

MINUTES

REGULAR MEETING of the Finance Committee of the
Clean Power Alliance of Southern California
Wednesday, May 25, 2022, 11:00 a.m.

Pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting Resolutions, and as a response to mitigating the spread of COVID19, the Finance Committee conducted this meeting remotely.

CALL TO ORDER & ROLL CALL

Committee Chair Julian Gold called the meeting to order at 11:00 a.m. and Raynette Tom, Clerk, conducted roll call.

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

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from the April 27, 2022 Finance Committee Meeting
2. Receive and File April 2022 Risk Management Team Report
3. Receive and File April 2022 CPA Investment Report
4. Receive and File Fiscal Year Q3 Financial Report
5. Approve Continuation of Baker Tilly as the Independent Financial Auditor for CPA's Fiscal Year 2021/2022 Financial Statements and Required Single Audit of California Arrearage Payment Program (CAPP) Funds

Motion: Committee Member Zuckerman, Rolling Hills Estates

Second: Committee Member Santangelo, Camarillo

Vote: The consent agenda was approved by a roll call vote with abstention from Item 1 by Committee Member Santangelo.

REGULAR AGENDA

6. Report from the Chief Financial Officer
David McNeil, Chief Financial Officer, provided an oral update on CPA's treasury operations and financial performance. Mr. McNeil noted that CPA's contributions to the net position for the first nine months of 2022 were \$31 million with an anticipated additional

contribution of \$30 million in the fourth quarter ending June 30. The second and last installment of the L.A. County loan is due June 30. Mr. McNeil indicated CPA is tracking higher than budget for the bad debt expense for the current fiscal year however adjustments will be made at the year-end to reflect a second round of California Arrearage Payment Plan (CAPP) funding expected later this year. In response to Chair Gold's questions, Mr. McNeil noted it is unknown what percentage of CAPP 2 funding will be applied to commercial and/or residential customers, adding that CPA's percentage of bad debt is mostly driven by residential customers. Mr. McNeil highlighted CPA's obligation, as implemented by the California Public Utilities Commission (CPUC) to post a Financial Security Requirement (FSR). The current FSR calculation is \$97 million, and staff is in discussions with SCE and the CPUC concerning the FSR amount and is planning for the worst-case scenario, including discussions with JPMorgan about an increase in the line of credit and discussions with AON insurance company about surety bond(s) providing a \$97 million financial instrument to meet the FSR. In response to Committee Member Zuckerman's questions, staff indicated that AON advised against a joint CCA approach to the FSR and that prepay financing transactions are not connected to the FSR requirement.

7. Recommend Approval of Proposed Fiscal Year 2022/2023 Budget to the Board of Directors

David McNeil, CFO, provided a presentation on the proposed FY 2022/23 budget. Mr. McNeil reviewed a timeline of the budget process, explained budget key takeaways and highlighted operating expenses and select CCA metrics and comparisons. Mr. McNeil noted that the occupancy expenses fell to zero as a result a change accounting treatment promulgated by the Government Accounting Standards Board. FY 2022/23 rent expenses are budgeted under interest expense and G&A. CPA projects a \$197.9 million increase to the net position in FY 2022/23, increasing the budgeted net position to \$301.9 million by the end of the fiscal year. Mr. McNeil identified CPA's reserve policy targets, highlighting the goal of securing 120 days liquidity on hand. Regarding Chair Gold's question concerning other alternatives to meeting the FSR, Mr. McNeil commented that staff would like to get feedback from J.P. Morgan and AON.

Motion: Committee Member Zuckerman, Rolling Hills Estates
Second: Committee Member Santangelo, Camarillo
Vote: Item 7 was approved by a roll call vote.

COMMITTEE MEMBER COMMENTS

The Committee welcomed new member, Director Santangelo, Camarillo.

ADJOURN

Committee Chair Gold adjourned the meeting at 11:50 a.m.