

MEETING of the Finance Committee of the
Clean Power Alliance of Southern California
Wednesday, October 23, 2019, 10:30 a.m.
555 W. 5th Street, 35th Floor, Los Angeles, CA 90013

MINUTES

Beverly Hills City Hall
4th Floor, Conference Room 4B
455 N. Rexford Drive, Beverly Hills, CA 90210

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

I. WELCOME & ROLL CALL

Chair Julian Gold called the meeting to order at 10:34 a.m. and Board Secretary Rigoberto Garcia conducted roll call.

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

II. GENERAL PUBLIC COMMENT

There were no public comments.

III. CONSENT AGENDA

1. Approved minutes from September 25, 2019 Finance Committee Meeting
2. Received and filed August Monthly Financial Dashboard
3. Received and filed October 2019 Risk Management Team Report

- Motion:** Committee Member O'Connor, Santa Monica
- Second:** Committee Member Zuckerman, Rolling Hills Estates
- Vote:** Items 1 through 3 were approved by a roll call vote 3-0-2, Committee Members Kulcsar and Trembley were absent.

IV. REGULAR AGENDA

4. Report from the Chief Financial Officer

David McNeil, Chief Financial Officer, discussed the River City Bank line of credit. Currently, CPA does not have any borrowings outstanding and \$15 million in cash. Staff is drafting an investment policy and plans to bring this draft for review by the Committee in December or January. Mr. McNeil reviewed the August 2019 Financial Dashboard. Mr. McNeil highlighted higher cost of energy than was originally included in the budget. The higher cost is due to cooler than normal weather and low spot market prices.

Committee member Zuckerman asked whether we should change or make a budget amendment. Mr. McNeil thought it could be something to consider, but it might be too early in the fiscal year.

Mr. McNeil stated that CPA will review summer 2019 data once it is fully available in December.

Chair Gold asked if there were any surprises in the opt out rate. Currently, the rate is at 14.2% by load. Ted Bardacke, Executive Director, added that CPA is receiving new customers as people move into the territory and the opt out rates for those customers are at 2%. Staff expects optout rates to fall over time as customers that opted out move out of the service area and customers moving in remain enrolled with CPA.

There were no public comments on this item.

5. Received and filed Fiscal Year 2018-19 Financial Statements and Report from the Independent Auditor

David McNeil, Chief Financial Officer, introduced Bethanie Ryers (Baker Tilley) and Mike Maher (Maher Accountancy). CPA in conjunction with the financial team provided the financials to the auditor team. Mr. McNeil notified the Committee that CPA staff will present budget to actual results at the December Finance Committee meeting.

Bethanie Ryers provided a presentation to the Committee on the completed audit. Ms. Ryers briefly reviewed the contents of the report that was provided to the Committee. The Auditor noted that CPA does not have non-energy procurement policy in place, and recommended one be adopted by the agency. Staff noted that a policy is under development and was discussed at the Executive Committee meeting in September 2019. Ms. Ryers highlighted that the audit went well and the process was smooth considering CPA is a new agency.

Committee member Zuckerman asked how the difference was determined between accounts receivable and accrued revenue. Mr. Maher clarified that accounts receivable reflect amounts invoiced by SCE to CPA customers. Accrued revenue includes amounts that are invoiced as well energy consumed by customers but not yet invoiced.

Chair Gold asked if there were any vulnerabilities that were identified and not in the report. Ms. Ryers clarified there were vulnerabilities and in fact they are required to report them if there are any. Chair Gold asked what kind of testing Baker Tilly did. Ms. Ryers stated the firm used the concept of materiality, whereby they look at total revenue, and assets to determine where the threshold should be to conduct an audit. Additionally, for revenues for high value or riskier items, Baker Tilly does high level analytics. The firm also tested controls of 25 disbursements and reviewed that there was proper approval and ensured the expenses were legitimate, which they were. Chair Gold also asked if the audit also looked at whether or not all the revenue/money that needed to be collected has been collected. Mr. Maher clarified that his firm views that as an operational test each month apart from the audit, so this is done as a monthly process.

Chair Gold suggested that a flow chart be developed for what is expected from Calpine, Baker Tilly, and Maher so it is clear who is responsible for what, which would help the Committee understand the financial responsibilities for each firm/consultant.

Chair Gold asked if CPA has a plan to actively go after new big load customers. Mr. Bardacke did say when there is a new account there is a way to identify them at that time but CPA does not have a system in place to identify them in advance. Additionally, Chair Gold asked how CPA determines when funds owed to CPA are deemed uncollectable. Mr. McNeil indicated that staff is working on a collection policy with SCE and staff plans to present that policy to the Finance Committee when a draft is ready.

Chair Gold at this time, dismissed staff and moved to a Q&A with just the Finance Committee, Baker Tilly and Mr. Maher. Upon reconvening the meeting with the staff Chair Gold reported that the Q&A was positive and met the Committees satisfaction. He also reported that the only two issues remaining 1) the development of the procurement policy, which is currently underway, and 2) that credit card usage policy is addressed.

There were no public comments on this item.

V. COMMITTEE MEMBER COMMENTS

Committee member Zuckerman commented that he thought this process went well.

VI. ADJOURN

Committee Chair Gold adjourned the meeting at 11:44 p.m.