

## MINUTES

REGULAR MEETING of the Finance Committee of the  
Clean Power Alliance of Southern California  
Wednesday, September 28, 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 Susan Santangelo called the meeting to order at 11:00 a.m. and Raynette Tom, Executive Assistant, conducted roll call.

<b>Roll Call</b>			
<b>Camarillo</b>	Susan Santangelo	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	Absent

All votes are unanimous unless otherwise stated.

### **GENERAL PUBLIC COMMENT**

There was no public comment.

### **CONSENT AGENDA**

1. Approve Minutes from the June 22, 2022 Finance Committee Meeting
2. Receive and File August 2022 Risk Management Team Report
3. Receive and File July and August 2022 CPA Investment Report
4. Receive and File July 2022 Financial Dashboard

**Motion:** Committee Member Zuckerman, Rolling Hills Estates  
**Second:** Committee Member Kulcsar, Carson  
**Vote:** The consent agenda was approved by a roll call vote with an edit to Item 1 to reflect Committee Member Kulcsar's absence as excused.

### **REGULAR AGENDA**

5. Report from the Chief Financial Officer  
David McNeil, Chief Financial Officer, provided an oral update on CPA's treasury and financial operations. Mr. McNeil reported that CPA has managed its obligations with sufficient liquidity and resources. CPA drew \$60 million on the JP Morgan line of credit and made a \$46 million payment to California Independent System Operator (CAISO) related to the heatwave. CPA expects to report total liquidity of approximately \$130 million in its September 30, 2022 Quarterly Financial Report. CPA reported an \$18 million gain in July 2022. Results for the full quarter will be available in mid-November. CPA staff will do

an analysis of the full summer costs, including October, in the winter when all CAISO resettlement statements have been received.

In response to Committee Member questions, Mr. McNeil clarified that the Fiscal Stabilization Fund was utilized in 2021 and has a zero balance as of last year; the Los Angeles County loan was repaid in full on time in June, and the recent payment made to CAISO was for the heat wave in early September. Additionally, Mr. McNeil stated that prices during the September 2022 heat storm did not rise as high as they did in summer of 2020; this year, CPA was able to use its battery storage assets to reduce spot market exposure.

6. Preview of Proposed Clean Energy Prepayment Transaction

Kate Freeman, Financial Strategy & Initiatives Manager, provided a presentation on the proposed clean energy prepayment transaction. Ms. Freeman outlined the background of CPA's prepayment financings and provided a summary of the proposed Board action. This action will create parameters under which the prepay transaction can be completed, includes proposed documents and forms, provides direction to CCCFA to make payments to service providers for issuance costs out of bond proceeds, and authorize staff to enter into Limited Assignment Agreements (LAAs) with one or more existing PPA counterparties. Ms. Freeman reviewed the structure of the prepayment transaction and reviewed the costs of issuance and service provider fees and expenses. Lastly, Ms. Freeman summarized the documents to be authorized by the proposed Board resolution; and reviewed the timeline.

Responding to Committee Member Zuckerman's questions, staff indicated that the creation of a prepayment LLC empowers CPA to be able to find alternate funding that delivers greater savings to CPA without having to alter how J. Aron delivers the energy. J. Aron is a fully owned subsidiary of Goldman Sachs and the electricity will move from the PPA sellers to J. Aron to Prepay LLC, and lastly from CCCFA to CPA. The transaction is structured based on two prospective PPAs which represent about 10% of CPA's annual gross power supply; staff have included default assignment language in all future PPAs; and there are many financial reasons for suppliers to participate in this process, but it does require additional administrative work, an understanding of the process, and associated costs. In response to Committee Member Kulcsar's questions concerning payments and costs, staff noted that payments are made to the trustee who then disperses funds on behalf of CCCFA to pay bondholders. The prepay transaction allows CPA to decline to take part in a transaction if the 5% minimum savings threshold isn't reached, in which case no fees would be paid. Committee Member Zuckerman inquired about the number of PPAs in each prepay transaction, and Ms. Freeman indicated that one prepaid transaction covers multiple PPAs.

7. Bad Debt Reserve and Accounts Receivable Update

Mr. McNeil provided a presentation update on the Bad Debt Reserve and Accounts Receivable (AR). Mr. McNeil reviewed the details of CPA's Bad Debt Reserve; explained the Bad Debt Reserve estimation methodology pre-COVID, during COVID, and post-COVID; provided an update of the California Arrearage Payment Programs (CAPP) and historical summary of CPA's Bad Debt Reserve; explained the total, residential, and commercial gross AR aging over time; and summarized an analysis of CPA's AR in comparison to other Community Choice Aggregations.

Responding to Committee Member Zuckerman's question regarding the audit, Mr. McNeil specified that the audit results will be presented to the Finance Committee in October.

**COMMITTEE MEMBER COMMENTS**

There were no committee member comments.

**ADJOURN**

Committee Chair Santangelo adjourned the meeting at 12:09 p.m.