



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, February 28, 2019
6:30 pm**

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

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 Board on any PCEA-related matters that are as follows: 1) Not otherwise on this meeting agenda; 2) Listed on the Consent Agenda and/or Closed Session Agenda; 3) Chief Executive Officer's or Staff Report on the Regular Agenda; or 4) Board 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 Board 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 Board Chair.

ACTION TO SET AGENDA and TO APPROVE CONSENT AGENDA ITEMS

This item is to set the final consent and regular agenda, and for the approval of the items listed on the consent agenda. All items on the consent agenda are approved by one action.

REGULAR AGENDA

1. Chair Report (Discussion)
2. CEO Report (Discussion)
3. Citizens Advisory Committee Report (Discussion)
4. Audit and Finance Committee Report (Discussion)
5. Selection of Chair and Vice Chair (Action)
6. Authorize agreement with Reach Strategies to administer the 2019-2022 Ride & Drive Program for an amount not to exceed \$750,000 over three years (Action)
7. Authorize an extension to June 30, 2019 for the adjustment in Peninsula Clean Energy's (PCE's) rates to maintain a 5% discount in generation charges compared to PG&E (Action)
8. Board Members' Reports (Discussion)

CONSENT AGENDA

9. Authorize the Chief Executive Officer to execute agreement(s) to obtain a letter of credit with First Republic Bank with a term not to exceed June 30, 2020 to meet collateral requirements specified in the Power Purchase and Sale Agreement with Wright Solar Park, LLC, that was previously approved by the Board on January 26, 2017 (Action)
10. Approval of the Minutes for the January 24, 2019 Meeting (Action)

INFORMATION ONLY REPORTS

11. Marketing and Outreach Report
12. Regulatory and Legislative Report
13. Local Programs Report
14. Financial Report
15. Procurement Report

Public records that relate to any item on the open session agenda for a regular 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 the Peninsula Clean Energy 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 AUTHORITY
Board Correspondence**

DATE: February 20, 2019
BOARD MEETING DATE: February 28, 2019
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority (PCE) Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: CEO Report

REPORT:

PG&E Bankruptcy

PG&E filed for Chapter 11 bankruptcy protection on January 29, 2019, as expected. All money flows stopped with the bankruptcy filing, including payments to CCAs for our revenues that PG&E collects on our behalf. First-day motions in the bankruptcy were filed on January 31, 2019, which included the issue of continuing payments to third-parties such as CCAs, as those funds do not belong to PG&E. The bankruptcy judge agreed, and all revenues to CCAs were released and regular payments resumed. PCE is monitoring the bankruptcy proceeding individually and collectively with the other CCAs through CalCCA.

PCE Staffing Update

We have made an offer for the Manager of Distributed Energy Resources Strategy. Final interviews for the Regulatory Analyst/Senior Regulatory Analyst are finishing up over the next couple of weeks, and we expect to make an offer soon. The PCE management team is identifying future staffing needs and will be starting additional recruitments shortly. An update on staffing needs will be made to the PCE Executive Committee in March.

Rates Update

The CPUC has pushed out the ERRA decision on PG&E's generation and PCIA rates for 2019. It is now expected that PG&E's customer generation rates will change on May 1, 2019, although there may be minor adjustments to generation rates on March 1. PCE's rates for our customers will be adjusted within 2 weeks of the final determination of PG&E's rates, very near May 2, 2019. It is expected that PG&E's delivery rates (non-generation rates) will change on March 1, 2019.

Outreach in Merced County

The first set of outreach meetings in Merced County were held on February 20. Thanks to Rick DeGolia for accompanying PCE staff members Joe Wiedman, Charlsie Chang, and Jan Pepper for these meetings. Additional outreach meetings will be scheduled in the coming weeks, and Board members are welcome to join in these meetings.

PCE 101

PCE staff conducted “PCE 101” on Saturday, February 23, an introduction to PCE for new Board members and alternates, as well as Citizens Advisory Committee members and other city staff.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: Feb. 15, 2019
BOARD MEETING DATE: Feb. 28, 2019
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
Rafael Reyes, Director of Energy Programs

SUBJECT: Agreement with Reach Strategies to administer PCE's electric vehicle ride and drive program.

RECOMMENDATION

Authorize Agreement with Reach Strategies to administer the 2019-2022 Ride & Drive Program for an amount not to exceed \$750,000 over three years.

BACKGROUND

In April, 2018, the Board approved the Phase 1 Electric Vehicle (EV) programs funded at \$745,000 for EV marketing, new and used vehicle incentives, and a multi-unit dwelling (MUD) technical assistance program. These measures are intended to begin to address the three major barriers to EV adoption: a) low awareness, b) high vehicle cost, and c) insufficient charging infrastructure. To address the low-awareness barrier, \$90,000 of these \$745,000 were designated for the 2018 EV ride and drive campaign.

The 2018 EV ride and drive campaign delivered 5 events with a mix of dedicated corporate events and open community events cumulatively generating over 1,000 EV experiences. The events delivered include Genentech (8/9), Facebook Festival (8/11), San Mateo County Center (10/3), Burlingame Fall Fest (10/28), and YouTube (12/12). The 2018 campaign was administered by Reach Strategies. One event was moved to 2019 due to site scheduling issues.

The table below summarizes the 2018 campaign results:

Measure	Result
Total number of test drives	713
Total number of passenger rides	351
Total number of EV experiences	1,064
Percentage of participants who had their first EV experience at PCE event	60%
Percentage of participants whose overall opinion of EVs improved after test drive/ride	85%
Top 3 areas of PEV interest among participants	Performance (64%), technology (51%), and environmental (43%)
2018 participating OEMs	Audi, BMW, Chevrolet, Honda, Nissan, Tesla, Toyota, Volvo

In addition, in September, the Board approved the Program Roadmap, which identifies the Phase 2 EV program for 2019 and beyond to include measures on EV infrastructure and EV promotion.

The 2019-2022 EV ride and drive campaign will continue the efforts started in 2018 and aim to reach wider audiences in San Mateo County to stimulate awareness and interest in EVs.

DISCUSSION

PCE released an RFP on December 10, 2018, seeking vendors to administer the 2019-2022 ride and drive program. Proposals were due January 24, 2019. PCE received four proposals to provide these services and held interviews with the two strongest proposers. After the interviews, PCE selected Reach Strategies (“Reach”) to provide these services based on their experience executing EV ride and drive events nationwide, alignment with the program goals, and innovative ideas to amplify the visibility and impact of the program.

This is a 3-year Agreement with Reach not to exceed \$750,000 (\$250,000 per year maximum prorated based on the number of events). The campaign will execute 10 to 25 events per year with a mix of corporate and open community events.

Reach will work with PCE to identify, recommend and secure ideal locations to host EV ride and drive events to ensure that the overall campaign goals are met. Ten likely sites have already been identified, including those that participated in the 2018 campaign. Reach will recommend a strategy for recruiting additional sites. PCE will be identified as the sponsor and lead partner in all communications with all site hosts.

Additionally, Reach will work with PCE to develop a strategy to increase the number of participants and amplify the social visibility of the events to San Mateo County residents through creative means.

Part of this strategy may include fundraising at 1 to 3 select community events per year, in which PCE identifies one or more non-profits and donates funds based on the number of test drives. For example, if nonprofit A is selected and PCE donates \$50 per person who does a test drive, and 100 people test drive, PCE would donate \$5,000 to nonprofit A. Specific amounts to be donated are still to be determined but could be approximately \$20,000 per year.

Such a donation-based ride and drive campaign strategy would support local nonprofits, encourage those non-profits to encourage public participation at the event, amplify the visibility of the events through earned media, and likely increase the number of ride and drive participants. It would also enable PCE to diversify the avenues for supporting the community beyond the more typical environmental non-profits.

As part of this meeting's discussion, staff would like to get input from the Board on which nonprofit sectors (e.g. health, housing, art, safety net, youth, education, etc.) would be best to target for possible initial ride and drive event donations. If the Board approves the Reach contract, staff will bring further details on a recommended approach back to the Board at a later date.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

* * * * *

**RESOLUTION DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER
TO EXECUTE A THREE-YEAR AGREEMENT WITH REACH STRATEGIES WITH
TERMS CONSISTENT WITH THOSE PRESENTED, IN A FORM APPROVED BY THE
GENERAL COUNSEL.**

RESOLVED, by the Peninsula Clean Energy Authority (“PCE”) of the County of San Mateo, State of California, that

WHEREAS, PCE was formed on February 29, 2016; and

WHEREAS, electric vehicles are an important mechanism for reducing greenhouse gas emissions and improving the local economy; and

WHEREAS, having experience with electric vehicles is strongly correlated with interest in acquiring one; and

WHEREAS, executing electric vehicle ride and drive events is part of PCE’s program roadmap approved by the Board; and

WHEREAS, PCE issued an RFP on December 10, 2018, and received four proposals to provide these services; and

WHEREAS, Reach Strategies (“Contractor”) was selected for their experience executing electric vehicle ride and drive events nationwide;

WHEREAS, PCE staff and Reach Strategies have negotiated and agreed on the terms for a three-year agreement from March 4, 2019 through July 31, 2022; and

WHEREAS, the Board wishes to delegate to the Chief Executive Officer authority to finalize and execute the aforementioned Agreement.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board delegates authority to the Chief Executive Officer to: Finalize and execute a three-year Agreement with Reach Strategies with terms consistent with those presented, in a form approved by the General Counsel.

* * * * *

AGREEMENT BETWEEN THE PENINSULA CLEAN ENERGY AUTHORITY AND REACH STRATEGIES

This Agreement is entered into this ____ day of March, 2019, by and between the Peninsula Clean Energy Authority, a joint powers authority of the state of California, hereinafter called "PCEA" and Reach Strategies, hereinafter called "Contractor."

* * *

Whereas, pursuant to Section 6508 of the Joint Exercise of Powers Act, PCEA may contract with independent contractors for the furnishing of services to or for PCEA; and

Whereas, it is necessary and desirable that Contractor be retained for the purpose of providing consulting services for the development and implementation of municipal building codes.

Now, therefore, it is agreed by the parties to this Agreement as follows:

1. Exhibits and Attachments

The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A—Services

Exhibit B—Payments and Rates

2. Services To Be Performed By Contractor

In consideration of the payments set forth in this Agreement and in Exhibit B, Contractor shall perform services for PCEA in accordance with the terms, conditions, and specifications set forth in this Agreement and in Exhibit A.

3. Payments

In consideration of the services provided by Contractor in accordance with all terms, conditions, and specifications set forth in this Agreement and in Exhibit A, PCEA shall make payment to Contractor based on the rates and in the manner specified in Exhibit B. PCEA reserves the right to withhold payment if PCEA determines that the quantity or quality of the work performed is unacceptable. In no event shall PCEA's total fiscal obligation under this Agreement exceed seven hundred fifty thousand dollars (\$750,000). In the event that the PCEA makes any advance payments, Contractor agrees to refund any amounts in excess of the amount owed by the PCEA at the time of contract termination or expiration.

4. Term

Subject to compliance with all terms and conditions, the term of this Agreement shall be from March 4, 2019, through July 31, 2022.

5. Termination; Availability of Funds

This Agreement may be terminated by Contractor or by the Chief Executive Officer of the Peninsula Clean Energy Authority or his/her designee at any time without a requirement of good cause upon thirty (30) days' advance written notice to the other party. Subject to availability of funding, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such

payment shall be that prorated portion of the full payment determined by comparing the work/services actually completed to the work/services required by the Agreement.

PCEA may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits based upon the unavailability of Federal, State, or PCEA funds by providing written notice to Contractor as soon as is reasonably possible after PCEA learns of said unavailability of outside funding.

6. Contract Materials

At the end of this Agreement, or in the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and other written materials (collectively referred to as "contract materials") prepared by Contractor under this Agreement shall become the property of PCEA and shall be promptly delivered to PCEA. Upon termination, Contractor may make and retain a copy of such contract materials if permitted by law.

7. Relationship of Parties

Contractor agrees and understands that the work/services performed under this Agreement are performed as an independent contractor and not as an employee of PCEA and that neither Contractor nor its employees acquire any of the rights, privileges, powers, or advantages of PCEA employees.

8. Hold Harmless

a. General Hold Harmless

Contractor shall indemnify and save harmless PCEA and its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from this Agreement, the performance of any work or services required of Contractor under this Agreement, or payments made pursuant to this Agreement brought for, or on account of, any of the following:

- (A) injuries to or death of any person, including Contractor or its employees/officers/agents;
- (B) damage to any property of any kind whatsoever and to whomsoever belonging;
- (C) any sanctions, penalties, or claims of damages resulting from Contractor's failure to comply, if applicable, with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or
- (D) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of PCEA and/or its officers, agents, employees, or servants. However, Contractor's duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which PCEA has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Contractor to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

9. Assignability and Subcontracting

Contractor shall not assign this Agreement or any portion of it to a third party or subcontract with a third party to provide services required by Contractor under this Agreement without the prior written consent of

PCEA. Any such assignment or subcontract without PCEA's prior written consent shall give PCEA the right to automatically and immediately terminate this Agreement without penalty or advance notice.

10. **Payment of Permits/Licenses**

Contractor bears responsibility to obtain any license, permit, or approval required from any agency for work/services to be performed under this Agreement at Contractor's own expense prior to commencement of said work/services. Failure to do so will result in forfeit of any right to compensation under this Agreement.

11. **W9 Form and Submission of Invoices**

Prior to submitting an invoice to PCEA, Contractor shall submit a completed W9 form electronically to PCEA's Finance Email (finance@peninsulacleanenergy.com). Contractor understands that no invoice will be paid by PCE unless and until a W9 Form is received by PCEA.

12. **Insurance**

a. **General Requirements**

Contractor shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this Section has been obtained and such insurance has been approved by PCEA, and Contractor shall use diligence to obtain such insurance and to obtain such approval. Contractor shall furnish PCEA with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending Contractor's coverage to include the contractual liability assumed by Contractor pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to PCEA of any pending change in the limits of liability or of any cancellation or modification of the policy.

b. **Workers' Compensation and Employer's Liability Insurance**

Contractor shall have in effect during the entire term of this Agreement workers' compensation and employer's liability insurance providing full statutory coverage. In signing this Agreement, Contractor certifies, as required by Section 1861 of the California Labor Code, that (a) it is aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and (b) it will comply with such provisions before commencing the performance of work under this Agreement.

c. **Liability Insurance**

Contractor shall take out and maintain during the term of this Agreement such bodily injury liability and property damage liability insurance as shall protect Contractor and all of its employees/officers/agents while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Contractor's operations under this Agreement, whether such operations be by Contractor, any subcontractor, anyone directly or indirectly employed by either of them, or an agent of either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amounts specified below:

☒ Comprehensive General Liability... \$1,000,000

(Applies to all agreements)

☒ Motor Vehicle Liability Insurance... \$1,000,000

(To be checked if motor vehicle used in performing services)

☐ Professional Liability..... \$1,000,000

(To be checked if Contractor is a licensed professional)

PCEA and its officers, agents, employees, and servants shall be named as additional insured on any such policies of insurance, which shall also contain a provision that (a) the insurance afforded thereby to PCEA and its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy and (b) if the PCEA or its officers, agents, employees, and servants have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this Section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, PCEA, at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work and payment pursuant to this Agreement.

13. Compliance With Laws

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances, and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Federal Regulations promulgated thereunder, as amended (if applicable), the Business Associate requirements set forth in Attachment H (if attached), the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs and activities receiving any Federal or County financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, County, or municipal law or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

14. Non-Discrimination and Other Requirements

a. General Non-discrimination

No person shall be denied any services provided pursuant to this Agreement (except as limited by the scope of services) on the grounds of race, color, national origin, ancestry, age, disability (physical or mental), sex, sexual orientation, gender identity, marital or domestic partner status, religion, political beliefs or affiliation, familial or parental status (including pregnancy), medical condition (cancer-related), military service, or genetic information.

b. Equal Employment Opportunity

Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to PCEA upon request.

c. Section 504 of the Rehabilitation Act of 1973

Contractor shall comply with Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual with a disability shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of any services this Agreement. This Section applies only to contractors who are providing services to members of the public under this Agreement.

d. Compliance with County's Equal Benefits Ordinance

With respect to the provision of benefits to its employees, Contractor shall comply with Chapter 2.84 of the County Ordinance Code, which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse. In order to meet the requirements of Chapter 2.84, Contractor must certify which of the following statements is/are accurate:

- ☒ Contractor complies with Chapter 2.84 by offering the same benefits to its employees with spouses and its employees with domestic partners.
- ☐ Contractor complies with Chapter 2.84 by offering, in the case where the same benefits are not offered to its employees with spouses and its employees with domestic partners, a cash payment to an employee with a domestic partner that is equal to Contractor's cost of providing the benefit to an employee with a spouse.
- ☐ Contractor is exempt from having to comply with Chapter 2.84 because it has no employees or does not provide benefits to employees' spouses.
- ☐ Contractor does not comply with Chapter 2.84, and a waiver must be sought.

e. Discrimination Against Individuals with Disabilities

The nondiscrimination requirements of 41 C.F.R. 60-741.5(a) are incorporated into this Agreement as if fully set forth here, and Contractor and any subcontractor shall abide by the requirements of 41 C.F.R. 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

f. History of Discrimination

Contractor must check one of the two following options, and by executing this Agreement, Contractor certifies that the option selected is accurate:

- ☒ No finding of discrimination has been issued in the past 365 days against Contractor by the Equal Employment Opportunity Commission, Fair Employment and Housing Commission, or any other investigative entity.

- ☐ Finding(s) of discrimination have been issued against Contractor within the past 365 days by the Equal Employment Opportunity Commission, Fair Employment and Housing Commission, or other investigative entity. If this box is checked, Contractor shall provide PCEA with a written explanation of the outcome(s) or remedy for the discrimination.

g. Reporting; Violation of Non-discrimination Provisions

Contractor shall report to the Chief Executive Officer of PCEA the filing in any court or with any administrative agency of any complaint or allegation of discrimination on any of the bases prohibited by this Section of the Agreement or Section 13, above. Such duty shall include reporting of the filing of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission, or any other entity charged with the investigation or adjudication of allegations covered by this subsection within 30 days of such filing, provided that within such 30 days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall include a general description of the circumstances involved and a general description of the kind of discrimination alleged (for example, gender-, sexual orientation-, religion-, or race-based discrimination).

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Contractor to penalties, to be determined by the Chief Executive Officer, including but not limited to the following:

- i. termination of this Agreement;
- ii. disqualification of the Contractor from being considered for or being awarded a PCEA contract for a period of up to 3 years;
- iii. liquidated damages of \$2,500 per violation; and/or
- iv. imposition of other appropriate contractual and civil remedies and sanctions, as determined by the Chief Executive Officer.

To effectuate the provisions of this Section, the Chief Executive Officer shall have the authority to offset all or any portion of the amount described in this Section against amounts due to Contractor under this Agreement or any other agreement between Contractor and PCEA.

15. Compliance with County Employee Jury Service Ordinance

Contractor shall comply with Chapter 2.85 of the County's Ordinance Code, which states that Contractor shall have and adhere to a written policy providing that its employees, to the extent they are full-time employees and live in San Mateo County, shall receive from the Contractor, on an annual basis, no fewer than five days of regular pay for jury service in San Mateo County, with jury pay being provided only for each day of actual jury service. The policy may provide that such employees deposit any fees received for such jury service with Contractor or that the Contractor may deduct from an employee's regular pay the fees received for jury service in San Mateo County. By signing this Agreement, Contractor certifies that it has and adheres to a policy consistent with Chapter 2.85. For purposes of this Section, if Contractor has no employees in San Mateo County, it is sufficient for Contractor to provide the following written statement to County: "For purposes of San Mateo County's jury service ordinance, Contractor certifies that it has no full-time employees who live in San Mateo County. To the extent that it hires any such employees during the term of its Agreement with San Mateo County, Contractor shall adopt a policy that complies with Chapter 2.85 of the County's Ordinance Code." The requirements of Chapter 2.85 do not apply if this Agreement's total value listed Section 3, above, is less than one-hundred thousand dollars (\$100,000), but Contractor acknowledges that Chapter 2.85's requirements will apply if this Agreement is amended such that its total value meets or exceeds that threshold amount.

16. Retention of Records; Right to Monitor and Audit

(a) Contractor shall maintain all required records relating to services provided under this Agreement for three (3) years after PCEA makes final payment and all other pending matters are closed, and Contractor shall be subject to the examination and/or audit by PCEA, a Federal grantor agency, and the State of California.

(b) Contractor shall comply with all program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies and as required by PCEA.

(c) Contractor agrees upon reasonable notice to provide to PCEA, to any Federal or State department having monitoring or review authority, to PCEA's authorized representative, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.

17. Merger Clause; Amendments

This Agreement, including the Exhibits and Attachments attached to this Agreement and incorporated by reference, constitutes the sole Agreement of the parties to this Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of this Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any Exhibit and/or Attachment to this Agreement, the provisions of the body of the Agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the parties.

18. Controlling Law; Venue

The validity of this Agreement and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California.

19. Notices

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via facsimile to the telephone number listed below or transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of PCEA, to:

Name/Title: Jan Pepper, Chief Executive Officer
Address: 2075 Woodside Road, Redwood City, CA 94061

Telephone: 650-260-0100
Email: jpepper@peninsulacleanenergy.com

In the case of Contractor, to:

Name/Title: Kirk Brown, CEO
Address: 88 Dominga Ave, Fairfax, CA 93940
Telephone: (415) 577-3561
Facsimile: n/a
Email: kirk@reach-strategies.org

20. Electronic Signature

If both PCEA and Contractor wish to permit this Agreement and future documents relating to this Agreement to be digitally signed in accordance with California law, both boxes below must be checked. Any party that agrees to allow digital signature of this Agreement may revoke such agreement at any time in relation to all future documents by providing notice pursuant to this Agreement.

For PCEA: ☒ If this box is checked by PCEA, PCEA consents to the use of electronic signatures in relation to this Agreement.

For Contractor: ☒ If this box is checked by Contractor, Contractor consents to the use of electronic signatures in relation to this Agreement.

21. No Recourse Against PCEA's Member Agencies

Contractor acknowledges and agrees that PCEA is a Joint Powers Authority, which is a public agency separate and distinct from its member agencies. All debts, liabilities, or obligations undertaken by PCEA in connection with this Agreement are undertaken solely by PCEA and are not debts, liabilities, or obligations of its member agencies. Contractor waives any recourse against PCEA's member agencies.

* * *

In witness of and in agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

PENINSULA CLEAN ENERGY AUTHORITY

By:

Chief Executive Officer, Peninsula Clean Energy Authority

Date:

ATTEST:

By:

Clerk of Said Board

REACH Strategies

Contractor's Signature

Date:

Exhibit A

Program Overview

Peninsula Clean Energy's mission is to reduce greenhouse gas (GHG) emissions in San Mateo County. Emissions from transportation and building natural gas use comprise the largest sources of GHGs within PCE's territory. This program aims to significantly advance electric vehicle (EV) adoption in the region by giving people to opportunity to test drive and/or ride in a diverse set of vehicles. Research indicates that having experience with EVs is strongly correlated with interest in acquiring one. The 2019 Ride and Drive Campaign will build on the 2018 Ride and Drive Campaign, which delivered 5 events with a mix of dedicated corporate events and open community events cumulatively generating over 1,000 EV experiences.

In consideration of the payments set forth in Exhibit B, Contractor shall provide the following services:

Objectives

- a. Maximize number of events and EV experiences by executing up to 25 but not fewer than 10 ride and drive events per campaign year
- b. Execute 100% of events accident-free
- c. Provide at least 1,500 EV experiences per campaign year (includes test drives and passenger rides)
- d. Provide at least 200,000 social media impressions per campaign year
- e. Deliver at least 90% pre- and post-drive survey participation rate
- f. Deliver at least 30% trailing survey response rate
- g. Deliver a 90% "very satisfied" rate by event hosts
- h. Aim for a 50% of all event participants to state that their overall opinion of EVs was "much better" after the test drive/ride
- i. Aim for 12% conversion rate of participants acquiring an EV after the event as indicated in the trailing survey

1 Administrative Tasks

1.1 Kickoff Meeting

Contractor will participate in a kickoff meeting with PCE to review objectives, budget, timeline, administrative processes and contract at a mutually determined time.

1.2 Weekly Progress Call

Contractor will participate in a weekly conference call with PCE. Call frequency may vary if so mutually determined.

1.3 Monthly Expense Report

Contractor will provide a monthly expense report to PCE documenting labor (hours, rate, total) and direct expenses (with invoices and/or receipts). The expense report must include the total expenditures and remaining funds. Contractor may submit invoices to PCE along with the expense report as outlined in Exhibit B.

1.4 Annual Report and Meeting

After completion of the final campaign event for the calendar year, Contractor will complete an annual summary report about the overall campaign, as outlined in Task 4.2 below. After submission of the annual report, Contractor will have a formal check point meeting with PCE to evaluate the success of the past year's campaign and determine continued execution of the contract.

2 Setup Tasks

2.1 Campaign Strategy and Design

Contractor will develop a strategy in collaboration with PCE to amplify campaign events through social and earned media to increase secondary marketing to San Mateo County residents. The goal of this strategy is to drive participation at campaign events and stimulate awareness and interest in EVs.

Strategy components may include:

- a. A donation-based ride and drive fundraising mechanism for community events
- b. Strategy to engage executives at corporate events
- c. Influencer engagement strategy
- d. Social media customer targeting tools
- e. Paid and earned media strategy
- f. Plan and methods for publicizing campaign generally and individual community events
- g. Event participant engagement plan

Deliverables: Campaign strategy document with specific actionable items

2.2 Promotional, Education, and Engagement Materials

Contractor will collaborate with PCE to produce materials to support the campaign, consistent with the campaign strategy. Contractor will lead content development and PCE will lead graphic design elements. All materials will utilize PCE branding. Print materials such as educational handouts will be included as part of the contract budget; hard collateral such as items listed in 2.2.3 will be purchased by PCE outside of the contract budget.

2.2.1 Develop Promotional Materials

Contractor will work with PCE to determine the best outreach materials for publicizing the campaign generally and individual events. Contractor will work with PCE to develop a communications toolkit for site hosts which may include event flyers, newsletter, email blast, and social media post templates. In addition, Contractor will work with PCE to develop promotional materials for publicizing the campaign generally.

2.2.2 Develop Event Education and Engagement Tools

Contractor will work with PCE to develop EV education materials and tools to engage event attendees and stimulate their awareness and interest of EVs. Educational material will provide information on available EV models, federal, state, and local incentives, EV charging, and other topics as mutually determined. Contractor will explore and develop, if appropriate, additional engagement tools to use with event attendees, such as an EV lifestyle quiz, scavenger hunt, and other games and tools.

2.2.3 Assist in Developing Other Event Collateral

Contractor will assist PCE develop additional PCE-branded event collateral, such as posters, signage, feather flags, table cloths, t-shirts, and other.

Deliverables:

- *Communications toolkit with templates and visual collateral*
- *Event engagement plan and materials*
- *EV educational handouts*
- *PCE branded event collateral*

2.3 Surveys Design and Incentives

2.3.1 Update 2018 Survey

Contractor will update the 2018 campaign surveys (pre-drive, post-drive, and follow-up surveys) based on PCE's input. Surveys will assess the impact of the experience for each driver and rider.

2.3.2 Administer Survey Incentives

Contractor will suggest incentives for survey participation. Contractor will purchase and administer distribution of incentives.

Deliverables:

- *Pre-drive survey*
- *Post-drive survey*
- *Follow-up survey*
- *List of survey incentives to be purchased*

3 Event Tasks

3.1 Site Host Recruitment and Management

3.1.1 Recruit Potential Site Hosts

Contractor will work with PCE to identify, recommend and secure ideal locations to host EV events to ensure that the overall campaign goals are met. PCE is anticipated to provide at least 10 likely site hosts. Contractor will recommend a strategy for recruiting additional sites. Where PCE has relevant relationships, PCE will lead outreach. PCE will be identified as the sponsor and lead partner in all communications for all site hosts.

3.1.2 Onboard Site Hosts

Contractor will work with site host to execute an agreement and ensure all liability requirements are met. Contractor will manage all communication and event planning coordination with the site host. PCE will participate in the initial communication with site host and at its discretion in subsequent communications.

Deliverables:

- *Host site agreements for all events*
- *Up-to-date tracking sheet of host recruitment and communication*

3.2 Event Planning and Design

3.2.1 Map Out Event Logistics

Contractor will work with the site host to establish the overall approach for producing the event including design elements and event components. Contractor will work with site host to develop a site footprint, test drive course, and day-of event coordination plan.

3.2.2 Work with Site Host to Promote Event

Contractor will work with the site host to determine the best outreach methods for publicizing the event. Contractor will provide site host with communication toolkit and additional promotional materials, as needed.

3.2.3 Review and Manage Additional Considerations

Contractor will work with PCE and site host to incorporate any desired additional event considerations to serve as further incentive for attendance engagement. Additionally considerations may include having electric bicycles, electric motorcycles, and event presence of other partnering organizations and vendors, depending on the preferences expressed by PCE and the site host.

3.2.4 Secure Electric Vehicles

Contractor will work with PCE and the site host to determine the ideal number and type of vehicles. Contractor will lead all vehicle recruitment and coordination. Contractor will work with electric vehicles dealers, automakers and/or other vehicle providers as needed to ensure there are at least three different models of electric vehicles available for test drives but will aim to have five or more models based on event circumstances.

3.2.5 Administer Additional Event Costs

Some community event sites may charge an additional site fee to host ride and drive event. Contractor will work with PCE to determine a budget for potential site fees and maximum threshold for participation based on a set of criteria. Contractor will work with PCE to negotiate the price of the fee with the site host, if needed. Contractor will administer all fee payments.

Additionally, some community events may have a fundraising component in which donations may be made to select organizations based on the number of test drives, as determined in the campaign

strategy (Task 2.1). If such an activity is included in the campaign strategy, Contractor will track fundraising results and provide them to PCE. PCE will issue payments to selected organizations and the total payments will be considered part of the overall program budget unless otherwise determined by PCE.

Deliverables:

- *Site footprint and test drive course for all events*
- *Up-to-date tracking sheet of dealerships/automakers recruitment for all events*
- *Additional event costs or invoices, if applicable*

3.3 Event Execution and Reporting

3.3.1 Manage Event Production Setup and Take Down

Contractor will manage all aspects of the on-site event production, including setup and take down of materials, coordination with site host, dealers, and vendors, and test drives coordination.

3.3.2 Manage Event Registration

Contractor will register all event participants, drivers and riders. Registration process includes license checks for drivers, compliance with breathalyzer tests (if applicable), completion of liability waivers by all participants, and surveys administration.

3.3.3 Administer Survey and Raffle

Contractor will administer a cloud-based survey, via tablets made available on site. Contractor will ensure all participants complete pre-drive survey as part of the registration process. Contractor will ensure participants complete post-drive survey before entering into raffle. Contractor will administer raffle and prize distribution.

3.3.4 Engage Event Participants

Contractor will educate participants on EVs through a variety of materials and tools as determined in Task 2.2.2. Contractor will encourage event participants to post event content in their social media to complement and amplify PCE's messaging.

3.3.5 Develop Event-Specific Reports

Each event must be followed by an event report detailing event metrics on attendees, metrics on EV experiences, survey statistics, issues, and follow-ups required, if any. Report must also include metrics on earned media impact of the event, such as number of posts, impressions, etc. Contractor will incorporate two rounds of feedback from PCE on the report, if needed. After PCE approval, Contractor will send event report to the respective site host.

Deliverables:

- *Event-specific reports*

4 Reporting Tasks

4.1 Trailing Surveys

Contractor will administer follow up surveys, to be done at a time determined by PCE. The follow up survey will determine the success of the events by gathering information on how many visits to electric vehicle dealerships and purchases/leases were made as a result of the ride and drive event, among other things. Contractor will send PCE a summary of the trailing survey results for each event on a rolling basis. These may be submitted with the monthly expense report.

4.2 Annual and Final Report

Contractor will complete an annual campaign summary report. The annual summary report will include a synthesis of survey data, including findings from the follow up surveys. Contractor will incorporate two rounds of feedback on the report, if needed, to ensure that it incorporates all information that will be most useful to PCE. The report must include:

1. Summary of ride and drive campaign
2. Metrics on events, participants, and EV experiences
3. Synthesis of survey data
4. Discussion of challenges and recommendations
5. A list of all ride and drive participants with contact information and other information deemed most useful for PCE (attached separately)
6. If the contract is renewed for subsequent year(s), the annual report in subsequent years must provide both annual and cumulative data.

Deliverables:

- *Summary of trailing surveys results*
- *Annual report*
- *Spreadsheet of participants and associated information*

EXHIBIT B

In consideration of the services provided by Contractor described in Exhibit A and subject to the terms of the Agreement, PCEA shall pay Contractor, within 30 days of receiving an invoice, based on the following fee schedule and terms:

1. Contractor shall bill PCE no more than monthly, except for the first payment following contract execution and the end of the campaign year payment following submission of the previous year's annual report.
2. Administrative, setup, and report tasks (Tasks 1, 2, and 4) shall be billed on time and materials basis.
3. Event tasks (Task 3) shall be billed on a per event fixed cost of \$7,900 per event, excluding any site use fees.
 - a. Additional site costs (Task 3.2.5) are excluded as part of the per event fixed cost and shall be itemized separately.
 - b. After contractor execution, Contractor may bill PCE for 100% of the cost for the first two events.
 - c. From here on, Contractor shall bill PCE 50% of the fixed cost at host agreement execution and the remaining 50% at the event report submission for each event.
4. Total payments under this agreement shall not exceed \$750,000.

Payment Schedule

Event	Billing Basis
Contract Execution	Task 3: fixed per event cost for two events (\$15,800)
Monthly Invoice	Task 1, 2, 4: time and materials Task 3: fixed per event cost + additional site costs 50% of fixed for each host site agreement and 50% fixed and additional site cost at event report
Completion of annual report	Task 4: time and materials

Reach Strategies Rate Schedule

Staff Role	Rate (\$/hour)	Staff
Project Lead	\$200	Kirk Brown
Project Manager	\$150	Amanda Scarborough, Sarah Morgan
Project Support	\$75	As Assigned



**PENINSULA CLEAN ENERGY AUTHORITY
JPA Board Correspondence**

DATE: February 19, 2019
BOARD MEETING DATE: February 28, 2018
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Leslie Brown, Director of Customer Care

SUBJECT: Authorize an adjustment in Peninsula Clean Energy's (PCE's) rates in 2019 to maintain a 5% discount in generation charges compared to PG&E (Action)

RECOMMENDATION:

Staff recommends that the Board authorize the CEO to implement rate adjustments to all applicable PCE rate schedules as needed after PG&E rates are announced sometime during early 2019 to maintain the 5% Generation discount for PCE's ECOplus option.

BACKGROUND:

As discussed previously, PG&E's actual rate adjustments will not be publicly known until after the ERRA filing is approved in early 2019. Changes to the PCIA and PG&E's Generation rates are expected to impact all current rate schedules. Accordingly, adjustments to PCE's Generation rate will likely be required across all rates to align with our stated goal of maintaining a 5% net discount on the ECOplus product.

DISCUSSION:

Staff will be working closely with Calpine to ensure that the new rates are calculated and implemented in a timely manner as soon as PG&E's actual rates are public. The intention is to have all rates programmed, tested and implemented within 2 weeks of PG&E's rate adjustments to minimize customer confusion.

FISCAL IMPACT:

This action will ensure that PCE is able to continue the 5% value proposition of ECOplus to our customer base while also maintaining appropriate revenue requirements for operations. PCE's rates will be adjusted in line with PG&E's Generation rate changes, and then reduced to reflect the changes in the PCIA. A full reporting of the financial impact will be brought to the Board after the necessary rate adjustments are implemented.

RESOLUTION NO. _____

PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO,

STATE OF CALIFORNIA

* * * * *

**RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO ADJUST
PENINSULA CLEAN ENERGY'S RATES BY JUNE 30, 2019, TO MAINTAIN A 5%
DISCOUNT IN GENERATION CHARGES COMPARED TO PG&E**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California ("Peninsula Clean Energy" or "PCE"), that

WHEREAS, the Peninsula Clean Energy Authority ("PCEA") was formed on February 29, 2016 as a Community Choice Aggregation program ("CCA"); and

WHEREAS, the Board has established a set of strategic goals to guide PCE, including maintaining a cost-competitive electric-generation rate for County residents and businesses; and

WHEREAS, on or before June 1, 2019, PG&E will be implementing adjustments to both the Power Charge Indifference Adjustment (PCIA) and its own generation rates; and

WHEREAS, PG&E's rate changes will necessitate changes to PCE's rates in order to maintain a net 5% discount in generation charges.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board authorizes the Chief Executive Officer to implement adjustments to PCE's rates by June 30, 2019, in order to maintain a net 5% discount in generation charges compared to PG&E.

* * * * *



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: February 15, 2019
BOARD MEETING DATE: February 28, 2019
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: Authority to Obtain Letter of Credit

RECOMMENDATION:

Authorize the Chief Executive Officer to execute agreement(s) to obtain a letter of credit with First Republic Bank with a term not to exceed June 30, 2020, to meet collateral requirements specified in the Power Purchase and Sale Agreement with Wright Solar Park, LLC, that was previously approved by the Board on January 26, 2017.

BACKGROUND:

PCE's Board approved the Power Purchase and Sale Agreement (the "Agreement") with Wright Solar Park, LLC, on January 26, 2017, that was effective on the same date. The Agreement was subsequently amended on September 23, 2017. Per the terms of the Agreement, PCE is obligated to provide collateral within five (5) Business Days of PCE's receipt of a Construction Start Date Certificate. Although project construction was started in October, 2018, the Construction Start Date Certificate is expected to be received within the next two (2) weeks. PCE staff has determined that establishing a letter of credit to meet its collateral obligation is the most advantageous structure. Accordingly, PCE is asking the Board to authorize the CEO to execute agreement(s) to implement the letter of credit in a form approved by the General Counsel.

COST:

There will be no additional fees charged by First Republic Bank for the letter of credit.

RESOLUTION NO. _____

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

* * * * *

**RESOLUTION DELEGATING AUTHORITY TO THE CHIEF EXECUTIVE OFFICER
TO EXECUTE AGREEMENT(S) TO OBTAIN A LETTER OF CREDIT WITH FIRST
REPUBLIC BANK WITH A TERM NOT TO EXCEED JUNE 30, 2020 TO MEET
COLLATERAL REQUIREMENTS SPECIFIED IN THE POWER PURCHASE AND
SALE AGREEMENT WITH WRIGHT SOLAR PARK, LLC, THAT WAS PREVIOUSLY
APPROVED BY THE BOARD ON JANUARY 26, 2017.**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San
Mateo, State of California, that

WHEREAS, the Peninsula Clean Energy Authority (“PCE”) executed the Power
Purchase and Sale Agreement with Wright Solar Park, LLC (the “Agreement”) effective
on January 26, 2017, and

WHEREAS, the Agreement was amended effective on September 23, 2017, and

WHEREAS, the PCE’s Board of Directors approved the Agreement at its meeting
on January 26, 2017, and

WHEREAS, the Agreement specifies that the collateral will be due within five (5)
Business Days of PCE’s receipt of a Construction Start Date Certificate, and

WHEREAS, PCE expects to receive such certificate in the next two (2) weeks.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board delegates authority to the Chief Executive Officer to execute agreement(s) to obtain a letter of credit with First Republic Bank with a term not to exceed June 30, 2020 to meet collateral requirements specified in the Power Purchase and Sale Agreement with Wright Solar Park, LLC, that was previously approved by the Board on January 26, 2017.

* * * * *



**REGULAR & SPECIAL MEETINGS of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, January 24, 2019
MINUTES**

Peninsula Clean Energy
2075 Woodside Road, Redwood City, CA 94061
6:30 p.m.

CALL TO ORDER

Meeting was called to order at 6:35 p.m.

ROLL CALL

Present: Jim Eggemeyer, County of San Mateo
Carole Groom, County of San Mateo
Jeff Aalfs, Town of Portola Valley, *Chair*
Rick DeGolia, Town of Atherton, *Vice Chair*
Julia Mates, City of Belmont
Donna Colson, City of Burlingame
Roderick Daus-Magbual, City of Daly City
Carlos Romero, City of East Palo Alto
Catherine Mahanpour, City of Foster City
Larry May, Town of Hillsborough
Wayne Lee, City of Millbrae
Deirdre Martin, City of Pacifica
Giselle Hale, City of Redwood City
Marty Medina, City of San Bruno
Laura Parmer-Lohan, City of San Carlos
Rick Bonilla, City of San Mateo
Flor Nicolas, City of South San Francisco
Daniel Yost, Town of Woodside

Absent: City of Brisbane
Town of Colma
City of Half Moon Bay
City of Menlo Park

Staff: Jan Pepper, Chief Executive Officer
Andy Stern, Chief Financial Officer

Jay Modi, Director of Finance and Administration
Siobhan Doherty, Director of Power Resources
Chelsea Keys, Power Resources Manager
Eric Weiner, Renewable Energy Analyst
Joseph Wiedman, Director of Legislative and Regulatory Affairs
Leslie Brown, Director of Customer Care
Kirsten Andrews-Schwind, Communications and Outreach Manager
David Silberman, General Counsel
Maggie Tides, Deputy County Counsel
Tj Carter, Marketing Associate
Anne Bartoletti, Board Clerk/Executive Assistant to the CEO

A quorum was established.

PUBLIC COMMENT:

None

SWEARING IN OF NEW BOARD MEMBERS

David Silberman—General Counsel—presided over the official swearing-in of new Board members and Alternates.

ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS

Motion Made / Seconded: Lee / May

Motion passed unanimously 18-0 (Absent: Brisbane, Colma, Half Moon Bay, Menlo Park)

CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (one case)

2. RECONVENE OPEN SESSION AND REPORT OUT OF CLOSED SESSION

No reportable action taken

SPECIAL MEETING AGENDA

Jeff Aalfs—Chair—called the Special Meeting to order at 7:10 p.m.

- 1. AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO EXECUTE AGREEMENTS TO OBTAIN LETTERS OF CREDIT WITH FIRST REPUBLIC BANK TO REPLACE COLLATERAL ALREADY PROVIDED TO PG&E AND TO NAME PG&E AS BENEFICIARY OF THE LETTERS OF CREDIT FOR TERM(S) THROUGH DECEMBER 31, 2021**

Andy Stern—Chief Financial Officer—reported that per the terms of three agreements already in place and operating with PG&E, Peninsula Clean Energy (PCE) had provided cash collateral. He reported that due to PG&E’s credit rating having been recently downgraded, PG&E must transfer the collateral to either an escrow account or accept a letter of credit as collateral. He reported that upon PG&E’s acceptance of the letters of credit, the cash deposits will be returned to PCE.

Motion Made / Seconded: Lee / DeGolia

Motion passed unanimously 18-0 (Absent: Brisbane, Colma, Half Moon Bay, Menlo Park)

Jeff Aalfs adjourned the Special Meeting at 7:13 p.m., and resumed the Regular Meeting

REGULAR AGENDA

1. CHAIR REPORT

Jeff Aalfs—Chair—announced an opening on the Executive Committee, to be filled in March. He also announced the formation of a Nominating Committee to take nominations for the Board Chair and Vice Chair positions, to be elected in February. Jeff Aalfs, the current Chair, and Rick DeGolia, the current Vice Chair, expressed interest in running for their respective positions. Rick Bonilla, Donna Colson, Wayne Lee, and Dave Pine offered to serve on the Nominating Committee.

Board members discussed whether the Chair and Vice Chair are elected to 1-year or 2-year terms. David Silberman reported that the policy allows them to serve up to 3 years, but that the Board must select a Chair and Vice Chair each year. Donna Colson reported that the reason the Chair and Vice Chair are elected to 1-year terms is because not all Board members are re-elected to serve on their City Council.

Jeff Aalfs reported that Governor Newsom appointed Genevieve Shiroma as the new Commissioner on CPUC (California Public Utilities Commission).

2. CEO REPORT

Jan Pepper—Chief Executive Officer—welcomed new and returning Board members and Alternates, and she introduced Maggie Tides—a Deputy County Counsel and new Associate General Counsel for PCE. Jan invited Board members to participate in meetings with CPUC Commissioners. She reported that interviews are being scheduled for the Manager of DER Strategy, and the Regulatory/Senior Regulatory Analyst.

Jan announced PCE’s new CCA (Community Choice Aggregator) initiative for Merced County, which includes hiring a consultant to arrange Meet and Greets with local officials, PCE speaking at “Energize Merced” at University of California Merced on February 9, and producing a video on union workers’ stories in building the Wright Solar Project near Los Banos. Jan also announced a consultant was selected to work with San Mateo County jurisdictions on 2020 building code updates.

3. CITIZENS ADVISORY COMMITTEE REPORT

Michael Closson—Chair—reported that Joe Wiedman provided an update on regulatory issues at the January meeting, and Joe will present on draft legislation to address resilience in disadvantaged communities in February. Michael reported that Citizens Advisory Committee (CAC) members participated in a working group on reach codes, and they are creating ad hoc committees and additional working groups to add value.

4. APPROVE AMENDED CONTRACT OF PCE CHIEF EXECUTIVE OFFICER

The Board Authorized execution of the Third Amended and Restated Agreement between PCE and the CEO.

Motion Made / Seconded: Yost / Bonilla

Motion passed unanimously 18-0 (Absent: Brisbane, Colma, Half Moon Bay, Menlo Park)

5. STAFF REPORT ON THE ROLE OF THE CITIZENS ADVISORY COMMITTEE

Kirsten Andrews-Schwind—Communications and Outreach Manager—referenced her detailed report in the agenda packet, and provided an overview of the history of PCE’s CAC, and a thank you to and listing of the current CAC members. She outlined the role of the CAC as a liaison to the community, and as a conduit for legislative advocacy and input on PCE’s objectives.

Kirsten also reported on two current CAC ad hoc committees, which are focused on studying how PCE should develop its electric vehicle charging program to be consistent with PCE’s Inclusive and Sustainable Workforce Policy, and providing guidance to PCE’s Director of Energy Programs on how to best engage and educate local governments about reach codes for building electrification and electric vehicle charging infrastructure.

PUBLIC COMMENT:

Michael Closson, Chair of the Citizens Advisory Committee (CAC)

6. PRESENTATION ON ENERGY STORAGE AND BATTERIES

Todd Tolliver—Senior Manager with ICF—presented information on energy storage including definitions, services and specific applications for renewables such as wind and solar, and current technology. He presented comparisons of residential storage, versus commercial and industrial storage, versus utility scale storage, and their costs over time. He also identified storage opportunities linked to PCE’s goals and objectives

PUBLIC COMMENT:

Ted Howard

7. BOARD MEMBERS' REPORTS

Donna Colson reported that Jan presented to the Burlingame City Council and provided an update on what PCE is doing. She encouraged Board members to schedule Jan or staff to speak to their city council. Jeff Aalfs reported that he just gave a presentation to his city council.

ADJOURNMENT

Meeting was adjourned at 8:45 p.m.



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: February 15, 2019
BOARD MEETING DATE: February 28, 2019
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority (PCE) Board of Directors

FROM: Kirsten Andrews-Schwind, Senior Manager, Communications and Outreach
Leslie Brown, Director of Customer Care

SUBJECT: Update on PCE's Marketing and Outreach Activities and Enrollment Statistics

BACKGROUND:

The Communications Team has been busy managing press coverage, public relations, local programs marketing, community outreach, PCE's online and social media presence, responding to customer requests, and preparing future campaigns.

DISCUSSION:

PCE Press Coverage

Peninsula Clean Energy has received the following recent press coverage related to its joint filing at the CPUC with other Northern California CCAs regarding PG&E's energy generation:

- ["Community Choice Groups Push for PG&E to Leave the Power Generation Business"](#), GreenTech Media, February 2019
- ["PG&E Should Get Out Of The Energy Sales Business, Local Governments Say"](#), LA Times, February 2019

- [“Community Choice Aggregators Urge PG&E Restructuring In Name Of Safety, Clean Energy”](#), Solar Industry Magazine, February 2019
- [“CCAs Propose Taking Over PG&E’s Retail Business”](#), PV Magazine, February 2019

Other recent press coverage:

- [“Letter To The Editor: Action, Not Awareness, Needed In Global Warming”](#), Mercury News, January 2019
- [“Envoy Technologies Announces Nationwide Expansion and Three New Real Estate Partnerships”](#), Business Wire, January 2019

Spread the Word! PCE’s Annual Outreach Volunteer Training March 20th

PCE will be hold its annual Outreach Volunteer Training on March 20 from 6:00 to 9:00 pm at our office at 2075 Woodside Road in Redwood City. Dinner will be provided.

Outreach volunteers support our staff in informing the public about PCE at community events, especially during the busy Earth Day season when staff cannot cover all events on our own. Volunteers will be trained in explaining basic messages about PCE using our brochure, and in helping kids with our hands-on craft. Returning volunteers should plan to participate to learn about PCE’s new local programs.

Community outreach volunteering is a wonderful opportunity to help your fellow residents understand how they are already helping the climate through being PCE customers, and how they can do more. Please help us spread the word to interested community members who want to make a difference for the climate! We love multilingual volunteers, especially Spanish speakers.

Volunteers should be 18 or older, have good verbal communication skills, enjoy working with kids, be responsible and professional in their demeanor, and have their own means of transportation to events.

Please RSVP for the training to Carlos Moreno, cmoreno@peninsulacleanenergy.com.

Upcoming Community Outreach Including Earth Day Events

Peninsula Clean Energy will participate in the following events for community outreach. Please let us know if you would like to join us at any event.

Saturday	2-Mar	Millbrae Lunar New Year	Millbrae Civic Center
Saturday	2-Mar	Table at Daly City Fun, Health & Safety Fair	Serramonte Shopping Center

Sunday	3-Mar	Stem Fair	San Mateo County Event Center - Fiesta Hall, 1346 Saratoga Dr., San Mateo, CA 94403
Thursday	7-Mar	Stem Fair Awards	Hiller Aviation, 601 Skyway Rd, San Carlos, CA 94070
Wednesday	13-Mar	Millbrae Electric Vehicle Workshop	Millbrae Library
Thursday	14-Mar	San Carlos State of the City	Devil's Canyon Brewery
Thursday	14-Mar	OOS Master Resource Conservation Class Presentation	455 County Center, Room 101, Redwood City
Monday	18-Mar	Redwood City State of the City	Council Chambers, City Hall
Wednesday	20-Mar	Hold for Earth Day Volunteer Training	PCE Office
Thursday	4-Apr	Sustainable San Mateo County Awards	TBA
Saturday	6-Apr	Acterra Party for the Planet	San Mateo County History Museum, 2200 Broadway, Redwood City, CA 94063
Saturday	13-Apr	Marine Science Institute Earth Day	500 Discovery Parkway, Redwood City, CA 94063
Saturday	13-Apr	Belmont Earth Day	One Twin Pines Park, Belmont
Wednesday	17-Apr	CSM Earth Day Event	College of San Mateo
Thursday	18-Apr	Genomic Health Earth Day	Redwood City
Thursday	18-Apr	Business 2 Business Extravaganza & Taste of our Cities	Daly City City Hall
Thursday	25-Apr	SSF Higher Education Luncheon - Scholarship	Elks Lodge
Thursday	25-Apr	Oracle Green Fair	Redwood Shores Campus
Saturday	27-Apr	Steam Fest	San Mateo County History Museum, 2200 Broadway, Redwood City, CA 94063
Saturday	27-Apr	Earth Day @ Shoreway	Shoreway Environmental Center, San Carlos
Saturday	27-Apr	Pacifica EcoFest	Pacifica State Beach
Saturday	27-Apr	Earth Day Celebration SSF Scavenger	South San Francisco Scavenger
Thursday	16-May	Access to Higher Education Scholarship Awards	Daly City City Hall
Thursday	23-May	Daly City Active Adults / Senior Fitness & Resource Fair	Pacelli Event Center, 145 Lake Merced Blvd

Drive Forward Electric Program Outreach and Financial Empowerment Workshop

The PCE Communications team has begun working closely with Peninsula Family Service staff to inform social services agencies that work with qualifying residents about our Drive Forward Electric partnership. The program offers financial empowerment workshops and financing for used cars, plus PCE is offering an additional \$4,000 incentive for used plug-in hybrid electric vehicles. Individuals qualify based on household income and the ability to charge their car at home or work.

An initial soft launch Drive Forward Electric Financial Empowerment Workshop will be held:

Saturday March 2nd, 10:00 am – 1:00 pm
Free continental breakfast at 9:30 am

Location:

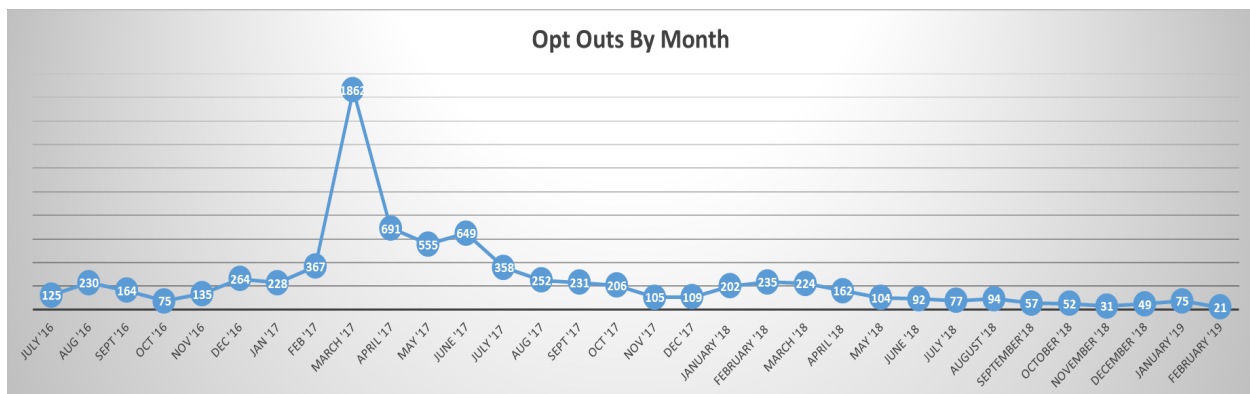
San Mateo Senior Center
2645 Alameda de las Pulgas
San Mateo, CA 94403

For more information on the workshop, email Maria Torres at Peninsula Family Service, mtorres@peninsulafamilyservice.org.

Many additional workshop opportunities will follow.

Enrollment Statistics to Date

Opt-out rates have remained fairly low this winter, ranging from 24, to a low of 6, per week. We saw a sharp decrease in opt-outs from the previous year, with 202 opt-outs in January 2018 and only 75 opt-outs in January 2019. Five cities maintained their participation rate in January with “0” opt-outs: Atherton, Colma, Brisbane, Half Moon Bay, Woodside. Our overall participation rate is 97.52% of eligible accounts.



Opt-Outs by City

CITY	Eligible Accts	Total	TOTAL OPT OUT %
PORTOLA VALLEY INC	1,675	108	6.45%
SAN BRUNO INC	16,499	628	3.81%
SO SAN FRANCISCO INC	25,014	873	3.49%
PACIFICA INC	15,448	538	3.48%
DALY CITY INC	33,941	1064	3.13%
EAST PALO ALTO INC	7,915	243	3.07%
MILLBRAE INC	9,366	266	2.84%
HALF MOON BAY INC	4,962	138	2.78%
UNINC SAN MATEO CO	24,492	678	2.77%
SAN MATEO INC	44,077	1102	2.50%
BELMONT INC	11,856	287	2.42%
SAN CARLOS INC	14,655	350	2.39%
HILLSBOROUGH INC	4,042	86	2.13%
BURLINGAME INC	15,420	322	2.09%
REDWOOD CITY INC	34,982	730	2.09%
BRISBANE INC	2,484	50	2.01%
FOSTER CITY INC	14,684	292	1.99%
WOODSIDE INC	2,288	41	1.79%
COLMA INC	693		1.59%
ATHERTON INC	2,699	42	1.56%
MENLO PARK INC	15,747	225	1.43%
Grand Total	302,939	8,074	2.67%
Adjusted Total	302,693	7,509	2.48%

There are now over 5,500 accounts in ECO100. In addition to the County, there are a total of 15 ECO100 cities. The ECO100 towns and cities as of February 15, 2019 include Atherton, Belmont, Brisbane, Burlingame, Colma, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Millbrae, Portola Valley, Redwood City, San Carlos, San Mateo, Woodside, and the County of San Mateo.

The opt-up rates below include municipal accounts, which may noticeably increase the rate in smaller jurisdictions.

Active Accounts by City and Opt-Up Rate

City	ECO100	Active Accounts	Opt-Up %
Atherton	55	2,611	2.11%
Belmont	157	11,529	1.36%
Brisbane	83	2,419	3.43%
Burlingame	323	15,033	2.15%
Colma	28	675	4.15%
Daly City	70	32,782	0.21%
East Palo Alto	18	7,617	0.24%

Foster City	276	14,302	1.93%
Half Moon Bay	91	4,799	1.90%
Hillsborough	62	3,926	1.58%
Menlo Park	436	15,404	2.83%
Millbrae	94	9,081	1.04%
Pacifica	137	14,878	0.92%
Portola Valley	1,465	1,571	93.25%
Redwood City	647	33,841	1.91%
San Bruno	86	15,754	0.55%
San Carlos	265	14,110	1.88%
San Mateo	597	42,762	1.40%
So San Francisco	82	23,914	0.34%
Uninc San Mateo Co	481	23,705	2.03%
Woodside	50	2,231	2.24%
Agriculture	0	242	0.00%
Grand Total	5,503	293,186	1.88%



**PENINSULA CLEAN ENERGY AUTHORITY
Board Correspondence**

DATE: February 15, 2019
BOARD MEETING DATE: February 28, 2019
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority (PCE) Board of Directors

FROM: Joseph Wiedman, Director of Regulatory and Legislative Affairs
Jeremy Waen, Manager of Regulatory Affairs

SUBJECT: Update on PCE's January and February Regulatory and Legislative Activities

SUMMARY:

The end of January and early February were a busy time for the regulatory and legislative team. As discussed in more detail below, PCE, as part of CalCCA (California Community Choice Association), a coalition of CCAs (Community Choice Aggregators) or on its own behalf, submitted seven pleadings at the California Public Utilities Commission (CPUC or Commission). PCE's regulatory and legislative team attended four other stakeholder meetings, detailed under Regulatory Outreach and Legislative Advocacy.

DEEPER DIVE:

Regulatory Outreach

On Wednesday, January 30, 2019, Jan Pepper, Joseph Wiedman, Charlsie Chang, and Jeff Aalfs met with Commissioners Martha Guzman-Aceves and Liane Randolph and members of their staff to provide an update on PCE's programmatic activities over the last year. PCE's team discussed our continued progress in decarbonizing our default energy product, EcoPlus, the status of the Wright Solar and Mustang projects, and the status of PCE's various programs designed to support transportation electrification. On Tuesday, February 5, 2019, Jan Pepper, Joseph Wiedman, Jeff Aalfs, and Rick Bonilla met with Commissioner Clifford Rechtschaffen and Nidhi Thakar, Chief of Strategy and External Affairs for President Michael Picker to provide similar updates. Discussion of PCE's efforts was very positive and supportive.

On Saturday, February 9, 2019, Charlsie Chang and Rick Bonilla attended the Energize Merced Conference at the University of California, Merced. Ms. Chang spoke at the conference on community choice aggregation generally and specifically about PCE's goals and efforts to promote economic development and decarbonization in San Mateo County. She also

highlighted the construction and jobs created by the Wright Solar Project, which is being built in Merced County.

Regulatory Advocacy

I.15-08-019 – PGE Safety Culture OII – On December 21, 2018, the Assigned Commissioner issued a Scoping Memo asking for party comment on a broad range of questions related to ongoing safety issues with PG&E's gas and electric service. The questions are broad-ranging in regard to whether PG&E has a culture that promotes safety, covering corporate governance, corporate management, corporate structure, return on equity, and the business model PG&E operates under (i.e. as an investor-owned utility). In order to participate fully in the docket, PCE filed a Motion for Party Status on January 18, 2019. On Wednesday, February 13, PCE, as part of a coalition of CCAs, filed comments in the docket addressing the issue of whether PG&E should stop providing retail electric service and should only provide transmission and distribution service. The coalition supported the idea of PG&E exiting retail electric service in order to more squarely focus its attention and resources on safety of the transmission and distribution system. Instead of PG&E providing retail electric service, the coalition argued that the Commission and other state actors should support the provision of retail electric service via local public agencies – either through existing CCAs, newly formed CCAs, or municipalization. If an area of PG&E's current service territory does not want to be served by a local public power agency, a state-level public power agency could provide retail electric service in those areas. Because such a change in PG&E's services would require legislative action, the coalition also provided advice to the Commission on actions it could take to reform its policies to more fully support the formation of CCAs.

A.18-06-001 – PGE Energy Resource Recovery Account (ERRA) Forecast – On Tuesday, January 22, 2019, Assigned Commissioner Guzman-Aceves issued an alternate proposed decision (APD) which would allow for a brown power true-up of 2018 brown power costs within 2019 PCIA rates. With this change, the APD would grant many of the changes requested by the coalition of CCAs in the docket (and the items not addressed are deferred to later proceedings, rather than denied outright). PCE, as part of a coalition of CCAs, filed comments supporting the APD on Monday, February 11, 2019. Reply Comments were filed on February 15, 2019. The Joint CCAs have also been convening *ex parte* meetings with Commissioners' staff were able. The Commission voted to support the APD at its February 22, 2019, voting meeting.

A.18-12-009 – PG&E 2020 General Rate Case (GRC) – PG&E filed its 2020 GRC on Thursday, December 13, 2018. On Thursday, January 17, 2019, PCE filed a protest to the application with East Bay Clean Energy, Marin Clean Energy, Pioneer Community Energy, San Jose Clean Energy, and Sonoma Clean Power (Joint CCAs) raising a number of concerns with the application including the recovery of certain hydro generation costs as a non-bypassable charge, PG&E's proposed grid modernization plan, categorization of certain costs coming out of the decommissioning of Diablo Canyon Nuclear Power Plant, and treatment of decommissioning reserves. A workshop on PG&E's proposal was held on Friday, January 25, 2019 and a prehearing conference to establish the parties, scope and schedule for the docket was held on Monday, February 4, 2019. PG&E has noted that it anticipates updating elements of its requests within this case due to its bankruptcy filing, though PG&E has yet to provide these updates or even insights into which sections will be updated. Jeremy Waen (PCE) and Todd Edminster (EBCE) are co-managing the case on behalf of the Joint CCA effort.

R.16-02-007 – Integrated Resource Planning (IRP) – On Friday, January 11, 2019, the Commission’s recommended Preferred System Portfolio (PSP) was released. The PSP is the result of staff aggregating all of the integrated resource plans filed by load serving entities in August 2018 and staff modeling the resulting portfolio for reliability. The PSP is called the hybrid conforming portfolio within the ruling. The ruling seeks comments on the analysis that lead to the PSP, discussion of whether the PSP is reasonable, and any actions the Commission should take as a result of the PSP. The ruling also seeks comment on recommendations for the resource portfolio(s) that the Commission will recommend to the CA ISO to utilize during its coming Transmission Planning Process (TPP). In general, the ruling finds that modeling shows the system will be reasonably reliable and will meet the GHG planning targets set by the Commission. The ruling also notes that CCAs appear to be the leading builders of new resources (10,000 Megawatts (MW)) compared to IOUs and energy service providers (1000 MW). The hybrid conforming portfolio also shows approximately 2500 MW of storage resources. Staff found that anticipated usage of hydro resources in the Pacific Northwest were within historical import levels, but that California hydro resource utilization was higher than historical production levels on average (utilization was ok in wet years, but not in dry years). On Thursday, January 31, 2019, a coalition of CCAs, including PCE, filed comments generally supporting the PSP and the findings of the ruling. The comments raised concerns with the accuracy of modeling taking place in the docket providing examples of where better data concerning CCAs was needed to arrive at more accurate outcomes.

R.18-12-006 – Transportation Electrification – On December 19, 2018, the Commission opened a rulemaking to continue its efforts to support the state’s transportation electrification goals by developing a “Transportation Electrification Framework” (TEF). On Monday, February 11, 2019, PCE, as part of a coalition of CCAs, filed opening comments in the rulemaking to work with the Commission and all stakeholders in the docket to express interest in partnering with the Commission on transportation electrification efforts and to ensure that the unique capacities of CCAs as local government agencies are brought to bear in the discussions in the docket. The comments apprised the Commission and other parties of the activities CCAs are already engaging in to support transportation electrification, express a desire to receiving additional funding to support our efforts (including marketing, education and outreach funding), and to support recognition by the Commission that cost allocation of transportation electrification funds through rates would be an issue within the docket. Commissioner Clifford Rechtschaffen was recently designated as the assigned Commissioner for this case.

Legislative Advocacy

The 2019-2020 legislative session started December 3, 2018. PCE continues to coordinate with CalCCA and our local state elected officials on general legislative strategy and ideas for legislation in 2019. Discussions on energy policy in Sacramento are being deeply impacted by PG&E’s bankruptcy application and ongoing concerns over wildfire risks. The deadline for introducing legislation for consideration this session is Friday, February 22, 2019. PCE’s legislative team anticipates we will have greater clarity over the issues that will be in play after that date.

FISCAL IMPACT:

Not applicable.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: Feb. 15, 2018
BOARD MEETING DATE: Feb. 28, 2018
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
Rafael Reyes, Director of Energy Programs

SUBJECT: Local Programs Report

SUMMARY

Five of the seven programs approved by the Board in 2018 are currently being executed:

- Community Pilots
- EV Ride and Drives
- EV Apartments Technical Assistance
- Multi-Unit Dwelling Pilot
- Low Income Vehicle Incentives

The EV Infrastructure Incentive program is under development, and the 2018 New Vehicle Dealer Promotion has been concluded.

DETAIL

The Board approved five programs at the April 26, 2018 meeting. Below is the summary status of each program element:

Program	Status
Community Pilots: 6 awardees selected for innovative projects of up to \$75,000.	SMC Office of Sustainability (Municipal Green Fleets) and ARCA Recycling (Old Appliance Recycling Program) contracts have been executed. Other contracts are being finalized.
EV “Ride & Drive” events: Mix of dedicated corporate and open community events. 6 events reaching ~1,000 participants.	Five events completed: Genentech (8/9), Facebook Festival (8/11), San Mateo County Center (10/3), Burlingame Fall Fest (10/28), YouTube (12/12). Over 1,000 EV experiences generated. The 2019-2022 contract is in the Board agenda packet for approval at the February meeting. The remaining 2018 event will be executed in 2019.
New Electric Vehicle Promotion: Competitive solicitation to dealers to deliver aggressive cost discount.	The EV Promotion program is in the closing phase. 120 vehicles were sold or leased. PCE is conducting a broad survey to assess overall marketing impact.
Easy Charge Apartments: Technical assistance program for apartment building owners for EV infrastructure.	As a stop-gap while the EV Infrastructure program is developed, the technical assistance program has been extended through May.
Low-Income Used EV Incentive: Incentive program for used EV adoption by low-income residents. \$4,000/vehicle.	Contract with Peninsula Family Services has been executed. Additional details about the program launch are below.
Curbside & Multi-Unit Dwelling Pilot: Pilot program to foster technology and pilot low-power solutions in MUDs; and develop policies and pilot curbside charging.	RFP for the Multi-Unit Dwelling (MUD) portion of the project received 8 proposals. Staff expects to bring the contract to the Board in March or April.

Low-Income Vehicle Incentive Program

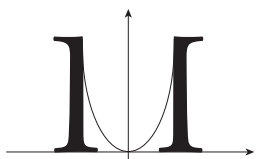
The program will provide a \$4,000 incentive for the purchase of used plug-in hybrid electric vehicles to low- and moderate-income San Mateo County residents with access to a standard outlet at home or work.

PCE will offer this incentive through Peninsula Family Service’s DriveForward program, which is a robust program that provides financial coaching and affordable loans to help participants purchase reliable used vehicles. PCE’s contract with Peninsula Family Service has been executed following Board approval at the January 2019, meeting.

PFS and PCE's joint program will be called DriveForward Electric, a sub-brand to PFS' overarching DriveForward program. DriveForward Electric will have a "soft" launch and a "hard" launch. Below is the tentative timeline:

<i>Date(s)</i>	<i>Event</i>
February 14 – March 1	Email invitations and outreach to a portion of CARE customers about special workshop
March 2	Soft launch – PFS/PCE hold DriveForward Electric Financial workshop for potential participants
March – April	Post-soft launch pilot phase to identify some early participants
May 8 (tentative)	Hard launch – Partnership is announced at PFS Thought Leader Series event with PCE as sponsor. Accompanied by press release.
May –	Full outreach and marketing begins

Board members are invited to attend the PFS' Thought Leader Series / DriveForward Electric launch, event in May. More details to come.



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Peninsula Clean Energy Authority

Management is responsible for the accompanying financial statements of Peninsula Clean Energy Authority (PCE), a California Joint Powers Authority, which comprise the statements of net position as of December 31, 2018 and November 30, 2018, and the statements of revenues, expenses, and changes in net position, and the statements of cash flows for the month and six month period ending December 31, 2018, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about PCE's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to PCE because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
January 23, 2019



PENINSULA CLEAN ENERGY AUTHORITY

STATEMENTS OF NET POSITION As of December 31, and November 30, 2018

	<u>December</u>	<u>November</u>	<u>Increase (Decrease)</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 119,152,817	\$ 109,981,516	\$ 9,171,301
Accounts receivable, net of allowance	17,249,684	21,574,106	(4,324,422)
Other receivables	132,772	132,231	541
Accrued revenue	11,719,383	10,094,986	1,624,397
Prepaid expenses	2,666,262	2,271,130	395,132
Deposits	3,045,217	3,136,417	(91,200)
Restricted cash	2,000,000	2,000,000	-
Total current assets	<u>155,966,135</u>	<u>149,190,386</u>	<u>6,775,749</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation	305,614	289,884	15,730
Deposits	3,521,060	3,521,060	-
Total noncurrent assets	<u>3,826,674</u>	<u>3,810,944</u>	<u>15,730</u>
Total assets	<u>159,792,809</u>	<u>153,001,330</u>	<u>6,791,479</u>
LIABILITIES			
Current liabilities			
Accounts payable	787,701	815,293	(27,592)
Accrued cost of electricity	26,454,466	21,699,072	4,755,394
Accrued payroll and related liabilities	187,733	184,670	3,063
Other accrued liabilities	375,696	385,696	(10,000)
Supplier security deposits	1,630,940	1,630,940	-
User taxes and surcharges due to other governments	783,016	737,301	45,715
Total current liabilities	<u>30,219,552</u>	<u>25,452,972</u>	<u>4,766,580</u>
Noncurrent liabilities			
Supplier security deposits	692,826	635,901	56,925
Total liabilities	<u>30,912,378</u>	<u>26,088,873</u>	<u>4,823,505</u>
NET POSITION			
Investment in capital assets	305,614	289,884	15,730
Restricted for security collateral	2,000,000	2,000,000	-
Unrestricted	126,574,817	124,622,573	1,952,244
Total net position	<u>\$ 128,880,431</u>	<u>\$ 126,912,457</u>	<u>\$ 1,967,974</u>

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENTS OF REVENUES, EXPENSES

AND CHANGES IN NET POSITION

Month and Six Months Ended December 31, 2018

	<u>Month</u>	<u>Six Months</u>
OPERATING REVENUES		
Electricity sales, net	\$ 19,912,365	\$ 134,806,675
Green electricity premium	207,946	1,222,066
Electricity sales for resale	30,000	669,446
Total operating revenues	<u>20,150,311</u>	<u>136,698,187</u>
OPERATING EXPENSES		
Cost of electricity	17,371,789	87,825,624
Staff compensation and benefits	261,011	1,422,498
Data manager	313,022	1,884,829
Service fees - PG&E	103,087	619,181
Consultants and other professional fees	46,111	459,560
Legal & legislative services	61,155	601,553
Communications and noticing	42,704	422,295
General and administration	55,661	511,224
Program incentives	68,000	68,000
Depreciation	6,151	35,787
Total operating expenses	<u>18,328,691</u>	<u>93,850,551</u>
Operating income	<u>1,821,620</u>	<u>42,847,636</u>
NONOPERATING REVENUES (EXPENSES)		
Miscellaneous income	924	33,532
Interest and investment income	188,364	719,640
Interest and related expense	(42,934)	(85,867)
Total nonoperating revenues (expenses)	<u>146,354</u>	<u>667,305</u>
CHANGE IN NET POSITION	1,967,974	43,514,941
Net position at beginning of period	<u>126,912,457</u>	<u>85,365,490</u>
Net position at end of period	<u>\$ 128,880,431</u>	<u>\$ 128,880,431</u>

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENTS OF CASH FLOWS

Month and Six Months Ended December 31, 2018

	Month	Six Months
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 22,812,531	\$ 144,816,011
Receipts from sales for resale	25,527	1,027,169
Receipts from miscellaneous income	75	32,683
Receipts from supplier security deposits	56,925	625,479
Tax and surcharge receipts from customers	335,792	2,292,041
Payments to purchase electricity	(13,045,911)	(84,726,998)
Payments for staff compensation and benefits	(253,034)	(1,387,067)
Payments for data manager	(313,199)	(1,916,626)
Payments for service fees - PG&E	(206,270)	(619,466)
Payments for consultants and other professional fees	(19,225)	(452,344)
Payments for legal services	(67,827)	(633,533)
Payments for communications and noticing	(51,801)	(425,514)
Payments for general and administration	(35,199)	(564,719)
Payments for program incentives	(18,750)	(18,750)
Tax and surcharge payments to other governments	(282,272)	(2,295,995)
Net cash provided (used) by operating activities	<u>8,937,362</u>	<u>55,752,371</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Deposits and collateral paid	-	(2,608,070)
Deposits and collateral received	91,200	705,756
Interest and related expense payments	-	(42,934)
Net cash provided (used) by non-capital financing activities	<u>91,200</u>	<u>(1,945,248)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	<u>(23,130)</u>	<u>(39,068)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and investment income received	<u>165,870</u>	<u>695,350</u>
Net cash provided (used) by investing activities	<u>165,870</u>	<u>695,350</u>
Net change in cash and cash equivalents	9,171,302	54,463,405
Cash and cash equivalents at beginning of period	111,981,515	66,689,412
Cash and cash equivalents at end of period	<u><u>\$ 121,152,817</u></u>	<u><u>\$ 121,152,817</u></u>
Reconciliation to the Statement of Net Position		
Cash and cash equivalents (unrestricted)	\$ 119,152,817	\$ 119,152,817
Restricted cash	2,000,000	2,000,000
Cash and cash equivalents	<u><u>\$ 121,152,817</u></u>	<u><u>\$ 121,152,817</u></u>

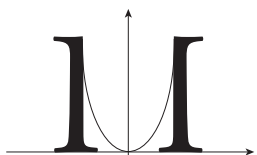
PENINSULA CLEAN ENERGY AUTHORITY

STATEMENTS OF CASH FLOWS (continued)

Month and Six Months Ended December 31, 2018

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

	<u>Month</u>	<u>Six Months</u>
Operating income (loss)	\$ 1,821,620	\$ 42,847,636
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	6,150	35,787
Revenue reduced for uncollectible accounts	70,668	477,773
Nonoperating miscellaneous income	924	33,532
(Increase) decrease in accounts receivable	4,253,754	5,363,661
(Increase) decrease in other receivables	21,953	20,324
(Increase) decrease in accrued revenue	(1,624,397)	2,993,443
(Increase) decrease in prepaid expenses	(395,132)	(468,238)
Increase (decrease) in accounts payable	(69,275)	(66,353)
Increase (decrease) in accrued payroll and related	3,063	30,517
Increase (decrease) in accrued cost of electricity	4,755,394	3,539,675
Increase (decrease) in accrued liabilities	(10,000)	370,696
Increase (decrease) in user taxes and energy surcharges due to other governments	45,715	(51,561)
Increase (decrease) in supplier security deposits	56,925	625,479
Net cash provided (used) by operating activities	<u>\$ 8,937,362</u>	<u>\$ 55,752,371</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Peninsula Clean Energy Authority

Management is responsible for the accompanying special purpose statement of Peninsula Clean Energy Authority (PCE), a California Joint Powers Authority, which comprise the budgetary comparison schedule for the period ended December 31, 2018, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of PCE.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the special purpose budgetary comparison statement, they might influence the user's conclusions about PCE's results of operations. Accordingly, this special purpose budgetary comparison statement is not designed for those who are not informed about such matters.

We are not independent with respect to PCE because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
January 23, 2019



**PENINSULA CLEAN ENERGY AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
July 1, 2018 through December 31, 2018**

	2018/19 YTD Budget	2018/19 YTD Actual	2018/19 YTD Budget Variance (Under) Over	2018/19 YTD Actual/Budget %	2018/19 Annual Budget	2018/19 Budget Remaining
OPERATING REVENUES						
Revenue - Electricity	\$ 135,846,093	\$ 135,284,448	\$ (561,645)	100%	\$ 254,916,736	\$ 119,632,288
Revenue - ECO100	794,921	1,222,066	427,145	154%	1,627,364	405,298
Electricity sales for resale	-	669,446	669,446	-	-	(669,446)
Total Operating Revenues	<u>136,641,014</u>	<u>137,175,960</u>	<u>534,946</u>	<u>100%</u>	<u>256,544,100</u>	<u>119,368,140</u>
OPERATING EXPENSES						
Cost of energy	88,884,561	87,825,624	(1,058,937)	99%	176,147,894	88,322,270
Data manager	1,879,200	1,884,829	5,629	100%	3,758,400	1,873,571
PG&E service fees	630,000	619,181	(10,819)	98%	1,260,000	640,819
Bad debt expense	478,244	477,773	(471)	100%	897,904	420,131
Communications and outreach	487,800	417,247	(70,553)	86%	1,010,600	593,353
General and administration	613,100	503,524	(109,576)	82%	1,227,200	723,676
Professional services	666,056	312,334	(353,722)	47%	1,432,511	1,120,177
Energy programs	1,360,000	227,974	(1,132,026)	17%	3,200,000	2,972,026
Legal and regulatory	573,300	601,553	28,253	105%	1,146,600	545,047
Personnel	2,331,918	1,422,498	(909,420)	61%	4,492,745	3,070,247
Total Operating Expenses	<u>97,904,179</u>	<u>94,292,537</u>	<u>(3,611,642)</u>	<u>96%</u>	<u>194,573,854</u>	<u>100,281,317</u>
Operating Income (Loss)	<u>38,736,835</u>	<u>42,883,423</u>	<u>4,146,588</u>	<u>111%</u>	<u>61,970,246</u>	<u>19,086,823</u>
NON-OPERATING REVENUES (EXPENSES)						
Miscellaneous income	-	33,532	33,532	-	-	(33,532)
Investment income	220,000	719,640	499,640	327%	440,000	(279,640)
Interest and related expenses	(84,000)	(85,867)	(1,867)	102%	(168,000)	(82,133)
Total Operating Revenues (Expenses)	<u>136,000</u>	<u>667,305</u>	<u>531,305</u>	<u>491%</u>	<u>272,000</u>	<u>(395,305)</u>
OTHER USES						
Capital outlay	21,000	39,067	18,067	186%	42,000	2,933
Total other uses	<u>21,000</u>	<u>39,067</u>	<u>18,067</u>	<u>186%</u>	<u>42,000</u>	<u>2,933</u>
INCREASE IN NET POSITION	<u>\$ 38,851,835</u>	<u>\$ 43,511,661</u>	<u>\$ 4,659,826</u>		<u>\$ 62,200,246</u>	<u>\$ 18,688,585</u>

PENINSULA CLEAN ENERGY AUTHORITY
OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2018 through December 31, 2018

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 43,511,661
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(35,787)
Add back capital asset acquisitions	<u>39,067</u>
Change in net position	<u><u>\$ 43,514,941</u></u>



FIRST REPUBLIC PRIVATE WEALTH MANAGEMENT

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Investment Portfolio Review

Peninsula Clean Energy Authority

December 31, 2018

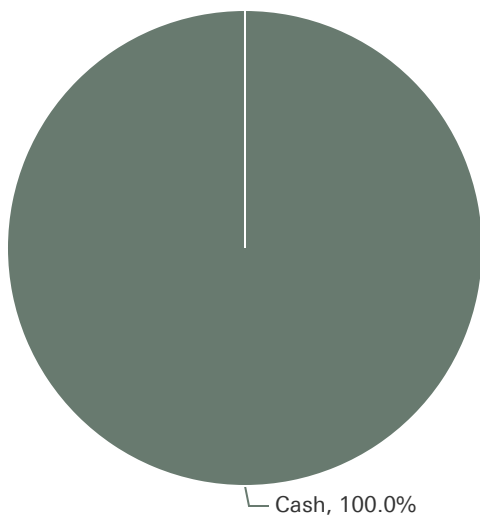


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Asset Allocation



ASSET TYPE	\$	%
Cash	\$100,786,840	100.0%
Total	\$100,786,840	100.0%

Portfolio Performance

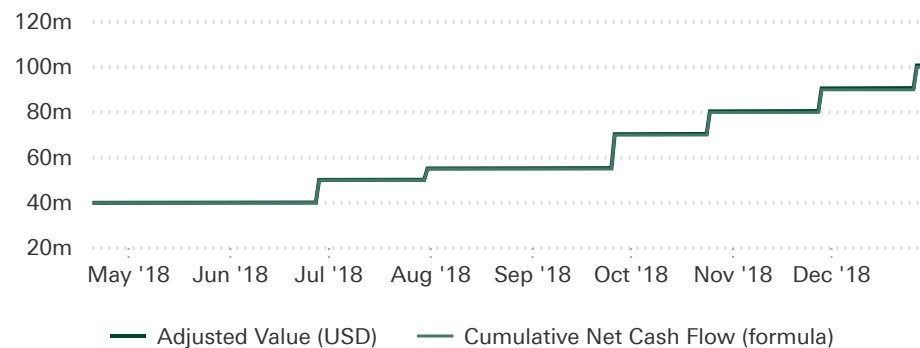
ASSET TYPE	QTD	YTD	ITD*
Cash	0.5%		1.3%
Total	0.5%		1.3%

Portfolio Activity

TRANSACTIONS	QTD	YTD	ITD*
Starting Value	\$70,358,772		\$40,000,000
Additions / Withdrawals	\$30,000,000		\$60,000,000
Gain / Loss	\$120,792		\$238,694
Income / Expenses	\$307,276		\$548,147
Change in Accrued Income	(\$1)		\$0
Current Value	\$100,786,840		\$100,786,840

*Inception date is 04-20-2018

Net Contributions vs. Market Value

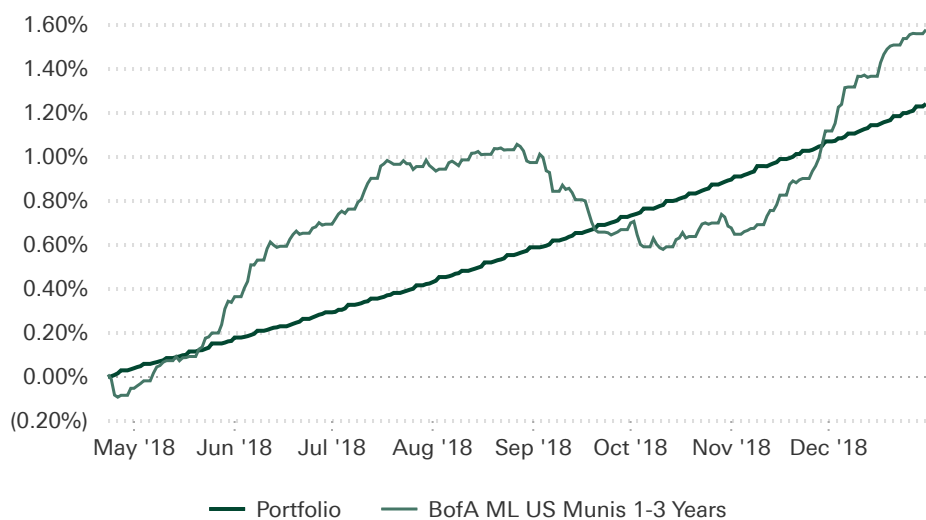




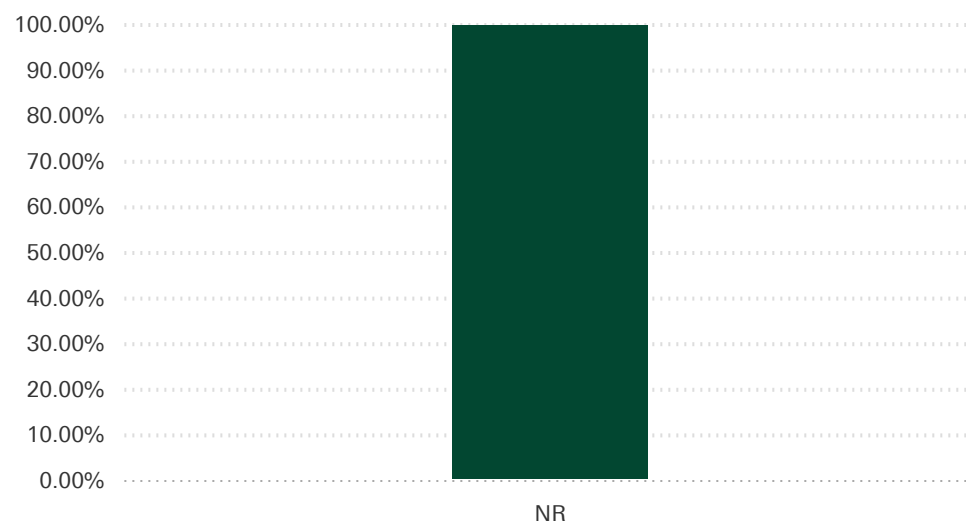
ASSET TYPE	\$	%	QTD	YTD	1 YR.	3 YR.	5 YR.	ITD	
Cash	\$100,786,840	100.0%	0.5%					1.3%	04-20-2018
Money Market Funds (all)	\$1,011,843	1.0%	(8.9%)					(7.3%)	04-23-2018
Barclays US Treasury Bills 1-3 Months (Total Return)			0.6%					1.4%	
U.S. Treasury Bills	\$99,774,998	99.0%	0.5%					1.2%	04-23-2018
FTSE USBIG Treasury Bill 3M			0.6%					1.4%	
Total	\$100,786,840	100.0%	0.5%					1.3%	04-20-2018



Performance History



Bond Quality



Fixed Income Performance by Asset Class

ASSET CLASS	\$	%	QTD	YTD	1 YR.	3 YR.	5 YR.	ITD	
U.S. Treasury Bills	\$99,774,998	100.0%	0.5%					1.2%	04-23-2018
Total	\$99,774,998	100.0%	0.5%					1.2%	04-23-2018
<i>BofA Merrill Lynch US Munis 1-3 Years</i>			0.9%					1.6%	

Portfolio Holdings

SECURITY	QUANTITY	COUPON RATE	MATURITY DATE	TIME TO MATURITY (YEARS)	CALL DATE	PRICE (USD)	MOODY'S RATING	S&P RATING	YTW	YTM	DURATION TO WORST	MARKET VALUE	% HELD (MV)	ANNUAL INCOME
United States Treas Bills B/E DTD 0.00 %	25,729.0	0.00%	01-03-2019	0.01	-	\$1,000	NR	NR	0.72%	0.72%	0.01	\$25,727,456	25.79%	\$0
United States Treas Bills B/E DTD	24,741.0	0.00%	01-10-2019	0.03	-	\$1,000	NR	NR	1.81%	1.81%	0.03	\$24,728,630	24.78%	\$0
United States Treas Bills B/E DTD	24,717.0	0.00%	02-07-2019	0.11	-	\$998	NR	NR	2.25%	2.25%	0.10	\$24,658,668	24.71%	\$0
United States Treas Bills B/E DTD	24,765.0	0.00%	03-07-2019	0.18	-	\$996	NR	NR	2.33%	2.33%	0.18	\$24,660,244	24.72%	\$0
Total		0.00%		0.08			NR	NR	1.77%	1.77%	0.08	\$99,774,998	100.00%	\$0



Performance by Account with Cash Flows - 1 Year

As of December 31, 2018

Change in Account Value

Peninsula Clean Energy Authority



\$786,840.25

ACCOUNT	STARTING VALUE	ADDITIONS / WITHDRAWALS	TOTAL RETURN	CURRENT VALUE	1 YR RETURN
Managed Assets	\$0	\$100,000,000	\$786,840	\$100,786,840	1.3%
Peninsula Clean Energy Authority	\$0	\$100,000,000	\$786,840	\$100,786,840	1.3%
Total	\$0	\$100,000,000	\$786,840	\$100,786,840	1.3%



TRADE DATE	UNITS	TICKER SYMBOL	SECURITY	TYPE	PRICE PER SHARE	VALUE
10-05-2018	17,630.00	-	United States Treas Bills B/E DTD 0.00 %	Buy	\$999.88	(\$17,627,941.70)
10-11-2018	17,730.00	-	United States Treas Bills B/E DTD	Buy	\$994.46	(\$17,631,811.26)
10-19-2018	17,590.00	-	United States Treas Bills B/E DTD	Buy	\$999.83	(\$17,586,935.65)
10-25-2018	20,095.00	-	United States Treas Bills B/E DTD	Buy	\$999.65	(\$20,088,033.06)
10-25-2018	2,502.00	-	United States Treas Bills B/E DTD	Buy	\$998.82	(\$2,499,041.38)
10-25-2018	2,511.00	-	United States Treas Bills B/E DTD	Buy	\$995.30	(\$2,499,194.68)
10-25-2018	2,505.00	-	United States Treas Bills B/E DTD	Buy	\$997.98	(\$2,499,930.73)
11-02-2018	20,097.00	-	United States Treas Bills B/E DTD 0.00 %	Buy	\$999.82	(\$20,093,406.05)
11-08-2018	20,212.00	-	United States Treas Bills B/E DTD	Buy	\$994.23	(\$20,095,452.55)
11-16-2018	21,003.00	-	United States Treas Bills B/E DTD	Buy	\$999.76	(\$20,998,059.67)
11-16-2018	20,103.00	-	United States Treas Bills B/E DTD	Buy	\$999.76	(\$20,098,271.37)
11-16-2018	(21,003...	-	United States Treas Bills B/E DTD	(Cancellation) Buy	\$999.76	\$20,998,059.67
11-26-2018	20,240.00	-	United States Treas Bills B/E DTD	Buy	\$993.48	(\$20,107,990.27)
11-29-2018	2,265.00	-	United States Treas Bills B/E DTD	Buy	\$993.75	(\$2,250,847.33)
11-29-2018	2,250.00	-	United States Treas Bills B/E DTD	Buy	\$995.59	(\$2,240,070.48)
11-29-2018	22,348.00	-	United States Treas Bills B/E DTD 0.00 %	Buy	\$999.65	(\$22,340,211.72)
11-29-2018	2,250.00	-	United States Treas Bills B/E DTD	Buy	\$997.49	(\$2,244,345.84)
12-07-2018	23,458.00	-	United States Treas Bills B/E DTD	Buy	\$999.83	(\$23,453,968.27)
12-14-2018	23,462.00	-	United States Treas Bills B/E DTD	Buy	\$999.82	(\$23,457,729.68)
12-20-2018	23,470.00	-	United States Treas Bills B/E DTD	Buy	\$999.63	(\$23,461,294.27)
12-27-2018	2,260.00	-	United States Treas Bills B/E DTD	Buy	\$995.50	(\$2,249,838.34)
12-27-2018	2,255.00	-	United States Treas Bills B/E DTD	Buy	\$997.33	(\$2,248,977.59)
12-27-2018	25,729.00	-	United States Treas Bills B/E DTD 0.00 %	Buy	\$999.63	(\$25,719,587.56)
12-27-2018	2,250.00	-	United States Treas Bills B/E DTD	Buy	\$999.19	(\$2,248,188.12)



HIGHLIGHTS:

- **Volatility increased during Q4 as investors faced a turbulent environment riddled with trade wars, geopolitical risks, rising interest rates, and weaker economic growth stemming from Europe and Asia**
- **Despite the swoon in financial markets seen during the closing months of the year, U.S. economic data remained on solid footing supported by a historically tight labor market and a robust U.S. consumer**
- **Global growth remained U.S. - driven as emerging markets faced currency and interest rate headwinds. A stronger U.S. dollar dampened corporate gains abroad while increasing the burden for foreign borrowers**

OVERVIEW:

As we turn the page and welcome the new year, global stocks faced a turbulent environment during Q4. A combination of headwinds shifted investor sentiment to “risk-off” mode, and pushed markets sharply lower, despite a late rally on the day following Christmas. Investors witnessed an increase in volatility as escalating trade tensions between the U.S. and China raised fears that a prolonged trade dispute between the world’s two largest economies could slow down global growth. The Federal Reserve (the Fed) raised interest rates at their December meeting, further dampening investor risk appetite even though domestic economic data through the quarter showcased signs of sustained economic growth, while recession probabilities in the near-term remained relatively low. Furthermore, the U.S. unemployment rate continued at multi-decade low levels, while wages showed an uptick in growth, highlighting the resiliency and tightness of the labor market.

U.S. Equities Retreated as Uncertainty Rattled Investors

Investors struggled to grasp the uncertainty surrounding the major headlines of the quarter, including concerns over the U.S. government shutdown, evidence of slowing economic growth in China, and the ongoing trade quarrel between the U.S. and China. Meanwhile, the Federal Reserve continued its path of monetary policy tightening and rate normalization, raising interest rates for a fourth time in December. Despite reports of strong macroeconomic data and signs of rising inflationary pressures, the Fed’s hawkish stance reverberated across financial markets as investors grew concerned that the Fed could be raising rates too fast and too soon, and could unintentionally tip the balance of economic growth.

In addition, geopolitical tensions stemming from Europe, including worries of a hard Brexit and Italy’s dispute with the European Union over the nation’s budget deficit, coupled with reports of economic deceleration in China, further contributed to the gloomy investment environment. As a consequence, investors gravitated towards safe haven investments.

The Continued Strength of the U.S. Dollar has Dragged Emerging Markets

Across international markets, borrowing costs were a trending topic throughout the year, as higher interest rates driven by the Fed’s rate hikes, coupled with robust domestic economic data, led to the strengthening of the U.S. dollar against most international currencies. As a result, those countries which benefited from ultra-low U.S. dollar borrowing costs in past years as a source of relatively cheap financing are facing repayment hardships as interest payments ballooned and became increasingly difficult to service. Furthermore, dollar debt in the private sector has also increased, eroding corporate profits.



Emerging market equities slid into bear market territory as news of economic deterioration in countries ranging from Argentina to Turkey fueled worries that a global contagion would eventually drag developed markets down causing the global economy to stagnate. Doubts over the ability of the Chinese government to propel economic growth resurfaced after economic data signaled lukewarm growth. The trade war and tariffs further intensified the downturn in Chinese markets, which faced additional secular pressures including shifting demographics, slowing cyclical growth, amid other debt, environmental and real estate issues. In response, China is expected to continue on a path toward monetary policy easing.

Widening Credit Spreads and Flattening Yield Curves Contributed to Market Volatility

The credit cycle continued on a bumpy path as credit spreads moved wider during the quarter, adding volatility to financial markets. The significant increase in corporate leverage during recent years of cheap financing remained a leading concern across credit markets, as interest rates are expected to continue moving higher and evidence of deterioration in the credit quality of debt issuers grows. Investors also remained vigilant of the flattening U.S. Treasury yield curve, which saw short-term rates move closer to long-term rates during the quarter. As the yield curve continued flattening, worries that an inversion is looming also added uncertainty to the market, which has used this phenomenon in the past as an indicator and early warning of an upcoming recession. However, despite all the recent attention the yield curve has received, we believe that these concerns could be overstated given the relative health of the U.S. economy, which continues to benefit from a resilient labor market, robust U.S. consumers, and the decaying effects of past fiscal stimulus.

Conclusion:

Looking back at 2018, investors closed the year facing a series of challenges which led to dismal performance in Q4: ongoing trade disputes, economic and corporate growth expected to moderate, and the uncertainty surrounding the Fed's future interest hikes. Despite all these crosscurrents, economic data remained at healthy levels, as the unemployment rate continued at decade lows while wage growth climbed. Emerging market countries navigated choppy waters as a strong U.S. dollar weighed on those countries with large current-account deficits. Meanwhile, corporations with large U.S. dollar financing saw profits crippled by foreign exchange rates. International anxiety over Brexit and Italy's budget tussle with the European Union also weighed on performance in the Eurozone.

The recent market downturn and beginning of the New Year provides an opportunity for investors to reposition their portfolios and focus on risk management. As volatility increases and lingers, investors should manage future expectations and be aware that the bumpy ride experienced in the latter months of 2018 will take time before getting better. Broadly speaking, our asset allocation views still favor a proper balance between stocks, bonds, and cash. In turn, alternatives continue to hold our "ANGEY" acronym extant: alternatives are not good enough yet.



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PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: February 18, 2019

BOARD MEETING DATE: February 28, 2019

SPECIAL NOTICE/HEARING: None

VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Jan Pepper, Chief Executive Officer

SUBJECT: Energy Supply Procurement Report – February 2019

BACKGROUND:

This memo summarizes agreements entered into by the Chief Executive Officer since the last regular Board meeting in January. This summary is provided to the Board for information purposes only.

DISCUSSION:

The table below summarizes the contracts that have been entered into by the CEO in accordance with the following policy since the last Board meeting.

Execution Month	Purpose	Counterparty	Term
January	Sale of Resource Adequacy	Sonoma Clean Power Authority	1 month
January	Sale of Resource Adequacy	Monterey Bay Community Power Authority	2 months
January	Sale of Resource Adequacy	Monterey Bay Community Power Authority	3 months
February	Sale of Resource Adequacy	Exelon Generation Company, LLC	3 months

In December 2017, the Board approved the following Policy Number 15 – Energy Supply Procurement Authority.

Policy: “Energy Procurement” shall mean all contracting for energy and energy-related products for PCE, including but not limited to products related to electricity, capacity, energy efficiency, distributed energy resources, demand response, and storage. In Energy Procurement, Peninsula Clean Energy Authority will procure according to the following guidelines:

- 1) **Short-Term Agreements:** Chief Executive Officer has authority to approve energy procurement contracts with terms of twelve (12) months or less. The CEO shall report all such agreements to the PCE board monthly.
- 2) **Medium-Term Agreements:** Chief Executive Officer, in consultation with the General Counsel, has the authority to approve energy procurement contracts with terms greater than twelve (12) months but not more than five (5) years. The CEO shall report all such agreements to the PCE board monthly.
- 3) **Intermediate and Long-Term Agreements:** Approval by the PCE Board is required before the CEO enters into energy procurement contracts with terms greater than five (5) years.