response to a solicitation, or of any clarifications, modifications, revisions or supplements thereto, shall be prohibited prior to approval of the contract.

(xi) The solicitation shall prescribe the designated point(s) of contact for the Authority ("Designated Contacts"), consistent with the Authority's obligations under State Finance Law Sections 139-j and 139-k (as more fully set forth in Article II.F of this Policy), and shall require a Proposer to identify in its proposal a single point of contact. The solicitation shall prescribe that Proposer shall not communicate or make contact, as defined in State Finance Law Section 139-j(1)(c), (a "Contact") with anyone other than the Authority's Designated Contacts, except as authorized by State Finance Law Section 139-j (3). The solicitation shall further prescribe that all Contacts by a Proposer must be recorded and that impermissible Contacts may be grounds for finding the Proposer non-responsible and ineligible for a contract award. The solicitation shall require all Proposers to disclose prior findings of non-responsibility pursuant to State Finance Law Sections 139-j and 139-k. The solicitation shall include a summary of the policy and prohibitions regarding permissible contacts and shall also require a written affirmation by the Proposer as to its understanding of the Authority's procedures in accordance with the provisions of State Finance Law Section 139-j(3) and its agreement to comply.

b. Key Contractor Responsibilities

(i) Responsiveness to Solicitations
Contractors must respond to solicitations in accordance with the form, content, and submission deadlines prescribed by the Authority.

(ii) Demonstrated Responsibility and Reliability
Contractors are expected to demonstrate that they are responsible entities, which includes:
- Financial and organizational capacity
- Technical qualifications and experience
- A satisfactory record of performance and integrity

(iii) Compliance with Contractual Requirements
Once selected, contractors are responsible for:
- Performing in accordance with the scope, schedule, and cost terms of the agreement
- Meeting reporting, recordkeeping, and audit access requirements

(iv) Adherence to Legal and Ethical Standards
Contractors must comply with:
- All applicable laws, regulations, and public policies
- Non-collusive bidding certifications
- Anti-discrimination and EEO requirements

(v) Cooperation During Evaluation
Contractors must provide accurate information and cooperate during the evaluation of bids or proposals, including:
- Disclosing any conflicts of interest
- Providing references or financial data upon request

c. Letting of Procurement Contracts

(i) Selection and award of any Procurement Contract shall be made by the Authority in a manner consistent with the method of award established for the procurement. The award(s) and the basis for determining the award(s) shall be documented in the procurement record.

(ii) To the extent provided in the solicitation and determined to be in the best interests of the Authority, the Authority may elect to award a contract for

Services or Technology or an Electricity Contract to more than one responsive and responsible Proposer. When multiple contract awards are made, the selection of the contractor to provide the required services or technology shall be based on the most practical and economical alternative to the Authority at the time of purchase. The basis for determining the most practical and economical alternative shall be documented in the Procurement Record.

3. Waiver of Selection Procedures for Procurement Contracts

Except as may otherwise be required by law, Procurement Contracts (other than Electricity Contracts) may be awarded to Contractor without regard to Section B.1 of Article II when any of the following circumstances exist:

a. In the event of an emergency or other extraordinary circumstances including but not limited to i) a threat to: a) the health or safety of the public, b) Authority employees and any other workers, including contracted labor, operating, maintaining or otherwise performing services on the Authority's transmission and distribution system and/or related facilities; ii) those necessary to assure the proper functioning of the Authority's transmission and distribution system; iii) those necessary to adhere to schedule for completion of capital improvements and operation and maintenance projects wherein the failure to complete projects on time will result in lost revenue, penalties or unnecessary and unreasonable expenses or cost increases; and iv) storm restoration.

b. Only one source for the Goods, Services or Technology is available (sole source procurement).

c. Legal, professional, technical or other specialized services are required for which a certain person/firm has unique expertise, or has greatly superior qualifications to perform the service at a cost that is determined to be fair and reasonable (single source procurement).

d. The contract is based upon an unsolicited proposal or offer, submitted at the sole initiative of the Proposer, and involving unique, innovative, or unusually meritorious methods or ideas, after having considered other options.

e. The compatibility of Technology, equipment, accessories, or spare or replacement parts is the paramount consideration.

f. Technology or Services are required to extend or complement a prior procurement and it is impracticable or uneconomical to have a source other than the original source continue the work.

g. A sole or single supplier's item is needed for trial use or testing, or a proprietary item is sought for which there is only one source; or

h. The Procurement Contract (i) is (a) less than $50,000 for Goods, construction, Services or Technology; or (ii) involves an expenditure not exceeding $500,000 for the purchase of Goods or Services from New York State small business concerns or from those firms certified as Minority/Women Owned Business Enterprises (M/WBE) by the Department of Economic Development pursuant to Article 15A of the executive law, or for purchases of goods or technology that are recycled or remanufactured; or
(i) involves the purchase of goods or services using the terms and conditions and pricing contained in contracts awarded by any department, agency, officer, political subdivision, public authority or public corporation of New York State, including, but not limited to, the Office of General Services, the Federal government or any other governmental entity; or (iv) involves the purchase of goods or services using the terms and conditions and pricing contained in contracts let by any electric utility if it is unlikely that the Authority will achieve savings through a competitive procurement.

When a Procurement Contract is awarded pursuant to this Section B.2 of Article II of this Policy, the Authority shall make a determination that the specifications or requirements for said purchase have been designed in a fair and equitable manner. The Authority shall document in the procurement record the basis for a determination to purchase pursuant to this Section B.2 of Article II of the Policy.

4. Selection Procedures for Electricity Contracts

a. Electricity Contracts are not subject to Section B.1 of Article II if they are (i) entered into in accordance with rate schedules or tariffs filed with applicable federal or state regulatory agencies or adopted and maintained by the Authority, the Subsidiary or a public agency vendor not regulated by the Federal Energy Regulatory Commission, or (ii) subject to rates provided in rate schedules or tariffs regulated by the Federal Energy Regulatory Commission, or established by the Authority or a public agency vendor, and shall be awarded in accordance with such rate schedules and tariffs.

b. All other Electricity Contracts are subject to Section B.1 of Article II.

C. Minority and Women-Owned Business Enterprises

It is the policy of the Authority to foster and promote the participation of minority and women-owned business enterprises in Authority procurements, to develop such enterprises and to facilitate the awarding of a fair share of Procurement Contracts to such enterprises. In contracting, the Authority shall use its best efforts to give minority business enterprises and women-owned business enterprises an opportunity to compete for the Authority's business by eliminating barriers to participation by M/WBEs in Authority procurements. When adopting its annual goals for the participation of M/WBEs, the Authority shall consult the most recent disparity study published by the State of New York.

The Authority shall administer the rules and regulations promulgated by the Director of the Division of Minority and Women-Owned Business Development within the Department of Economic Development in a good faith effort to meet the maximum feasible portion of the Authority's adopted goals. The Authority hereby designates the Division of Minority and Women-Owned Business Development within the Department of Economic Development to certify and decertify minority and women-owned business enterprises.

1. The Authority hereby designates the General Counsel (or his or her designee) to oversee its M/WBE program.

2. The Authority shall maintain a list of qualified certified M/WBEs that have expressed an interest in doing business with the Authority and ensure that such list is regularly updated. To assist in developing such list, the Authority shall periodically invite the submission of statements of qualifications from minority business enterprises and women-owned businesses for the purpose of identifying firms having experience in the type of Goods, Services and Technology contracted for by the Authority or Subsidiary. The list shall also include all M/WBEs that have responded to Authority solicitations for bids and proposals and/or have inquired about notices of Authority procurements placed in the State's procurement opportunities newsletter.

3. When soliciting bids and proposals, in addition to publication in the State's procurement opportunities newsletter, the Authority shall (a) consult the Directory of certified M/WBEs maintained by the Department of Economic Development; (b) provide each bidder and proposer with a copy of said Directory; and (c), provide notice to professional and other organizations that serve minority and women-owned business enterprises providing the types of services procured by the Authority.

4. To foster the increased use of M/WBEs, the Authority may seek a single proposal not exceeding $500,000 in the aggregate, including all amendments, from a certified M/WBE that offers a reasonable price for such goods and/or services.

5. When provided for in the solicitation, bids and proposals shall be accepted from joint ventures between MWBEs and non-minority and women-owned business enterprises.

6. The Authority shall evaluate each contract to determine the goal for M/WBE participation in subcontracting opportunities based on the level of subcontracting needed and the

availability of certified M/WBEs to competitively respond to subcontracting opportunities. Each solicitation shall set forth the goal for M/WBE subcontracting opportunities. The Authority shall consider, where practicable, separating a single procurement into several for the purpose of maximizing M/WBE participation.

7. Where subcontracting goals are established for a Procurement Contract, the solicitation shall require that bidders and proposers submit a subcontractor utilization plan with the bid or proposal and which the Authority shall review as required. A contractor who is a certified M/WBE may count the work it performs toward meeting its goal for either minority or women participation, but not both.

8. In determining to award a contract, the Authority shall, where practicable, feasible and appropriate, assess the diversity practices of a bidder or proposer; provided, however, that a bid or proposal shall not be automatically rejected based on a lack of diversity practices.

9. The Authority shall verify M/WBE participation to the extent indicated in the bid or proposal selected for contract award.

10. Every procurement contract shall contain a provision expressly providing that any contractor who willfully and intentionally fails to comply with the M/WBE requirements imposed upon contractors by Article 15-A of the Executive Law shall be liable to the Authority for liquidated or other damages, as specified, and shall include other appropriate remedies on account of such non-compliance. The Authority shall consider compliance with the requirements of any federal law concerning opportunities for minority and women-owned business enterprises which effectuates the purpose of Article 15-A of the Executive Law.

11. The Authority may waive obligations of the contractor relating to minority and women-owned business enterprise participation only after a showing of good faith efforts to comply with the requirements of Article 15-A of the Executive Law pursuant to the waiver provisions contained in Subdivision 6 of Section 313 of the Executive Law.

12. Upon execution of a contract, the Authority shall post on its web site any required minority and women-owned business enterprise subcontractor utilization plans approved by the Authority within 30 days after such approval is granted.

13. The requirements of this section shall not apply to Electricity Contracts that meet the requirements of Section B.3(a) of Article II.

D. New York State Business Enterprises and New York Residents

It is the policy of the Authority to promote participation in Procurement Contracts by New York State business enterprises and New York residents, including without limitation, business enterprises located in the service area and residents of the service area, by encouraging them to compete through measures including, but not limited to:

1. Collecting and consulting the specifications of New York State business enterprises in developing any specifications for any Procurement Contract for the purchase of goods where possible, practicable, feasible, and consistent with open bidding, except for procurement contracts for which the Authority would be expending funds received from another state. The Authority will, where feasible, make use of the stock order specification forms prepared by the Commissioner of General Services and, where necessary, consult with the Commissioner of General Services in developing such specifications and make such determinations.

2. With the cooperation of the Department of Economic Development and through cooperative efforts with contractors, providing for the notification of New York State business enterprises of opportunities to participate as subcontractors and suppliers on Procurement Contracts in an amount estimated to be equal to or greater than one million dollars and promulgating procedures which will assure compliance by contractors with such notification. Once awarded the contract, contractors shall be required to document their efforts to encourage the participation of New York State business enterprises as subcontractors and suppliers on such Procurement Contracts. Documented efforts by a successful contractor shall consist of and be limited to showing that such contractor has (a) solicited bids, in a timely and adequate manner, from New York State business enterprises, including certified minority and women-owned businesses, or (b) contacted the New York State Department of Economic Development to obtain listings of New York State business enterprises, or (c) placed notices for subcontractors and suppliers in newspapers, journals, and other trade publications circulated in New York State, or (d) participated in bidder outreach conferences. If a contractor determines that New York State business enterprises are not available to participate on the contract as subcontractors or suppliers, the contractor shall provide a statement indicating the method by which such determination was made. If the contractor does not intend to use subcontractors on the contract, the contractor shall provide a statement verifying such intent.

3. Except for Procurement Contracts for which the Authority would be expending funds received from another state, including in all solicitations a statement that information concerning the availability of New York State subcontractors and suppliers is available from the New York State Department of Economic Development, including the directory of certified minority and women-owned businesses, and that it is the policy of the Authority to encourage the use of New York State subcontractors and suppliers and to promote the participation of minority and women-owned businesses, where possible, in the procurement of goods and services.

4. With the cooperation of the Community Services Division of the Department of Labor and through cooperative efforts with contractors, providing for the notification to New York State residents of employment opportunities arising in New York State out of Procurement Contracts in an amount estimated to be equal to or greater than one million dollars; and assuring compliance by contractors by requiring contractors to submit post-award compliance reports documenting their efforts to provide such

notification through listing any such positions with the Community Services Division or providing for such notification in such manner as is consistent with existing collective bargaining contracts or agreements.

5. Including in each solicitation a statement notifying potential Proposers in foreign countries that the Authority may assign or otherwise transfer offset credits created by such procurement contract to third parties located in New York State; providing for the assignment or other form of transfer of offset credits created by such procurement contracts, directly or indirectly, to third parties located in New York State, in accordance with the written directions of the Commissioner of Economic Development; and providing for the Authority otherwise to cooperate with the Department of Economic Development in efforts to get foreign countries to recognize offset credits assigned or transferred to third parties located in New York State created by such Procurement Contracts.

6. Each contract shall expressly obligate contractors to comply with the federal Equal Employment Opportunity Act of 1972 (Pub. L. 92-261), as amended.

As used in this section the terms "New York State business enterprise" and "New York resident" shall have the meaning assigned to such terms in Section 2879 of the PAL.

E. New York State Service-Disabled Veteran-Owned Businesses ("SDVOBs")

It is the policy of the Authority to promote participation in Procurement Contracts by SDVOB's including without limitation, SDVOB's located in the Authority's service area.

New York State has established an overall goal of 6% for contracting with SDVOB's and the Authority shall utilize its best efforts to assist the state in meeting these goals. In addition, the Authority shall utilize its best efforts to assist the Division of Service-Disabled Veterans' Business Development in the furtherance of these goals in accordance with their guidelines: http://www.ogs.ny.gov/Core/docs/Guidelines.pdf.

F. Restrictions on Procurement Lobbying

Pursuant to State Finance Law Sections139-j and 139-k, an Offerer (as defined in Section 139-j(1)(h)) is restricted to making Contact with the Authority's Designated Contacts only from the earliest solicitation of offers through final award and approval of procurement contracts (as defined in Section 139-j(1)(g)) by the Authority and, if applicable, Office of the State Comptroller ("Restricted Period") except as provided for in State Finance Law Section139-j(3)(a). When a Contact is received during the Restricted Period, Authority employees are required to obtain the name, address, telephone number, place of employment and occupation of the person or organization making the Contact and whether the person or organization was the Offerer or was retained, employed or designated by the Offerer to Contact the Authority about the procurement. If the Contact is received by Authority staff, trustee or consultant who is not a Designated Contact, the General Counsel, or designee, shall be notified who shall investigate the impermissible Contact.

If the General Counsel, or designee, determines that there is sufficient cause to believe that the Offerer violated the provisions of State Finance Law Section139-j(3), notice shall be given to the Offerer who shall have the opportunity to be heard. If it is determined that the impermissible Contact was knowing and willful, the Offerer is non-responsible and shall not be awarded a contract except as otherwise provided in State Finance Law Section139-j (10). In the event of two such findings within a 4-year period, the Offerer is debarred from participating in or receiving an Authority procurement contract, as defined by in Section 139-j(1)(g) for four years.

Proposers shall be provided with a summary of the Authority's policies and procedures regarding permissible contacts and shall affirm in writing its understanding and agreement to comply with the same. All contractors shall certify that information provided to the Authority pursuant to State Finance Law Sections 139-j and 139-k is true and accurate. All contracts shall include a provision that the contract may be terminated if the certification is found to be intentionally false or intentionally inaccurate.

G. Additional Certifications

It is the policy of the Authority to promote increased public confidence in its procurement practices, including requiring Proposers to certify in writing, upon submission of their proposals and at the time of execution of a contract with the Authority, the following:

1. Non-Collusion

   a. The prices in the bid or proposal have been arrived at independently, without collusion, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other Proposer or with any competitor.

   b. Unless otherwise required by law, the prices which have been quoted in the bid or proposal have not knowingly been disclosed by Proposer, and will not knowingly be disclosed by the Proposer prior to opening, directly or indirectly, to any other Proposer or to any competitor.

   c. No attempt has been made or will be made by the Proposer to induce any other person, partnership or corporation to submit or not submit a bid or proposal for the purpose of restricting competition.

Proposer shall make this certification under penalty of perjury, in accordance with Section 2878 of the PAL.

2. Contingent Fees

a. Proposer has not employed or retained and will not employ or retain any individual or entity for the purpose of soliciting or securing any Authority contract or any amendment or modification thereto pursuant to any agreement or understanding for receipt of any form of compensation which in whole or in part is contingent or dependent upon the award of any such contract or any amendment or modification thereto.

b. Proposer will not seek or be paid an additional fee that is contingent or dependent upon the completion of a transaction by the Authority provided however that this provision shall not apply to real estate brokers and other real property buyer/seller/lessor/lessee representatives engaged to act on behalf of the Authority.

A Proposer's failure to provide the certifications required by Sections G(1) and (2) of Article II will be grounds for disqualification from the procurement process.

A Proposer's violation of Section G(2)(a) or (b) of Article II will be grounds for disqualification from the procurement process.

H. Penalties

A Proposer's failure to comply with any of the provisions contained in this Policy is grounds for disqualification in the procurement process, and may constitute a crime under State or Federal Law.

I. Conduct of Procurements; Approval Process for Contracts

1. All procurements shall be conducted in accordance with this Policy by the responsible Procuring Staff.

2. The award of Procurement Contracts for Services, including those Procurement Contracts awarded without regard to Section B.1 of Article II, shall be approved as follows:

a. Procurement Contracts for Services having a value less than or equal to $1,000,000 shall be approved by the responsible Procurement Staff and either the Chief Financial Officer or the Chief Executive Officer.

b. Procurement Contracts for Services having a value greater than $1,000,000 and/or to be rendered over a period in excess of one year (regardless of the value) shall be approved by the Authority Board of Trustees, provided that, when time constraints or emergency conditions require, the Chief Executive Officer is authorized to execute such Procurement Contracts, which will be subject to the Trustees' approval to be solicited at their next scheduled Trustee

meeting.

3. The award of Procurement Contracts for Goods or Technology, including those Procurement Contracts awarded without regard to Section B.1 of Article II, shall be approved as follows:

   a. Procurement Contracts for Goods or Technology having a value less than $1,000,000 shall be approved by the responsible Procurement Staff and either the Chief Financial Officer or the Chief Executive Officer.

   b. Procurement Contracts for Goods or Technology having a value equal to or greater than $1,000,000 and/or to be rendered over a period in excess of one year (regardless of the value) shall be approved by the Authority Board of Trustees, provided that, when time constraints or emergency conditions require, the Chief Executive Officer is authorized to execute such Procurement Contracts, which will be subject to the Trustees' approval to be solicited at their next scheduled Trustee meeting.

   c. **Contracts valued at $5,000 or less**
   Contracts or amendments to Contracts valued at less than $5,000 may be executed by any LIPA employee at the Manager level or higher.

   d. **Contracts valued less than $50,000**
   Contracts or amendments to Contracts valued at less than $50,000 may be executed by any LIPA Officer.

   e. **Contracts valued between $50,000 - $999,999.99 –**
   Contracts or amendments to Contracts valued between $50,000 - $999,999.99 may be executed by any LIPA Officer.

   f. **Contracts valued at $1,000,000 or more – Contract Execution Authorization Cover Sheet required**
   Contracts or amendments to Contracts valued at $1,000,000 or more may be executed by the Chief Executive Officer, or by another Officer only with the express, written pre-approval of the Chief Executive Officer, or as otherwise authorized by the LIPA Board of Trustees, provided that, when time constraints or emergency conditions require, the Chief Executive Officer is authorized to execute such Procurement Contracts, which will be subject to the Trustees' approval to be solicited at their next scheduled Trustee meeting.

   g. **Purchase orders valued at less than $50,000**
   Purchase orders valued at less than $50,000 may be executed by any LIPA Officer.

   h. **Purchase orders valued between $50,000 - $999,999.99**

Purchase orders valued between $50,000 - $999,999.99 must be executed by a LIPA Officer and a Procurement Director.

i. **Purchase orders valued at $1,000,000.00 or more**
Purchase orders valued at $1,000,000.00 or more must be executed by a LIPA Officer, Procurement Director, and LIPA's Chief Executive Officer.

j. **Contracts executed by other LIPA personnel**
Other than as described above, other LIPA personnel may execute Contracts or amendments to Contracts, regardless of value, only with the prior written approval of the Chief Executive Officer.

k. **Board Approval**
Contracts valued at $1 million or more or that have a term of more than one year require approval by the LIPA Board of Trustees. This requirement applies specifically to Procurement Contracts by the LIPA Procurement Guidelines and LIPA Procurement Policy, but should be reviewed for all LIPA Contracts as a best practice to determine its applicability. Certain non-Procurement Contracts that have a term of more than one year, such as Memorandum of Understandings or Non-Disclosure Agreements, may be exempt from this requirement but should be evaluated on a case-by-case basis.

l. **AG/OSC Approval**
Contracts for goods and services valued at $50,000 or more require approval by the New York State Attorney General's Office and Office of the New York State Comptroller. (See New York State Finance Law § 112)

4. The award of Electricity Contracts shall be approved as follows:

a. Electricity Contracts having a term greater than 60 months shall be approved by the Authority Board of Trustees, provided that, when time constraints or emergency conditions require, the Chief Executive Officer is authorized to execute such Electricity Contracts, which will be subject to the Trustees' approval to be solicited at their next scheduled Trustee meeting.

b. All other Electricity Contracts shall be approved by the responsible Procurement Staff, and either the Chief Financial Officer or the Chief Executive Officer, unless Board approval is otherwise required by applicable law, including to comply with the State Environmental Quality Review Act, provided that, when time constraints or emergency conditions require, the Chief Executive Officer is authorized to execute such Electricity Contracts, which will be subject to the Trustees' approval to be solicited at their next scheduled Trustee meeting.

5. Procurement Contracts in an amount greater than $50,000 shall not be valid, effective or binding upon the Authority until approved by the State Comptroller and filed in that office.

J. Employment of Former Officers and Employees

To the extent permitted by Public Officers Law Section 73, former Authority officers and employees are eligible to be considered to be retained as contractors and/or consultants, provided that they meet all criteria for contractors and/or consultants generally as specified in this Policy and upon the approval of the Trustees.

K. Types of Provisions to be Contained in Procurement Contracts

The following types of provisions shall be contained in all Authority procurement contracts, unless one or more such provision is inapplicable and/or unnecessary based on the nature and/or duration of the contract or any other circumstance that the Authority deems to be in its interest.

1. Description/Scope of Work
2. Term
3. Compensation
4. Relation between the Contractor and the Authority, including Supervision of Work, Use of Subcontractors, Conflict of Interest and Use of Authority Supplies, Facilities and Personnel
5. Ownership, Maintenance, Confidentiality and Other Provisions Related to Documents and Records
6. Termination
7. Provisions Required by Federal, State and Local Law
8. Warranty, Indemnity, Contingent Fee and Other Standard Provisions
9. Billing Policy
10. Insurance
11. The percentage of minority and women-owned subcontracting goals
12. The percentage of New York State Service-Disabled Veteran-Owned Business (SDVOB) subcontracting goals
13. Notice, Service of Process and Other Miscellaneous Provisions

III. GENERAL

A. Implementation of Guidelines

The Chief Executive Officer, Chief Financial Officer and/or General Counsel are empowered to prepare:

1. Such supplemental procedures as may be required to effectively implement this Policy, copies of which shall be provided to the Trustees; and

2. Proposed amendments to this Policy for approval by the Authority Board of Trustees

when and as required.

B. Reports

Procurement Staff stall prepare and maintain the following reports:

1.1. Annual MWBE Goal Plan

Under Article 15-A of the New York State Executive Law, LIPA must submit an Annual MWBE Goal Plan to the Empire State Development Board no later than January 15th of each year. The plan must outline MWBE participation goals for procurement, describe implementation strategies, and include outreach, monitoring, and compliance measures.

1.2. Annual SDVOB Goal Plan

Pursuant to Article 17-B of the New York State Executive Law, LIPA must submit an Annual SDVOB Goal Plan with a minimum 6% participation goal, to the Office of General Services no later than January 15th of each year. The plan must include strategies for increasing SDVOB participation, appoint an SDVOB liaison, and outline compliance and outreach efforts.

1.3. Annual PARIS Report

The Authority is required to submit its annual Procurement Report within 90 days of the year end through the Public Authorities Reporting Information System (PARIS). The report includes, but is not limited to, the following topics:

- Procurement Transactions
- Award Process
- Non-Contract / Non-PO Purchases
- Procurement Guidelines
- Minority and Women Owned Business Enterprise Procurements

Details on reporting requirements are located in the PARIS Handbook

(ny.gov) LIPA Accounting Staff generate the Cash Outflow Report from

the Authority's
financial system. Contract spend information is also exported from SharePoint and reviewed for reasonableness by Accounting and Procurement by contract number.

This information is reported on the Public Authorities Reporting Information System (PARIS) annual procurement report and posted to LIPA's public facing website.

These guidelines shall be annually reviewed and approved by the Authority.

C. Effect of Awarded Contracts

These Guidelines are intended for the guidance of the officers and employees of the Authority and the Subsidiary only. Nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof, or be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement made or entered into in violation of, or without compliance with, this Policy.

Board Policy:	**Interest Rate Exchange Agreements**
Policy Type:	**Compliance Policies**
Monitored by:	**Finance and Audit Committee**
Board Resolution:	**#1353, approved March 29, 2017**
	#1539, amended June 24, 2020

Board Policy on Interest Rate Exchange Agreements

It is the policy of the Long Island Power Authority ("LIPA") to properly manage the interest rate risks associated with its assets and debt portfolio.

This Policy authorizes LIPA to enter into interest rate exchange agreements if LIPA's Power Supply Risk Management Committee ("PRMC") has made a determination that such agreements meet one or more of the following objectives. Such agreements must:

- manage LIPA's exposure to interest rates on a particular financial transaction, or in the context of LIPA's overall debt and asset portfolios;
- reduce borrowing costs or increase earnings relative to traditional financing or investment alternatives.

In no event shall an agreement be for speculative purposes. The PRMC will consider and document the associated risks of the agreement, including LIPA's exposure to counterparty risk, termination risk, basis risk, tax-event or tax-basis risk, mismatched amortization, and rollover risk. Additionally, the PRMC will confirm that:

- the agreement meets LIPA's administrative, procurement, and documentation requirements;
- accounting for the agreement considers Generally Accepted Accounting Standards;
- counterparties comply with LIPA's counterparty selection criteria and are eligible counterparties;
- the agreement will be executed consistent with LIPA's internal policies relating to contract execution authorization;
- the agreement will comply with the Dodd-Frank Act and other regulatory requirements; and
- the agreement is based on the ISDA Master Agreement, with a related Confirmation and Credit Support Annex.

The PRMC shall monitor and provide appropriate reporting to the Finance and Audit Committee of the Board of Trustees on the following on no less than a quarterly basis:

- status of individual agreements in effect, including notional amount, rates, terms, bases employed, and the rating of counterparties or insurers;
- payments received or paid, and interest accrued or receivable;

- credit terms within ISDA documentation, such as ratings-based termination events or collateral posting requirement;
- credit ratings and outlooks for counterparties;
- relevant measures of interest rate and valuation sensitivity for transactions;
- mark-to-market evaluations by individual agreement and collateralization, is posted by either party.