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 Controls; and Compliance Oversight. These specific responsibilities are detailed within the Committee Charter. Accordingly, the Committee reports as follows:

Membership

The Committee 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 2021:

Sheldon L. Cohen, Chair
Mark Fischl
Elkan Abramowitz
Laureen 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, 2021, the Committee met eight times.

Committee Activities

During 2021, 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
• Quarterly Financials
• Internal Audit activities at every meeting of the Committee
• The Internal Audit Charter and Internal Audit Confirmation of Independence
• Confirmation of Independence and Code of Ethics and the Board Policy on Audit Relationships and Internal Audit Charter

Recommendations to approve:
• 2020 Financial Report
• 2020 Investment Report and the 2021 Board Policy on Investments
• Prepay Transaction
• Selection of Firms to Provide Cash Management Advisory and Custody Services
• Selection of Firms to Provide Revolving Credit Facilities
• Authorizing the Use of Up to $30,000,000 from the Revenue Fund to Retire, Pay or Defease Outstanding LIPA Bonds or Notes
• Annual Report on the Board Policy on Enterprise Risk Management
• Annual Report on the Board Policy on the Power Supply Hedging Program
• Annual Review on the Board Policy on Taxes and PILOTS
• Annual Review on the Board Policy on Economic Development and Community Engagement
• LIPA’s 2022 Budget and amendment to the 2021 Budget
• 2022 Plan of Finance

Discussion of the:
• Committee’s Annual Self Report to the Board
• 2020 Financial Report
• 2020 Audit Results with Independent Auditors
• Independent Auditor’s 2021 Audit Plan

Updates on:
• Power and Fuel Supply Management and Hedging Activities from PSEG Long Island ER&T

Committee Charter

The Committee, in consultation with LIPA Staff, has reviewed the Committee’s Charter and recommends no changes to the Board 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: February 17, 2022