

**LONG ISLAND POWER AUTHORITY**

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

**HELD ON NOVEMBER 12, 2025**

*The Finance and Audit Committee of the Long Island Power Authority (“LIPA”) was convened at 10:16 a.m. at LIPA’s Headquarters, Uniondale, NY, pursuant to legal notice given on November 7, 2025 and electronic notice posted on the LIPA’s website.*

*The following LIPA Trustees were present in person:*

**David Manning, Committee Chair  
Dominick Macchia, Committee Member**

**Representing LIPA, in person, were Carrie Meek Gallagher, Chief Executive Officer; Bobbi O’Connor, General Counsel and Board Secretary; Donna Mongiardo, Chief Financial Officer; Gary Stephenson, Senior Vice President of Power Supply, Vinay Dayal, Director of Finance and Treasury; Jessica Dehnert, Senior Manager of Enterprise Risk Management; Jen Hayen, Director of Communications; and Bill Robins, Senior Digital Specialist. Participating via video conferencing were Cathy Widmark, Director of Audit Services and Jason Horowitz, Assistant General Counsel and Assistant Secretary to the Board.**

**Representing PSEG Long Island, in person, was Martin Shames, Senior Director of Finance.**

**Representing the Department of Public Service was Nick Forst, Acting Director.**

**Chair Manning welcomed everyone to the Finance and Audit Committee meeting of the Long Island Power Authority Board of Trustees.**

*Chair Manning stated that the first item on the agenda is the adoption of the minutes from the September 25, 2025 Committee meeting.*

*Upon motion duly made and seconded, the minutes of the September 25, 2025 meeting were approved unanimously.*

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*Chair Manning stated that the next item on the agenda is the Overview of Financial Results to be presented by Donna Mongiardo and Martin Shames.*

*Ms. Mongiardo and Mr. Shames presented the Overview of Financial Results and then took questions from the Trustees.*

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

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

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*Chair Manning stated that the next item on the agenda is Consideration of Recommendation to Approve the Annual Report and Amendments on the Board Policy on Enterprise Risk Management be presented by Jessica Dehnert.*

*Ms. Dehnert presented the following action item and took questions from the Trustees:*

### **Requested Action**

The Finance and Audit Committee (“F&A Committee”) of the Board of Trustees (the “Board”) of the Long Island Power Authority (“LIPA”) is requested to adopt a resolution recommending that the Board: (i) find that LIPA has complied with the Board Policy on Enterprise Risk Management (the “ERM Policy” or “Policy”); (ii) approve the annual report for the Policy; and (iii) approve amendments to the Policy, which Resolution is attached hereto as Exhibit “A.”

### **Background**

By Resolution No. 1351, dated March 29, 2017, the Board adopted the ERM Policy, focusing on the identification, assessment, management, and mitigation of risks. The Policy was last reviewed and amended by the Board in September 2023. The F&A Committee, in its Charter, delegated the responsibility for reviewing LIPA’s practices relating to ERM. LIPA’s Service Provider, PSEG Long Island, participates in the implementation of LIPA’s ERM Program. Specifically, the Policy provides that “the Chief Executive Officer or his or her designee will report annually to the F&A Committee of the Board on: (i)

compliance with the key provisions of the Policy, including the results of a biennial review of the maturity of the program compared to industry best practices; and (ii) review of the significant risks to LIPA’s purpose and vision.”

### **Compliance with the Policy**

LIPA and PSEG Long Island have maintained an ERM program designed to evaluate significant risks and corresponding mitigation activities facing the business. This Report covers ERM activities from the Board’s June 2024 review to the present. LIPA Staff recommends that, for the reasons set forth below, the Board find that LIPA has substantially complied with the objectives of the Policy for the period since the last annual report.

The Policy states that “LIPA shall maintain an ERM program with the following key provisions:”

“Strategically manage or oversee risks to reduce the probability of significant outages, financial loss, health and safety events, reputational harm, and failure to achieve the Board Policy objectives.”

- LIPA and PSEG Long Island have maintained an ERM program designed to evaluate significant risks and corresponding mitigation activities facing the business, including risks related to significant outages, financial loss, health and safety events, and reputational harm. As discussed below, LIPA has an active Enterprise Risk Management Committee that regularly discusses the most significant risks facing LIPA’s and PSEG Long Island’s objectives and operations.

“Create an Enterprise Risk Management Committee (“ERMC”), which Committee members will be appointed at the discretion of LIPA’s Chief Executive Officer. LIPA’s service provider will maintain a Risk Management Committee to oversee those risks and report to LIPA’s ERMC.”

- LIPA has an active ERMC that reviews the progress and findings of the ERM Program, including discussions of the most significant risks facing LIPA and its Service Provider. Since the last annual report, the ERMC has met three times to discuss the various components of the Program, including the review of LIPA and PSEG Long Island’s risk assessments and associated mitigation activities. In addition, it also reviewed PSEG Long Island’s ERM Annual Report.
- Currently, there are nine members on the Committee, including the CEO, CFO, COO, CIO, General Counsel, and other LIPA Staff at the Senior Vice President, Vice President, and Director levels.

Additionally, the Policy provides that the annual report shall include an update on the “results of a biennial review of the maturity of the program compared to industry best practices.”

- The most recent ERM maturity assessment was conducted in June 2024 in alignment with the Board-approved biennial review cadence. The ERM Program improved in many areas, including risk governance via enhanced policies and

frameworks, better integrating risk analysis into internal audit reports, and better coordination and inclusion of LIPA subject matter experts in the PSEG Long Island risk assessment process. In accordance with the Policy, the next maturity assessment will be conducted by June 2026.

Last, the policy provides that the annual report shall include “an evaluation of its most significant risks and corresponding management activities.”

- The F&A Committee receives an annual update on the ERM Program highlighting the significant risks and mitigation actions facing LIPA and PSEG Long Island concurrent with this annual report. Over the course of the year, there are additional presentations to the Board that discuss significant risks, some of which include: major storm, cyber security, safety, physical security, the outdated primary transmission control center, asset management, and staffing.

### Annual Review of the Policy

In reviewing the Policy, there is one proposed addition for 2025 that relates to enhancing risk culture. The proposed addition is as follows, ‘Ensure LIPA and PSEG Long Island leadership promotes a strong risk aware culture by discussing risk openly, integrating risk management into decision making processes, and promoting accountability for managing risk across the organization.’. This inclusion provides direction and tone for LIPA and PSEG Long Island leadership to ensure there is focus and support for risk management across each organization. The final version of the amended Policy, is attached hereto as Exhibit “B.”

### 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 REPORT AND AMENDMENTS ON THE BOARD POLICY ON ENTERPRISE RISK MANAGEMENT

WHEREAS, the Enterprise Risk Management Policy (the “Policy”) was originally approved by the Board of Trustees by Resolution No. 1351, dated March 29, 2017; and

WHEREAS, the Policy was last amended by Resolution No. 1572, dated December 16, 2020; and

WHEREAS, the Finance and Audit Committee (the “F&A Committee”) of the Board of Trustees of the Long Island Power Authority (“LIPA”) has conducted an annual review of the Policy and recommends that the Board find that the Policy has been complied with and that the proposed changes to the Policy and due and proper.

**NOW, THEREFORE, BE IT RESOLVED**, that consistent with the accompanying memorandum, the F&A Committee hereby recommends that the Board find that LIPA has complied with the Policy for the period since the last annual review; and approve the annual report on the Policy.

**BE IT FURTHER RESOLVED**, that consistent with the accompanying memorandum, the F&A Committee hereby recommends that the Board approve the changes to the Policy that are reflected in Exhibit “B.”

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*Chair Manning stated that the last item on the agenda is Consideration of Recommendation to Approve Letter of Credit Providers be presented by Vinay Dayal.*

*Mr. Dayal 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 (“LIPA”) is requested to recommend that the Board adopt a resolution authorizing the execution of a new reimbursement agreement with Bank of America, N.A. (“Bank of America”). The outstanding General Revenue Bonds, Series 2023A-2 and 2023C are directly placed with Wells Fargo Bank, N.A., and the outstanding General Revenue Bonds, Series 2023B are directly placed with Bank of America (together the “Direct Placement Bonds”). The Direct Placement Bonds are subject to mandatory tender for purchase on January 30, 2026 (Series 2023A-2 and Series 2023B) and on March 16, 2026 (Series 2023C). LIPA will be refinancing the Direct Placement Bonds with new publicly-issued, variable-rate debt. The new variable-rate debt will require Letter of Credit support to maximize investor demand. The Letter of Credit will be documented via the reimbursement agreement.

### **Background**

LIPA is a party to certain interest rate hedge agreements (the “Swaps”) and is therefore required to maintain a certain amount of variable rate debt against those Swaps. Certain of the Direct Placement Bonds are currently associated with the Swaps and the variable rate indebtedness contemplated herein that refinances such Direct Placement Bonds is currently expected to also be associated with such Swaps.

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. The selection committee recommends the selection of the proposal submitted by Bank of America for a total capacity of approximately \$250 million, subject to final negotiations of costs and terms. LIPA will enter into new bank agreement(s) with Bank of America – which agreement(s) will be substantially similar to existing bank agreements between LIPA and its other Bank counterparties

relating to LIPA's variable rate indebtedness, including those executed with Bank of America. The new agreement(s) may require the delivery of new offering document(s) or other disclosure document(s) and the execution of other instruments.

### **Recommendation**

Based upon the foregoing, it is recommended that the Committee recommend to the Board the adoption the resolution in the form attached hereto as Exhibit "A."

*A motion was made and seconded, and the Trustees unanimously adopted the following resolution:*

### **RESOLUTION APPROVING THE SELECTION OF BANK OF AMERICA, N.A. 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 refinancing its outstanding Electric System General Revenue Bonds, Series 2023A-2, Series 2023B and Series 2023C (the "Direct Placement Bonds"), and the staff selection committee has reviewed the responses and recommends the proposal submitted by Bank of America, N.A. ("Bank of America") as the selected response, subject to final negotiations (such proposal being referred to hereinafter as the "Selected Proposal" and Bank of America referred to hereinafter as the "Selected Bank");

#### **NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:**

- The Trustees hereby approve the Selected Proposal, subject to final negotiations, and the Chief Executive Officer, Chief Financial Officer, Controller and Secretary (the "Authorized Officers") are each hereby authorized to enter into a new bank agreement or agreements with the Selected Bank (subject to final negotiations) in connection with the refinancing of the Direct Placement Bonds, which new agreement or agreements shall be substantially similar to the existing agreements related to similar Letter of Credit Facilities, with such changes and additions to and omissions from such prior agreements as such authorized executing officer deems in its discretion to be necessary or appropriate, such execution to be conclusive evidence of such approval.
- 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, Remarketing Agreements, Tender Agency Agreements, Custody Agreements, Bond Purchase Agreements, Continuing Disclosure 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.

- This resolution shall take effect immediately.

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*Chair Manning then entertained a motion to adjourn, which was duly made and seconded, after which the meeting concluded at approximately 10:51 a.m.*

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