

FOR CONSIDERATION

March 29, 2023

TO: The Trustees

FROM: Thomas Falcone

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

Requested Action

The Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution authorizing the extension and amendment of the Letter of Credit issued by Bank of America, N.A. (the “BofA Letter of Credit”) supporting its outstanding General Revenue Notes, Series 2015 GR-3 (the “GR-3 Notes”) and the execution of an amendment or a new or amended reimbursement agreement in connection therewith.

Background

LIPA desires to maintain its overall liquidity levels, which are comprised of cash on hand, a revolving bank facility, and the General Revenue Notes program. These sources of liquidity mitigate LIPA’s varying cash flows from its seasonal business, provide for working capital, and provide extra financial support for unexpected events such as major storms.

The BofA Letter of Credit supporting LIPA’s outstanding GR-3 Notes will expire on May 5, 2023. LIPA expects to enter into one or more new reimbursement agreements with a bank or group of banks based on the responses it receives to a Bank Facility Request for Proposals (“Bank RFP”).

LIPA wishes to extend the existing BofA Letter of Credit for a period not exceeding one year to permit adequate time to select, negotiate, and issue the GR-3 Notes under the new Bank RFP facility. The amendment or extension of the BofA Letter of Credit will require the execution of an amendment or a new or amended reimbursement agreement or other disclosure documents and other instruments.

Recommendation

Based upon the foregoing and the recommendation of the Finance and Audit Committee, I recommend that the Board adopt the attached resolution.

Attachments

Exhibit A Resolution Approving the Extension of a Letter of Credit Related to General Revenue Notes

RESOLUTION APPROVING THE EXTENSION OF A LETTER OF CREDIT RELATED TO GENERAL REVENUE NOTES

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, pursuant to the General Resolution and the Twenty-Third Supplemental Resolution, the Authority has authorized the issuance of its Electric System General Revenue Notes, Series GR-3 (the "Revenue Notes"), in an amount not to exceed \$100,000,000; and

WHEREAS, Bank of America, N.A. previously issued a Letter of Credit (the "Letter of Credit") to provide for payment of principal of and interest on its Revenue Notes, which Letter of Credit will expire on May 5, 2023; and

WHEREAS, the Bank of America, N.A. has agreed to extend the Letter of Credit and related reimbursement agreement;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Trustees hereby authorize the extension of the Letter of the Credit for a period of up to one year and the negotiation and execution of an amendment to the related reimbursement agreement or an amended and restated reimbursement agreement in connection therewith.

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 amendments to the reimbursement agreement or an amended and restated reimbursement agreement, 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.