

## **FOR CONSIDERATION**

December 15, 2021

**TO:** The Finance and Audit Committee

**FROM:** Thomas Falcone

**REQUEST:** Authorizations Related to Letter of Credit Supporting 2015 General Revenue Notes

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### **Requested Action**

The Finance and Audit Committee (the “Committee”) is requested to recommend that the Board of Trustees adopt a resolution authorizing the replacement of the Letter of Credit (“LOC”) facility issued by Citibank, N.A. (“Citibank”) supporting LIPA’s General Revenue Notes, Series 2015 GR-5 (the “GR-5 Notes”) and the execution of a new reimbursement agreement in connection therewith.

### **Background**

LIPA desires to maintain its overall liquidity levels which are currently comprised of cash on hand, its revolving facility, and the GR Notes program. The Authority believes that maintaining its liquidity will help manage its varying 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 Citibank supporting its outstanding GR-5 Notes, which expires on March 11, 2022.

The Authority 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 the Authority’s financial advisor, reviewed the responses and selected the proposal submitted by Bank of America, N.A. (“Bank of America”) as the winning response.

LIPA will enter a new reimbursement agreement with Bank of America, which agreement will be substantially similar to the agreements previously entered into by the Authority in relation to other LOCs supporting its General Revenue Notes.

The new agreement 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.

Attachments

**Exhibit "A"** Resolution Approving the Selection of A Certain Bank and Approving Certain Related Agreements

**RESOLUTION APPROVING THE SELECTION OF A CERTAIN BANK AND APPROVING CERTAIN RELATED AGREEMENTS**

**WHEREAS**, on May 13, 1998 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 the outstanding General Revenue Notes, Series 2015 GR-5 (the "Revenue Notes"), and the staff selection committee has reviewed the responses and selected the proposal submitted by Bank of America, N.A. as the winning response (such proposal being referred to hereinafter as the "Selected Proposal" and Bank of America, N.A. referred to hereinafter as a "Selected Bank");

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

1. The Trustees hereby approve the Selected Proposal and the Chief Executive Officer, Chief Financial Officer, Vice President-Controller and Secretary (the "Authorized Officers") are each hereby authorized to enter into a reimbursement or other agreement with the Selected Bank in connection with the Revenue Notes, which agreements shall be substantially similar to such agreements previously entered into by the Authority in relation to other letters of credit supporting Revenue 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.

Dated: December 15, 2021