

**LONG ISLAND POWER AUTHORITY**

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

**HELD ON MARCH 29, 2021**

*The Finance and Audit Committee of the Long Island Power Authority (“LIPA”) was convened at 8:00 a.m. at LIPA Headquarters, Uniondale, NY, pursuant to legal notice given on March 25, 2021 and electronic notice posted on LIPA’s website annually.*

*In compliance with Governor Andrew M. Cuomo’s Executive Order No. 202.1 on COVID-19 safety, the following guidelines were publicly posted and followed:*

*The Long Island Power Authority is taking steps to minimize the risk of exposure for the public and our employees. As such, LIPA will not be permitting in-person access to its March 29, 2021 Finance and Audit Committee meeting. Members of the public are encouraged to observe the live stream of the Finance and Audit Committee meeting posted at the LIPA website. The meeting will also be recorded and posted to LIPA’s website for later viewing.*

*The following LIPA Trustees were present:*

**Sheldon Cohen, Committee Chair (via video conferencing)**  
**Mark Fischl, Committee Member (in person)**  
**Laureen Harris, Committee Member (via video conferencing)**  
**Ali Mohammed (via video conferencing)**  
**Drew Biondo (via video conferencing)**  
**Peter Gollon (via video conferencing)**

**Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, Chief Administrative Officer & Board Secretary; and Jen Hayen, Director of Communications. Participating via video conferencing were Tamela Monroe, Chief Financial Officer; Kenneth Kane, Senior Advisor to Operations Oversight; Billy Raley, Senior Vice President of T&D Oversight; Donna Mongiardo, Vice President - Controller; Kathleen Mitterway, Vice President of Audit; and Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board.**

Representing PSEG LI via video conferencing were Richard Tinelli, Manager of Regulatory Requirements; and Premal Patel, Manager of Accounting Services.

Representing KPMG via video conferencing were Ed Lee, John Pontecorvo and Ryan Weidner.

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

*Chair Cohen stated that the first item on the agenda is the adoption of the minutes from the February 24, 2021 Committee meeting.*

*Upon motion duly made and seconded, the minutes of the February 24, 2021 meeting were approved unanimously.*

\*\*\*

*Chair Cohen stated that next item on the agenda is the Overview of Financial Results.*

*Ms. Mongiardo presented the Overview of Financial Results, and Mr. Tinelli and Mr. Patel of PSEG LI reported on the PSEG LI Operating Results and then took questions from the Trustees.*

\*\*\*

*Chair Cohen stated that the next item on the agenda is the Discussion of Internal Audit Activities to be presented by Kathleen Mitterway.*

*Ms. Mitterway presented the Discussion of Internal Audit Activities and took questions from the Trustees.*

\*\*\*

*Chair Cohen stated that the next item on the agenda is the Discussion of the 2020 Financial Report to be presented by Donna Mongiardo.*

*Ms. Mongiardo presented the Discussion of the 2020 Financial Report and took questions from the Trustees.*

\*\*\*

*Chair Cohen stated that the next item on the agenda is the Discussion of 2020 Audit Results with Independent Auditors to be presented by Ed Lee and John Pontecorvo of KPMG.*

*Representatives from KPMG presented the 2020 Audit Results and took questions from the Trustees.*

\*\*\*

*At approximately 8:42 a.m., Chair Cohen stated that the Committee would adjourn to Executive Session to discuss personnel matters with KPMG. Chair Cohen stated that no votes would be taken and that the Committee would resume its open session.*

\*\*\*

*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 8:53 a.m.*

\*\*\*

*Chair Cohen stated that the next item on the agenda is Recommendation to Approve the 2020 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”) of the Long Island Power Authority (“LIPA”) is being requested to recommend approval of the 2020 Financial Report of the Authority (the “Financial Report”) prepared in accordance with Section 2800(1) of the Public Authorities Law (“PAL”), in the form attached as Exhibit “B.”**

#### **2020 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 2020 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 of the Board of Trustees hereby recommends approval of the 2020 Financial Report of the Long Island Power Authority, in the form presented at this meeting.

\*\*\*

*Chair Cohen stated that the next item on the agenda is Recommendation to Approve the 2020 Investment Report and the 2021 Board Policy on Investments to be presented by Tamela Monroe.*

*Ms. Monroe 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 adopt a resolution recommending approval of: (i) LIPA’s Annual Investment Report for 2020 in the form attached hereto as Exhibit “B”; and (ii) the 2021 Board Policy on Investments in the form attached hereto as Exhibit “D.”

### **Annual Investment Report for 2020**

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 2020 and performed consistently with Staff’s expectations given the nature of the investments.

### **2021 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 detail 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 27, 2020.

The proposed revisions to the Board Policy on Investments seek to clarify, update, and ensure continued compliance with various contractual and regulatory requirements. Based on LIPA Staff’s review, which was performed in consultation with LIPA’s investment advisor, bond counsel, and disclosure counsel, Staff proposes the following changes:

- updating the oversight authority for registered brokers and broker-dealers from the National Association of Security Dealers (NASD) to Financial Industry Regulatory Authority (FINRA);
- clarifying the definition of Insured Bank Deposits; and
- clarifying that Negotiable Bank Obligations will not be a permitted investment in the future.

All changes to the Policy are more particularly shown in Exhibit “C.”

### **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 2020 AND THE 2021 BOARD POLICY ON INVESTMENTS**

**RESOLVED**, that the Finance and Audit Committee of the Board of Trustees hereby recommends approval of the Annual Investment Report for the period ended December 31, 2020, in the form presented at this meeting; and

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

\*\*\*

*Chair Cohen stated that the last item on the agenda is the Committee's Annual Self Report to the Board and Review of the Committee's 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's Charter and took questions from the Trustees.*

\*\*\*

*Chair Cohen then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 8:59 a.m.*

\*\*\*