



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, June 23, 2016
MINUTES**

San Mateo County Office of Education, Corte Madera Room
101 Twin Dolphin Drive, Redwood City, CA 94065
6:30pm

CALL TO ORDER

Meeting was called to order at 6:30 pm.

ROLL CALL

Present: Dave Pine, County of San Mateo, *Chair*
Carole Groom, County of San Mateo
Rick DeGolia, Town of Atherton
Charles Stone, City of Belmont
Lori Liu, City of Brisbane
Sigalle Michael, City of Burlingame
Gary Pollard, City of Foster City
Laurence May, Town of Hillsborough
Catherine Carlton, City of Menlo Park
Ann Schneider (alternate), City of Millbrae
John Keener, City of Pacifica
Jeff Aalfs, Town of Portola Valley, *Vice Chair*
Ian Bain, City of Redwood City
Marty Medina, City of San Bruno
Cameron Johnson, City of San Carlos (*arrived late*)
Rick Bonilla (alternate), City of San Mateo
Pradeep Gupta, City of South San Francisco
Daniel Yost, Town of Woodside

Absent: Joseph Silva, Town of Colma
Michael Guingona, City of Daly City
Larry Moody, City of East Palo Alto
Deborah Penrose, City of Half Moon Bay

Staff: Jan Pepper, Chief Executive Officer
David Silberman, General Counsel
Jim Eggemeyer, Director, Office of Sustainability

Danielle Lee, Deputy Director, Office of Sustainability
Michael Bolander, Office of Sustainability
Gordon Tong, Office of Sustainability
Carolyn Raider, Office of Sustainability
Kirsten Pringle, Office of Sustainability

A quorum was established.

PUBLIC COMMENT

There was no public comment on items not on the agenda.

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS

Motion to approve the consent agenda and set the agenda – Made / Seconded: Bain/ DeGolia

Motion passed 17-0 (Absent: Johnson, Silva, Guingona, Moody, Penrose).

REGULAR AGENDA

1. CHAIR REPORT

Chair Pine thanked staff for working on the finance items and energy service provider contract.

2. CEO REPORT

Jan Pepper—Chief Executive Officer—reported that PCE staff attended a tri-annual meeting for all Community Choice Energy programs in California, hosted by the California Public Utilities Commission (CPUC). Ms. Pepper provided an update on presentations and tabling PCE staff have attended. Ms. Pepper also provided an overview of the process for executing the loan and energy service provider agreements and the flows of funds into PCE’s operating account.

3. LIMITED DELEGATION OF AUTHORITY TO CHIEF EXECUTIVE OFFICER TO TAKE ACTION TO SUPPORT OR OPPOSE LEGISLATION OR OTHER INITIATIVES (ACTION)

Ms. Pepper explained that there may be bills in the legislature that could negatively impact PCE. The proposed policy delegates authority to Ms. Pepper to take action on pending legislature without first receiving Board approval under certain parameters. These parameters are outlined in the policy.

There was a question and comment regarding whether Board members could get an advanced copy of the bill.

Motion to approve– Made / Seconded: Yost/May

Motion passed 18-0 (Absent: Silva, Guingona, Moody, Penrose).

4. ADOPT A RESOLUTION AUTHORIZING THE INCURRENCE BY PCEA OF INDEBTEDNESS IN THE FORM OF A LOAN OR LOANS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$12,000,000 FROM BARCLAYS BANK PLC, THE EXECUTION AND DELIVERY OF A TERM LOAN AGREEMENT AND AN ACCOUNT CONTROL AGREEMENT IN CONNECTION THEREWITH, THE CREATION OF AN OPERATING FUND ACCOUNT, AND CERTAIN OTHER RELATED ACTIONS (ACTION)

Danielle Lee—Deputy Director of the Office of Sustainability—presented on the proposed bank loan with Barclay’s Bank. Ms. Lee explained the purpose of the loan, loan details and the conditions that would trigger loan default. Ms. Lee also pointed out changes to the initial loan terms that were sent out in the agenda packet and stated that the loan documents were reviewed by a third-party.

There were questions regarding prepayment penalty, borrowing money from the County, interest on the collateral, material adverse change and frequency on which financial updates will be provided to the Board.

Public Comment: Karl Van Orsdol, City of Palo Alto

Motion to approve– Made / Seconded: DeGolia/Schneider

Motion passed 18-0 (Absent: Silva, Guingona, Moody, Penrose).

5. ADOPT A RESOLUTION AUTHORIZING THE CHAIR OF THE BOARD TO EXECUTE A LOAN AGREEMENT BETWEEN PCEA AND THE COUNTY OF SAN MATEO IN THE AMOUNT OF \$6,000,000 TO BE REPAYED TO THE COUNTY BY PCEA, FOR THE PURPOSES OF SECURING A BANK LOAN TO ADDRESS CERTAIN WORKING CAPITAL NEEDS AT VARIABLE RATES PROVIDED IN THE AGREEMENT (ACTION)

Ms. Pepper presented on the loan agreement between PCE and the County of San Mateo. Ms. Pepper discussed the purpose of the loan, loan details and repayment terms.

There was a comment regarding the loan term. There was a questions regarding the interest rate.

Motion to approve– Made / Seconded: Bonilla/Stone

Motion passed 18-0 (Absent: Silva, Guingona, Moody, Penrose).

6. ADOPT A RESOLUTION AUTHORIZING THE CHAIR OF THE BOARD TO EXECUTE A LOAN AND REPAYMENT AGREEMENT BETWEEN PCEA AND THE COUNTY OF SAN MATEO IN THE AMOUNT OF \$2,980,000 TO BE REPAYED TO THE COUNTY BY PCEA, FOR THE PURPOSES OF ADDRESSING CERTAIN WORKING CAPITAL NEEDS AT VARIABLE RATES PROVIDED IN THE AGREEMENT (ACTION)

Ms. Pepper presented on the loan and repayment agreement between PCE and the County of San Mateo for addressing certain working capital needs. Ms. Pepper discussed the purpose of the loan, loan details and repayment terms.

There was a question regarding the loan term and potential for another loan in the future.

Motion to approve– Made / Seconded: Bain/Pollard

Motion passed 18-0 (Absent: Silva, Guingona, Moody, Penrose).

7. REVIEW AND ADOPT CUSTOMER RATES FOR POWER THAT WILL BE EFFECTIVE ON OCTOBER 1, 2016 (ACTION)

John Dalessi—Pacific Energy Advisors—presented on the proposed customer rate schedules and generation rates for PCE. Mr. Dalessi explained that the rate schedules were similar to Pacific Gas & Electric’s (PG&E’s) and that the rates were designed to offer customers a 5% net reduction in generation costs. Mr. Dalessi discussed potential PG&E rate changes in 2017; described the proposed 36 rate schedules; and explained how the generation rates were calculated. Mr. Dalessi also stated that ECO100—the 100% renewable energy option—with have \$.01 price premium, in addition to the customer’s regular generation rate.

There were questions regarding: net energy metering; the potential for simplifying rate schedules; low-income and medical rate structures; reach donations; the franchise fee surcharge; and electric vehicle rate structures.

There were comments regarding the 5% net reduction in generation costs; how to market the rate reduction; offering the ECO100 product at a higher price; allowing customers to donate to PCE; and making a policy goal to reach 100% renewable.

The Board members also discussed waiving the administrative fee for customers opting-out beyond their initial enrollment period.

Public Comments: Diane Bailey, Menlo Spark; James Tuleya, Sunnyvale; Michael Closson

Motion to approve– Made / Seconded with the modification that the “opt-out fee” for customers departing after the initial opt-out period would be waived for the first year following launch: Bonilla/Pollard

Motion passed 18-0 (Absent: Silva, Guingona, Moody, Penrose).

8. ADOPT A RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO: A) EXECUTE PHASE 1 CONFIRMATION AGREEMENT WITH ENERGY SERVICES PROVIDER SELECTED BY CHIEF EXECUTIVE OFFICER, B) EXECUTE MASTER AGREEMENT WITH THREE SHORT-LISTED ENERGY SERVICES PROVIDERS, AND C) EXECUTE AN INTERCREDITOR AND COLLATERAL AGENCY AGREEMENT, SECURITY AGREEMENT AND DEPOSIT ACCOUNT CONTROL AGREEMENT WITH WILMINGTON AND TRANSFER FUNDS TO WILMINGTON TRUST NATIONAL ASSOCIATION SUFFICIENT TO MEET CONTRACTUAL OBLIGATIONS UNDER THE FOREGOING AGREEMENTS

David Silberman—Office of County Counsel—presented on the confirmation agreement, the master agreements and the intercreditor and collateral agency agreement with Wilmington Trust. Mr. Silberman noted that the agreements were mostly the same as those presented at the previous Board meeting. He also noted that the differences between the various agreements were not in the context of the transaction as a whole. Mr. Silberman also explained the process for selecting the energy service provider and finalizing the contracts.

There were questions regarding the energy mix, use of local renewable energy and differences between the energy service providers.

Motion to approve– Made / Seconded: Stone/May

Motion passed 18-0 (Absent: Silva, Guingona, Moody, Penrose).

7. BOARD MEMBERS’ REPORTS

None

ADJOURNMENT

Meeting was adjourned.

Chair

Attest:

Secretary