



**SPECIAL MEETING of the Audit and Finance Committee of the
Peninsula Clean Energy Authority (PCEA)
Monday, June 11, 2018**

Peninsula Clean Energy, 2075 Woodside Road,
Redwood City, CA 94061
10:00 a.m.

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact Anne Bartoletti, Board Clerk, at least 2 working days before the meeting at abartoletti@peninsulacleanenergy.com. Notification in advance of the meeting will enable the PCEA to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it. Attendees to this meeting are reminded that other attendees may be sensitive to various chemical based products.

If you wish to speak to the Board, please fill out a speaker's slip located on the tables as you enter the Board meeting room. If you have anything that you wish to be distributed to the Board and included in the official record, please hand it to a member of PCEA staff who will distribute the information to the Board members and other staff.

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

This item is reserved for persons wishing to address the Committee on any PCEA-related matters that are as follows: 1) Not otherwise on this meeting agenda; 2) Listed on the Consent Agenda; 3) Chief Executive Officer's or Staff Report on the Regular Agenda; or 4) Committee Members' Reports on the Regular Agenda. Public comments on matters not listed above shall be heard at the time the matter is called.

As with all public comment, members of the public who wish to address the Committee are requested to complete a speaker's slip and provide it to PCEA staff. Speakers are customarily limited to two minutes, but an extension can be provided to you at the discretion of the Committee Chair.

SPECIAL MEETING AGENDA

1. Review Draft Financial Reserves Policy (Discussion)
2. Recommend Approval of Final Draft Fiscal Year 2018-2019 Budget and 5-year Projections (Action)
3. Approval of the Minutes for the May 8, 2018 Meeting (Action)

Public records that relate to any item on the open session agenda for a board meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Board. The Board has designated Peninsula Clean Energy's office, located at 2075 Woodside Road, Redwood City, CA 94061, for the purpose of making those public records available for inspection. The documents are also available on the PCEA's Internet Web site. The website is located at: <http://www.peninsulacleanenergy.com>.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: June 7, 2018

BOARD MEETING DATE: June 11, 2018

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Audit & Finance Committee

FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
Jay Modi, Director of Finance & Admin, Peninsula Clean Energy

SUBJECT: Review Draft Financial Reserves Policy

RECOMMENDATION:

Review draft Financial Reserves Policy.

DISCUSSION:

Peninsula Clean Energy (PCE) staff have performed research and conducted analyses regarding the appropriate level of financial reserves for the organization. This includes reviewing the reserves policies of other CCAs, reviewing the rating methodology of rating agencies, and determining reasonable reserve levels to maintain certain financial ratios. The proposed Financial Reserves Policy reflects this analysis and is intended to meet the company's strategic objectives.

FISCAL IMPACT:

No fiscal impact.

ATTACHMENTS

Draft Financial Reserves Policy



Subject: Financial Reserves Policy

Purpose: Peninsula Clean Energy (PCE) will maintain Financial Reserves as described in this policy to:

- Meet PCE's strategic objectives
- Secure favorable commercial terms with vendors, including power producers
- Secure future stand-alone PCE credit rating
- Provide a contingency to provide rate stability for PCE customers
- Provide a source of funds for unanticipated expenditures

Policy Guidelines: PCE will maintain the reserves at the following funding levels:

- Operating / Working Capital Reserve equal to 120 days of operating expenses, including power supply expenses;
 - The Operating / Working Capital Reserve includes the Rate Stabilization/Contingency Reserve equal to 15% of projected revenues to mitigate volatility in the power markets and the Power Charge Indifference Adjustment (PCIA).

Spending Authority: Authority to spend from the reserves must align with Board approved budgets.

Review of Policy: PCE staff will review the Reserve Policy annually to ensure it meets the needs of the agency.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: June 7, 2018
BOARD MEETING DATE: June 11, 2018
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Audit & Finance Committee
FROM: Jay Modi, Director of Finance & Admin, Peninsula Clean Energy
SUBJECT: Final Draft Fiscal Year 2018-2019 Budget and 5-year Projections

RECOMMENDATION:

Recommend Approval of the Final Draft Fiscal Year 2018-2019 Budget and 5-year Projections.

BACKGROUND:

On May 8th, 2017 and May 26th, 2017, the staff presented the draft Fiscal Year 2018-2019 budget to the Audit & Finance Committee and Board of Directors, respectively.

DISCUSSION:

Fiscal Year 2019 (July 2018 through June 2019) budget will be provided for review. The bottoms-up approach included discussions with the department heads to develop their portions of the budget. The proposed budget has been updated to reflect additional refinement of select revenue and expense categories.

ATTACHMENTS

The final draft of the Fiscal Year 2018-2019 Budget and 5-year Projections will be handed out during the meeting.



**REGULAR MEETING of the Audit and Finance Committee
of the Peninsula Clean Energy Authority (PCEA)
Tuesday, May 8, 2018
MINUTES**

2075 Woodside Road, Redwood City, CA
9:00 a.m.

CALL TO ORDER

Meeting was called to order at 9:05 a.m.

ROLL CALL

Present: Donna Colson, City of Burlingame, *Chair*
Carlos Romero, City of East Palo Alto
Laurence May, Town of Hillsborough
Jeff Aalfs, Town of Portola Valley

Absent: Carole Groom, County of San Mateo

Staff: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
Jay Modi, Director of Finance and Administration, Peninsula Clean Energy
Anne Bartoletti, Board Clerk, Peninsula Clean Energy
Michael J. Maher, CPA, Maher Accountancy

A quorum was established.

PUBLIC COMMENT

No public comment.

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS

Motion Made / Seconded: Romero / May

Motion passed 3-0 (Abstained: Jeff Aalfs. Absent: Carole Groom)

Donna Colson—Chair—announced that agenda item 4 was being moved up for discussion.

REGULAR AGENDA

4) INTRODUCE INTERIM CFO

Donna Colson—Chair—introduced Tina Caratan, who started with Peninsula Clean Energy (PCE) on May 1, 2018 as the Interim CFO (Chief Financial Officer), and reported that Tina will focus on financials, human resources, and technology. Tina introduced herself and provided a summary of her background and experience.

1) CHAIR REPORT

Donna Colson—Chair—reported that Carlson Beck LLC is the recruiter that will be conducting the search for PCE's permanent CFO.

2) STAFF REPORT

Jan Pepper—CEO—reported that staff revised the draft credit card policy based on feedback from Audit and Finance Committee and created an internal credit card protocol. She also reported that the Union Bank accounts are being closed and transactions are going through our new bank, First Republic Bank.

3) COMMITTEE MEMBERS' REPORTS

Donna Colson welcomed Jeff Aalfs as a new member to the Audit and Finance Committee, and she reported that San Mateo County Supervisor Carole Groom has also joined the Committee but had a conflict this morning.

Jeff Aalfs reported that an ad hoc committee of the Board is attending a series of meetings with shortlisted candidates for PCE's Renewables RFO (Request for Offers).

5) THIRD QUARTER OF FY 2017-2018 FINANCIAL REPORT

Jay Modi—Director of Finance and Administration—reported that the variance summary was created based on feedback from the Committee. He reviewed the budget versus actual financials for the period July 1, 2017 through March 31, 2018.

6) FISCAL YEAR 2018-2019 BUDGET REVIEW

Jay Modi reviewed a draft of the budget for Fiscal Year 2019 (July 2018 through June 2019), and explained that this is budget based on PCE's actual operating revenues and expenses for 2017.

7) APPROVE FY 2017-2018 AUDIT PREPARATION CALENDAR

Jay Modi reviewed a draft of the Fiscal Year 2017-2018 audit preparation calendar. The Committee discussed moving the September timeframe sooner to initiate audit preparation communication with the Audit and Finance Committee by utilizing a phone call with an ad hoc committee of the Audit and Finance Committee.

Motion Made (as amended) / Seconded: Aalfs / May

Motion passed unanimously 4-0 (Absent: Carole Groom)

8) RECOMMEND APPROVAL OF DISBURSEMENT POLICY

Jay Modi reviewed a draft of the Disbursement Policy, and the Committee discussed signature authority and written documentation of disbursements.

Motion Made (as amended) / Seconded: May / Romero

Motion passed unanimously 4-0 (Absent: Carole Groom)

9) APPROVE COMMITTEE MEETING SCHEDULE

The Committee reviewed a draft of the 2018 meeting schedule for the Audit and Finance Committee.

Motion Made / Seconded: Romero / Aalfs

Motion passed unanimously 4-0 (Absent: Carole Groom)

10) REVIEW DRAFT INVESTMENT POLICY STATEMENT

Jay Modi introduced Bill Tugaw from NFP. Bill introduced himself and reviewed a draft of the Investment Policy. The Committee discussed management of the investments and the Acceptable Investment Instruments. The Committee requested more time to review the policy details and the Committee members will individually provide feedback to Jay.

11) PRESENTATION ON PORTFOLIO AND INVESTMENT OPTIONS

Jay Modi introduced Michael Hickey, Kevin Douglas, Michael Solis, and Robert Ostrofsky from First Republic Bank. Mike Hickey presented information on First Republic Bank's history, PCE's investment portfolio, and PCE's investment options.

ADJOURNMENT

Meeting was adjourned at 11:34 a.m.