

FOR CONSIDERATION

May 10, 2023

TO: The Finance and Audit Committee

FROM: Thomas Falcone

REQUEST: Authorizations Related to Letter of Credit Supporting the Electric System General Revenue Notes, Series 2015 GR-3

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 recommend that the Board adopt a resolution authorizing the replacement of the Letter of Credit (“LOC”) facility issued by Bank of America, N.A. (“Bank of America”) supporting its outstanding General Revenue Notes, Series 2015 GR-3 (the “GR-3 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 General Revenue Notes (the “GR Notes”) program. LIPA has a need to 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 Bank of America supporting its outstanding GR-3 Notes, which expires on September 29, 2023.

LIPA 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 LIPA’s financial advisor, reviewed the responses and selected the proposal submitted by Bank of America, N.A. (“Bank of America”) as the winning response based on cost and terms. LIPA will enter into an extension of the existing reimbursement agreement or a new reimbursement agreement with Bank of America, which agreement will be substantially similar to the existing agreement between the parties. The extension or new agreement will require the execution of new offering memorandums or other disclosure documents and other instruments.

Recommendation

Based upon the foregoing, I recommend approval of the above-requested action.

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, the 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 its outstanding Electric System General Revenue Notes, Series 2015 GR-3 (the “GR-3 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 an extension of the existing reimbursement agreement or a new reimbursement or other agreement, with the Selected Bank in connection with the Revenue Notes, which agreement shall be substantially similar to the existing agreement with the Selected Bank, 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: May 10, 2023