

**LONG ISLAND POWER AUTHORITY**

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

**HELD ON MARCH 29, 2023**

*The Finance and Audit Committee of the Long Island Power Authority (“LIPA”) was convened at 8:07 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on March 24, 2023, and electronic notice posted on the LIPA’s website.*

*The following LIPA Trustees were present, in person:*

**Sheldon Cohen, Committee Chair  
Elkan Abramowitz, Committee Member  
Mark Fischl, Committee Member  
Laureen Harris, Committee Member  
Valerie Anderson Campbell  
Nancy Goroff  
Dominick Macchia  
Mili Makhijani**

**Representing LIPA, in person, were Thomas Falcone, Chief Executive Officer; Bobbi O’Connor, General Counsel & Board Secretary; Donna Mongiardo, Vice President-Controller; Cathy Widmark, Director of Audit; Jen Hayen, Director of Communications; and Andrew Berger, Senior Communications Specialist. Participating via video conferencing was Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board.**

**Representing KPMG were Ed Lee, Lead Audit Partner; Maureen Evers-Willox, Client Relationship Partner; Stephen Scelfo, Lead Audit Manager, and Fernando Mabbayad, Audit Manager.**

**Representing PSEG Long Island, via video conferencing, were Gregory Filipkowski, Chief Information Officer; Premal Patel, Manager of Accounting Services and John Marshall, Manager of Capital Budget.**

Representing PSEG ER&T, in person, were Steven Oster, Senior Director – Wholesale Energy Services; Ray DePillo, Senior Director – Wholesale Energy Services; and Glenn Nafey, Director – Quantitative Analysis.

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 15, 2023 Committee meeting.*

*Upon motion duly made and seconded, the minutes of the February 15, 2023 meeting were approved unanimously.*

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*Chair Cohen stated that the next item on the agenda is the Overview of Financial Results to be presented by Donna Mongiardo, Gregory Filipkowski, Prem Patel, and John Marshall of PSEGLI.*

*Ms. Mongiardo and Messrs. Filipkowski, Patel and Marshall presented the Overview of Financial Results and then took questions from the Trustees.*

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

*Ms. Widmark presented the Discussion of Internal Audit and then took questions from the Trustees.*

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*Chair Cohen stated that the next item on the agenda is the Discussion of 2022 Financial Report to be presented by Donna Mongiardo.*

*Ms. Mongiardo presented the Discussion of 2022 Financial Report and then took questions from the Trustees.*

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*Chair Cohen stated that the next item on the agenda is the Discussion of 2022 Audit Results with Independent Auditors to be presented by Ed Lee and representatives from KPMG.*

*KPMG presented the Discussion of 2022 Audit Results with Independent Auditors and then took questions from the Trustees.*

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*At approximately 8:48 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.*

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*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 9:03 a.m.*

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*Chair Cohen stated that the next item on the agenda is Recommendation to Approve the 2022 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”) is being requested to recommend approval of the 2022 Financial Report (the “Financial Report”) prepared in accordance with Section 2800(1) of the Public Authorities Law (“PAL”), in the form attached as Exhibit “B.”**

### **2022 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 2022 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 2022 Financial Report of the Long Island Power Authority, in the form presented at this meeting.

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*Chair Cohen stated that the next item on the agenda is Recommendation to Approve the 2022 Investment Report and the 2023 Board Policy on Investments to be presented by Thomas Falcone.*

*Mr. Falcone presented the following action item and took questions from the Trustees:*

### **Requested Action**

The Finance and Audit Committee (the “Committee”) of Board of Trustees (the “Board”) is requested to adopt a resolution recommending approval of: (i) LIPA’s Annual Investment Report for 2022 in the form attached hereto as Exhibit “B”; and (ii) the 2023 Board Policy on Investments in the form attached hereto as Exhibit “C”.

### Annual Investment Report for 2022

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 2022 and performed consistently with Staff’s expectations given the nature of the investments.

### 2023 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 30, 2022. LIPA Staff has reviewed the Board Policy on Investments and proposes to modify the investment allocations within the Nuclear Decommission Trust Fund (“NDTF”) so as to increase the allocation to International Equity Mutual Funds from 20% to 25% and to decrease the allocation to Fixed Income Mutual Funds from 25% to 20%. This change reflects the multi-decade life of the NDTF and the expectation that equity securities will have higher expected returns than fixed-income securities over this period. Overall, the NDTF would be invested 35% in domestic equities, 25% in international equities, 20% in domestic fixed income, and 20% in domestic inflation-protected fixed-income securities. The amended Board Policy on Investments is provided as 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 2022 AND THE 2023 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, 2022, 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 of the Board Policy on Investments in the form presented at this meeting to be effective immediately.

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*Chair Cohen stated that the next item on the agenda is Recommendation to Approve the Annual Financial Package to be presented by Bobbi O'Connor.*

*Ms. O'Connor 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 (the “LIPA”) is requested to adopt a resolution recommending approval of the review of the Board Financial policies (i.e., Prompt Payment and Interest Rate Exchange Agreements).

### **Background**

In accordance with the New York State Public Authorities Law (“PAL”) and governance best practices, the Board has adopted the Board Policy on Prompt Payment and the Board Policy on Interest Rate Exchange Agreements. LIPA Staff has reviewed these policies and recommends no changes to either policy.

### **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 REVIEW OF THE FINANCIAL PACKAGE**

**WHEREAS**, in accordance with the New York State Public Authorities Law (“PAL”) and governance best practices, the Board has adopted Board Policy on Prompt Payment and the Board Policy on Interest Rate Exchange Agreements; and

**WHEREAS**, LIPA Staff has reviewed these policies and recommends no changes to either policy at this time.

**NOW, THEREFORE, BE IT RESOLVED, the Finance and Audit Committee of the Board of Trustees hereby recommends approval of the review of the Board Policy on Prompt Payment and the Board Policy on Interest Rate Exchange Agreements, as provided in the attached memorandum.**

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*Chair Cohen stated that last item on the agenda is the Discussion of PSEG Energy Resources and Trade 2022 Metric Performance and Presentation on Power and Fuel Supply Management and Hedging to be presented by Ray DePillo, Steven Oster, and Glenn Nafey from PSEG ER&T.*

*Messrs. DePillo, Oster and Nafey presented the Discussion of PSEG Energy Resources and Trade 2022 Metric Performance and Presentation on Power and Fuel Supply Management and Hedging and then took questions from the Trustees.*

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*Chair Cohen then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 9:24 a.m.*

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