

MEETING of the Finance Committee of the
Clean Power Alliance of Southern California
Wednesday, January 22, 2020, 11:00 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

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

I. WELCOME & ROLL CALL

Chair Julian Gold called the meeting to order at 11:06 a.m. and Acting Board Secretary Jennifer Ward conducted roll call.

Roll Call			
Beverly Hills	Julian Gold	Committee Chair	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

Harvey Eder provided general public comments.

III. CONSENT AGENDA

1. Approve minutes from the December 11, 2019 Finance Committee Meeting
2. Receive and file November 2019 Monthly Financial Dashboard
3. Receive and file Risk Management Team Report

Motion: Committee Member Zuckerman, Rolling Hills Estates

Second: Committee Member Kulcsar, Carson

Vote: Items 1 through 3 were approved by a roll call vote, 4-0.

IV. REGULAR AGENDA

4. Report from the Chief Financial Officer

David McNeil, Chief Financial Officer, provided an update and noted that CPA was ahead of budget for the month of November.

Mr. McNeil explained that CPA congestion revenue rights are financial instruments by the CAISO intended to offset congestion costs incurred by Load Serving Entities and are traded in markets overseen by the CAISO. CPA has a portfolio of these rights and CPA uses them to offset CPA congestion costs. CPA manages the CRR portfolio by diversifying and reducing risk by selling these rights at various opportune times. Mr. McNeil noted that CPA sold about \$4 million of congestion revenue rights in annual auction that took place in November 2019 and recorded a gain as a result of that sale.

Chair Gold asked if the congestion revenue rights expire and whether they could be carried over. Mr. McNeil responded that the congestion revenue rights are associated with a specific time frame and that they could have been sold off in the month-ahead auction or the current month auction but cannot be sold after the fact.

Mr. McNeil provided an update on the banking and treasury operations noting a positive cash situation for CPA. Committee Member Zuckerman asked about the November 2019 Dashboard and for further clarity on the variance numbers for November. Mr. McNeil indicated he would review the data and follow up with more details.

Mr. McNeil indicated that CPA's Finance team added Alex Maranga as Financial Analyst and Sean Swe as Manager of Load Forecasting and Analysis.

Public Comments: Harvey Eder provided public comments on Item 4 and commented on the FBI.

This item was for informational purposes only.

5. Review and Discuss Draft Investment Policy

Mr. McNeil provided a draft of the investment policy and indicated that staff would bring this item back for further discussion at the next Finance Committee meeting, and pending Committee approval, staff will bring this to the Board of Directors for consideration.

Mr. McNeil described the Draft Investment Policy and indicated that CPA anticipates beginning investing outside of current bank accounts in the 4th Quarter of 2020.

Committee Member Kulcsar asked for additional information on the Bids and Purchase of Securities section of the policy. Mr. McNeil indicated that when CPA goes out to invest, it may solicit proposals from multiple investment bidders, and

in other situations that is not necessary because there is a highly liquid market for these securities, such as US Treasury securities. On the broker/dealer side, CPA expects to work with one broker/dealer as is the typical practice for other CCAs.

Committee Member Kulcsar asked why this policy is exempt from the Non-Energy Contracting Policy. Mr. McNeil responded that the purchase and sale of securities is very different than the transacting for other goods and services that CPA conducts, which is why the proposed Investment Policy is distinct from the Non-Energy Contracting Policy. Nancy Whang, General Counsel, added that the Non-Energy Contracting Policy is related to solicitations, and is not related to the Executive Director's signing authority, which remains intact. Committee Member Kulcsar asked how these transactions take place and what level of review from the Committee or Board there would be. Mr. McNeil responded that there would be a delegation of authority to staff to purchase securities permissible under the proposed Policy, and that CPA would work with its broker to complete those transactions / purchase those securities.

Chair Gold added that this Policy enables staff to purchase the appropriate investments under the rules set forth in this Policy.

Committee Member Zuckerman added, that as per Section XI of the Policy, there will be monthly reports and Mr. McNeil added that there are authorized investments spelled out in the Policy. Committee Member Zuckerman indicated his support for the range of investments but asked if there are any allowable instruments under the Government Code that CPA did not include. Mr. McNeil said he would review further and provide that information prior to the next meeting. Committee Member Zuckerman also asked if CPA would always make purchases through a broker or if CPA would ever make those directly. Mr. McNeil responded that the that intention is to use a broker depending on the type of investment under consideration.

Chair Gold asked staff to look into how CPA's proposed Policy compares to the LA County investment policy. Chair Gold also asked if CPA should define a percentage of liquidity in the Policy, and Mr. McNeil indicated that we keep a minimum amount of cash in our checking account, and also have a money market and ICS account, which are more like savings accounts, and CPA would continue to keep a healthy amount of funds in those accounts to meet short-term liquidity needs.

Chair Gold asked if CPA has the ability to invest in capital projects, such as wind farms. Mr. McNeil indicated that CPA does have the ability to do so, however, such an investment would not be governed by this investment policy.

Public Comments: Harvey Eder provided public comments on Item 5.

6. Review and Discuss Financial Controls

The Committee reviewed information provided by staff. Mr. McNeil indicated that if any questions arise, the Committee may contact Mr. McNeil via email.

Public Comments: There were no public comments on this item.

V. COMMITTEE MEMBER COMMENTS

There were no additional comments.

VI. ADJOURN

Committee Chair Gold adjourned the meeting at 12:00 p.m.