

## MINUTES

REGULAR MEETING of the Finance Committee of the  
Clean Power Alliance of Southern California  
Wednesday, November 24, 2021, 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 will conduct this meeting remotely.*

### **CALL TO ORDER & ROLL CALL**

Chair Julian Gold called the meeting to order at 11:00 a.m. and Interim Clerk of the Board, Susan Caputo, conducted roll call.

| <b>Roll Call</b>             |                 |                  |        |
|------------------------------|-----------------|------------------|--------|
| <b>Beverly Hills</b>         | Julian Gold     | Committee Chair  | Remote |
| <b>Carson</b>                | Reata Kulcsar   | Committee Member | Remote |
| <b>Claremont</b>             | Corey Calaycay  | Committee Member | Remote |
| <b>Rolling Hills Estates</b> | Steve Zuckerman | Committee Member | Remote |
| <b>Santa Monica</b>          | Pam O'Connor    | Committee Member | Remote |

All votes are unanimous unless otherwise stated.

### **GENERAL PUBLIC COMMENT**

There was no public comment.

### **CONSENT AGENDA**

1. Approve Minutes from the October 27, 2021 Finance Committee Meeting
2. Receive and File October 2021 Risk Management Team Report
3. Receive and File October 2021 CPA Investment Report
4. Receive and File First Quarter Financial Report for the three months ending September 30, 2021

**Motion:** Committee Member Calaycay, Claremont

**Second:** Committee Member O'Connor, Santa Monica

**Vote:** The consent agenda was approved by a roll call vote.

### **REGULAR AGENDA**

5. Receive Report from the Independent Auditor and Review Fiscal Year 2020-2021 Financial Statements and review Fiscal Year 2020-2021 Budget to Actual Report  
Bethany Ryers, Independent Auditor from Baker Tilly, reviewed the audit process, including the auditor's and the Boards' responsibilities, and the focus of the audit on key transaction cycles, areas with significant estimates, cash and investments, and net position calculations. The audit indicated that there were no material weaknesses or significant deficiencies in controls and it is Baker Tilly's opinion that the financial statements referred to above present fairly, in all material respects, the financial position

of Clean Power Alliance of Southern California as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Chair Gold inquired about the benchmarks used for the evaluation of significant estimates and other possible outstanding findings of the audit. Ms. Ryers clarified that there were no benchmarks, but rather, historical information was used to evaluate the use of estimates, such as underlying methodology used in the estimate based on actual write-offs and industry practices, and funds from the California Arrearage Payment Program (CAPP) that were factored in for this year. Furthermore, Ms. Ryers, noted that there were no concerns or surprises relating to the operations of the organization, despite having unique risks and experiencing significant growth.

The Finance Committee reviewed the financial audit in further detail with the Baker Tilly auditors.

David McNeil, Chief Financial Officer, provided a presentation of FY 2020-21 financial results, noting that CPA faced numerous challenges arising from extreme heat events in summer of 2020, increased electricity costs associated with Resource Adequacy; the impacts of the moratorium on disconnections mandated by the CPUC; and, the COVID-19 induced economic recession. CPA met its financial objectives by transferring \$27 million from the fiscal stabilization fund to revenues in FY 2020-21, consistent with agency policy; and from the application of \$15.8 million in funding from the CAAP. CPA increased its net position by \$27.6 million and holds no bank debt or loans as of June 30, 2021. Liquidity decreased from \$92.2 million to \$76.5 million as a result of slowing customer payments. Mr. McNeil reviewed in detail the balance sheet components as of June 30, 2021, select financial indicators, provided a budget to actual analysis.,

In response to questions, staff clarified that there were no significant additional tenant improvement expenses; the staffing budget would have been 2-5% under budget due to slower than anticipated hiring, but turnover in the second half of the year pushed that further under budget. The staffing budget is calculated for current staff and new hires, based on estimated beginning salaries and start dates of employment.

5. CFO Report

Mr. McNeil provided a presentation of the FY first quarter financial performance ending September 30, 2021. CPA reported a \$9.2 million gain, \$41.5 million above a budgeted net loss of \$32.5 million. Budgeted results based on forward energy price curves did not materialize and actual energy prices were 38% lower than prices implied by energy forward curves; financial results were favorably impacted by energy costs that were 14% below CPA's budget. Mr. McNeil also reviewed year over year financial results, which indicated improvement as a result of moderate temperatures in FY Q1 2021 and a rate increase in July 2021. Mr. McNeil concluded with a brief summary of liquidity and key financial indicators and emphasized that CPA is well positioned to complete the current fiscal year within or ahead of budget.

Committee Member Zuckerman asked if aged accounts receivables information will be made available to the Committee; Mr. McNeil noted that there are some billing issues with Calpine but staff does plan to provide totals in the future. Chair Gold asked how the cashflow management will work so that CPA can pay its loan to Los Angeles County but

also contribute to its fiscal stabilization fund. Mr. McNeil explained that CPA intends to pay the county back on time; staff expects to have some excess revenue that may be routed to the stabilization fund.

**COMMITTEE MEMBER COMMENTS**

None.

**ADJOURN**

Committee Chair Gold adjourned the meeting at 12:02 p.m.