

FOR CONSIDERATION

November 13, 2024

TO: The Board of Trustees

FROM: John Rhodes

REQUEST: Authorizations Related to Letter of Credit Supporting the Electric System General Revenue Notes, Series 2015 GR-1, GR-2, and GR-5

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution authorizing the replacement of each Letter of Credit (“LOC”) facility issued by TD Bank, N.A. (“TD Bank”) and Bank of America, N.A. (“Bank of America”) and the execution of new reimbursement agreements or amendments to existing agreements, as appropriate, in connection therewith. The outstanding General Revenue Notes, Series 2015 GR-1 and GR-2 are supported by TD Bank, and the outstanding General Revenue Notes, Series 2015 GR-5 are supported by Bank of America (together the “GR Notes”).

Background

LIPA is required to maintain overall liquidity levels consistent with prudent utility practice and to support its bond ratings. The liquidity levels are currently comprised of cash on hand, a revolving credit facility, and 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 LOC facilities issued by TD Bank supporting its outstanding GR-1 and GR-2 Notes (the “GR-1-2 Notes”), which expire on June 30, 2025. LIPA has an LOC facility issued by Bank of America supporting its outstanding GR-5 Notes (the “GR-5 Notes”) which expires on March 11, 2025.

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. The selection committee recommends the selection of proposals submitted by Bank of America, Royal Bank of Canada (“RBC”), and TD Bank, (collectively, the Banks”) for a total capacity of \$450 million, subject to final negotiations of costs and terms. LIPA will enter into a new reimbursement agreement or an amendment to an existing agreement with each of Bank of America, RBC, and TD Bank – which agreements will be substantially similar to the existing agreements between LIPA and the entities providing the existing LOC facilities supporting the GR-1-2 Notes and GR-5 Notes, respectively, and each of the Banks will provide new letters of credit sufficient to support the GR-1-2 Notes and GR-5 Notes, respectively, and substantially similar to the existing letters of credit supporting the GR-1-2 Notes and GR-5 Notes. The new agreements and/or amendments to existing agreements will require the delivery of new offering memorandums or other disclosure documents and the execution of other instruments.

Recommendation

Based upon the foregoing, it is recommended that the Trustees adopt the resolution in the form attached hereto as **Exhibit “A”**.

Attachments

Exhibit “A”

Resolution Approving the Selection of Certain Banks and Approving Certain Related Agreements

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

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-1, 2 and GR-5 (the “GR Notes”), and the staff selection committee has reviewed the responses and recommends the proposals submitted by Bank of America, N.A. (“Bank of America”), Royal Bank of Canada (“RBC”) and TD Bank, N.A. (“TD Bank”) as the selected responses, subject to final negotiations (such proposals being referred to hereinafter as the “Selected Proposals” and Bank of America, RBC, and TD Bank referred to hereinafter collectively as the “Selected Banks”);

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Trustees hereby approve the Selected Proposals, subject to final negotiations, and the Acting Chief Executive Officer, Chief Financial Officer, Controller and Secretary (the “Authorized Officers”) are each hereby authorized to enter into a new reimbursement, other agreement, or an amendment to an existing agreement, with each of the Selected Banks (subject to final negotiations) in connection with the GR Notes, which new agreements or amendments to existing 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 its 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.

Dated: November 13, 2024