

REGULAR MEETING of the Board of Directors of the  
Clean Power Alliance of Southern California  
Thursday, December 5, 2019, 2:00 p.m.

**MINUTES**

*The L.A. Grand Hotel Downtown  
2<sup>nd</sup> Floor Pacific Ballroom 3, 333 South Figueroa St, Los Angeles, CA 90071*

*Calabasas City Hall – Council Conference Room  
100 Civic Center Way, Calabasas, CA 91301*

*Ventura County Government Center  
Channel Islands Conference Room, 4th Floor Hall of Administration  
800 South Victoria Avenue, Ventura, CA 93009*

*Whittier City Hall – Admin Conference Room  
13230 Penn Street, Whittier, CA 90602*

**I. WELCOME AND ROLL CALL**

Chair Diana Mahmud called the meeting to order at 2:03 p.m.  
Interim Board Secretary Christian Cruz conducted roll call.

<b>Roll Call</b>				
1	<b>Agoura Hills</b>	Deborah Klein Lopez	Director	Remote
2	<b>Alhambra</b>	Martin Ray	Alternate	Present
3	<b>Arcadia</b>	Sho Tay	Director	Present
4	<b>Beverly Hills</b>	Julian Gold	Director	Present
5	<b>Calabasas</b>	John Bingham	Alternate	Present
6	<b>Camarillo</b>	Tony Trembley	Director	Remote
7	<b>Carson</b>	Reata Kulcsar	Alternate	Present
8	<b>Claremont</b>	Jennifer Stark	Alternate	Present
9	<b>Culver City</b>	Meghan Sahli-Wells	Director	Present
10	<b>Downey</b>	Sean Ashton	Director	Present
11	<b>Hawaiian Gardens</b>	Victor Farfan	Director	Remote
12	<b>Hawthorne</b>	Frank Feng	Alternate	Present
13	<b>Los Angeles County</b>	Sheila Kuehl	<b>Vice-Chair</b>	Present
14	<b>Malibu</b>	Skylar Peak	Director	Present
15	<b>Manhattan Beach</b>	Nancy Hersman	Director	Present

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16	<b>Moorpark</b>	Janice Parvin	Director	Remote
17	<b>Ojai</b>	Johnny Johnston	Director	Remote
18	<b>Oxnard</b>	Carmen Ramirez	Director	Present
19	<b>Paramount</b>			Absent
20	<b>Redondo Beach</b>	Christian Horvath	Director	Present
21	<b>Rolling Hills Estates</b>	Steve Zuckerman	Director	Present
22	<b>Santa Monica</b>	Kevin McKeown	Director	Present
23	<b>Sierra Madre</b>	John Capoccia	Director	Present
24	<b>Simi Valley</b>			Absent
25	<b>South Pasadena</b>	Diana Mahmud	<b>Chair</b>	Present
26	<b>Temple City</b>			Absent
27	<b>Thousand Oaks</b>	Helen Cox	Alternate	Remote
28	<b>Ventura</b>	Christy Weir	Director	Remote
29	<b>Ventura County</b>	Linda Parks	<b>Vice-Chair</b>	Present
30	<b>West Hollywood</b>	Lindsey Horvath	Director	Present
31	<b>Whittier</b>	Vicki Smith	Alternate	Remote

**II. GENERAL PUBLIC COMMENT**

There were no general public comments made.

**III. CLOSED SESSION**

1. CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
(Government Code Section 54956.8)

**Property:**

- a. 801 S. Grand Avenue, Los Angeles, CA
- b. 444 S. Flower Street, Los Angeles, CA
- c. 800 W. Sixth Street, Los Angeles, CA

**Agency negotiator:** Theodore Bardacke for all properties

**Negotiating parties, respectively:**

- a. CIM Group

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- b. Coretrust Capital Partners, LLC
- c. Walter Kahn (Pacific Financial Equities, LLC)

**Under negotiation:** Price and Terms for all properties

Nancy Whang, General Counsel, reported that for Closed Session Item 1, direction was provided.

- 2. PUBLIC EMPLOYMENT  
(Government Code Section 54957)  
General Counsel Performance Evaluation Process

Nancy Whang, General Counsel, reported that for Closed Session Item 2, no action was taken, but comments were given.

#### IV. **CONSENT AGENDA**

- 1. Appoint Christian Cruz as the temporary Board Secretary for each Board meeting where a permanent Board Secretary is not available
- 2. Approve Minutes from October 3, 2019 Board of Directors Meeting
- 3. Adopt Resolution No. 19-12-018 amending CPA Bylaws regarding non-elected Alternate Directors attending closed session
- 4. Authorize the Executive Director to execute an Amended Task Order No. 1 with Ascend Analytics to expand the scope of service to include the 2019 Reliability RFO and to increase the not-to-exceed amount by \$50,000 for a total Task Order value of \$195,000
- 5. Authorize the Executive Director to execute a Third Amended MRW Task Order No. 1 with MRW and Associates (MRW) for Rate Setting and Cost of Service Analysis to adjust the scope of work, extend the term to February 28, 2021, and increase the not-to-exceed amount by \$55,000 from \$369,090 to \$424,090
- 6. Authorize the Executive Director to execute an Amended and Restated Consulting Agreement as attached, or in a substantially similar form, with Maher Accountancy (Maher) to modify the scope of work, extend the term to September 30, 2020, and reduce the monthly fee to \$15,000/month for January–June 2020 and up to \$10,000/month as mutually agreed by the parties for July–September 2020
- 8. Receive and file Community Advisory Committee summary from October and November 2019 meetings
- 9. Receive and file Board of Directors and Standing Committee meeting schedule for 2020

Item 7 was pulled for further discussion by Director Kulcsar, City of Carson.

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**Motion:** Director Lindsey Horvath, West Hollywood  
**Second:** Director Gold, Beverly Hills  
**Vote:** Items 1 through 6 and 8 through 9 were approved unanimously by roll call vote.

7. Approve Policy No. 12 for Non-Energy Public Contracting

Nancy Whang, General Counsel, provided a brief overview of the policy, which was developed by senior staff with input from the Executive Committee at two different public meetings. Ms. Whang highlighted that this policy includes practices to obtain the best value for products and services.

Director Kulcsar asked about the not-to-exceed (NTE) \$50,000 amount threshold for there to be a solicitation process. Specifically, Director Kulcsar highlighted that most cities have a lower threshold and would like clarification, as to how that dollar amount was chosen. Ms. Whang responded that this amount is consistent with other CCAs. However, Ms. Whang also clarified, that \$50,000 is not the threshold to do any kind of competitive solicitation, this is just the threshold that requires a formal solicitation. Ms. Whang also highlighted that in the policy there is a provision that for any contracts valued at \$50,000 or less, the Executive Director shall request quotes, whether written or oral, from at least three vendors (Page 73 Article 4, of the Agenda Packet), which provides the opportunity for there to be an informal solicitation process. Director Kulcsar asked if she could make a motion to approve the policy but strike out “oral quotes” from the policy and only have written quotes. Director Ashton indicated he would second that motion, if Director Kulcsar were to make it, and would be fine to remove the language “oral quotes” from the policy and just have written quotes (Page 73, Article 4, Section 1, Line 5 of the Agenda Packet).

Chair Mahmud asked if the Board members had any further discussion on this. Director Lopez asked if this amendment to the policy would create an additional administrative burden on staff. Ted Bardacke, Executive Director, stated that it is common to request the cost of a service or product orally, over the course of a conversation, and those responses are documented. This provides an opportunity for staff to vet proposals that are cost effective versus those that are not without going through a time-consuming formal process. Once proposals are vetted, staff can then ask for written proposals from those vendors that would likely be the most cost effective. Director Gold stated his City of Beverly Hills has a \$50,000 threshold and is comfortable with the policy, as is. Director Capoccia, also stated his small City of Sierra Madre has a \$25,000 threshold and considering the size of CPA the \$50,000 is appropriate. Vice-Chair Parks clarified for the Board that the issue being raised is not the dollar amount but the language stating “oral quotes” would also be allowed, as the policy is currently written. Ms. Whang also clarified that this is different from the Executive Director signing authority, and that anything below the \$125,000 signing authority amount is still reported to the Board monthly. Vice-Chair Kuehl commented, that if every quote had to be written it would create administrative issues for staff. Director Ashton stated that based on Mr. Bardacke and Ms. Whang clarification, that any oral solicitation that leads to a contract would still be written and that all oral communication is memorialized, it is thus satisfactory for him to move forward with the policy, as written. Chair Mahmud further clarified that all contracts would be written, and that the verbiage in question just pertains to solicitation. Director Lopez asked that the Board take a vote to approve the staff recommendation, as it seems based on the discussion, the Board is ok with the policy as written.

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**Motion:** Director Lopez, Agoura Hills  
**Second:** Director Kuehl, Los Angeles County  
**Vote:** Item 7 was approved by roll call vote of 27-1-3 (ayes, nays, abstentions/absent).

<b>AYES:</b>	Agoura Hills, Alhambra, Arcadia, Beverly Hills, Calabasas, Camarillo, Claremont, Culver City, Downey, Hawthorne, Hawaiian Gardens, Los Angeles County, Malibu, Manhattan Beach, Moorpark, Ojai, Oxnard, Redondo Beach, Rolling Hills Estates, Santa Monica, Sierra Madre, South Pasadena, Thousand Oaks, Ventura, Ventura County, West Hollywood, Whittier
<b>NOES:</b>	Carson
<b>ABSTAIN:</b>	
<b>ABSENT:</b>	Paramount, Simi Valley, Temple City

There were no public comments on this item.

## V. REGULAR AGENDA

### 10. Approve General Counsel Employment Contract

Ted Bardacke, Executive Director, provided a brief presentation on the recommended employment contract for CPA's General Counsel. Mr. Bardacke indicated that as an institution, CPA is not ready to move in a bonus structured direction, and given the fact that the General Council has twenty years of experience, and taking into consideration what other CCAs have done with their General Counsel contracts, the Executive Committee arrived at the designated salary amount in the CPA General Counsel Contract.

There were no public comments on this item.

**Motion:** Director McKeown, Santa Monica  
**Second:** Director Christian Horvath, Redondo Beach  
**Vote:** Item 10 was approved by a unanimous roll call vote.

### 11. Presentation on Fiscal Year 2018-2019 Financial Statements

David McNeil, Chief Financial Officer, provided a presentation on the audited financial statements for the fiscal year ending June 30, 2019. Mr. McNeil highlighted that the Finance Committee was heavily involved throughout the audit process. Mr. McNeil highlighted the balance sheet from the audit report. Specifically, Mr. McNeil pointed out that CPA currently has approximately \$15 million in cash and very little in capital assets. However, most of CPAs assets are in the form of accounts receivable (energy that has been used and invoiced to customers) and accrued revenue (energy used by customers, as of June 30th and not invoiced). As CPA generates more reserves, most of the reserves will be assets in the form of cash. Mr. McNeil highlighted current CPA liabilities, which consists of accrued cost of electricity, notes payable to the bank, and the loans payable to Los Angeles County. The Los Angeles County loan is due to be paid on September 30, 2020, and CPA is on schedule to pay that balance. The note payable to the bank is

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classified as a non-current liability, because it is due when the bank line terminates on March 31, 2021. Mr. McNeil spoke on the accrued cost of electricity, which is the bulk of CPA liability, and represents electricity that has been used by CPA customers and has or has not been invoiced to CPA by its suppliers.

Mr. McNeil then presented on the CPA net position, which is the difference between assets and liabilities and is divided into restricted collateral (restricted balance in the lock box account, which serves as security for CPA suppliers and funds restricted when CPA borrows money) and unrestricted collateral.

Director Zuckerman asked about how capacity commitments or RA shows on the balance sheet. Mr. McNeil stated that it does not have a line item but would fall under expenses.

Mr. McNeil then presented on the CPA income statement, which includes retail sales of electricity to customers, cost of electricity, and any operating expenses associated with running the business. This section highlights a full year's results for Phase I and II, approximately four months of sales to residential customers, and a month and a half of Phase IV enrollments. Mr. McNeil highlighted the current annual budget revenues are approximately \$800 million. The cost of energy is associated with those revenues and the remainder is operating revenues. Additionally, Mr. McNeil highlighted the change in the net position, because CPA started the year in the negative. However, CPA earned \$18.6 million, taking into the account the earned amount versus the negative the total net position is in the positive at \$15.9 million.

Mr. McNeil moved on to discuss the audit findings. He indicated the Finance Committee received the results and presentation from Baker Tilly on the audit results at their October meeting. Director Gold, Chair of the Finance Committee, provided the Board a brief oral update on the committee discussion. Director Gold highlighted that this was a clean audit.

Vice-Chair Kuehl asked about the cost of energy being more than expected and net income being less than expected. Mr. McNeil clarified that the contribution to the net position was 8% less than budget. Director Ramirez asked whether there were any policy control issues. Director Gold clarified that the only issue raised by the auditor was the need for a procurement policy, however it was noted that CPA staff had already been working on a policy, which was presented to the Board today.

There were no public comments on this item. This item was for informational purposes only.

#### 11. Presentation on Current CPA Financial Performance

David McNeil, Chief Financial Officer, provided a presentation on the current CPA financial performance. Mr. McNeil commented, that to date CPA has accumulated approximately \$28 million in reserves, which is positive. Looking at the next fiscal year, it is expected that there will be more contributions to CPA reserves. Mr. McNeil indicated that the major areas of risk will be due to load. Specifically, where the load comes in, which in turn drives energy consumption, revenue, and procurement. Additionally, weather is unpredictable, and projections are historically done using normal weather patterns, but in the last year weather was unpredictable and led to lower energy consumption and therefore lower spot market prices. Mr. McNeil pointed out that because CPA is currently still building reserves

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and in the summer the reserves were still low, CPA was particularly risk averse. CPA, therefore, conservatively hedged their position to avoid large risk appropriate for the start-up of CPA. In the next fiscal year it is expected that CPA will be less hedged and more balanced now that reserves are getting larger.

Mr. McNeil moved to discuss the expected reserve policy and targets and the CPA expected performance. Currently, CPA is at 3% in reserves and by the end of the year CPA should be at 6%. CPA's reserve policy calls for 30% minimum and it is expected that it will take approximately 4 years to hit that target.

**Public Comments:** Steven Nash commented that staff let the numbers speak for themselves and cautioned about being too optimistic.

This item was for informational purposes only.

12. Update on Local Programs/Customer Outreach and Discuss Member Agency and Regional Delivery Mechanisms for Local Programs

Ted Bardacke, Executive Director, provided a presentation to the Board local programs and customer outreach. Mr. Bardacke covered four items: 1) Local Programs Strategic Plan 2) Near-term initiatives 3) Customer Outreach Efforts, and 4) Program Delivery Mechanisms.

Mr. Bardacke discussed the Local Programs Strategic Plan, which is about 75% completed and the Community Advisory Committee provided direction on. This plan is being organized into three program types: 1) Resiliency, 2) Grid Management, and 3) Local Procurement. Mr. Bardacke highlighted the program delivery mechanisms. Specifically, Mr. Bardacke highlighted the funding availability is low as the agency builds reserves. There are ways that CPA can begin rolling things out by leveraging other funding sources.

As it pertains to resiliency, Mr. Bardacke highlighted the DER Pilot Program, which is expected to roll out in January and approximately \$800,000 in incentives will be distributed through this program. Additionally, CPA is seeking an initial allocation of funding through the PUC for two programs targeting disadvantaged communities and low-income customers. If a customer is already signed up for the CARE or FERA program and also resides in a disadvantaged community, they will get an additional 20% bill discount, which will be covered through PUC public goods funding and cap and trade funding. Director Zuckerman asked how this compares to SCE programs. Mr. Bardacke indicated that SCE will likely roll out this same program sometime in the future, as well, however, CPA will be able to roll these programs out significantly faster.

Mr. Bardacke discussed a new near-term initiative to fund clean power backup for emergency centers and/or essential facilities at no cost to member agencies. CPA would be able to fund this by monetizing the solar + storage assets during normal times and the systems would provide back-up power during times of community stress.

Vice-Chair Kuehl suggested that staff think of a way to provide for more than just one county facility because LA County works in conjunction with other member agencies for emergency services and since LA County has a such a large territory. Director Sahli-

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Wells asked if there is a way to assess the impact power shut-offs have to CPA's bottom line. Mr. Langer commented that very few outages actually occur and are relatively scattered with an impact on very few customers, so the impact to the bottom line is minimal, but there are pockets in CPA service territory that have been impacted heavily. Vice-Chair Parks echoed Vice-Chair Kuehl's comment to provided funding for more than one essential facility for the Ventura County. Mr. Bardacke indicated that an RFI will be sent out to the cities to help identify the essential facilities to target.

Mr. Bardacke then highlighted the launch of the CPA solar + storage marketplace in the spring of 2020. This will focus around residential customers and is administered at no cost to CPA. Additionally, CPA will be launching a CBO Grant program to seek support from organizations specializing in community outreach to underserved communities and small businesses in early 2020.

Mr. Bardacke commented that CPA is starting to think about supporting member agency innovation. This stemmed from feedback during the Board retreat and during the development of the local programs strategic plan. Currently, options for support could be agency funding set asides, direct procurement and installation, or an innovation fund. While this is further down the line, CPA is thinking through how to best work with member agencies to bring ideas to fruition. Vice-Chair Kuehl commented that as CPA thinks about this, and in particular for mass market programs, a fund distribution similar to Metro's call for projects would work well.

There were no public comments on this item. This item was for informational purposes only.

## **VI. MANAGEMENT UPDATE**

Mr. Bardacke commented on the Power Safety Power Shutoffs (PSPS), that part of the idea to support emergency/essential facilities would be to help mitigate the impact of PSPS events to member agency communities. Mr. Bardacke also noted that the Energy Committee will be making various procurement decisions over the next six weeks. Director Ashton asked if CPA has a policy to help customers during PSPS events. Mr. Bardacke clarified that CPA has no control over the PSPS process and SCE has sole discretion on when the PSPS events happen.

## **VII. COMMITTEE CHAIR UPDATES**

There were no further updates from the Committee Chairs.

## **VIII. BOARD MEMBER COMMENTS**

Director Ashton commented that the Independent Cities Association is having a winter seminar from January 31<sup>st</sup> – February 2<sup>nd</sup> in Santa Barbara around public safety issues.

## **IX. REPORT FROM THE CHAIR**

Chair Mahmud reported on the election process for CPA's upcoming Board and Committee elections in 2020.

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**X. ADJOURN – TO REGULAR MEETING ON JANUARY 9, 2020**

Chair Mahmud adjourned the meeting at 4:47 p.m.