

BOARD AGENDA SUMMARY SHEET

Committee or Board: Board	Date: January 11, 2019	Board Meeting Date: January 23, 2019
-------------------------------------	----------------------------------	------------------------------------------------

For All Board Voting Items:

Title of Agenda Item: Authorization to Engage Firms to Provide Financial Advisory and Swap Advisory Services

Consent Agenda: Yes No

Accompanying Presentation: Yes No

Recommendation from Committee: N/A F&A; GP&P; Oversight & REV

LIPA Presenter: Kenneth Kane

PSEG Long Island Presenter: N/A

For Contract Approvals Only:

RFP: Yes No

Term: 5 years **Effective Date:** TBD (pending AG/OSC approval)

Requested Action:	The Board is requested to approve a resolution authorizing the Chief Executive Officer, or his designee, to engage PFM Financial Advisors LLC and Mohanty Gargiulo LLC to provide financial advisory and swap advisory services for a term not to exceed five years.
Summary: (include proposed amendments to Board Policies, if applicable)	<p>PFM had the highest overall score for financial advisory services and was determined to provide the best overall value for the Authority’s customers. PFM has provided advisory services to the Authority since 2008 and has demonstrated an in-depth working knowledge and understanding of the Authority, its debt, and operations. Additionally, PFM’s costs were determined to be reasonable.</p> <p>Mohanty had the highest overall score for swap advisory services and was determined to provide the best overall value for the Authority’s customers. Mohanty has in-depth working knowledge and understanding of the Authority and its swap portfolio, as Mohanty has served as a subcontractor to PFM in providing such services to LIPA since 2014. Mohanty is an M/WBE firm. Additionally, Mohanty’s costs were determined to be reasonable.</p>

FOR CONSIDERATION

January 23, 2019

TO: The Board of Trustees

FROM: Thomas Falcone

SUBJECT: Authorization to Engage Firms to Provide Financial Advisory and Swap Advisory Services

Requested Action

The Board of Trustees of the Long Island Power Authority (the “Board”) is requested to approve a resolution authorizing the Chief Executive Officer, or his designee, to engage PFM Financial Advisors LLC (“PFM”) and Mohanty Gargiulo LLC (“Mohanty”) to provide financial advisory and swap advisory services, respectively, to the Long Island Power Authority and its subsidiary, the Long Island Lighting Company d/b/a LIPA (collectively, “LIPA” or the “Authority”) for a term not to exceed five years.

Background

LIPA has an on-going need for financial and swap advisory services related to accessing the bank and capital markets, assisting in the evaluation and adoption of the Authority’s financial policies, assisting in the filing of rate cases, maintaining rating agency and investor relationships, and evaluating financing strategies and structures. The Authority last conducted a solicitation for these services for a five-year term in February 2014. The resulting contracts will expire on June 30, 2019.

Discussion

On November 27, 2018, LIPA issued a Request for Proposals (“RFP”) seeking qualified firms to provide: (i) financial advisory services; and (ii) swap advisory services to LIPA. The RFP was distributed to fourteen firms plus 146 minority and women-owned business enterprises (M/WBE), advertised in the NYS Contract Reporter, and posted on LIPA’s website.

On December 21, 2018, two firms submitted proposals to provide financial advisory services and three firms submitted proposals for swap advisory services. A selection committee of three LIPA staff evaluated the technical aspects of the proposals (the “Technical Team”), while LIPA Procurement Staff evaluated the costs of each bid and the proposed participation of M/WBE and service-disabled veteran-owned businesses (“SDVOB”). The Technical Team consisted of the Director of Finance and Treasury Operations, the Manager of Treasury Operations, and the Budget Analyst. Interviews were conducted by LIPA’s Technical Team.

Financial Advisory Services

Based on the technical and cost reviews, M/WBE and SDVOB capabilities and interviews, PFM had the highest overall score for financial advisory services and was determined to provide the best overall value for the Authority’s customers. PFM has

provided advisory services to the Authority since 2008 and has demonstrated an in-depth working knowledge and understanding of the Authority, its debt, and operations. PFM has extensive knowledge and significant experience in the public power field, including serving as advisor to the majority of the members of the Large Public Power Council. The PFM proposal includes a dedicated team of professionals who have served LIPA well during the term of its last contract. Finally, PFM provided a thorough and thoughtful response to the RFP and interview questions and offered insightful and relevant recommendations specific to LIPA. Additionally, PFM's costs were determined to be reasonable.

Swap Advisory Services

Based on the technical and cost reviews, M/WBE and SDVOB capabilities and interviews, Mohanty had the highest overall score for swap advisory services and was determined to provide the best overall value for the Authority's customers. Mohanty has in-depth working knowledge and understanding of the Authority and its swap portfolio, as Mohanty has served as a subcontractor to PFM in providing such services to LIPA since 2014. Their technical expertise, client focus, and dedicated resources have also allowed them to be advisor to various sophisticated issuers with large and complex portfolios, including several issuers within New York State. Mohanty is an M/WBE firm. Additionally, Mohanty's costs were determined to be reasonable.

Recommendation

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

Attachment

Exhibit "A" Resolution

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

NOW, THEREFORE, BE IT RESOLVED, that consistent with the attached memorandum, the Chief Executive Officer or his designee be, and hereby is, authorized to engage PFM Financial Advisors LLC to provide financial advisory services and Mohanty Gargiulo LLC to provide swap advisory services to the Long Island Power Authority and its subsidiary the Long Island Lighting Company d/b/a LIPA with a contract for a period of five years.

Dated: January 23, 2019