

**LONG ISLAND POWER AUTHORITY**

**MINUTES OF THE FINANCE AND AUDIT COMMITTEE MEETING**

**HELD ON MARCH 27, 2024**

*The Finance and Audit Committee of the Long Island Power Authority (“LIPA”) was convened at 8:07 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on March 22, 2024, and electronic notice posted on the LIPA’s website.*

*The following LIPA Trustees were present in person:*

**Tracey Edwards, Board Chair  
David Manning, Committee Chair  
Valerie Anderson Campbell, Committee Member  
Laureen Harris, Committee Member  
Dominick Macchia, Committee Member  
Vanessa Baird-Streeter  
Drew Biondo  
Claudia Lovas (via video conference)  
Mili Makhijani**

**Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, General Counsel and Board Secretary; Dennis Anosike, Chief Financial Officer; Donna Mongiardo, Vice President-Controller; Cathy Widmark, Director of Audit; Jen Hayen, Director of Communications; and Bill Robins, Digital Media Specialist. Participating via video conferencing was Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board.**

**Representing KPMG in person were Ed Lee, Lead Audit Partner; Todd Fowler, Client Relationship Partner; Stephen Scelfo, Lead Audit Manager, and via zoom, Grace Kachigian, Audit Senior Manager.**

**Representing PSEG Long Island in person, were David Lyons, Interim President and Chief Operating Officer; and Martin Shames, Finance Director.**

**Representing the Department of Public Service were Carrie Meek Gallagher, Director; and Nick Forst, Deputy Director.**

**Chair Manning welcomed everyone to the Finance and Audit Committee meeting of the Long Island Power Authority Board of Trustees.**

*Chair Manning stated that the first item on the agenda is the Committee's Annual Self Report to the Board and Review of the Committee Charter to be presented by Bobbi O'Connor.*

*Ms. O'Connor presented the Committee's Annual Self Report to the Board and Review of the Committee Charter and then took questions from the Trustees.*

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*Chair Manning stated that the next item on the agenda is the Overview of Financial Results to be presented by Donna Mongiardo, and Martin Shames.*

*Ms. Mongiardo and Mr. Shames presented the Overview of Financial Results and then took questions from the Trustees.*

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*Chair Manning stated that the next item on the agenda is the Discussion of Internal Audit to be presented by Cathy Widmark.*

*Ms. Widmark presented the Discussion of Internal Audit and then took questions from the Trustees.*

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*Chair Manning then stated, because there wasn't a quorum, the Committee would temporarily adjourn. At approximately 8:28am, the Committee adjourned and at 8:36am, returned back into session with a quorum.*

*Chair Manning stated that next item on the agenda is the Discussion of 2023 Financial Report to be presented by Donna Mongiardo.*

*Ms. Mongiardo presented the Discussion of 2023 Financial Report and then took questions from the Trustees.*

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*Chair Manning stated that next item on the agenda is the Discussion of 2023 Audit Results with Independent Auditors to be presented by Ed Lee and representatives from KPMG.*

*KPMG presented the Discussion of 2023 Audit Results with Independent Auditors and then took questions from the Trustees.*

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*At approximately 9:04 a.m., Chair Manning stated that the Committee would adjourn to Executive Session to discuss personnel matters with KPMG. Chair Manning stated that no votes would be taken, and that the Committee would resume its open session.*

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*After noting that no votes were taken in the Executive Session, the public portion of the meeting of the Finance and Audit Committee reconvened at approximately 9:23 a.m.*

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*Chair Manning stated that the next item on the agenda is Recommendation to Approve the 2023 Financial Report to be presented by Donna Mongiardo.*

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

#### **Requested Action**

The Finance and Audit Committee (the “Committee”) of the Board of Trustees (the “Board”) is being requested to recommend approval of the 2023 Financial Report (the “Financial Report”) prepared in accordance with Section 2800(1) of the Public Authorities Law (“PAL”), in the form attached as Exhibit “B.”

#### **2023 Financial Report**

Section 2800(1) of the PAL requires LIPA to submit an annual report to the Governor, the Chairman and ranking minority member of the Senate Finance Committee, the Chairman and ranking minority member of the Assembly Committee on Ways and Means, the State Comptroller, and the Authorities Budget Office, within ninety days after the end of LIPA’s fiscal

year. Under Section 2800(1)(a)(2) of the PAL, the Financial Report shall include the following: audited financials; grant and subsidy programs; operating and financial risks; current bond ratings; and long-term liabilities. Section 2800(3) of the PAL requires the Financial Report to be approved by the Board.

### Recommendation

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

*A motion was made and seconded, and the Trustees unanimously adopted the following resolution:*

### RESOLUTION RECOMMENDING APPROVAL OF THE 2023 FINANCIAL REPORT OF THE LONG ISLAND POWER AUTHORITY

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the Finance and Audit Committee hereby recommends approval of the 2023 Financial Report of the Long Island Power Authority, in the form presented at this meeting.

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*Chair Manning stated that the next item on the agenda is Recommendation to Approve the 2023 Investment Report and the 2024 Board Policy on Investments to be presented by Dennis Anosike.*

*Mr. Anosike presented the following action item and took questions from the Trustees:*

### Requested Action

The Finance and Audit Committee (the “Committee”) of the Board of Trustees (the “Board”) is requested to adopt a resolution recommending approval of: (i) LIPA’s Annual Investment Report for 2023 in the form attached hereto as Exhibit “B”; and (ii) the 2024 Board Policy on Investments in the form attached hereto as Exhibit “C”.

### Annual Investment Report for 2023

Section 2925 of the Public Authorities Law (“PAL”) requires that LIPA annually review and approve an investment report. LIPA’s investments are either: (i) managed by an investment manager in primarily short-term, highly liquid investments; or (ii) invested in broad-based, low-cost equity and fixed-income mutual funds. All investments of LIPA funds are governed by the Board Policy on Investments.

LIPA’s investments were compliant with the terms and conditions of the Policy for 2023 and performed consistent with LIPA Staff’s expectations given the nature of the investments.

### **2024 Board Policy on Investments**

The Board is also required by Section 2925(6) of the PAL to annually review and approve the Board Policy on Investments, which details the Board’s operative instructions to LIPA Staff regarding the investing, monitoring, and reporting of LIPA funds. The Board Policy on Investments was last reviewed and approved on March 29, 2023. LIPA Staff has reviewed the Board Policy on Investments, which is attached hereto as Exhibit “C,” and recommends no modifications for 2024.

### **Recommendation**

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

*A motion was made and seconded, and the Trustees unanimously adopted the following resolution:*

### **RESOLUTION RECOMMENDING APPROVAL OF THE ANNUAL INVESTMENT REPORT FOR 2023 AND THE 2024 BOARD POLICY ON INVESTMENTS**

**RESOLVED**, that the Finance and Audit Committee hereby recommends approval of the Annual Investment Report for the period ended December 31, 2023, in the form presented at this meeting; and

**BE IT FURTHER RESOLVED**, that the Finance and Audit Committee hereby recommends approval of the Board Policy on Investments in the form presented at this meeting to be effective immediately.

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*Chair Manning stated that the next item on the agenda is Recommendation to Approve the Authorization for Letters of Credit Facilities to be presented by Dennis Anosike.*

*Mr. Anosike presented the following action item and took questions from the Trustees:*

### **Requested Action**

The Finance and Audit Committee (the “Committee”) of the Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to recommend that the Board adopt a resolution authorizing the replacement of each Letter of Credit (“LOC”) facility issued by Royal Bank of Canada. (“RBC”) and Barclays Bank PLC supporting its outstanding General Revenue Notes, Series 2015 GR-4 and GR-6 respectively (together the “GR Notes”) and the execution of new reimbursement agreements in connection therewith.

### **Background**

LIPA is required to maintain its overall liquidity levels to support its bond ratings. The liquidity levels are currently comprised of cash on hand, a revolving facility, and the General Revenue Notes (the “GR Notes”) program. LIPA has a need to manage the cash flows from its seasonal business, provide for working capital, and provide extra financial support for unexpected events such as major storms.

LIPA has an LOC facility issued by Royal Bank of Canada supporting its outstanding GR-4 Notes (the “GR-4 Notes), which expires on June 6, 2024. LIPA has an LOC facility issued by Barclays Bank PLC supporting its outstanding GR-6 Notes (the “GR-6 Notes”) which expires on June 12, 2024.

LIPA issued a Request for Proposal for Letter of Credit Facilities (the “Bank Facility RFP”). A selection committee consisting of LIPA Staff, with the assistance of LIPA’s financial advisor, reviewed the responses and selected the proposals submitted by Sumitomo Mitsui Banking Corporation, New York Branch and Barclays Bank PLC (collectively, the Banks”) as the winning responses based on cost and terms. LIPA will enter into a new reimbursement agreement with each of Sumitomo Mitsui Banking Corporation, New York Branch and Barclays Bank PLC, which agreements will be substantially similar to the existing agreements between LIPA and the entities providing the existing LOC facilities supporting the GR-4 Notes and GR-6 Notes, respectively, and each of the Banks will provide new letters of credit sufficient to support the GR-4 Notes and GR-6 Notes, respectively, and substantially similar to the existing letters of credit supporting the GR-4 Notes and GR-6 Notes. The new agreements will require the execution of new offering memorandums or other disclosure documents and other instruments.

### **Recommendation**

Based upon the foregoing, I recommend that the Committee recommend to the Board the adoption of the attached resolution.

*A motion was made and seconded, and the Trustees unanimously adopted the following resolution:*

**RESOLUTION APPROVING THE SELECTION OF CERTAIN BANKS AND APPROVING CERTAIN RELATED AGREEMENTS**

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WHEREAS, on May 13, 1998, the Long Island Power Authority (the “Authority”) adopted its Electric System General Revenue Bond Resolution (the “General Resolution”), which authorizes bonds, notes or other evidences of indebtedness of the Authority as special obligations of the Authority for any lawful purpose of the Authority; and

WHEREAS, the Authority has issued a Request for Proposal for Letter of Credit Facilities (the “Bank Facilities RFP”) requesting proposals from a number of banks to enter into one or more credit facilities or to issue letters of credit in support of its outstanding Electric System General Revenue Notes, Series 2015 GR-4 and GR-6 (the “GR Notes”), and the staff selection committee has reviewed the responses and selected the proposals submitted by Sumitomo Mitsui Banking Corporation, New York Branch (“Sumitomo”) and Barclays Bank PLC (“Barclays”) as the winning responses (such proposals being referred to hereinafter as the “Selected Proposals” and Sumitomo and Barclays referred to hereinafter collectively as the “Selected Banks”);

**NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:**

1. The Trustees hereby approve the Selected Proposals, and the Chief Executive Officer, Chief Financial Officer, Vice President-Controller and Secretary (the “Authorized Officers”) are each hereby authorized to enter into a new reimbursement or other agreement, with each of the Selected Banks in connection with the GR Notes, which agreements shall be substantially similar to the existing agreements related to the GR Notes, with such changes and additions to and omissions from such prior agreements as such authorized executing officer deems in his discretion to be necessary or appropriate, such execution to be conclusive evidence of such approval.
2. Each Authorized Officer is hereby authorized and directed to execute and deliver any and all documents, including, but not limited to, the execution and delivery of one or more offering memorandums or other disclosure documents, Issuing and Paying Agency Agreements, Dealer Agreements, and other instruments, and to do any and all acts necessary or proper for carrying out and implementing this resolution and each of the documents authorized hereby, and each Authorized Officer shall be an Authorized Representative (as defined in the General Resolution) in connection with such matters.
3. This resolution shall take effect immediately.

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*Chair Manning stated that the last item on the agenda is Recommendation to Approve Selection of Firms to Provide Financial and Swap Advisory Services to be presented by Dennis Anosike.*

*Mr. Anosike presented the following action item and took questions from the Trustees:*

### **Requested Action**

The Finance and Audit Committee (the “Committee”) of the Board of Trustees (the “Board”) of the Long Island Power Authority is requested to approve a resolution, attached hereto as Exhibit “A”, recommending that the Board authorize the Chief Executive Officer, or his designee, to engage PFM Financial Advisors LLC and Mohanty Gargiulo LLC to provide financial and swap advisory services, respectively, for the Long Island Power Authority and its subsidiary, the Long Island Lighting Company d/b/a LIPA (collectively, “LIPA”) and Utility Debt Securitization Authority (UDSA) for a term not to exceed five (5) years.

### **Background**

LIPA solicited proposals from financial and swap advisory firms to act as LIPA’s Municipal Advisors as defined by the U.S. Securities Exchange Commission in connection with capital markets activity. These advisory firms’ services would include (but are not limited to) (1) analyzing and evaluating proposals received from underwriters and making necessary recommendations; (2) assisting in the development and evaluation of requests for proposals for various services in connection with the issuance of debt, including participating on a non-voting basis in the evaluation of proposals; (3) assisting in developing new credit structures and innovative financing proposals; and (4) assisting the Authority in the development of its annual plan of finance to be presented to the Board of Trustees.

### **Discussion**

On December 19, 2023, LIPA issued an RFP for qualified firms to provide: (i) Financial Advisory Services; and (ii) Swap Advisory Services to LIPA.

The solicitation initially elicited responses from two service providers. In an effort to broaden the response base, LIPA readvertised the solicitation in the Bond Buyer (an industry publication). On or before February 23, 2024, one firm submitted proposals to provide Financial Advisory services and two firms submitted proposals for Swap Advisory Services. Responses were evaluated according to the criteria set forth in the RFP by LIPA’s Finance Team, while LIPA’s Procurement Department, as required by State law, ensured compliance with Minority/Women Business Enterprises (MWBE), Service-Disabled Veteran-Owned Businesses solicitation opportunities, as well as cost aspects of the proposals.

The technical evaluation that resulted in the recommendation set forth in the accompanying resolution included assessments of the firm’s experience and qualification, rates, proposed changes to LIPA’s standard consulting contract, and their proposals to comply with the state requirements.

LIPA Staff recommends that the following firms be awarded contracts in the scopes indicated:

<b><u>Firm</u></b>	<b><u>Scope</u></b>
PFM Financial Advisors LLC	Financial Advisory Services
Mohanty Gargiulo LLC	Swap Advisory Services

The proposed fees have been determined reasonable for the services to be provided.



**Recommendation**

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

*A motion was made and seconded, and the Trustees unanimously adopted the following resolution:*

**RESOLUTION RECOMMENDING THE ENGAGEMENT OF FIRMS TO PROVIDE A FINANCIAL AND SWAP ADVISORY SERVICES**

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**NOW, THEREFORE, BE IT RESOLVED**, that consistent with the attached Memorandum, the Finance and Audit Committee hereby recommends that the Board authorize the Chief Executive Officer or his designee to engage PFM Financial Advisors LLC and Mohanty Gargiulo LLC to provide financial and swap advisory services respectively for the Long Island Power Authority and its subsidiary, the Long Island Lighting Company d/b/a LIPA and Utility Debt Securitization Authority for a term not to exceed five (5) years.

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*Chair Manning then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 9:31 a.m.*

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