

FOR CONSIDERATION

March 27, 2024

TO: The Finance and Audit Committee

FROM: Thomas Falcone

REQUEST: Recommendation for the Authorizations Related to Letter of Credit Supporting the Electric System General Revenue Notes, Series 2015 GR-4 and GR-6

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 each Letter of Credit (“LOC”) facility issued by Royal Bank of Canada. (“RBC”) and Barclays Bank PLC supporting its outstanding General Revenue Notes, Series 2015 GR-4 and GR-6 respectively (together the “GR Notes”) and the execution of new reimbursement agreements in connection therewith.

Background

LIPA is required to maintain its overall liquidity levels to support its bond ratings. The liquidity levels are currently comprised of cash on hand, a revolving facility, and the General Revenue Notes (the “GR Notes”) program. LIPA has a need to manage the 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 Royal Bank of Canada supporting its outstanding GR-4 Notes (the “GR-4 Notes), which expires on June 6, 2024. LIPA has an LOC facility issued by Barclays Bank PLC supporting its outstanding GR-6 Notes (the “GR-6 Notes”) which expires on June 12, 2024.

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 proposals submitted by Sumitomo Mitsui Banking Corporation, New York Branch and Barclays Bank PLC (collectively, the Banks”) as the winning responses based on cost and terms. LIPA will enter into a new reimbursement agreement with each of Sumitomo Mitsui Banking Corporation, New York Branch and Barclays Bank PLC, which agreements will be substantially similar to the existing agreements between LIPA and the entities providing the existing LOC facilities supporting the GR-4 Notes and GR-6 Notes, respectively, and each of the Banks will provide new letters of credit sufficient to support the GR-4 Notes and GR-6 Notes, respectively, and substantially similar to the existing letters of credit supporting the GR-4 Notes and GR-6 Notes. The new agreements 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 Certain Banks and Approving Certain Related Agreements

RESOLUTION APPROVING THE SELECTION OF CERTAIN BANKS 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-4 and GR-6 (the “GR Notes”), and the staff selection committee has reviewed the responses and selected the proposals submitted by Sumitomo Mitsui Banking Corporation, New York Branch (“Sumitomo”) and Barclays Bank PLC (“Barclays”) as the winning responses (such proposals being referred to hereinafter as the “Selected Proposals” and Sumitomo and Barclays referred to hereinafter collectively as the “Selected Banks”);

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Trustees hereby approve the Selected Proposals, and the Chief Executive Officer, Chief Financial Officer, Vice President-Controller and Secretary (the “Authorized Officers”) are each hereby authorized to enter into a new reimbursement or other agreement, with each of the Selected Banks in connection with the GR Notes, which agreements shall be substantially similar to the existing agreements related to the GR 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: March 27, 2024