



**REGULAR MEETING of the Audit and Finance Committee of the
Peninsula Clean Energy Authority (PCEA)
Monday, May 10, 2021
8:30 a.m.**

**PLEASE NOTE: for Video conference: <https://meetings.ringcentral.com/j/1443350820>
for Audio conference: dial +1(623) 404-9000,
then enter the Meeting ID: 144 335 0820 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 Shayna Barnes, Operations Specialist, at least 2 working days before the meeting at sbarnes@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 sbarnes@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 shall be given an opportunity to do so by the Committee Chair during the videoconference meeting. 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. Recommendation not to renew the term loan agreement with Barclays Bank for \$12 million credit line (Action)
4. Review Financial Reports and Investment Summary for Third Quarter FY2020-2021 (Discussion)
5. Review Fiscal Year 2021-2022 Draft Budget (Discussion)
6. Committee Members' Reports (Discussion)

CONSENT AGENDA

7. Approval of the Minutes for the February 8, 2021 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

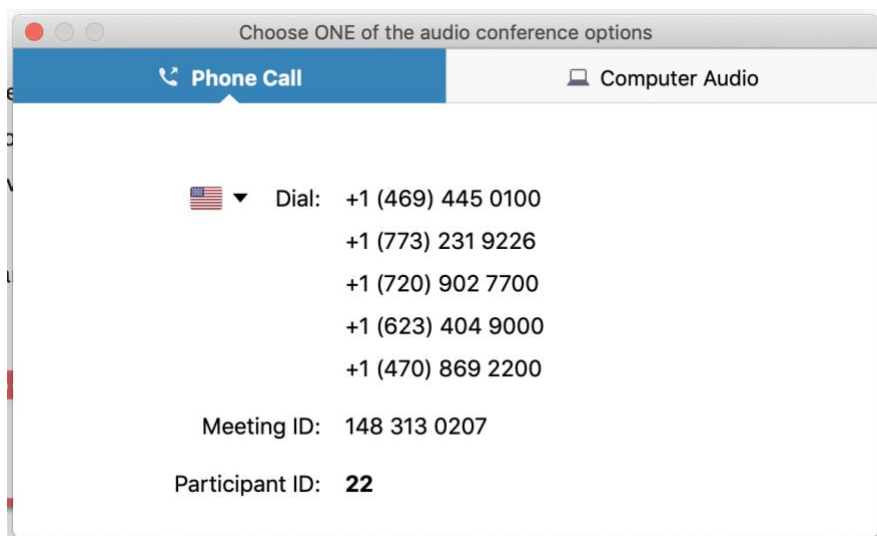
Videoconference Options:

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/1443350820>
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.

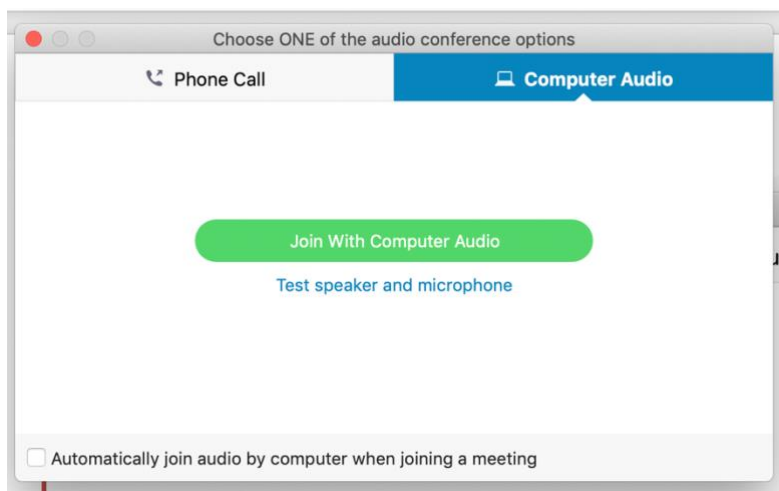


IMPORTANT: Please do not use the Participant ID that is in the picture to the left. Enter the Participant ID that appears on your own personal pop-up.

- 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
- You will be instructed to enter the meeting ID: **144 335 0820 followed by #**
- 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.
- After a few seconds, your phone audio should be connected to the RingCentral application on your computer.
- 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:

- From your computer, click on the following link:
<https://meetings.ringcentral.com/j/1443350820>
- The RingCentral Application will open on its own or you will be instructed to Open RingCentral Meetings.
- 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.



- Click the green **Join With Computer Audio** button
- 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,,1443350820# (US West)

+1(720)9027700,,1443350820# (US Central)

+1(773)2319226,,1443350820# (US North)

+1(469)4450100,,1443350820# (US South)

+1(470)8692200,,1443350820# (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: 144 335 0820 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
JPA Board Correspondence

DATE: May 10, 2021
BOARD MEETING DATE: May 10, 2021
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Audit & Finance Committee
FROM: Andy Stern, Chief Financial Officer
SUBJECT: Recommendation not to renew the term loan agreement with Barclays Bank for \$12 million credit line

RECOMMENDATION:

Recommend to the Board of Directors approve non-renewal of the term loan agreement for \$12 million credit line with Barclays Bank.

BACKGROUND:

PCE's Board adopted a resolution on June 9, 2016 authorizing a Term Loan Agreement with Barclays Bank in the form of a \$12 million credit line. The structure of the agreement enabled PCE to draw down on the credit line as needed over the term of the loan of 5 years. During the nearly 5-year period, PCE has only drawn once on the loan in an amount of \$3 million to be able to provide collateral support for some of its initial PPA agreements. That \$3 million loan amount was fully repaid in December 2017.

The agreement is scheduled to expire on June 24, 2021. During the term of the agreement, PCE has paid an annual commitment fee to maintain access to the credit line. In the past 2 years, the annual fee has been \$90,000 per year (0.75% of the credit line), a level that was negotiated to be less than the initial few years of the agreement.

PCE Staff has had some initial discussions with Barclays about a possible renewal and/or restructure that might enable the possibility of providing Letters of Credit which are often required by PPA counterparties. As part of those discussions, Barclays indicated that either form would likely require new contract documents and a new credit approval. To accomplish that, legal services would be required at an estimated cost of \$40,000 to \$75,000. In addition, Barclays Bank indicated that they would be looking for a credit line that was substantially larger than the initial term loan amount. In addition, based on discussions, it is possible that the annual fee could be higher than the 0.75% level that is paid now.

Recommendation

PCE staff recommends that the Audit & Finance Committee recommend that the Board of Directors approve non-renewal of the term loan agreement with Barclays Bank.

Peninsula Clean Energy
Performance at a Glance
Results for the Fiscal Quarter Ended
March 31, 2021
(\$000s)

Peninsula Clean Energy
Performance at a Glance
Results for the Fiscal Quarter Ended
March 31, 2021
(\$000s)

<u>Net Position Balance</u>		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
June 30, 2016	Audited	(\$1,044)
June 30, 2017	Audited	\$21,711
June 30, 2018	Audited	\$85,365
June 30, 2019	Audited	\$140,139
June 30, 2020	Audited	\$189,072
March 31, 2021	Unaudited Actual	\$191,714
June 30, 2021	Budget	\$186,927

<u>Unrestricted Cash/Investments Balance</u>		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
June 30, 2016	Audited	\$2,333
June 30, 2017	Audited	\$17,382
June 30, 2018	Audited	\$64,889
June 30, 2019	Audited	\$114,069
June 30, 2020	Audited	\$178,176
March 31, 2021	Unaudited Actual	\$190,061
June 30, 2021	Budget	\$181,528

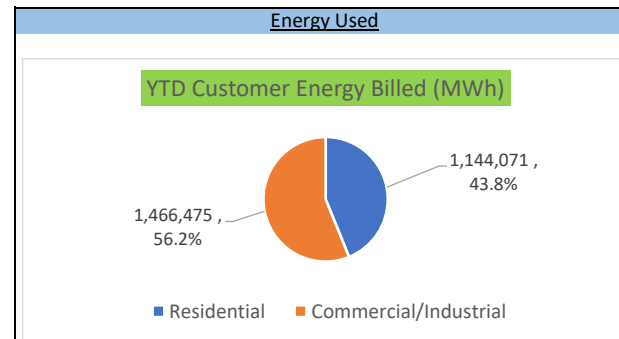
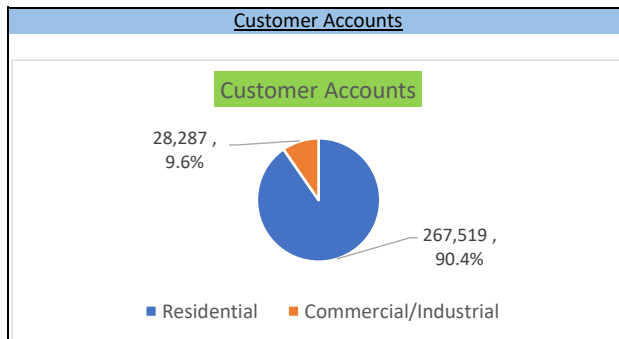
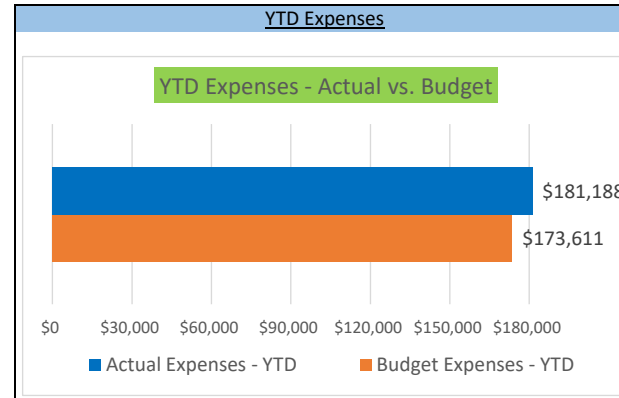
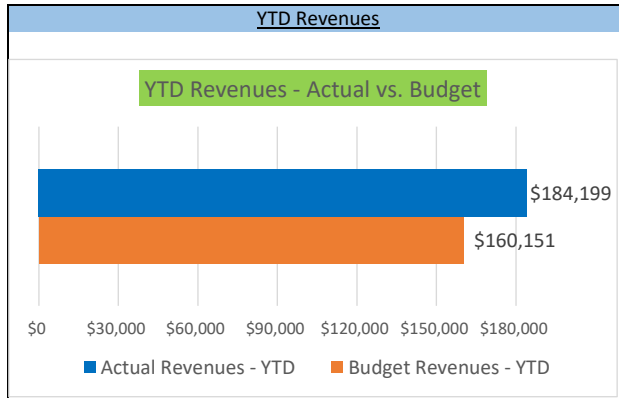
<u>Change in Net Position</u>		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
FY2015-2016	Audited	(\$1,044)
FY2016-2017	Audited	\$22,755
FY2017-2018	Audited	\$63,655
FY2018-2019	Audited	\$54,774
FY2019-2020	Audited	\$48,933
March 31, 2021	Unaudited Actual	\$2,642
FY2020-2021	Budget	(\$8,531)

<u>Cost of Electricity</u>		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
FY2015-2016	Audited	\$0
FY2016-2017	Audited	\$64,501
FY2017-2018	Audited	\$170,135
FY2018-2019	Audited	\$194,035
FY2019-2020	Audited	\$216,066
March 31, 2021	Unaudited Actual	\$167,381
FY2020-2021	Budget	\$197,445

<u>Revenues</u>		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
FY2015-2016	Audited	\$0
FY2016-2017	Audited	\$93,129
FY2017-2018	Audited	\$244,738
FY2018-2019	Audited	\$259,782
FY2019-2020	Audited	\$278,093
March 31, 2021	Unaudited Actual	\$184,199
FY2020-2021	Budget	\$215,703

<u>Total Operating Expenses</u>		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
FY2015-2016	Audited	\$1,041
FY2016-2017	Audited	\$70,104
FY2017-2018	Audited	\$180,970
FY2018-2019	Audited	\$206,952
FY2019-2020	Audited	\$231,337
March 31, 2021	Unaudited Actual	\$181,188
FY2020-2021	Budget	\$225,642

Peninsula Clean Energy
Performance at a Glance
Results for the Fiscal Quarter Ended
March 31, 2021
(\$000s)



NOTE: FINANCIAL STATEMENTS ARE PRELIMINARY UNTIL THE ANNUAL AUDIT IS COMPLETED.

- **Revenues** were \$3.4 MM below Budget in Q3 as PG&E lowered its generation rates on January 1 and the expected PCIA increase was finally implemented. The PCIA increase had been expected since October 1, 2020, but started to impact PCE's financial performance on March 1, 2021. Revenues are expected to be \$7.3 million below Budget in Q4, although the full-year is still expected to be above the FY21 Budget. The changes are expected to have a significant impact on PCE's revenue for the next 2-3 years.

- **Total Expenses** were \$0.8 MM below budget in Q3 - most categories were below Budget except Energy Costs.. Cost of energy was \$2.8 million above budget - and \$14.3 million above Budget for YTD. Significant heat waves and fires in August and September created significant price spikes. February also saw significant price increases although much of those increases were mitigated by hedging strategies.

Peninsula Clean Energy
Performance at a Glance
Results for the Fiscal Quarter Ended
March 31, 2021
(\$000s)

	Year-to-date				Full Year (FY 2020-2021)		Prior Year Actual (YTD)
	Actual	Budget	Variance: Favorable / (Unfavorable)	YTD Actual as % of YTD Budget	Budget	YTD Actual as % of Full Year Budget	
OPERATING REVENUES							
Electricity Sales, net	\$ 182,192	\$ 158,520	\$ 23,672	114.9%	\$ 213,553	85.3%	\$ 215,253
Green electricity premium	2,007	1,631	376	123.1%	2,151	93.3%	1,978
Total Operating Revenues	\$184,199	\$160,151	\$24,049	115.0%	\$215,703	85.4%	\$217,231
OPERATING EXPENSES							
Cost of energy	167,381	153,042	(14,339)	109.4%	197,445	84.8%	159,836
Staff compensation	4,136	4,619	483	89.5%	6,237	66.3%	3,191
Data Manager	2,535	2,565	30	98.8%	3,420	74.1%	2,739
Service Fees - PG&E	940	945	5	99.4%	1,260	74.6%	939
Consultants/Professional Svcs	1,511	2,349	839	64.3%	3,068	49.2%	483
Legal	1,062	1,288	225	82.5%	1,708	62.2%	888
Communications/Noticing	1,100	2,576	1,477	42.7%	2,873	38.3%	849
General and Administrative	1,269	1,432	162	88.7%	1,947	65.2%	1,000
Community Energy Programs	1,185	4,698	3,513	25.2%	7,550	15.7%	1,037
Depreciation	69	97	27	71.8%	133	52.0%	69
Total Operating Expenses	181,188	173,611	(7,578)	104.4%	225,642	80.3%	171,032
Operating Income (Loss)	\$3,011	(\$13,460)	\$16,471	-22.4%	(\$9,939)	-30.3%	\$46,200
Total Nonoperating Inc/(Exp)	(369)	1,056	(1,425)	-34.9%	1,408	-26.2%	1,730
CHANGE IN NET POSITION	\$2,642	(\$12,404)	\$15,046		(\$8,531)	31.0%	\$47,930



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 statement of net position as of March 31, 2021, and the statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended, 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 note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. PCE's annual audited financial statements will include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these 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
April 26, 2021

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION

As of March 31, 2021

ASSETS

Current assets

Cash and cash equivalents	\$ 20,953,081
Accounts receivable, net of allowance	17,011,469
Accrued revenue	7,852,098
Investments	23,718,404
Other receivables	1,670,126
Prepaid expenses	1,348,752
Deposits	3,781,670
Restricted cash	4,949,194
Total current assets	<u>81,284,794</u>

Noncurrent assets

Capital assets, net of depreciation	358,362
Investments	144,769,793
Deposits	281,840
Total noncurrent assets	<u>145,409,995</u>
Total assets	<u>226,694,789</u>

LIABILITIES

Current liabilities

Accrued cost of electricity	26,830,954
Accounts payable	1,370,151
Accrued payroll	491,638
Other accrued liabilities	406,961
Supplier deposits - energy suppliers	3,474,597
User taxes and energy surcharges due to other governments	813,227
Total current liabilities	<u>33,387,528</u>

Noncurrent liabilities

Supplier deposits - energy suppliers	<u>1,593,433</u>
Total liabilities	<u>34,980,961</u>

NET POSITION

Investment in capital assets	358,362
Restricted for security collateral	4,949,194
Unrestricted	<u>186,406,272</u>
Total net position	<u>\$ 191,713,828</u>

PENINSULA CLEAN ENERGY AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
July 1, 2020 through March 31, 2021

OPERATING REVENUES	
Electricity sales, net	\$ 182,192,362
Green electricity premium	2,006,949
Total operating revenues	<u>184,199,311</u>
 OPERATING EXPENSES	
Cost of electricity	167,381,213
Contract services	7,640,000
Staff compensation and benefits	4,136,222
General and administration	1,911,623
Depreciation	69,321
Total operating expenses	<u>181,138,379</u>
Operating income (loss)	<u>3,060,932</u>
 NONOPERATING REVENUES (EXPENSES)	
Interest and investment income (loss)	(322,836)
Charitable contributions	(50,000)
Finance costs	(46,000)
Nonoperating revenues (expenses), net	<u>(418,836)</u>
 CHANGE IN NET POSITION	
Net position at beginning of period	<u>189,071,732</u>
Net position at end of period	<u>\$ 191,713,828</u>

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS July 1, 2020 through March 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 199,218,356
Receipts from supplier security deposits	2,265,450
Payments to suppliers for electricity	(196,321,527)
Payments to suppliers for other goods and services	(9,034,264)
Payments for staff compensation and benefits	(4,041,767)
Payments of taxes and surcharges to other governments	(3,276,457)
Payments of charitable contributions	(50,000)
Net cash provided (used) by operating activities	<u>(11,240,209)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Finance costs paid	(46,000)
Deposits and collateral paid	<u>(6,034,920)</u>
Net cash provided (used) by non-capital financing activities	<u>(3,974,670)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments to acquire capital assets	<u>(15,166)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from investment sales	115,126,902
Investment income received	1,152,039
Purchase of investments	<u>(123,584,297)</u>
Net cash provided (used) by investing activities	<u>(7,305,356)</u>

Net change in cash and cash equivalents	(22,535,401)
Cash and cash equivalents at beginning of period	48,437,676
Cash and cash equivalents at end of period	<u>\$ 25,902,275</u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	\$ 20,953,081
Restricted cash	4,949,194
Cash and cash equivalents	<u>\$ 25,902,275</u>

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS (continued)

July 1, 2020 through March 31, 2021

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

Operating income (loss)	\$	3,060,932
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense		69,321
Revenue adjusted for uncollectible accounts		591,330
Charitable contributions considered an operating activity for cash flow purposes only		(50,000)
(Increase) decrease in:		
Accounts receivable		5,305,793
Accrued revenue		5,889,627
Other receivables		138,037
Prepaid expenses		2,340,606
Increase (decrease) in:		
Accrued cost of electricity		(2,004,582)
Accounts payable		175,557
Accrued payroll and related		133,424
Other accrued liabilities		(1,299,176)
User taxes and energy surcharges due to other governments		(44,162)
Supplier security deposits		(25,546,916)
Net cash provided (used) by operating activities	\$	<u>(11,240,209)</u>



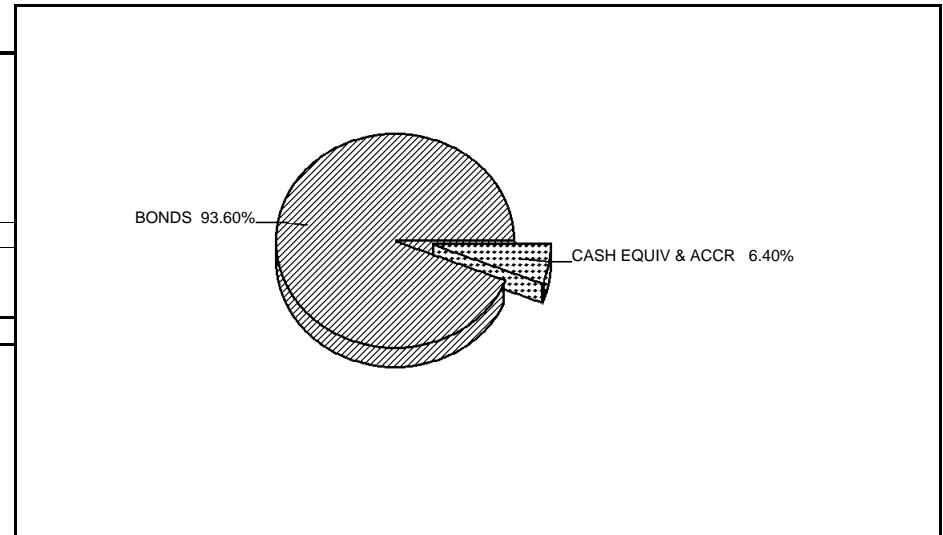
MARKET VALUE RECONCILIATION

	CURRENT PERIOD 01/01/2021 TO 03/31/2021	YEAR TO DATE 07/01/2020 TO 03/31/2021
Beginning Market Value	85,029,496.51	82,391,646.51
Receipts		
Cash Receipts	.00	7,500,000.00
Total Receipts	.00	7,500,000.00
Disbursements		
Cash Disbursements	- 19,131.64	- 5,070,331.82
Total Disbursements	- 19,131.64	- 5,070,331.82
Asset Activity		
Taxable Interest	225,897.66	573,300.27
Realized Gain/Loss	- 20,430.00	- 78,911.78
Change In Unrealized Gain/Loss	- 774,397.04	- 946,641.84
Change In Accrued Income	80,700.70	153,074.85
Total Asset Activity	- 488,228.68	- 299,178.50
Net Change In Market Value	- 507,360.32	2,130,489.68
Ending Market Value	84,522,136.19	84,522,136.19



ASSET SUMMARY

ASSETS	03/31/2021 MARKET VALUE	% OF MARKET
Cash And Equivalents	5,063,166.32	5.98
U.S. Government Issues	54,597,414.50	64.60
Corporate Issues	24,507,708.50	29.00
Total Assets	84,168,289.32	99.58
Accrued Income	353,846.87	0.42
Grand Total	84,522,136.19	100.00





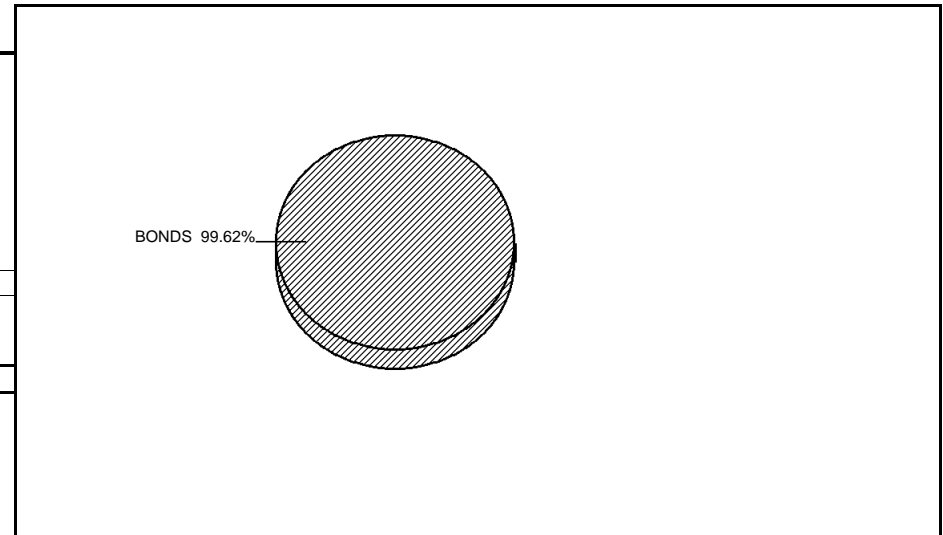
MARKET VALUE RECONCILIATION

	CURRENT PERIOD 01/01/2021 TO 03/31/2021	YEAR TO DATE 07/01/2020 TO 03/31/2021
Beginning Market Value	85,311,473.56	82,435,172.65
Receipts		
Cash Receipts	.00	7,500,000.00
Non-Cash Receipts	.00	650,064.00
Total Receipts	.00	8,150,064.00
Disbursements		
Cash Disbursements	.00	- 5,000,000.00
Non-Cash Deliveries	.00	- 649,818.00
Total Disbursements	.00	- 5,649,818.00
Asset Activity		
Taxable Interest	285,665.12	939,246.72
Realized Gain/Loss	- 104,253.65	- 138,872.99
Change In Unrealized Gain/Loss	- 574,479.86	- 747,673.16
Assets Received Or Delivered Adjustment	.00	- 246.00
Total Adj Change In Unrealized Gain/Loss	- 574,479.86	- 747,919.16
Change In Accrued Income	- 10,548.07	- 80,016.12
Total Asset Activity	- 403,616.46	- 27,561.55
Net Change In Market Value	- 403,616.46	2,472,684.45
Ending Market Value	84,907,857.10	84,907,857.10



ASSET SUMMARY

ASSETS	03/31/2021 MARKET VALUE	% OF MARKET
Cash And Equivalents	59,352.62	0.07
U.S. Government Issues	67,034,047.75	78.95
Corporate Issues	10,412,101.81	12.26
Municipal Issues	7,136,972.65	8.41
Total Assets	84,642,474.83	99.69
Accrued Income	265,382.27	0.31
Grand Total	84,907,857.10	100.00





**REGULAR MEETING of the Audit and Finance Committee
of the Peninsula Clean Energy Authority (PCEA)
Monday, February 8, 2021
MINUTES**

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

CALL TO ORDER

Meeting was called to order at 10:09 a.m.

ROLL CALL

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

Staff: Jan Pepper, Chief Executive Officer
Andy Stern, Chief Financial Officer
Hailey Wu, Senior Financial 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 and the Strategic Budget Priorities subcommittee discussed strategic budget priorities.

2. STAFF REPORT

Chief Financial Officer Andy Stern reported that staff will review second quarter fiscal year 2021 financial reports, and strategic budget priorities.

3. REVIEW Q2 FISCAL YEAR 2021 FINANCIAL REPORTS

Andy Stern presented financial statements versus the budget for the current quarter and year to date, highlighting total operating revenues, expenses, and change in Net Position. Andy reviewed quarterly and monthly trends in revenue, load, and energy costs, and reviewed energy usage versus the budget, and cash reserves as days cash on hand. Andy also reviewed changes in the forecast for PCIA (Power Charge Indifference Adjustment) and PG&E's generation rates.

The Committee discussed the changing projections and forecast, PCIA changes, and changes to PG&E's generation rate.

4. RECEIVE DIRECTION FROM THE AUDIT AND FINANCE COMMITTEE TO THE BOARD ON STRATEGIC BUDGET PRIORITIES

Andy Stern outlined savings initiatives and recommendations proposed by the Strategic Budget Priorities subcommittee, including revised implementation plans for PPAs (Power Purchase Agreements) and energy programs, replacing a stair-step approach with a more organic growth model to achieve annual renewables targets, and consideration of penalties versus market costs for RA (Resource Adequacy).

Committee members reviewed the potential savings of the subcommittee's recommendations, and discussed PPAs, PCIA, Days Cash on Hand, strategic objectives, and PCE's discount in generation rates compared to PG&E's. The Committee members reached a general consensus in support of the subcommittee's recommendations outlined in the presentation.

5. RECOMMENDATION FROM THE AUDIT AND FINANCE COMMITTEE TO THE BOARD TO APPROVED REVISED POLICY 18 ON FINANCIAL RESERVES POLICY

Andy Stern reviewed the current Reserve Policy, Days Cash on Hand (DCOH) and how it's calculated, and compared PCE's Reserve Policy to other CCAs' (Community Choice Aggregators) Reserves Policies. Andy reported that the Executive Committee's vote recommending 180 DCOH was not unanimous. Committee members discussed policy minimums, targets, and

maximums of other CCAs, expectations of the rating agencies, and changing or keeping a target of 180 (DCOH).

Motion Made supporting Revised Policy 18 with 180 days DCOH / Seconded:
May / Groom

Motion passed unanimously 5-0

6. COMMITTEE MEMBERS' REPORTS

Jeff Aalfs discussed PG&E's use of PCIA provisions compared to other IOUs (Investor Owned Utilities) and SCE (Southern California Edison). Donna Colson thanked Andy and his staff for the financial projections, details, and scenarios.

ADJOURNMENT

Meeting was adjourned at 11:52 a.m.