

ECONOMIC DEVELOPMENT

and

ENERGY COMMITTEE

of the

SUFFOLK COUNTY LEGISLATURE

Minutes

A regular meeting of the Economic Development and Energy Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York, on Wednesday, September 4, 2013.

MEMBERS PRESENT:

Legislator Wayne Horsley - Chairman/Deputy Presiding Officer
Legislator Lou D'Amaro - Vice-Chair
Legislator Thomas Cilmi
Legislator Kara Hahn
Legislator Stern
Legislator Lynne Nowick

ALSO IN ATTENDANCE:

Renee Ortiz - Assistant Deputy Clerk
George Nolan - Counsel to the Legislature
Sarah Simpson - Assistant Counsel to the Legislature
Michael Pitcher - Aide to P.O. Lindsay
Claire Mangelli - Aide to Chairman Horsley
Justin Littell - Aide to Legislator D'Amaro
Debbie Harris - Aide to Legislator Stern
Greg Moran - Aide to Legislator Nowick
Robert Lipp - Deputy Director, Budget Review Office
Sharen Wagner - Budget Review Office
Carolyn Fahey - Intergovernmental Relations Coordinator
Rick Brand - Newsday
All other interested parties

MINUTES TAKEN AND TRANSCRIBED BY:

Gabrielle Severs - Court Stenographer

*(*The meeting was called to order at 1:01 p.m. *)*

CHAIRMAN HORSLEY:

Good afternoon, everybody. Welcome to the September 3 Economic Development and Energy Committee. May we all please stand for the pledge.

*(*Salutation*)*

May we all stand for a moment of silence for those men and women who protect our freedoms both home and abroad.

*(*Moment of Silence Observed*)*

All righty. Again, good afternoon and welcome. We have -- I don't have any cards. Is that true; we good?

MR. SHILLING:

No cards.

CHAIRMAN HORSLEY:

Okay. We don't have any cards. By special request of several of the members, or at least one of the members, of the committee, we'd like to do the introductory resolutions first because of different engagements we have to make. So why don't we move directly to the agenda, and then I will introduce Mr. McMahon from LIPA.

1635, Carolyn, did you want to -- yeah, why don't you just come on up particularly -- on that particular one. The lease itself is a renewal?

MS. FAHEY:

Yes, Mr. Chair, it's a renewal. The 10-month gives an encumberment. It's a dredging company. They have leased about two and a half acres at Gabreksi since 1979, and it builds in a two and a half percent increase each year.

CHAIRMAN HORSLEY:

Okay. Any questions on this? I'll make a motion to approve. Second by Legislator D'Amaro. All in favor? Opposed? Abstentions? So moved.

IR 1646, Accepting and appropriating \$100,000 in grant funding from New York State for the Path Through History Heritage Tourism initiative (County Executive). Again, Carolyn, is there anything we should know about this?

MS. FAHEY:

I'm sure you're all familiar with the Regional Economic Development Councils that Governor Cuomo had put together that helped to sift through and recommend major regionally-significant projects for the community for the bi-county region. Last year, the governor put aside a million dollars, a hundred thousand dollars for each of those 10 economic development communities to create a Path Through History Program that highlights our historical and cultural assets. The regional council created an advisory working group, which made a recommendation to the regional council, then forwarded to the governor for Long Island's Path Through History program, which will highlight all of our gold coasts and all of our historical and cultural assets. The Department of Economic Development had agreed and offered to be the administrator of this by county regional grant. What

you have in front of you is the appropriating of the -- the accepting of the \$100,000 grant and appropriating of \$90,000 of that. The balance of 10,000 is going to support existing staff salary.

CHAIRMAN HORSLEY:

Okay. Thank you very much, Carolyn. Let me ask you just quickly do you know if this grant comes through state parks or through economic development, the Empire...

MS. FAHEY:

It's through Empire State Development.

CHAIRMAN HORSLEY:

Good.

MS. FAHEY:

Nice try.

CHAIRMAN HORSLEY:

George, I'm in the clear on this?

*(*Laughter*)*

Okay. With that in mind, would someone like to make a motion? Motion by Legislator D'Amaro. Second by Legislator Hahn.

LEG. CILMI:

On the motion, Mr. Chairman.

CHAIRMAN HORSLEY:

On the motion.

LEG. CILMI:

Carolyn, could you just explain to us exactly how the 90,000 is going to be spent and on what existing staff the 10,000 will be spent?

MS. FAHEY:

Well, the 10,000 will go to cover staff for Michelle Isabelle Stark, who is going to coordinate the program for the bi-county region. Michelle sat on that working committee that the Regional Economic Development Council created. Fifty thousand dollars of that 90, you'll see in the resolution; \$90,000 is being appropriated into 4560 account; \$50,000 of that will go towards the creation of a video that will then be put online and be used for all types of advertising; and then 15,000 is for a public relations marketing campaign. We're RFP'ing for both of those services. \$40,000 is designated to go to the Long Island Visitors and Conventions Bureau through our department to assist in the creation of a micro-website for the Path Through History initiative. \$35,000 is what it costs in years past to create micro-websites off of the LICVB's current website. They have a very in-depth website for all of our cultural and historical sites. We're going to build off of that and create a niche site. The cost of that niche site is 35,000. We're in the process of requesting a waiver in order to increase the LICVB's contract in order to incorporate that 35,000; and then \$5,000 more is for collateral material built off of that niche website.

LEG. CILMI:

Okay. So thank you for that explanation. If you could just very quickly summarize again, 35,000 for a website through LICVB and --

MS. FAHEY:

5,000 for collateral material through the LICVB.

LEG. CILMI:

All right.

MS. FAHEY:

35,000 for the video.

LEG. CILMI:

Right. Who's doing the video?

MS. FAHEY:

We're RFP'ing. We have an RFP ready to go out on that.

LEG. CILMI:

And what will the video be about?

MS. FAHEY:

Our cultural and historical assets, you know, basically inviting people to come explore and visit all of those sites.

LEG. CILMI:

Okay. So promoting all of our cultural and historical assets here.

MR. FAHEY:

Right. And then \$15,000 for media campaign, social media ads, in order to advertise and market in that region.

LEG. CILMI:

And that's being RFPed as well?

MS. FAHEY:

Correct.

LEG. CILMI:

And you said this was a bi-county project, so the money that we're receiving and the efforts that you're speaking of will include Suffolk County and Nassau County.

MS. FAHEY:

Correct.

LEG. CILMI:

It's just that we're managing it through Suffolk County.

MS. FAHEY:

Correct.

LEG. CILMI:

Okay. I mean, I have a number of concerns which I'll address with you offline, the biggest of which is spending \$35,000 on a micro-website. Having been in the graphics business and having some experience with web development, that's excessive.

MS. FAHEY:

Well, it's what it's cost the LICVB in the past to create the cultural-niche website and the fishing-niche website, so we're going off of their cost from prior. Maybe Moke can speak to that.

LEG. CILMI:

Well, it's unfortunate that we spent that much money in the past or that the LICVB spent that much money in the past, unless there's something additional to the costs that provides some additional value other than the development of the website itself because the development of the website itself shouldn't cost anywhere near that kind of money.

MR. MCGOWAN:

Having, likewise, developed a number of websites in the last couple of decades almost, I agree with you. You can buy off the shelf a very inexpensive website development kit these days. So much of it depends on, A, the amount of interactivity that you have on that site, the amount of, for lack of better terminology, engagement that you want a visitor to participate in or assist in. Whether it's the mapping systems, whether it is providing a fair amount of content and things of that nature, plus the infrastructure. The reason we're building it off of ours is we have, if you will, the existing database of information to populate the site. It is, as Michelle indicated, very indicative of the quality of sites and the quality of online presence that we have provided through our other microsities and major sites. Likewise, a good portion of this comes with search engine optimization of your webpages and the content on those pages, and that's a fairly significant cost these days. It's all included in the building of the site, but it could be easily separate from the site. It gets you the notification, essentially, the higher level of identity by search engines, and that's a primary concern.

LEG. CILMI:

Moke, with all due respect, that's -- I mean, that's just -- you're beginning -- I understand the search engine optimization part of it. There's certainly some cost associated with that. It's not substantial when you're looking at a \$35,000 expense, and the design of the website -- I'm not talking about, you know, off-the-shelf web design packages. I'm talking about custom-built websites. Unless you're doing some remarkable things with that website, there's no way it should cost that much money. So I would say to Carolyn that maybe we should -- maybe we should RFP that portion of it as well because I'm sure there are many web developers here in Suffolk County that could design that type of site much less expensively, and then we could use the money that we're getting -- this is grant money, anyway -- we can use it towards more productive --

MS. FAHEY:

I need to speak to Moke, so if we could talk offline on this --

LEG. CILMI:

Sure.

MS. FAHEY:

-- only because I need to understand about where the costs came from other than the historical of preparing the prior-to niche sites that they prepared.

LEG. CILMI:

And, you know, take into consideration as you're doing that if the framework of the structure, the technical structure of LICVB website and the microsities that they currently host is already in place, that's like 70 percent of the cost battle. The rest of it is just associated with designing what's call the "skins" or the actual graphics that appear on the site itself, and that's relatively inexpensive. So you could probably do it for less than \$10,000, custom designed with plenty of interactivity. So my

question, I guess, then, to Counsel would be if we approve this today, what latitude does the administration have in terms of, you know, designating the LICVB as the organization that's going to manage the development of this website?

MR. NOLAN:

It will have broad latitude. The resolution gives them the authority to execute any necessary contracts, agreements they need to carry out the resolution.

LEG. CILMI:

Okay. Well --

MS. FAHEY:

If I could, Legislator. But we would have, Counsel, two options: either, one, to request the RFP through the RFP waiver committee and/or RFP to a separate entity. So the resolution doesn't direct us to contract with the LICVB, it just appropriates the funding. So we would have those two options; correct, Counsel?

MR. NOLAN:

Right, or you could proceed with the plan you presented to us today. You could contract with LICVB directly.

LEG. CILMI:

Well, I'm uncomfortable with that amount of latitude, so I'll make a motion to table pending further discussions with you, Carolyn, and Moke as well.

CHAIRMAN HORSLEY:

Carolyn, quickly on that, what is the timeline on this?

MS. FAHEY:

We're running short. You know, your legislative schedule this summer was a little tight. We need to expend these funds by February of next year, and if we need to go through the RFP process and get those things up and running, I guess one cycle isn't going to kill us if we could work things out in the interim.

CHAIRMAN HORSLEY:

Legislator D'Amaro.

LEG. D'AMARO:

Thank you. Legislator Cilmi, I appreciate your comments as well. But if we pass this bill by next Thursday, we don't meet 'til Thursday, so is this something that could be worked out in that short period of time if we discharge this?

MS. FAHEY:

I believe so.

LEG. CILMI:

I mean, I just don't feel comfortable with it. Maybe it can be worked out, but I don't want to pass it today and kind of hope that it'll be worked out. If we expend the money by February, we'd certainly -- it gives us plenty of time. I would like some reassurances that we're going to do our due diligence in terms of spending -- you know, let's face it: It may not be county money, but it's taxpayer money, so let's make sure we're spending it wisely.

LEG. D'AMARO:

I'm inclined to pass it, and then if you want to revisit any particular expenditure, that's fine. I think we're all on the same page that we want to get, spend any funding, any funding -- taxpayer funding and get the most value for our dollar so...but nonetheless, this is a grant coming -- all this does is appropriate or authorize the acceptance of the grant. This is not going to lock in any type of spending. That's still open for discussion.

MS. FAHEY:

It's open to standard operating procedure. If we're going to RFP, we would have to follow the SOPs and County law with regards to contracting out.

LEG. D'AMARO:

Right. Legislator Cilmi, I agree with you that it should be discussed further, I do, but I don't see a reason to hold this bill -- I think you'll have a legitimate discussion whether we pass this bill or not is my point. So I'm comfortable with approving it, and I'll offer a motion to approve.

CHAIRMAN HORSLEY:

I think we already have a motion to approve, yep, motion and a second.

LEG. D'AMARO:

Oh, I'm sorry.

CHAIRMAN HORSLEY:

We only have one tabling motion at this point. Is there a second on the tabling?

LEG. NOWICK:

I'll second tabling.

CHAIRMAN HORSLEY:

Okay. Legislator Nowick seconds on the tabling. All good? Anybody have further questions? Okay. Tabling motion goes first. All those in favor of tabling? Two. Motion fails. Opposed? All those in favor, motion to approve? Opposed? Okay. The motion is **approved**. **(VOTE: 4-2-0-0, Opposed: Cilmi, Nowick)**

LEG. CILMI:

Carolyn, I'd be happy to discuss this with you over the next couple of days, and maybe we can come to some conclusions by next week's meeting and we don't have to make this a big deal.

MS. FAHEY:

Sounds good.

CHAIRMAN HORSLEY:

All righty. Let's move along. We have the second page here.

1680, Reappoint Susan Gatti to the Suffolk County Motion Picture/Television Film Commission (County Executive).

This is a reappointment. Is Susan here? Susan? I know she doesn't have to be; I just wanted to know.

MS. FAHEY:

Right. We haven't asked any of the reappointments to appear.

CHAIRMAN HORSLEY:

That's fine. Are any of them here so I don't have to deal with that?

MS. FAHEY:

No.

CHAIRMAN HORSLEY:

Very good. We're good. I'll make a motion to approve Susan Gatti to the Motion Picture/Television Film Commission.

LEG. D'AMARO:

Second.

CHAIRMAN HORSLEY:

Second by Legislator D'Amaro. All those in favor? Opposed? So moved. **Approved (Vote: 6-0-0-0)**

IR 1681, Reappoint Lenny Stucker to the Suffolk County Motion Picture/Television Film Commission (County Executive). Same motion, same second. Everybody good with that? All those in favor? Opposed? So moved. **Approved (Vote: 6-0-0-0).**

If anyone wants to chime in, let me know if they want to nominate any of these peoples.

1682, Reappoint Greg Pace to the Suffolk County Motion Picture/Television Film Commission (County Executive). Same motion, same second. All those in favor? Opposed? So moved. **Approved (Vote: 6-0-0-0).**

1683, Reappoint Dylan Skolnick to the Suffolk County Motion Picture/Television Film Commission (County Executive). Same motion, same second. All those in favor? Opposed? So moved. **Approved (Vote: 6-0-0-0).**

IR 1684, Reappoint Robert Beuka to the Suffolk County Motion Picture/Television Film Commission (County Executive). Same motion, same second. All those in favor? Opposed? So moved. **Approved (Vote: 6-0-0-0).**

IR 1686, Reappoint Naomi Hogarty to the Suffolk County Motion Picture/Television Film Commission (County Executive). Same motion, same second. All those in favor? Opposed? So moved. **Approved (Vote: 6-0-0-0).**

IR 1687, Reappointing Campbell Dalglish to the Suffolk County Motion Picture/Television Film Commission (County Executive). Same motion, same second. All those in favor? Opposed? So moved. **Approved (Vote: 6-0-0-0).**

IR 1688, Reappointing Steven Taub to the Suffolk County Motion Picture/Television Film Commission (County Executive). Same motion, same second. All those in favor? Opposed? So moved. **Approved (Vote: 6-0-0-0).**

IR 1689, Reappointing Gregory Schimizzi to the Suffolk County Motion Picture/Television Film Commission (County Executive, Cosponsor: Schneiderman). Same motion, same second. All those in favor? Opposed? So moved. **Approved (Vote: 6-0-0-0).**

Okay. That concludes the IRs that are on our agenda. We'll move to our presentations.

All right. The first gentleman I'd like to produce is Mr. John McMahon, the chief operating officer of LIPA. John, do you want to either do it there or sit up front? John, by the way, when he was appointed came to visit me, and I appreciated that, in the wilds of Lindenhurst showed up one day just to say hello, and that was a good day, and I appreciate John having done that.

John was appointing chief operating officer of LIPA in April of 2013. He has over 37 years of utility experience, including having serving in various positions at Consolidated Ed. Mr. McMahon serves on various boards, including the New York Law School and the Fresh Air Fund. Mr. McMahon holds degrees from Manhattan College and the New York Law School and completed the advance management programs at Wharton Business School as well as Harvard Business School.

Before I introduce John to -- just to say hello and tell us a little bit about how LIPA is doing and whatever, I also want you to know that Matt Cordero, trustee on the LIPA board, is in the audience and we welcome Matt as well.

John, welcome.

MR. MCMAHON:

We have the same microphones at LIPA. I should know how to operate them. But thank you for your interest and allowing me to come say hello this afternoon. I will be brief in my remarks.

I thought I would make three observations. I've been at LIPA for four plus months. What are my three highlights of those four plus months at LIPA? Number one is discovering the utility literacy on Long Island. Everybody seems to know electric utility 101 and 201 and is very conversant in current utility issues. The second highlight has been the summer operating experience of the LIPA system on Long Island. You'll recall in July, we had record hot weather and New York State set a new all-time usage peak, a peak load in New York State. We experienced three of our top 10, all-time peaks on Long Island. And the third is the enactment of the LIPA Reform Act in Albany that really is reshaping LIPA as we know it as we speak.

So just to go back to the summer experience, I think everybody can be heartened to know that the system performed extremely well during that very stressful time on the system, and it really is a testament to the investment that has been made in the utility over decades and the design by the engineers of the system that proved its worth. When I first got up here, I spent an afternoon with the National Grid engineers who planned the system, a bunch of mathematical wonks, economists, and it really was -- it's just a great experience to sit with such caring and thoughtful people who really study every element of electric supply on Long Island, so that was good.

Something we see today in Newsday on the first page about the -- today, this month, in September, we'll be paying the bills for the cost of the high-cost generating units that operated during that heat wave, they did supply reliability extremely well, but that also results in a cost of electricity and that's reflected in the September bills.

I wanted to spend a minute talking about the LIPA Reform Act. What the LIPA Reform Act did was really reconstitute the LIPA board. It will be a smaller board beginning December 1 of this year, down to nine people. Nine people will still be appointed by the Albany leadership and will be required to meet experience tests, utility, business, financial experience. The LIPA staff, we currently have about 92 people on board at LIPA. That will be downsized to the minimum necessary to operate a smaller scope of LIPA, and that could be, say, between 30 and 50 people beginning January 1. And we are -- another element of the LIPA Reform Act was securitization where LIPA has the opportunity to securitize LIPA debt, and that will change from the rating on the debt that

LIPA has now to a triple A rating and save Long Island customers money. That was part of the LIPA Reform Act.

So currently the second element of the LIPA Reform Act is introduction of the Department of Public Service as a regulator -- regulatory authority on Long Island. They are -- the Public Service Commission of the State of New York is the long, century-old utility commissioner, regulates investor-owned utilities. They will have a significant regulatory presence on Long Island overseeing and issuing recommendations with respect to LIPA and the rates that LIPA charge. It'll have jurisdiction to make recommendations over the rates that LIPA charges, review storm planning, do management audits, oversee -- make recommendations with respect to customer complaints, energy efficiency and renewable resources.

The third element of this changeover in LIPA that will take effect the first of this year is the introduction of Public Service Electric and Gas of Long Island. They are the New Jersey utility who'll be coming out to Long Island to step in as the operator of the utility, and it's important to know the brand name of the utility. So LIPA will, in effect, shrink from the public eye and the brand name of the utility provider will be Public Service of Long Island. They have an excellent reputation, and I have every expectation they will hit the ground running come January 1st. So that really concludes my remarks. I would be happy to respond to any areas of interest that you have, and thank you.

CHAIRMAN HORSLEY:

John, thank you very much, and I appreciate it,, and you were brief and that's appreciated. I have a couple quick questions, and I could be here all day asking you questions, but I'm not, but I do have several that I think is on the minds of a lot of folks. One is the status of the IRS approval of the new PSE&G leadership. Are they going to approve the municipal bonding for the PSE&G reletting of our bonds? Where are we at with that?

MR. MCMAHON:

IRS approval of this new framework in terms of the continued tax exempt status and LIPA bonds is a critical part of this framework. We are -- it is subject to IRS approval, and we expect to obtain that before January 1, before the new agreement takes effect.

CHAIRMAN HORSLEY:

Are they coming to you for that information, doing their due diligence?

MR. MCMAHON:

LIPA is the applicant seeking --

CHAIRMAN HORSLEY:

Right. I guess that's the question, yeah.

MR. MCMAHON:

We have met with the IRS on a preliminary basis, and we'll continue to discuss with them and supply them with the information they need to make that determination.

CHAIRMAN HORSLEY:

So you feel good about it?

MR. MCMAHON:

I feel okay about it. The one important part of this is there was -- there is a preexisting agreement with public service to move in on January 1, which has already been approved by the IRS, so they are moving in whether under that slightly different regime or under the new regime where they

would take the brand name. But we feel confident we will get the IRS approval.

CHAIRMAN HORSLEY:

That's great. I'm glad to hear that. I know that's on the minds of many of us that that moves forward 'cause that's the lynchpin of making this thing work. The other thing is you guys had put out a -- for bid when LIPA was the big LIPA for new power suppliers, and you apparently are leaning to -- at least that's the impression I get -- to Caithness too. Does that hold true for once we go over to PSE&G? Is that going to move forward that we're going to be looking at Caithness too, or are we looking at re-powering? We'd go back to square one? Where are we at with that issue?

MR. MCMAHON:

Mr. Chairman, the power supply is critical and witnessed the importance in July. We had that heat wave and registered peak usage. You don't want customers to be without power. Back in 2001, Long Island faced a crisis and came very near having the system crash with inadequate supply, so we have been pushing forward with our reliability planning and have concluded firmly that it's important irrespective of who is overseeing the system, that that reliability planning process needs to proceed because it literally takes decades in advance planning, and you can't say, Well, next year, somebody else will be making the decision. So you're correct. LIPA management went to the LIPA board and recommended that we select Caithness as a finalist to supply the next tranche of new supply on Long Island, and we think that's the right decision to make, and we think that process will continue with this change in regime.

CHAIRMAN HORSLEY:

You answered my question. That was good, John. Legislator D'Amaro.

LEG. D'AMARO:

Thank you, and thank you for being here today. I appreciate it.

MR. MCMAHON:

My pleasure.

LEG. D'AMARO:

You know, it's, I think, in the minds of many utility users, electric users, it's a little confusing as to we still have LIPA; it's a smaller governing board going down to nine members; you are the chief operating officer of the LIPA company, which is now, I guess, relying on PSE&G, is it?

MR. MCMAHON:

Yes, sir.

LEG. D'AMARO:

Come December 1 to be out in the field, so to speak.

MR. MCMAHON:

Yes.

LEG. D'AMARO:

Is that accurate? Okay. So my question to you is -- and we all hope for success with that change and, you know, want that to be implemented with a smooth transition. But my question is when you go to things like storm-planning and customer service and rates, where does the accountability run in this new scenario? Who's accountable when a storm hits, and we all hope it doesn't, but if it does, we hope the response is as best as we can do, but if it's not, where does the accountability run with this new reform legislation that's put in place?

MR. MCMAHON:

So I talked to the -- Dave Daly, who will be the chief officer for Public Service Long Island from -- last week and talked about storm preparation, and I was very impressed that Mr. Daly has gone out to the DPW yards of every town on Long Island, and he is of the firm belief that that's really where that essential coordination, really, the rubber meets the road in terms of aligning the utility response with the municipal response and preparing that coordination.

So where is the accountability? Public Service is charged with utility operation, so they are accountable for adequate response to emergencies, including storm response. The Long Island Power Authority will have oversight responsibility, and that oversight responsibility means me, and I may not be -- my title may not be "chief operating" anymore, because I won't be an operator; I might be executive director. But it requires me to oversee what they are doing and really to, more or less, get in their shorts to make sure everything is going along. They are operating, I am overseeing, and I think it has to be a robust oversight to make sure this works.

LEG. D'AMARO:

Now, Public Service of Long Island, that's the new entity?

MR. MCMAHON:

Yes, sir.

CHAIRMAN D'AMARO:

And that is what you will see as far as on the trucks and the branding of the utility on Long Island will now be known as PSLI, I guess, or what do you call it?

MR. MCMAHON:

It might be PSEGLI.

LEG. D'AMARO:

PSEGLI.

MR. MCMAHON:

Somebody said "SEGLI" the other day; I don't know how that'll all come out.

LEG. D'AMARO:

PSEGLI; okay, we're up to six letters. So beginning December 1, that company has now been put in place to do all of the operations of the -- all utility operations, which LIPA had done in the past.

MR. MCMAHON:

January 1, but yes.

LEG. D'AMARO:

January 1. Okay. All right. And what's the level of oversight that you expect from LIPA? What's the interplay between this new entity and the LIPA board?

MR. MCMAHON:

So the LIPA board will approve rates, all rates, they will approve?

LEG. D'AMARO:

So LIPA board still has ratemaking authority?

MR. MCMAHON:

Yes, and again it's a three --

LEG. D'AMARO:

So isn't it fair to say that accountability would then run for rates to LIPA?

MR. MCMAHON:

Yes. The budget setting -- the budgets -- the operating budgets will be developed jointly. They will be proposed by Public Service. The LIPA staff will have input into that, and it will be presented to the LIPA board for approval. At the same time, to the extent that rate adjustments are required, they will be presented to DPA, at least in the case of major rate changes.

LEG. D'AMARO:

All right. So LIPA holds the budgeting authority and the ratemaking authority?

MR. MCMAHON:

They will approve budgets, yes.

LEG. D'AMARO:

One other question. What's the entity that has the advisory role; is it the State?

MR. MCMAHON:

DPS, Department of Public Service.

LEG. D'AMARO:

Public Service Commission, is it?

MR. MCMAHON:

Department of Public Service is slightly different than the Public Service Commission.

LEG. D'AMARO:

Right. There's a new entity that's been created?

MR. MCMAHON:

No, it's actually not a new entity. It's always been - resided within the Public Service Commission. The Public Service Commission is five commissioners who sit in Albany. The chairman of the Public Service Commission is also the commissioner of the Department of Public Service, and that's basically the professional staff of the Public Service Commission.

LEG. D'AMARO:

Okay. So the Department of Public Service will now have a presence on Long Island; is that what we're saying?

MR. MCMAHON:

Yes. It will be Long Island Office of the Department of Public Service.

LEG. D'AMARO:

And that's yet another level of oversight for recommendation purposes to whom: PSE&G or to LIPA or to both?

MR. MCMAHON:

Principally to LIPA. So, for example, they will -- as respects rates, as respects other elements like energy efficiency and storm-preparedness for which Public Service Long Island will have

responsibility. Those recommendations will go to Public Service Long Island.

LEG. D'AMARO:

I see. So it's split up according to -- the advisory role is split according to who has jurisdiction over what basically.

MR. MCMAHON:

Yes.

LEG. D'AMARO:

So LIPA is retaining jurisdiction over budgets and rates and oversight over PSE&G Long Island, but to the extent PSE&G is the operating entity of the utility itself and delivery of services, the Department of Public Service will directly have oversight over PSE&G Long Island as well.

MR. MCMAHON:

They will have oversight of those plans, of the storm plan, the energy efficiency plan, customer complaints and the like.

LEG. D'AMARO:

So that hierarchy keeps this utility as a public utility?

MR. MCMAHON:

Yes, as a publicly-owned utility, so that would maintain the IRS tax exemption, and it would maintain eligibility for FEMA reimbursement for disaster relief, and those are important aspects of public ownership.

LEG. D'AMARO:

Right. And you're expecting the definitive ruling from the IRS on that shortly?

MR. MCMAHON:

Next few months, yes.

LEG. D'AMARO:

Next few months. Okay. Well, good luck to you, and I appreciate you being here.

MR. MCMAHON:

It's exciting times.

LEG. D'AMARO:

Yeah. Thank you.

CHAIRMAN HORSLEY:

Thank you very much, Legislator. Legislator Cilmi.

LEG. CILMI:

Thanks, Mr. Chairman. Thank you for being here. Appreciate the presentation. I guess I have a couple questions, and forgive me, but they may be all over the place because this is such a complicated issue. Isn't there a difference between where we are now in terms of the structure of our power supply and distribution or transmission and distribution systems and where we will be? Isn't it sort of separate now but it will be together afterwards?

MR. MCMAHON:

I'm not sure --

LEG. CILMI:

With respect to the power plants themselves and how the power is generated and...I mean, we'll be using the same plants by and large, I believe, but isn't the ownership of those plants different in some way?

MR. MCMAHON:

You're right. The ownership of the plants, the power plants on Long Island is different. It's different in a couple respects. So National Grid is really the owner of what I would call the "old fossil-fired generating plants," so that's the Barrett Plant in Northport, and there is a contract that LIPA recently renewed for continued purchase of power from those contracts, so that's a different element of the power -- that's really the power supply as opposed to the T and D system, which Public Service Electric and Gas of Long Island will be charged with operating.

So what LIPA does currently is, pursuant to the contract that it has with National Grid generation, it buys generation -- electric generation from those power plants. LIPA also buys power from the grid beyond Long Island as a member of the New York Independent System Operator and with interconnections to New England, two cables under the Sound, and to what they call the PJM, Pennsylvania Jersey Maryland, RTO, Regional Transmission Organization, that is in New Jersey and Pennsylvania and states to the west and south.

So it's a very significant location for LIPA to be in, a good marketplace. It has access to several markets, and by the same token, it's very important to have generation located on Long Island because although we are interconnected with other adjoining regional transmission organizations, those connections are modest by the size of the native load on Long Island. And, in fact, the New York State Independent System Operator imposes local generation requirements where LIPA is required to purchase a significant share of its generation requirements from generation that is located on Long Island in order to maintain reliability.

LEG. CILMI:

Interesting. So what percentage of my LIPA bill -- what's soon to be my Public Service of Long Island bill -- comes from the supply side, comes from the generation of the power?

MR. MCMAHON:

Roughly half.

LEG. CILMI:

About half. Does this new structure avail the ratepayers to any additional flexibility or cost savings associated with the availability of power outside of what traditionally has been the realm of where LIPA gets their power from?

MR. MCMAHON:

We are working with Public Service now. As a matter of fact I was working with them this morning on that aspect of the electric supply issues and we -- my vision is for Public Service to play a greater role in the acquisition of power because I think they have more robust resources to do generation planning and generation purchasing than that small LIPA staff will have, and I think the Long Island consumer will be better off if Public Service Electric Gas Long Island takes on the role or a much more significant role in the generation supply aspect of things.

LEG. CILMI:

What is the -- what's the word I'm looking for here? What's the potential upside and downside in

the cost of transmission and distribution versus the potential upside and downside of the cost associated with the supply. What's the variability there? In other words, is there a wide range of variability in the transmission and distribution such that LIPA may be able to reduce significantly the cost of that transmission and distribution system or conversely it may increase substantially versus the possibility that the supply, the cost of the supply or the generation, may significantly increase or significantly decrease?

MR. MCMAHON:

That's a very important question. One of the prospects for contribution from Public Service Electric and Gas have these specs, transmission and distribution on the one hand and power supply on the other. There is a provision in the term sheet that was initially negotiated to set out the parameters of this deal called "Utility 2.0," which really points to Public Service to use its robust planning and advanced systems to really modernize, to get -- to bring Long Island from where we are now. Say we're abreast of best practices to really embrace best practices on the utility side and the potential for things like distributor generation, greater energy efficiency, and demand side management. So they are under the arrangement that we are set to enter into them. They will be charged with that forward-looking initiative towards improved and more efficient and more consumer-oriented energy supply in all three areas, in power supply and in -- because they really become interrelated, power supply and T and D when you think about distributor generation, because if you put a micro-grid in a neighborhood, you don't need those big transmission lines. You're going to avoid a lot of costs there. So that's where they are being encouraged to look at that and sort of use us as an example of entering into the next stage of utility planning and for the benefit of the consumer, so it's an exciting part of the deal.

LEG. CILMI:

It sounds it. To what extent, though, is LIPA's flexibility, PSE&G's flexibility to provide the types of efficiency and cost savings that may be available to it and to the ratepayers; to what extent is that diminished by regulatory issues in New York State, if any? You mentioned specifically there's a requirement that LIPA buy a certain amount of its power through locally-generated plants. That would be one example of the regulatory structure that I'm talking about.

MR. MCMAHON:

You know, that's a really -- you know, regulators, half the time, they're criticized and half the time they're praised, you know, and the truth lies somewhere --

LEG. CILMI:

Sure.

MR. MCMAHON:

That requirement for power on Long Island, really, is, you know, it's based on physics. There are studies that are done every year --

LEG. CILMI:

I don't mean to interrupt. I'm not questioning that particular. I'm just giving an example of the type of regulation that may or may not impact your ability as the COO or executive director of LIPA to provide Long Islanders with the most cost-effective power possible.

MR. MCMAHON:

So I believe in regulation. I think regulation is most of the times good, and most of the times you work with regulators, they're after the same thing you are, which is to benefit the consumer. I think, you know, people get crossways with regulators because, you know, either they wake up on the wrong side of the bed or they really don't have the consumer at interest. So I'm happy that the

Department of Public Service is on Long Island. I've always worked well with them, and I don't think they are going to be part of the problem. They are good at analyzing the economics of things and presenting them to the public, so, you know, all of these -- you know, you talk about long-term benefits and short-term costs. When you put steel in the ground, copper in the ground, it costs money, and they're going to be pointing up the short-term economic consequences of that, but I don't see them as being inhibitors at all. You know, one thing good about New York State in general is that the whole state responded very well to these record electric loads that we had in July, and that really shows that the investment needs have been supported by the regulator in allowing utilities to invest where necessary.

LEG. CILMI:

What is it that actually causes the increase in cost that we've seen in these past two cycles now?

MR. MCMAHON:

You know, it's funny, if you look at the power supply charge for 2006, '7, '8, '9, '10, it was all higher than it is today. Today, the month of September is higher than those four -- you know, those four years that I picked out. And it all -- you know, remember, natural gas is going like crazy, and then in the beginning of the decade of 2000, and then it started dropping because Marcellus Shale and the rest, and now, you know, we've all benefitted tremendously from the moderating cost of natural gas.

Now, in August, natural gas ticked up and we saw some increases and July, you know, nobody burns -- makes electricity with oil anymore except when you have record high heat, and we use a lot of oil in July and that really ticked up the bill. So in September, we're paying for the cost of oil that we used in order to preserve electric reliability in July. But overall, again, let me repeat, even with that oil usage September 2010 is lower than it was 2006,'7,'8,'9, '10, so it's higher than the last three months, but it's lower in the past five years.

CHAIRMAN HORSLEY:

John, I thought you would say that the reason was because of good management but...

MR. MCMAHON:

(Laughter)

CHAIRMAN HORSLEY:

That would've been the answer we would have gotten a couple years ago. I'm sorry, Legislator.

LEG. CILMI:

That's okay. So what impact -- I don't know if it even makes sense to ask a question that's based on conjecture, but if the IRS were to somehow deny the application for tax-exempt status, I guess is the best way to ask the question, what happens?

MR. MCMAHON:

Two things. First, I mentioned before, we already have an agreement in place with Public Service, so they're here on January 1 irrespective of that, and that prior agreement was approved by the IRS already. Now we have expanded their scope, and we're going back to the IRS. If the IRS hiccupped on something, we would look at what they hiccupped on and try to address it in good faith, you know, and take it from there.

LEG. CILMI:

If you could, in a nutshell, what's the change in scope that took place that now requires us to go back to the IRS for further approval?

MR. MCMAHON:

Really, it's an expansion of Public Service's role where -- when I arrived at LIPA, I was surprised at the extent of the management role that LIPA has over National Grid now, and that role is going to be sharply reduced to an oversight role and, as pointed out, ratemaking and whatnot. But they will -- Public Service will have substantially the management role. The utility responsibility and the brand name will be Public Service Long Island, no more LIPA.

LEG. CILMI:

Mr. Chairman, I have one or two more questions, and then I'll be done.

CHAIRMAN HORSLEY:

Be mindful we have Mr. McGowan coming too.

LEG. CILMI:

I understand. You talked about the accountability -- Legislator D'Amato asked about the accountability factors, and you said that LIPA has -- will maintain rate accountability and budget-approval authority. So who -- I guess the structure that's in place to keep LIPA accountable is the board, right, is the LIPA board?

MR. MCMAHON:

And DPS.

LEG. CILMI:

And DPS. So DPS is answerable to the governor and the state legislature?

MR. MCMAHON:

To the chairman, who serves at the --

LEG. CILMI:

Pleasure of the governor. And the LIPA board is answerable to?

MR. MCMAHON:

To the assembly leader, the senate leader, and the governor.

LEG. CILMI:

Okay. All right. I think you answered all of my questions. Thank you again for all of the information and for being here to discuss this. It's incredibly complicated, and on behalf of all of our ratepayers and us elected officials who will have to address those ratepayers concerns, I wish you the best of luck.

MR. MCMAHON:

Thank you. I'm sure I'll need it.

CHAIRMAN HORSLEY:

John, thank you very much. Just one quick question. If the storm, another storm was to come our way, are we ready?

MR. MCMAHON:

Yes.

CHAIRMAN HORSLEY:

There ya go.

MR. MCMAHON:

We've done a lot of work to improve our...

CHAIRMAN HORSLEY:

I'm glad to hear it. Thank you very much for being here. We do appreciate you coming down today.

MR. MCMAHON:

My pleasure entirely. Thank you very much. Nice afternoon.

CHAIRMAN HORSLEY:

All righty.

Mr. McGowan. Moke, have I done this to you twice; brought you down here for a presentation and then put you on second, and you had to wait through -- I think I have, and I think I've apologized for that. It was not intentional.

MR. MCGOWAN:

I'll get over it. Are we on?

CHAIRMAN HORSLEY:

Yes, we are. Again, just as a preface, Mr. McGowan is here today to talk to us about the issues that were brought up several months ago involving his membership in the LICVB and questions that came up from an audit that was done by Comptroller Sawicki, and Mr. McGowan promised and -- that he was going to address as soon as the summer season is over. The summer season is just barely over, and he has produced, and I thank you for that, and we just thought maybe it'd be a good idea just to enlighten the board on what changes have been made at LICVB and maybe if you want to just quickly to say how'd the summer go and if there's anything you'd like to say -- add onto that.

MR. MCGOWAN:

Well, thank you, Mr. Chairman, and thank you for the opportunity. During that meeting on May 29, I did address the concerns by basically saying that our board has a history in the last decade of acting responsibly on challenges and concerns. I had anticipated that we probably would address the issues and concerns that you raised during that meeting a little later than right now but was delighted that they really kind of took the bull by the horns earlier than later.

We shared the concerns of this committee with our executive committee during their meeting in June two weeks later. And just to reiterate those concerns, essentially as expressed, if you will, by the committee, that the bulk of our operating budget is provided through lodging taxes from both counties and that all hotels and motels collect lodging taxes but not all hotels and motels belong to members of the LICVB. As such, hotels and motels that were members of the Bureau received more benefits than nonmembers. These included higher profiles on our website including extensive descriptive descriptions of their properties, additional photographs, the posting of the website URL, et cetera. Further, they also received appropriate sales leads for group business. That included meetings, conventions, sporting events, as well as motor coach.

And, finally, members of the bureau at the time, lodging members had access to the Bureau's extranet, which is our database that provides members with the opportunity to input and change their own information about their property, their business, et cetera. They can change out photographs, they can change out contacts, they can change out anything, and they can line out the full description of their property. So at that time, again, members had all these opportunities.

Nonmembers had very limited opportunities. We took those concerns to the executive committee, and the executive committee put together a proposed recommendation for the board to consider, which included essentially the elimination of dues-paying membership, the dues-paying membership category for lodging. All commercial accommodations that collect lodging taxes would be considered members in good standing and would not be assessed dues in the future, and a portion of the dues that has been invoiced for this current calendar year would be refunded.

Major efforts would be made to contact lodging that was not in our database, either as a member or we had upwards of about 130 nonmember hotels and motels that were in our database with limited information, and we would make that effort to contact them to advise them that because they collect lodging taxes, they are entitled to a number of benefits, all of the benefits, if you will, that had previously been assigned only to dues-paying members.

Our board did discuss this at length, and I was very pleased that they adopted the resolution that we provided, and as such, since August 1, all lodging throughout both counties that collect the lodging taxes are considered to be members in good standing. We are going through quite an effort right now of contacting these folks to let them know of the benefits they're entitled to. Since we have been in their busiest season, actually, their busiest season ever, a number of them, quite a few of them have not responded. We have undertaken two mailings. We have a third mailing about to be undertaken, and we will follow that up with direct phone down to each and every property that we can get a phone number for and go from there.

So I am pleased with that. I'd be more than happy to address any questions you may have with regards to this action by our ward. But I will say, too, that this action, likewise, I believe, if you will, should erase any perceived advantage of a lodging member of a hotel or motel serving on our board of directors since everybody will be treated exactly the same. The only caveat to that would be with regards to sales leads that may pertain to meetings and conventions whereby the property does need to have meeting space. Almost all other categories including sports events, international and motor coach would go to all properties. Predominantly, if you will, also based on the client preferences -- that is, as they convey the information of their needs, such as a sporting event that takes place and they only want lodging to respond that's within a 5-, 10-mile radius, that sometimes happens, et cetera. But otherwise all other benefits previously only enjoyed by dues-paying members are going to be enjoyed by all of lodging, and we hope they take advantage of it.

So with that, any questions, I'd be happy to --

CHAIRMAN HORSLEY:

Moke, thank you, and I appreciate -- and again, the speed in which you handled this issue. It's a pleasure to see your concern being -- your -- over our concerns, and it makes our job easier, and I do appreciate it.

I just have a quick question. Now we sent out copies to the full legislature of your letter to us. We let the press know about it. I don't think I've seen anything in the press on this issue, but, hey, that's not always a bad thing. But I wanted to know, have you had conversations with your resolution with Comptroller Sawicki and also Mr. Engelbright? Because he was involved with our discussions as well.

MR. MCGOWAN:

You bet, and actually we tried to get an appointment with Assemblyman Engelbright, and it's been difficult, either because of being out of session and other things on his calendar. We're actually scheduled for next Friday to sit down with him, and I'm looking forward to that.

CHAIRMAN HORSLEY:

Oh, good.

MR. MCGOWAN:

We did not meet with Comptroller Sawicki, and, you know, I'm trying to remember and recall whether or not we actually sent him a copy of that letter that we had sent to yourself and members of the committee and the legislature. I can't recall, but we'd be more happy to do so.

CHAIRMAN HORSLEY:

Yeah, you might want to, because I know I just asked Claire. Claire would have been the person sending it out for me, and she said she did not.

MR. MCGOWAN:

As soon as I get back.

CHAIRMAN HORSLEY:

Just to close all the holes that may exist in the operation. That's all good. I gather you've had a bang-up year; best ever is what you just said, so this is --

MR. MCGOWAN:

Yeah, you know it's one of those things --

CHAIRMAN HORSLEY:

It's good things for us.

MR. MCGOWAN:

Obviously, the first part of the year was very much post Hurricane Sandy-related as far as business goes. We're able to track, really, the lodging performance on a monthly basis. We aren't able to track various other elements, such as visitor expenditures and taxes generated and things of that nature on a monthly basis. But really housing or lodging really gives us, if you will, the best indicator how well a season is going because folks are coming in, overnighting in our commercial accommodations, they are spending money.

What we have seen, and as I said, the first quarter going into really May was still Sandy related. June, July, that was going to be business standing on its own and the quality of summer, and what we have seen in June and July has just been phenomenal. The average occupancy in Suffolk County for those two months really are around 79, almost 80 percent. In July alone, we saw an average nightly rate of \$155. The best rate we had ever seen prior to that was \$146. That's basically saying that folks are able to get better rates with a higher occupancy, and we've never seen this kind of strength in lodging performance before.

CHAIRMAN HORSLEY:

Is that across the board through Nassau County as well?

MR. MCGOWAN:

Nassau is, likewise, has done fairly well themselves. They are more oriented towards corporate group and business transient, but they do a fair amount of leisure as well, and I think basically what we have seen is we have seen a change, if you will, in consumer attitudes towards travel going into this year. Prior to the middle of 2012, most travel consumers were really looking at that quick getaway to recharge batteries. They still had a lot of angst about the economy. They weren't going as far, they weren't staying as long, they weren't spending as much. Going into 2013, a lot of the folks who survey leisure travel consumers, the feedback they were getting was strong confidence

in the economy, a good sense and feel about their own economic situation, and a desire not just to travel but to plan to travel, and taking upwards of 60 days to plan a getaway, and the getaway was going to be between the traditional. Instead of between two and four days, it was going to be more around three to seven days. So I think actually that indicates that they would be spending money while they were traveling, so the market itself was looking very strong going into the year. We just happened to benefit very strongly from Hurricane Sandy post-recovery, which, if you will, laid a foundation for our lodging in both counties to establish quality rate structures and still be able to fill the rooms and get those rates.

CHAIRMAN HORSLEY:

That's terrific. That's good news, and having -- working with my colleagues putting together the budget, it's always good to hear.

Legislator Cilmi.

LEG. CILMI:

Thanks, Mr. Chairman. Moke, thanks for being here. Like the chairman, I, too, appreciate your work in terms of changing that policy with your board. I was really happy to see that. I have a question, which is totally out of left field, for you, and you'll forgive the pun once you recognize the pun. But I notice that it says on our agenda "Convention and Visitors Bureau and Sports Commission." I don't know if it's been that way for a while and I just missed it or if that's a new addition, and then I have a couple of questions that relate to that so...

MR. MCGOWAN:

It has not been. It became part of the organization a good number of years ago, then it was essentially phased out. It became more of a committee than a commission, so it really has been a good number of years, but the name does stick around.

LEG. CILMI:

So I'm curious to know what your take on some of the sports-related happenings around town is respect of, say, the Nassau Coliseum redevelopment plan, the proposed soccer stadium somewhere in Nassau County, I guess. What's you're feeling there? I know there's been some controversy, some differing opinions as to whether or not that's a good thing or a bad thing.

MR. MCGOWAN:

Our board typically doesn't come out and give an outward support of any particular project here or there with the exception of a number of years back, about six years back when the lighthouse project was under consideration for the hub. Part of that project was a convention center of a size of about a hundred thousand square feet of exhibit space and meeting space, et cetera, and we recognized the absolute need for Long Island as a whole to have that, and we came out in support of it. We have not had a say, and we have not provided a say one way or the other.

We do, though, and I would say as a professional, I recognize the absolute need for that kind of development in the hub. The Coliseum certainly brings a significant amount of outside business and dollars into the community. When you have major programs taking place at the Coliseum, that requires a good number of hotel rooms. Those rooms really don't just stay in Nassau County. It creates a compression outwards. So anything that helps really create demand for travel to Long Island benefits both counties. The soccer fields from a standpoint of sales, from events, is certainly needed. We used to have an annual program called Score the Shore. The events right holder would literally bring in close to 10,000 folks over a two-week period. They were youth soccer teams. They used up every soccer field we had on Long Island, both in Suffolk and Nassau County. We unfortunately lost that business to North Carolina. We continued to try to get it back. The

expansion of soccer fields in Nassau County would benefit both counties from that standpoint.

We see, you know, our difficulty with sales and sporting events is you have to have a facility first before you can talk about hotel rooms, and the availability of those facilities all too often is very difficult to come by, especially when we're dealing with, say, the collegiate facilities at Stony Brook or Hofstra because those facilities are for their student bodies first and foremost.

LEG. CILMI:

One last related question. The popularity of NASCAR throughout the country, particularly here in the Midwest -- or Mideast, rather, or Mid-Atlantic states and south has been tremendous and some say rivaling, you know, the other traditional other American sports: baseball, football, et cetera. Different than soccer, if you have soccer stadiums, you're probably just attracting people, for the most part -- unless you're hosting major international teams -- for the most part, you're attracting folks from local communities. But with NASCAR, if we, for example, had a NASCAR track somewhere here on Long Island, I think it would attract folks from outside our region, and I'm curious to know what your thoughts are about that. Your comment about having a facility is certainly well taken and it applies here naturally. You need a big piece of property to do something like that, but we do have a lot of property in Suffolk County.

MR. MCGOWAN:

You're talking to someone who spent nine years in South Carolina in Darlington and, you know, the track that couldn't be tamed. NASCAR has a tremendous following. It was at one time, and I'm not sure if it still is, one of the highest -- fastest-growing spectator sports in the nation, and NASCAR themselves went through a major expansion of tracks around the country, et cetera. The other -- so I would support that.

The other thing is that it attracts a significant amount of corporate dollars into economies, and, you know, a recognized quality NASCAR track that not just has the primary racing teams but also the Busch Series, et cetera, plus additional programs throughout the year, I think would be a significant product that would help create demand in a very strong way.

LEG. CILMI:

So I would suggest to our chairman or request maybe is the better word that our committee explore this a little bit deeper, see if there are ways -- who could we partner with, what potential properties that are out there exist that we might be able to somehow support the development of a NASCAR facility here in Suffolk County. Not only would it be a boon from a local perspective because lots of local folks enjoy racing, but as Moke said, it would also bring corporate dollars and folks from out of town as well, and it would be great from a tourism point of view. So I don't know if there's a role that the committee can play in that. I would certainly be happy to work with you on that if you so desire.

CHAIRMAN HORSLEY:

We'll certainly talk about that again. I'm just thinking about the landscape. I know I tried to find a casino location, and that was a little tough, so NASCAR would be challenging.

LEG. HAHN:

It would be the world's biggest parking lot.

CHAIRMAN HORSLEY:

But, hey, maybe there is.

LEG. CILMI:

Sometimes it's not worthwhile unless it's challenging.

CHAIRMAN HORSLEY:

There you go. Kara, do you have any questions for Moke?

All right. Thank you very much. Anything else you would like to add?

MR. MCGOWAN:

Mr. Chairman, we have had a great summer thus far. Let's hope it continues into fall and --

CHAIRMAN HORSLEY:

Absolutely. What we'll do is, once you get the year wrapped up and stuff like that, you'll come back and we'll go over this again. But I'm pleased again, and let me just say thank you for addressing those issues so quickly. It made -- it's the way that the legislature should work with it, with our contracts.

MR. MCGOWAN:

I'd be remiss if I didn't say again, I'm very fortunate to have a board that has been responsive and does take their responsibility seriously, and we certainly listened to everything that is contained in the audit and that has been stated here and with others and continue to work in a responsible fashion, so thank you for the opportunity.

CHAIRMAN HORSLEY:

I don't see any further business in front of this committee. We are adjourned.

*(*The meeting was adjourned at 2:17 p.m. *)*