

MEETING of the Finance Committee of the
Clean Power Alliance of Southern California
Wednesday, March 27, 2019, 11:00 a.m.

MINUTES

*555 W. 5th Street, 35TH Floor
Los Angeles, CA 90013*

*Beverly Hills City Hall
4^{Pth} Floor, Conference Room 4B
455 N. Rexford Drive, Beverly Hills, CA
90210*

*Camarillo City Hall
601 Carmen Drive, Camarillo, CA 93010*

*Carson City Hall
Executive Conference Room
701 E. Carson Street, Carson, CA 90745*

*Rolling Hills Estates City Hall
4045 Palos Verdes Drive N., Rolling Hills
Estates, CA 90274*

*2242 Torrey Pines Dr. NW
Bend, OR 97703*

I. WELCOME & ROLL CALL

Acting Chair Steve Zuckerman called the meeting to order and the Board Secretary Jacquelyn Betha Isidore conducted roll call.

Roll Call			
Beverly Hills	Julian Gold	Committee Chair	Remote
Camarillo	Tony Trembley	Committee Member	Remote
Carson	Reata Kulcsar	Committee Member	Remote
Rolling Hills Estates	Steve Zuckerman	Committee Member	Remote
Santa Monica	Pam O'Connor	Committee Member	Remote

II. GENERAL PUBLIC COMMENT

The following individual provided general comments: Harvey Eder (Public Solar Power Coalition).

III. CONSENT AGENDA

1. Approved Minutes from February 27, 2019 Finance Committee Meeting
2. Received January 2019 Monthly Financial Dashboard

3. Received March 2019 Risk Management Team Report

The following individual provided comments on the Consent Agenda: Harvey Eder (Public Solar Power Coalition).

Motion: Committee Member Zuckerman, Rolling Hills Estates

Second: Committee Member O'Connor, Santa Monica

Vote: Items 1 through 3 were approved by a unanimous roll call vote.

IV. REGULAR AGENDA

4. Received report from the Chief Financial Officer

David McNeil, Chief Financial Officer, provide a summary of CPA's financial progression, highlighting that our year to date performance was ahead of budget. In February CPA completed its Phase 3 enrollment and the opt out rate is about 3% and we are now receiving revenues from that phase. February was also a volatile weather month which caused volatility in the energy market prices, and CPA effectively handled this through our procurement strategy. Staff is working on building out the financial model to be able to do daily cash flow projections. CPA is in the process of hiring a Manager of Financial Planning & Analysis.

Committee Member Zuckerman asked if we have pretty well secured power for the rest of the year and Mr. McNeil responded that we have some open positions, but we are well prepared, and that this includes both delivery and price.

Chair Gold asked about daily cash flow, and Mr. McNeil indicated that he intends for CPA to be able to project on a daily basis all of the cash flow components and align the financial model's future projections with historical data.

This item was for informational purposes only.

5. Discussed Draft First Amendment to Credit Agreement with River City Bank

Mr. McNeil provided an update on CPA's efforts to amend its credit agreement with River City Bank. The proposed amendment will include the following changes: increase line of credit from \$20 million to \$37 million; extend term through March 2021; reduce interest rate; adjust the required cash collateral amount; update credit

covenants; and implement a 0.15% non-utilization fee and a non-refundable 0.25% annual loan fee; along with other administrative changes. Staff is planning to present this amendment to the Board on April 4.

Committee Member Trembley asked if these fees were typical of these types of credit agreements in Mr. McNeil's experience, and he responded that they are in line with what we should expect.

Committee Member Zuckerman asked about the other changes to the agreement, and Mr. McNeil added that the cash collateral requirement was 10% of the total amount and as part of the negotiation River City Bank reduced this requirement to 10% of the outstanding balance.

This item was for informational purposes only.

6. Discussed and provided input on Fiscal Year 2019/20 Annual Budget development

Mr. McNeil provided an overview of CPA's process to develop its FY 19/20 annual budget, focusing on timeline and priorities. After this Finance Committee presentation, staff plans to review the budget priorities with the Executive Committee and Board, followed by a preview of the Draft FY 19/20 Budget again with each body. Overall agency objectives for this upcoming fiscal year include: providing cost competitive electric service, reducing greenhouse gas emissions, stimulating renewable energy development, implementing local programs and distributed energy resources; and sustaining long-term rate stability. The numbers included are for demonstration purposes to show the proportion of our budget categories but are not actual budget projections, and our most significant line item is cost of energy. For local programs, the plan is to come back with a budget amendment once the strategic goals and priorities process for local programs is complete. In addition to its overall agency priorities, CPA also intends to reflect in its upcoming budget resources for hiring additional staff and securing permanent office space.

Committee Member Trembley asked for a definition to be included of what technical services entails and Mr. McNeil indicated he would provide that additional detail in the staff report.

Committee Member Kulcsar recommended that the priority for local programs be made more prominent in the presentation of the budget as this is a significant topic for many CPA members, and staff indicated it would do so. She also asked for additional details or a sample org chart with regards to the staffing priority for the budget and Mr. Bardacke stated that he plans to present an updated org chart, and the intention is to move core operations from consultants to internal staff.

Committee Member O'Connor suggested that a glossary page be included with the budget.

Chair Gold reported that the Finance Committee's role should be to ask questions regarding financial implications of CPA growing its staff and to provide that perspective to the Executive Committee who will be making the policy decisions.

The following member of the public provided comments on Item 6: Harvey Eder (Public Solar Power Coalition).

This item was for informational purposes only.

7. Postponed discussion on proposed changes to interim financial reporting

This item was postponed to the next Finance Committee meeting.

V. COMMITTEE MEMBER COMMENTS

There were no additional Committee Member comments.

VI. ADJOURNED

Chair Gold adjourned the meeting.