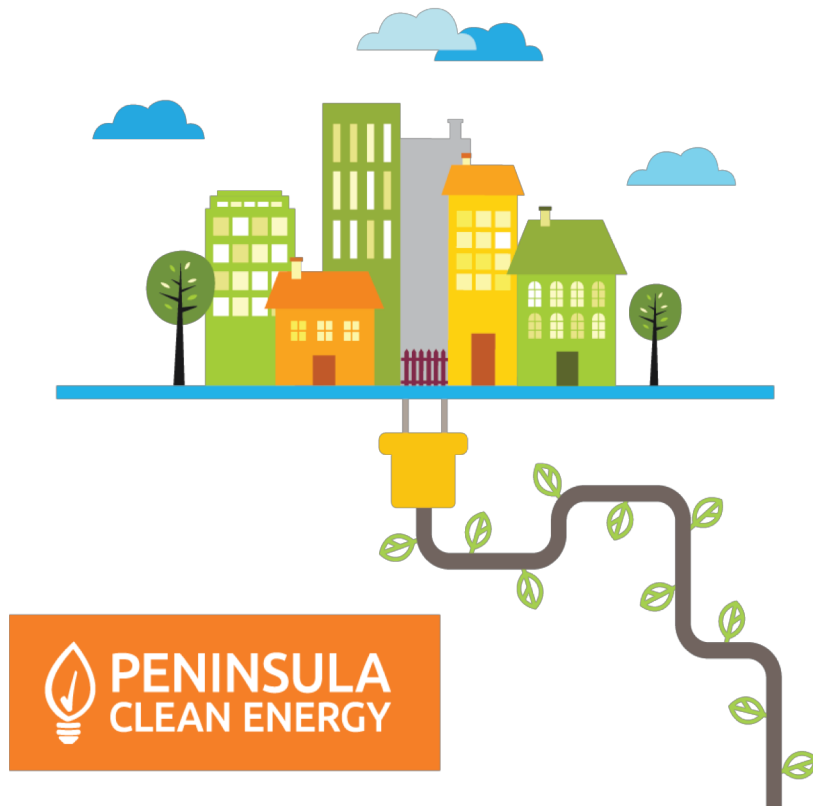


Peninsula Clean Energy Audit & Finance Committee Special Meeting December 10, 2018



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

Months	Revenue Comparison vs Budget		
	Actual	Budget	Var (\$)
Jul-18	\$25.8	\$24.6	\$1.2
Aug-18	23.1	25.6	(2.5)
Sep-18	23.4	26.0	(2.6)
Total	72.3	76.2	(3.9)

- 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

Months	COE Comparison vs Budget		
	Actual	Budget	Var (\$)
Jul-18	\$19.4	\$15.4	(\$3.9)
Aug-18	15.2	16.0	0.8
Sep-18	11.5	15.0	3.5
Total	46.1	46.5	0.3

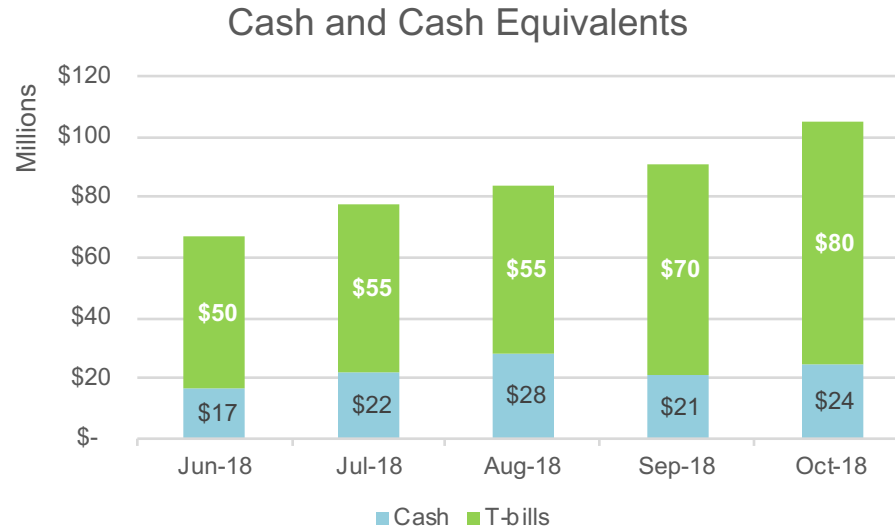
- Weather and Energy Usage factors.
- Prices: Spike in July prices while August and Sept flat.

Change in Net Position (As of Sept. 2018)

Accounts	Year-to-date vs Budget			
	Actual	Budget	Var (\$)	Var (%)
Revenues	\$72.3	\$76.2	(\$3.9)	-5%
Cost of Energy	46.1	46.5	0.3	1%
Other Opex	2.8	4.1	1.3	31%
Net Position	23.3	25.6	(2.3)	-9%

- 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

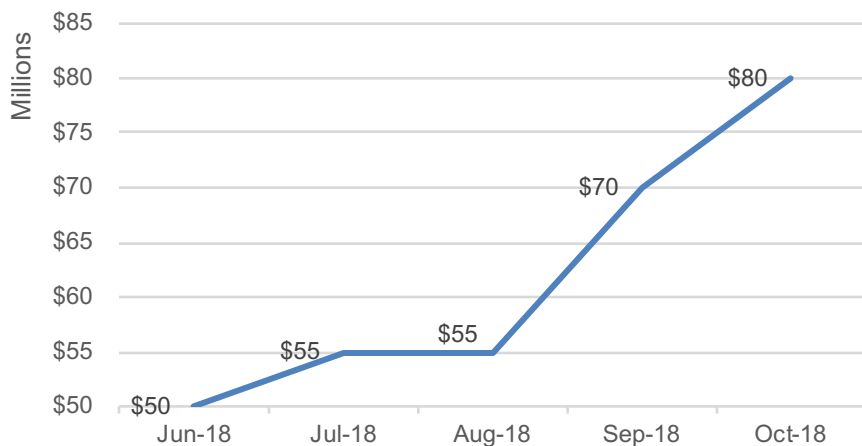
Cash and Cash Equivalents



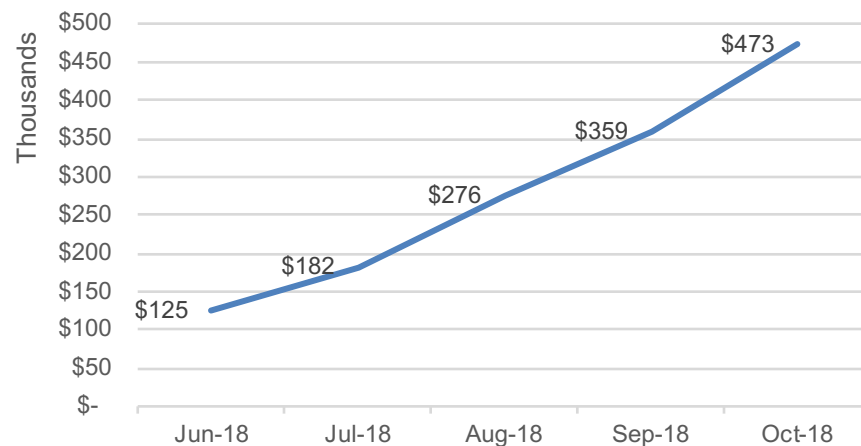
- Steadily strengthening liquidity position – increased inflows during Summer months.
- At end of October, 77% was invested in T-bills with remainder held in 23% in cash

Investment Account Profile

Investment Balance



Net Interest Income



- 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.)

Insurance Summary

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

Insurance Summary

Worker's Compensation

Company: State Compensation Fund

Limit - \$1 million (statutory)

Policy date – 7/13/19

PCE has a direct policy

Insurance Summary/Overview

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

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 perform 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

Meeting Date:	Time:	Location:
February 19, 2019 (Tuesday)	10:00 am	Lobby conference room
May 14, 2019 (Tuesday)	10:00 am	Lobby conference room
June 18, 2019 (Tuesday)	10:00 am	Lobby conference room
September 17, 2019 (Tuesday)	10:00 am	Lobby conference room
October 15, 2019 (Tuesday)	10:00 am	Lobby conference room
December 10, 2019 (Tuesday)	10:00 am	Lobby conference room