

LONG ISLAND POWER AUTHORITY
FINANCE AND AUDIT COMMITTEE - 2020 REPORT

The Finance and Audit Committee (the “Committee”) of the Long Island Power Authority’s Board of Trustees (the “Board”) has prepared this report related to its obligations pursuant to the Committee’s Charter.

Among its responsibilities, the Committee must report its actions and recommendations to the Board on at least an annual basis on how it has discharged its duties and met its responsibilities, including actions related to investigating any matter brought to the attention of the Committee.

The Committee is also charged with specific responsibilities related to the Annual Budget; Borrowing, Debt Management, and Interest Rate Exchange Agreements; Power Supply Hedging; Investments; Financial Statements and Disclosure Matters; Selection and Oversight of the Independent Auditor; Internal Audit; Enterprise Risk Management; Internal Control; and Compliance Oversight. These specific responsibilities are detailed within the Committee Charter. Accordingly, the Committee reports as follows:

Membership

The Charter requires that a minimum of three Trustees serve as members of the Committee. As appointed by the Chair of the Board, the following four Trustees served on the Committee in 2020:

Sheldon L. Cohen, Chair
Mark Fischl
Elkan Abramowitz
Lauren Harris

Each Committee member meets the standards required for such membership, including: 1) independence, as set forth in the Public Authorities Accountability Act of 2005; 2) familiarity with corporate financial and accounting activities; 3) skills necessary to understand the duties of the Committee; and 4) possess or obtain a basic understanding of governmental financial accounting and reporting.

Meetings

The Committee is required to meet as often as it determines necessary, but not less frequently than four times per year. As of December 31, 2020, the Committee met six times.

Committee Activities

During 2020, the Committee satisfied each of the obligations contained in its Charter, including the following key activities:

Review of:

- LIPA and PSEG Long Island’s financials at every meeting of the Committee
- Internal Audit activities at every meeting of the Committee

- The Internal Audit Charter and Internal Audit Confirmation of Independence
- Code of Ethics

Recommendations to approve:

- Revisions to the Committee's Charter
- Bond Refinancing for Savings
- Amendment to Twenty-Ninth Supplemental Resolution for Electric System General Revenue Bonds
- Annual Review and Amendments to the Audit Relationships Policy
- Annual Review and Amendments to the Board Policy on the Power Supply Hedging Program
- Annual Review and Amendments to the Board Policy on Debt and Access to the Credit Markets
- Annual Review and Amendments to the Board Policy on Taxes and PILOTS
- Annual Review and Amendments to the Board Policy on Economic Development
- Authorization for Medium Term Note Financing
- LIPA's 2021 Budget and amendment to the 2020 Budget
- 2021 Plan of Finance and Amendments to Certain Contracts Referencing LIBOR

Approval of the:

- 2021 Internal Audit Plan
- 2021 Internal Audit Budget and Resource Requirements

Discussion of the:

- Committee's Annual Self Report to the Board
- 2020 Report on Board's Financial Policy
- Independent Auditor's 2020 Audit Plan

Updates of:

- PSEG Long Island's ER&T on Power and Fuel Supply Management and Hedging Activities

Committee Charter

The Committee, in consultation with LIPA Staff, has reviewed the Committee's Charter and recommends to the Board no changes at this time.

Conclusion

The Committee will continue to support the Board of Trustees in discharging its oversight responsibilities relating to accounting, financial reporting, financial practices, and other charter obligations and remains available to provide assistance and guidance regarding any additional responsibilities requested by the Trustees or the Chair of the Board.

Dated: March 29, 2021