Agenda

Call to order / Roll call

Public comment

Action to set the agenda and approve consent items
1. Chair Report
2. Staff Report
Staff Report

- Added daily sweep services to Lockbox account (M&T/Wilmington) – earnings of up to $200K per year

- Ordered 2 copies of QuickBooks to be able to view historical accounting data

- Implemented Personnel Action Form (PAF) to document updates and approvals to changes in staff compensation/promotion/organization

- Met with First Republic Bank to discuss approved Investment Policy – have not implemented changes yet
4. Financial Summary September 2018 Year to Date
Revenue – Monthly Detail

<table>
<thead>
<tr>
<th>Months</th>
<th>Revenue Comparison vs Budget</th>
<th>Actual</th>
<th>Budget</th>
<th>Var ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul-18</td>
<td></td>
<td>$25.8</td>
<td>$24.6</td>
<td>$1.2</td>
</tr>
<tr>
<td>Aug-18</td>
<td></td>
<td>23.1</td>
<td>25.6</td>
<td>(2.5)</td>
</tr>
<tr>
<td>Sep-18</td>
<td></td>
<td>23.4</td>
<td>26.0</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>72.3</td>
<td>76.2</td>
<td>(3.9)</td>
</tr>
</tbody>
</table>

- **Weather**: Cooler weather in August and September 2018 compared to prior year.
  - 4% lower in August 2018 vs prior year
  - 9% lower in September 2018 vs prior year

- **Energy Usage**: Closely follows weather patterns in summer months.
  - 7% lower in August 2018 vs prior year
  - 14% lower in September 2018 vs prior year
Cost of Energy – Monthly Detail

<table>
<thead>
<tr>
<th>Months</th>
<th>COE Comparison vs Budget</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
<td>Var ($)</td>
</tr>
<tr>
<td>Jul-18</td>
<td>$19.4</td>
<td>$15.4</td>
<td>($3.9)</td>
</tr>
<tr>
<td>Aug-18</td>
<td>15.2</td>
<td>16.0</td>
<td>0.8</td>
</tr>
<tr>
<td>Sep-18</td>
<td>11.5</td>
<td>15.0</td>
<td>3.5</td>
</tr>
<tr>
<td>Total</td>
<td>46.1</td>
<td>46.5</td>
<td>0.3</td>
</tr>
</tbody>
</table>

- Weather and Energy Usage factors.
- Prices: Spike in July prices while August and Sept flat.
## Change in Net Position (As of Sept. 2018)

<table>
<thead>
<tr>
<th>Accounts</th>
<th>Actual</th>
<th>Budget</th>
<th>Var ($)</th>
<th>Var (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$72.3</td>
<td>$76.2</td>
<td>($3.9)</td>
<td>-5%</td>
</tr>
<tr>
<td>Cost of Energy</td>
<td>46.1</td>
<td>46.5</td>
<td>0.3</td>
<td>1%</td>
</tr>
<tr>
<td>Other Opex</td>
<td>2.8</td>
<td>4.1</td>
<td>1.3</td>
<td>31%</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td><strong>23.3</strong></td>
<td><strong>25.6</strong></td>
<td><strong>(2.3)</strong></td>
<td><strong>-9%</strong></td>
</tr>
</tbody>
</table>

- **Revenues**: 5% under budget due to lower than expected energy usage in August and September (cooler weather than planned).
- **Cost of Energy**: Lower energy usage in August and September offset by unexpected price spike in during very hot late July week. For the full quarter, the net result of actuals were near flat compared to budget.
- **Other OPEX**: 31% under budget due to conservative budgeting and delayed spending in Programs.
- **Ending Net Position**: $108.6 million as of September 30, 2018
• Steadily strengthening liquidity position – increased inflows during Summer months.

• At end of October, 77% was invested in T-bills with remainder held in 23% in cash
• Current investment in laddered T-bills with an average maturity of 1-month.

• The average Yield-to-Maturity is ~2.0% with a profile of Aaa/AA+ credit rating.

• Evaluating diversification into other investment options based on the approved Investment Policy Statement to increase overall yield.
5. Insurance Summary
Insurance Summary

**Liability**

Company: Princeton  
Limit - $2 million  
Self-insured retention - $1 million  
Policy date – 5/22/19

PCE is an Additional Insured under San Mateo County’s policy
Insurance Summary

Umbrella Policy

Company: Argonaut
Limit - $7 million in excess of $3 million ($10 million total)
Policy date – 5/22/19

PCE is an Additional Insured under San Mateo County’s policy. County has a total of $55 million of coverage (hospital, jail, etc.)
D&O/Employment Practices Liability

Company: RSUI Indemnity
Limit - $1 million
Self-insured retention - $50,000
Policy date – 7/24/19

PCE has a direct policy
Worker’s Compensation

Company: State Compensation Fund
Limit - $1 million (statutory)
Policy date – 7/13/19

PCE has a direct policy
## Insurance Summary/Overview

<table>
<thead>
<tr>
<th>Insured</th>
<th>Type</th>
<th>Company</th>
<th>Policy Number</th>
<th>Term</th>
<th>Limits</th>
<th>Deductible/Retention</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>County of San Mateo, et al Peninsula Clean</td>
<td>Excess Liability – Primary layer</td>
<td>The Princeton Excess and Surplus Lines Insurance Co.</td>
<td>N1-A3-RL-0000089-05</td>
<td>5/22/18 – 5/22/19</td>
<td>$2,000,000</td>
<td>$1,000,000 Self-Insured Retention</td>
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<tr>
<td>Authority</td>
<td>Excess Liability – 2nd layer</td>
<td>Argonaut Ins. Co.</td>
<td>2902021-02</td>
<td>5/22/18 – 5/22/19</td>
<td>$7,000,000 excess of $3,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peninsula Clean Energy Authority</td>
<td>Directors and Officers / EPL Liability</td>
<td>RSUI Indemnity Company</td>
<td>NHP677688</td>
<td>7/24/18 – 7/24/19</td>
<td>$1,000,000 shared limit</td>
<td>$50,000 Self-Insured Retention</td>
<td>$25,370</td>
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<tr>
<td>Peninsula Clean Energy Authority</td>
<td>Workers’ Compensation</td>
<td>State Compensation Insurance Fund</td>
<td>9214228-18</td>
<td>7/13/18 – 7/13/19</td>
<td>Work Comp – Statutory Employers Liability - $1,000,000</td>
<td>None</td>
<td>$9,437</td>
</tr>
</tbody>
</table>
6. Status of PCE Treasurer
Appointment of Treasurer

Status Update

• The Exercise of Powers Act (Government Code Sections 6500, et seq.), under which PCE was created, requires that each Joint Powers Authority (“JPA”) have a Treasurer.

• Sections 6505.5 and Section 6505.6 govern who can serve as Treasurer in which the options include (1) the County Treasurer; (2) a member city Treasurer; (3) a Certified Public Accountant; (4) a PCE officer; or (5) a PCE employee.

• The JPA Agreement that formed PCE selected the County Treasurer as Treasurer, and provides that the Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time.

• The duties and responsibilities of the Chief Financial Officer (“CFO”) closely align with the responsibilities of the Treasurer role.

• Plan to recommend to the Board that Andy Stern be appointed Treasurer at Board meeting on December 20, 1018.
7. FY2017-18 Audit Management Letter
Audit Management Letter

As part of the requirements of completing the audit, our auditors published their recommendations of items that came to their attention while performing their audit. The suggestions fall into 2 categories:

- **Internal Controls and Company Growth**
  - General comments related to PCE’s growth and the need to continue to review internal control procedures.
  - Management response summarizing reasonable standard practices given limited staff.

- **Review of Service Provider Annual SOC 1 Report**
  - Comments about PCE’s specified responsibilities related to oversight and approval of customer billing activities by Calpine.
  - Management response summarizing what those specified responsibilities are and the practices PCE has adopted to conform.
8. 2019 Meeting Schedule (Proposed)
2019 Meeting Schedule (Proposed)

Audit and Finance Committee Meeting Schedule 2019

Location: Peninsula Clean Energy, 2075 Woodside Road, Redwood City, CA 94061

<table>
<thead>
<tr>
<th>Meeting Date</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 19, 2019 (Tuesday)</td>
<td>10:00 am</td>
<td>Lobby conference room</td>
</tr>
<tr>
<td>May 14, 2019 (Tuesday)</td>
<td>10:00 am</td>
<td>Lobby conference room</td>
</tr>
<tr>
<td>June 18, 2019 (Tuesday)</td>
<td>10:00 am</td>
<td>Lobby conference room</td>
</tr>
<tr>
<td>September 17, 2019 (Tuesday)</td>
<td>10:00 am</td>
<td>Lobby conference room</td>
</tr>
<tr>
<td>October 15, 2019 (Tuesday)</td>
<td>10:00 am</td>
<td>Lobby conference room</td>
</tr>
<tr>
<td>December 10, 2019 (Tuesday)</td>
<td>10:00 am</td>
<td>Lobby conference room</td>
</tr>
</tbody>
</table>