REGULAR MEETING of the Audit and Finance Committee of the Peninsula Clean Energy Authority (PCEA)
Monday, June 8, 2020
10:00 a.m.

PLEASE NOTE: for Video conference: https://meetings.ringcentral.com/j/1487860413
for Audio conference: dial +1(623) 404-9000,
then enter the Meeting ID: 148 786 0413 followed by #.
You will be instructed to enter your participant ID followed by #.

NOTE: Please see attached document for additional detailed teleconference instructions.

PCEA shall make every effort to ensure that its video conferenced meetings are accessible to people with disabilities as required by Governor Newsom’s March 17, 2020 Executive Order N-29-20. 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 PCEA to make best efforts to reasonably accommodate accessibility to this meeting and the materials related to it.

If you wish to speak to the Audit and Finance Committee, please use the “Raise Your Hand” function on the Ring Central platform. If you have anything that you wish to be distributed to the Audit and Finance Committee and included in the official record, please send to abartoletti@peninsulacleanenergy.com.

CALL TO ORDER / ROLL CALL

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

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

ACTION TO SET AGENDA AND TO APPROVE CONSENT AGENDA ITEMS
This item is to set the final consent and regular agenda, and for 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. Staff Report (Discussion)

3. Review ESG (Environmental, Social, and Governance) data from PFM Investment Manager (Discussion)

4. Recommend Approval by the Board of the Fiscal Year 2020-2021 Budget (Action)

5. Committee Members’ Reports (Discussion)

CONSENT AGENDA

6. Approval of the Minutes for the May 11, 2020 Meeting (Action)

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.
Instructions for Joining a RingCentral Meeting via Computer or Phone

Best Practices:
- Please mute your microphone when you are not speaking to minimize audio feedback
- If possible, utilize headphones or ear buds to minimize audio feedback
- If participating via videoconference, audio quality is often better if you use the dial-in option (Option 1 below) rather than your computer audio

Options for Joining
- A. Videoconference with Phone Call Audio (Recommended) – see Option 1 below
- B. Videoconference with Computer Audio – see Option 2 below
- C. Calling in from iPhone using one-tap – see Option 3 below
- D. Calling in via Telephone/Landline – see Option 4 below

Videoconference Options:
Prior to the meeting, we recommend that you install the RingCentral Meetings application on your computer by clicking here: https://www.ringcentral.com/apps/rc-meetings

If you want full capabilities for videoconferencing (audio, video, screensharing) you must download the RingCentral application.

Option 1 Videoconference with Phone Call Audio (Recommended):

1. From your computer, click on the following link: https://meetings.ringcentral.com/j/1487860413
2. The RingCentral Application will open on its own or you will be instructed to Open RingCentral Meetings.
3. After the application opens, the pop-up screen below will appear asking you to choose ONE of the audio conference options. Click on the Phone Call option at the top of the pop-up screen.

![Choose ONE of the audio conference options](image)

**IMPORTANT:** Please do not use the Participant ID that is in the picture to the left. Enter the Participant ID that appears on your own personal pop-up.
4. Please dial one of the phone numbers for the meeting (it does not matter which one):
   +1 (623) 404 9000
   +1 (469) 445 0100
   +1 (773) 231 9226
   +1 (720) 902 7700
   +1 (470) 869 2200

5. You will be instructed to enter the meeting ID: **148 786 0413 followed by #**

6. You will be instructed to enter in your **Participant ID followed by #**. Your Participant ID is unique to you and is what connects your phone number to your RingCentral account.

7. After a few seconds, your phone audio should be connected to the RingCentral application on your computer.

8. In order to enable video, click on “Start Video” in the bottom left hand corner of the screen. This menu bar is also where you can mute/unmute your audio.

**Option 2 Videoconference with Computer Audio:**

1. From your computer, click on the following link: [https://meetings.ringcentral.com/j/1487860413](https://meetings.ringcentral.com/j/1487860413)

2. The RingCentral Application will open on its own or you will be instructed to Open RingCentral Meetings.

3. After the application opens, the pop-up screen below will appear asking you to choose ONE of the audio conference options. Click on the Computer Audio option at the top of the pop-up screen.

4. Click the green **Join With Computer Audio button**

5. In order to enable video, click on “Start Video” in the bottom left hand corner of the screen. This menu bar is also where you can mute/unmute your audio.
**Audio Only Options:**

Please note that if you call in/use the audio only option, you will not be able to see the speakers or any presentation materials in real time.

**Option 3: Calling in from iPhone using one-tap**

Click on one of the following “one-tap” numbers from your iPhone. Any number will work, but dial by your location for better audio quality:

+1(623)4049000,1487860413# (US West)
+1(720)9027700,1487860413# (US Central)
+1(773)2319226,1487860413# (US North)
+1(469)4450100,1487860413# (US South)
+1(470)8692200,1487860413# (US East)

This is the call-in number followed by the meeting ID. Your iPhone will dial both numbers for you.

You will be instructed to **enter your participant ID followed by #**

If you do not have a participant ID or do not know it, you can stay on the line and you will automatically join the meeting.

**Option 4: Calling in via Telephone/Landline:**

Dial a following number based off of your location:

+1(623)4049000 (US West)
+1(720)9027700 (US Central)
+1(773)2319226 (US North)
+1(469)4450100 (US South)
+1(470)8692200 (US East)

You will be instructed to enter the **meeting ID: 148 786 0413 followed by #**

You will be instructed to enter your **participant ID followed by #**.

If you do not have a participant ID or do not know it, you can stay on the line and you will automatically join the meeting.
Peninsula Clean Energy

*Environmental, Social, and Governance Investment Solutions*

June 8, 2020
Introduction to ESG Investing

PFM’s Fixed Income ESG Investment Approach

ESG Investment Criteria Options

Appendix: Measuring & Monitoring ESG Risk Exposure
Introduction to ESG Investing
Approaches to Sustainable Investing

**SRI**
Avoid socially adverse industries like fossil fuels, tobacco, alcohol, and weapons

**Impact**
Seek companies that have a direct impact on positive social change like clean energy

**ESG Integration**
Systematically consider environmental, social, and governance performance

Negative Screening  Positive Screening  Risk Mitigation
What is ESG Investing?

- ESG investing is a sustainable investment approach
  - More inclusive than Socially Responsible Investing (exclusionary approach)
  - Broader in scope than thematic and impact investing
- Incorporates **measurable non-financial ESG factors** into an investment analysis

**ENVIRONMENTAL**
How a company limits its environmental impact and carbon footprint

**SOCIAL**
How a company treats its employees, customers, community, and other companies with which it interacts

**GOVERNANCE**
How a company is led, including executive pay and any internal controls
PFM’s Fixed Income ESG Investment Approach
PFM’s Fixed Income ESG Investment Solution

Our approach provides our clients with the tools and methodology to implement a customized ESG fixed income investment solution for their Separately Managed Accounts.

Evaluate

- Determine objectives of each fund
- Analyze cash flow requirements
- Review IPS and bond resolutions
- Understand ESG investment objectives

Strategize

- Establish duration targets
- Develop strategic asset allocation
- Select benchmarks
- Define ESG investment parameters

Define ESG investment parameters

- Set ESG risk ratings
- Screening
- Identify approved issuers

Implement & Manage

- Evaluate market conditions
- Implement strategy
- Actively manage and monitor

Measure & Report

- Provide comprehensive reporting
- Measure quarterly performance

Criteria Applied to Identify Permitted Investments

1st: State Law
2nd: Investment Policy
3rd: PFM’s Approved Credit List
4th: ESG Investment Parameters (Applied to Corporate Obligations)
Our ESG Solution Offers Many Advantages

- Flexibility to implement customized ESG strategies (based on Sustainalytics framework)
- Transparent, practical, not overly complicated
- “Rules-based” approach eliminates ambiguity by setting defined ESG parameters (based on Sustainalytics framework)
ESG Investment Criteria Options
## Potential ESG Approaches

<table>
<thead>
<tr>
<th>ESG Approaches</th>
<th>ESG Evaluation Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Approach #1</strong></td>
<td>• Issuers with significant exposure to material environmental risks, such as:</td>
</tr>
<tr>
<td><em>Limit Environmental Risk Exposure</em></td>
<td>• Emissions, Effluents, and Waste</td>
</tr>
<tr>
<td></td>
<td>• Carbon Output &amp; Impact</td>
</tr>
<tr>
<td></td>
<td>• Land Use &amp; Biodiversity</td>
</tr>
<tr>
<td></td>
<td>• Resource Use</td>
</tr>
<tr>
<td><strong>Approach #2</strong></td>
<td>• Limit exposure to fossil fuel industries.</td>
</tr>
<tr>
<td><em>Limit Fossil Fuel Exposure</em></td>
<td>• Limit exposure to issuers with significant exposure to material social risks, such as:</td>
</tr>
<tr>
<td><em>Limit ESG Risk Exposure</em></td>
<td>• Community Relations</td>
</tr>
<tr>
<td></td>
<td>• Data Privacy &amp; Security</td>
</tr>
<tr>
<td></td>
<td>• Human Rights &amp; Human Capital Management</td>
</tr>
<tr>
<td></td>
<td>• Occupational Health &amp; Safety</td>
</tr>
<tr>
<td></td>
<td>• Evaluate corporate governance practices</td>
</tr>
</tbody>
</table>
### ESG Investment Approach Summary

<table>
<thead>
<tr>
<th>ESG Approach</th>
<th>ESG Criteria</th>
<th>Strategy Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ESG Approach #1</strong></td>
<td><strong>Limit Environmental Risk Exposure</strong></td>
<td>• Broader based environmental risk management approach.</td>
</tr>
<tr>
<td></td>
<td>An eligible issuer’s environmental risk exposure can be no greater than 7.5 points of its ESG risk score</td>
<td>• Would significantly reduce exposure to issuers and industries with materially higher environmental factors.</td>
</tr>
<tr>
<td><strong>ESG Approach #2</strong></td>
<td><strong>Limit Fossil Fuel Exposure</strong></td>
<td>• Reduces environmental risk exposure by excluding issuers involved in the exploration, direct production, refinement, and transportation of fossil fuels.</td>
</tr>
<tr>
<td></td>
<td><strong>Limit ESG Risk Exposure</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Exclusions</strong> – Exclude issuers in the Energy Services, Oil &amp; Gas Producers, Refiners &amp; Pipelines Industries</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Issuer ESG Risk Category</strong> - Medium or lower</td>
<td>• Incorporates broader ESG assessments, including socially related risk exposure.</td>
</tr>
<tr>
<td></td>
<td><strong>Top ESG Performers Exception</strong> – Issuers in the “High” ESG risk category that are also in the top quartile (25%) of their subindustry may be included in the portfolio</td>
<td>• Top ESG Performers exclusion rewards top performers in industries with higher ESG risk exposure.</td>
</tr>
</tbody>
</table>
Impact on Eligible Issuers

Eligible Issuers (# of Issuers)

IPS Approach: 134
Approach #1: 109
Approach #2: 112

Credit Quality Comparison (# of Issuers)

IPS Approach: 63
Approach #1: 26
Approach #2: 45

IPS Approach: 52
Approach #1: 23
Approach #2: 34

IPS Approach: 54
Approach #1: 24
Approach #2: 34

Legend:
- A rated
- AA rated
- Money Market Securities
### Evaluating & Comparing Direct Costs and Potential Opportunity Costs

<table>
<thead>
<tr>
<th>Direct Costs &amp; Opportunity Costs</th>
<th>Approach #1 (Environmental Approach)</th>
<th>Approach #2 (Environmental Exclusions &amp; ESG Approach)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PFM Fee Impact</td>
<td>1.0 additional basis points (+0.01%) on AUM</td>
<td>1.5 additional basis points (+0.015%) on AUM</td>
</tr>
<tr>
<td>Custody &amp; Trading Costs</td>
<td>N/a – Change in approach would not change custody fees or significantly impact trading activity</td>
<td></td>
</tr>
<tr>
<td>Diversification Opportunities</td>
<td>Reduction in approved issuers. Remaining approved issuers provide diversification opportunities</td>
<td></td>
</tr>
</tbody>
</table>
| Yield & Investment Return Impact | Undetermined. Dependent on a number of factors, including:  
  • Portfolio composition  
  • Liquidity  
  • Credit quality  
  • Change in yield spreads  
  • Direction of interest rates |                                                        |
Next Steps

- Work with the PCE to determine ESG investment objectives & parameters and incorporate any changes to the Investment Policy Statement

- Execute an amended investment advisory agreement

- Identify ESG eligible permitted investments based on ESG investment parameters

- Monitor the ESG risk ratings of the investments in the PCE’s portfolio

- Review, discuss, and refine the investment approach as needed
Appendix: Measuring & Monitoring ESG Risk Exposure
Who is Sustainalytics & What is the ESG Risk Rating?

- A firm dedicated to independent ESG and corporate governance research, ratings, and analysis
  - Supports investors around the world with the development and implementation of responsible investment strategies, as it has done for over 25 years
  - Continuously conducts in-depth research and analysis on over 16,000 public and private companies
- Sustainalytics’ ESG Risk Ratings enable investors to evaluate different organizations, using a consistent methodology, by quantitatively defining a company's material ESG exposure on a scale of 0-100

**ESG Risk Rating Scale**

<table>
<thead>
<tr>
<th>Negligible</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
<th>Severe</th>
</tr>
</thead>
</table>

**Lower scores = lower ESG risk**
How is ESG Risk Exposure Determined?

- The ESG Risk Rating measures **economic value** at risk based on exposure to **unmanaged ESG Risks**.

- An organization’s ESG risk assessment is based on two primary factors:
  - **ESG Risk Exposure** – Determined at the subindustry level with adjustments for company-specific risk exposure levels.
  - **Management of ESG Risk Exposure** – Based on policies, programs, quantitative performance, controversies, and corporate governance.

\[
ESG \text{ Risk Rating} = \text{Unmanageable ESG Risk} + \text{Management Gap}
\]
ESG Risk Rating Decomposition

- **Total Exposure** is the starting point for a company's exposure to material ESG issues.

- Some companies have **Unmanageable Risks**, e.g. an oil company will always face risks related to carbon until it changes its business model.

- Of the **Manageable Risk**, a portion is managed through a company's policies, programs, management services, etc.; the remainder is considered unmanaged (**Management Gap**).

- The **ESG Risk Rating** evaluates unmanaged ESG risk.
ESG Risk Rating Example Calculation – Apple Inc.

Total Possible Rating = 100

Unmanageable Risk
3.0

Manageable Risk
36.6

Management Gap
20.8

Managed Risk
15.8

Total Exposure
39.6

Unmanaged Risk
23.8

Managed Risk
15.8

ESG Risk Rating
23.8

ESG Risk Rating Example Calculation – Chevron Corp.

Total Possible Rating = 100

- Total Exposure: 76.2
- Unmanageable Risk: 11.9
- Manageable Risk: 64.3
- Management Gap: 28.1
- Managed Risk: 36.1

Total Possible Rating: 40.0

Unmanaged Risk: 40.0

Managed Risk: 36.1

**ESG Risk Rating Decomposition Example Calculation**

### Apple Inc.
**ESG Risk Rating 23.8**

#### ESG Breakdown
- **Environment 1.3 (5%)**
- **Social 11.8 (50%)**
- **Governance 10.7 (45%)**

#### Material ESG Issue Scores
- **Carbon - Own Operations** 0.5
- **Product Governance (E)** 0.8
- **Data Privacy and Security** 5.2
- **Human Rights - Supply Chain** 1.1
- **Human Capital** 5.3
- **Product Governance (S)** 0.2
- **Corporate Governance** 3.6
- **Business Ethics** 7.1

### Chevron Corp.
**ESG Risk Rating 40.0**

#### ESG Breakdown
- **Environment 18.3 (45%)**
- **Social 11.4 (29%)**
- **Governance 10.3 (26%)**

#### Material ESG Issue Scores
- **Emissions, Effluents and Waste** 5.0
- **Carbon - Own Operations** 5.2
- **Carbon - Products and Services** 5.4
- **Land Use and Biodiversity** 1.0
- **Resource Use** 1.1
- **Occupational Health and Safety** 0.7
- **Community Relations** 4.8
- **Human Capital** 1.7
- **Occupational Health and Safety** 4.9
- **Corporate Governance** 4.0
- **Bribery and Corruption** 3.9
- **Business Ethics** 2.4

*Source: Sustainalytics. Last updated March 31, 2020. Illustration not drawn to scale. MEI scores might not add up to ESG breakdown scores due to rounding.*
Sustainalytics Industry Categories

- Sustainalytics has categorized each rated organization into 42 different industries and 137 subindustries.

- ESG criteria may include an exclusionary component with exclusions based on specific industries and subindustries.

<table>
<thead>
<tr>
<th>Aerospace &amp; Defense</th>
<th>Construction &amp; Engineering</th>
<th>Electrical Equipment</th>
<th>Industrial Conglomerates</th>
<th>Precious Metals</th>
<th>Technology Hardware</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auto Components</td>
<td>Construction Materials</td>
<td>Energy Services</td>
<td>Insurance</td>
<td>Real Estate</td>
<td>Telecommunication Services</td>
</tr>
<tr>
<td>Automobiles</td>
<td>Consumer Durables</td>
<td>Food Products</td>
<td>Machinery</td>
<td>Refiners &amp; Pipelines</td>
<td>Textiles &amp; Apparel</td>
</tr>
<tr>
<td>Banks</td>
<td>Consumer Services</td>
<td>Food Retailers</td>
<td>Media</td>
<td>Retailing</td>
<td>Traders &amp; Distributors</td>
</tr>
<tr>
<td>Building Products</td>
<td>Containers &amp; Packaging</td>
<td>Healthcare</td>
<td>Oil &amp; Gas Producers</td>
<td>Semiconductors</td>
<td>Transportation</td>
</tr>
<tr>
<td>Chemicals</td>
<td>Diversified Financials</td>
<td>Homebuilders</td>
<td>Paper &amp; Forestry</td>
<td>Software &amp; Services</td>
<td>Transportation Infrastructure</td>
</tr>
<tr>
<td>Commercial Services</td>
<td>Diversified Metals</td>
<td>Household Products</td>
<td>Pharmaceuticals</td>
<td>Steel</td>
<td>Utilities</td>
</tr>
</tbody>
</table>

Source: Sustainalytics
Disclosures

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

Sample portfolio is provided for illustrative purposes only and is not a recommendation.

As economic and market conditions may change in the future, so may PFM’s recommendations as to the sale and purchase of securities in the portfolio.

There is no guarantee the investment objectives will be achieved as the investment portfolio will only include holdings consistent with the applicable Environmental, Social, and Governance (ESG) guidelines. As a result, the universe of investments available will be more limited. ESG criteria risk is the risk that because the investment portfolio ESG criteria excludes securities of certain issuers for nonfinancial reasons, the investment portfolio may forgo some market opportunities that would be available to investment portfolios that do not apply ESG criteria.
PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: June 2, 2020
COMMITTEE MEETING DATE: June 8, 2020
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Audit and Finance Committee
FROM: Andy Stern, Chief Financial Officer
SUBJECT: Proposed Fiscal Year 2020-2021 Budget and 5-year Projections

RECOMMENDATION:
Recommend Approval of the Proposed Fiscal Year 2020-2021 Budget and 5-year Projections.

BACKGROUND:
On May 11, 2020, Staff presented a draft Fiscal Year 2020-2021 budget to the Audit & Finance Committee and to the Executive Committee receiving comments and input. Staff presented a revised draft budget to the full Board of Directors on May 28, 2020.

DISCUSSION:
Fiscal Year 2020-2021 (July 1, 2020 through June 30, 2021) budget presentation and details will be provided for review. The bottom-up approach included discussions with the department heads to develop their portions of the budget. The draft budget has been updated to reflect additional refinement of select revenue and expense categories.

The resolution for Board approval reflects a Not-to-Exceed level of Total Operating Expenses allowing for various categories to be above or below the planned level as long as the Total Operating Expenses do not exceed the requested level of $225,642,965 for the full Fiscal Year 2020-2021.

RECOMMENDATION:
Approve the Fiscal Year 2020-2021 (July 1, 2020 through June 30, 2021) budget with an amount of $225,642,453 as a not-to-exceed amount of Total Operating Expenses.
ATTACHMENTS:
The final version of the proposed Fiscal Year 2020-2021 Budget and 5-year Projections will be distributed during the meeting.
RESOLUTION NO. _____________

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

* * * * * * *

RESOLUTION RECOMMENDING THAT THE BOARD OF DIRECTORS APPROVE THE FISCAL YEAR 2020-2021 BUDGET WITH TOTAL OPERATING EXPENSES NOT TO EXCEED $225,642,453

______________________________________________________________

RESOLVED, by the Audit and Finance Committee of Peninsula Clean Energy Authority (PCEA) of the County of San Mateo, State of California, that

WHEREAS, the Audit and Finance Committee of the Peninsula Clean Energy Authority reviewed a draft budget for Fiscal Year 2020-2021 and the underlying assumptions at its meeting on May 9, 2020, and

WHEREAS, the Audit and Finance Committee of the Peninsula Clean Energy Authority provided input and directed revisions to the draft budget for Fiscal Year 2020-2021 at its meeting on May 9, 2020 to PCEA Staff, and

WHEREAS, the Audit and Finance Committee of PCEA reviewed an updated final version of the budget for Fiscal Year 2020-2021 at its meeting on June 8, 2020, and

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Audit and Finance Committee recommends that the PCEA Board of Directors approve the Fiscal Year 2020-2021 budget with Total Operating expenses not to exceed $225,642,453.
REGULAR MEETING of the Audit and Finance Committee of the Peninsula Clean Energy Authority (PCEA)  
Monday, May 11, 2020  
MINUTES

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

CALL TO ORDER

Meeting was called to order at 10:11 a.m.

ROLL CALL

Present:  
Carole Groom, County of San Mateo  
Donna Colson, City of Burlingame, Chair  
Carlos Romero, City of East Palo Alto  
Laurence May, Town of Hillsborough  
Jeff Aalfs, Town of Portola Valley

Staff:  
Jan Pepper, Chief Executive Officer  
Andy Stern, Chief Financial Officer  
Hailey Wu, Senior Financial Analyst  
KJ Janowski, Director of Marketing and Community Affairs  
Sara Maatta, Renewable Energy and Compliance Analyst  
Jennifer Stalzer Kraske, 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 / Romero

Motion passed unanimously 5-0
REGULAR AGENDA

1. CHAIR REPORT

Chair Donna Colson reported that the Executive Committee meeting was active, but there wasn’t enough time to delve into the details of the draft budget.

2. STAFF REPORT

Chief Financial Officer Andy Stern reported that US Bank will be the custodian for Peninsula Clean Energy’s (PCE) Investment Managers, and that PCE received an audit proposal from Picenti & Brinker. The Committee came to a general consensus to continue working with Picenti & Brinker for PCE’s annual audit.

Andy reported that G&A (general and administrative) expenses are likely to be over budget, but that overall OPEX (operating expenses) are well below budget. The Committee came to a general consensus to bring a Resolution to the Board to approve the total budget and bring the budget details to the Committee.

3. REVIEW FINANCIAL REPORTS AND INVESTMENT SUMMARY FOR THIRD QUARTER FY2019-2020

Andy Stern reviewed quarterly and monthly trends in revenue and energy costs, and outlined the impacts of PG&E rate changes, PCIA increases, and lower usage due to the COVID-19 shelter in place orders. Andy presented a full-year forecast of financial statements versus the budget, and presented trends in PCE’s investments and cash reserves.

4. RECOMMEND APPROVAL OF UPDATED PCE POLICY 19 (INVESTMENT POLICY)

Andy Stern outlined recommendations from PCE’s investment managers on improvements and changes to be made to PCE’s Investment Policy, including expanding investment options and the maturity of allowable investments as permitted by California Government Code. Andy introduced Monique Spyke—Managing Director and Account Manager at PFM—who answered Committee members’ questions about Banker’s Acceptances and Corporate Notes, and outlined PFM’s recommended Investment Policy revisions.

Motion Made / Seconded: May / Romero

Motion passed unanimously 5-0
5. REVIEW DRAFT FISCAL YEAR 2020-2021 BUDGET

Andy Stern provided an overview of the draft budget for Fiscal Year (FY) 2020-2021. Andy reviewed key assumptions for the draft budget, including changes to PG&E rates, increases to PCIA (Power Charge Indifference Adjustment), and changes to forecasted energy prices.

Andy reported on changes to revenue projections and load forecasts for the draft FY2020-2021 budget and the five-year plan impacted by the COVID-19 shelter-in-place orders. Andy presented best case, mid case, and worst case scenarios based on COVID-19 assumptions, and reviewed draft budgeted cost details. Committee members discussed COVID-19 impact and assumptions, PCE’s cash on hand projections, and PCIA, and made recommendations on changes to scenarios based on COVID-19 impacts.

6. COMMITTEE MEMBERS’ REPORTS

None.

ADJOURNMENT

Meeting was adjourned at 11:51 a.m.