



**SPECIAL MEETING of the Audit and Finance Committee  
of the Peninsula Clean Energy Authority (PCEA)  
Monday, December 10, 2018  
MINUTES**

2075 Woodside Road, Redwood City, CA  
10:00 a.m.

**CALL TO ORDER**

Meeting was called to order at 10:05 a.m.

**ROLL CALL**

**Present:** Donna Colson, City of Burlingame, *Chair*  
Carole Groom, County of San Mateo  
Laurence May, Town of Hillsborough  
Jeff Aalfs, Town of Portola Valley

**Absent:** Carlos Romero, City of East Palo Alto

**Staff:** Jan Pepper, Chief Executive Officer  
Andy Stern, Chief Financial Officer  
Jay Modi, Director of Finance and Administration  
Matthew Sanders, Deputy County Counsel  
Anne Bartoletti, Board Clerk

**A quorum was established.**

**PUBLIC COMMENT**

No public comment.

**ACTION TO SET THE AGENDA AND APPROVE CONSENT AGENDA ITEMS**

Motion Made / Seconded: May / Groom

**Motion passed unanimously 4-0**

**SPECIAL MEETING AGENDA****1. CHAIR REPORT**

Donna Colson—Chair—verified that those Audit and Finance Committee members present would return and would be willing to serve on this committee in 2019. All those present signified the affirmative.

**2. STAFF REPORT**

Andy Stern—CFO—reported that PCE’s daily revenues are being transferred to an interest-bearing account with expected earnings of approximately \$200,000 per year. He reported that he met with representatives from First Republic Bank to revise PCE’s Investment Policy, and those revisions will be presented to the Board at the December 20, 2018 Board meeting.

**3. COMMITTEE MEMBERS’ REPORTS**

None.

**4. REVIEW FINANCIAL REPORTS AND INVESTMENT SUMMARY FOR FIRST QUARTER OF FISCAL YEAR 2018-2019**

Andy Stern reviewed PCE’s current financial statements for the first quarter of fiscal year 2018-2019. He highlighted the revenue impacts of cooler temperatures and lower energy usage in August and September 2018 compared to those months in 2017, he reviewed PCE’s budget, and he reported that PCE’s net position was \$108.6 million as of September 30, 2018.

Andy reviewed PCE’s investment portfolio report for the first quarter of fiscal year 2018-2019 and reported that the average Yield-to-Maturity is approximately 2.0%. He reported that PCE is evaluating diversification into other investment options to increase overall yield, upon the Board’s approval of the revised Investment Policy Statement.

**5. REVIEW PCE’S CURRENT INSURANCE COVERAGE**

Andy Stern reviewed PCE’s current liability insurance and umbrella insurance coverage, and reported that PCE has been an additional insured under the County of San Mateo’s policy since PCE’s initial launch. He suggested that now that PCE is fully operational, broader coverage should be explored. Andy reported that PCE has a direct policy for Directors and Officers (D&O)/Employment Practices Liability insurance, as well as for Workers’ Compensation.

## 6. STATUS OF PCE TREASURER

Andy Stern reported that the Exercise of Powers Act (Government Code Sections 6500, et seq.) under which PCE was created, requires that each Joint Powers Authority (“JPA”) have a Treasurer, and that Sections 6505.5 and 6505.6 govern who can serve as Treasurer. Andy reported that the JPA Agreement that formed PCE selected the County Treasurer as Treasurer, and provides that the Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. He reported that the duties and responsibilities of the Chief Financial Officer (“CFO”) closely align with the responsibilities of the Treasurer role, and that at the December 20, 2018 Board meeting, it will be recommended that he, Andy Stern, be appointed Treasurer.

## 7. REVIEW MANAGEMENT LETTER OBSERVATIONS AND RECOMMENDATIONS PRESENTED BY PISENTI AND BRINKER LLP AS PART OF FY2017-2018 AUDIT

Andy Stern reported that, as part of the requirements of completing the audit, PCE’s auditors published their recommendations of items that came to their attention while performing their audit. Andy reviewed the Management letter’s observations and recommendations regarding internal controls and company growth, and PCE’s specific responsibilities related to oversight and approval of customer billing activities by Calpine. Andy also reviewed PCE’s management response summarizing PCE’s practices.

## 8. APPROVE 2019 MEETING SCHEDULE

The Committee members reviewed the proposed Meeting Schedule for 2019 and identified scheduling conflicts. They reviewed the 2019 Meeting Schedule for the Executive Committee, and found those dates to be better. They reached a consensus that their proposed 2019 Meeting Schedule be amended so the Audit and Finance Committee will meet at 10:00 a.m. on the dates that the Executive Committee will meet in 2019.

Motion Made / Seconded: May / Aalfs

**Motion passed unanimously 4-0**

## ADJOURNMENT

Meeting was adjourned at 11:25 a.m.