

MINUTES

REGULAR MEETING of the Finance Committee of the
Clean Power Alliance of Southern California
Wednesday, October 26, 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.

Meeting videos are available on [CPA's YouTube Channel](https://www.youtube.com/CPApublicmeetings).
www.youtube.com/CPApublicmeetings

CALL TO ORDER & ROLL CALL

Committee Chair Susan Santangelo called the meeting to order at 11:00 a.m. and Gabriela Monzon, Board Clerk, conducted roll call.

Roll Call			
Camarillo	Susan Santangelo	Committee Chair	Remote
Carson	Reata Kulcsar	Committee Member	Remote
Claremont	Corey Calaycay	Committee Member	Remote
Rolling Hills Estates	Steve Zuckerman	Committee Member	Remote
Santa Monica	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 September 28, 2022 Finance Committee Meeting
2. Receive and File September 2022 Risk Management Team Report
3. Receive and File September 2022 CPA Investment Report
4. Receive and File August 2022 Financial Dashboard

Motion: Committee Member Calaycay, Claremont
Second: Committee Member Zuckerman, Rolling Hills Estates
Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

5. Receive Report from the Independent Auditor and Review FY 2021-2022 Financial Statements and FY 2021-2022 Budget to Actual Report
Bethany Ryers, Baker Tilly, provided a presentation on the 2022 CPA financial audit. Ms. Ryers reviewed the responsibilities of Baker Tilly; identified the key areas the audit focused on, including key transaction cycles, areas with significant estimates, and the

implementation of new accounting standards, if any. Ms. Ryers explained that the audit was performed in accordance with Generally Accepted Auditing Standards and the audit sought to obtain reasonable assurance that financial statements are free from material misstatement. There were no material weaknesses or significant deficiencies in controls and CPA received an *unmodified opinion*. Baker Tilly agrees with CPA's accounting policies and disclosures and there were no material adjustments to the financial statements.

The Finance Committee reviewed the financial audit in further detail with the Baker Tilly auditors without staff present.

Mr. McNeil recognized and thanked Hui Lisano, Controller, and her team for their work achieving a clean audit and thanked Ms. Ryers and the audit team for their professionalism. Mr. McNeil provided a presentation on the FY 2021-22 financial results; reviewed a financial result summary; identified the balance sheet components as of June 2022, including current and noncurrent assets and current and noncurrent liabilities; and specified select financial indicators and provided a comparison of the base budget to the actual analysis.

Committee Member Zuckerman inquired about the fiscal stabilization fund. Mr. McNeil opined that it was not necessary to add to the fund in FY 2021/22, given that CPA budgeted approximately a \$200 million increase in the net position in the current fiscal year. Responding to Committee Member Zuckerman's question relating to the statement of net position and unearned program funds, Mr. McNeil advised that "other receivables" of approximately \$7.6 million are amounts owed to CPA that do not arise from the retail sale of electricity and relate, in part, to wholesale sales of electricity or Resource Adequacy (RA); the "unearned program funds" relate to the Power Share Program which CPA has received funding for through the California Public Utilities Commission (CPUC) but has not had expenses related to it yet. In answer to Committee Member Kulcsar's questions, Mr. McNeil noted that CPA reduced its bad debt expense by about \$4-5 million as a result of the CAPP funds expected to be received in early 2023; the total CAPP funding may be around \$10-11 million.

6. 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 staff intends to repay the balance of the JP Morgan line of credit by the end of November. The financial results show that CPA finished August 2022 below budget but for the fiscal year to date recorded \$15 million of net income. The fiscal results of the first quarter will be shared with the Finance Committee in November.

Responding to Committee Kulcsar's question, Mr. McNeil indicated that CPA has similar interest earning accounts at both River City Bank and the Local Agency Investment Fund (LAIF). Later in 2023, once CPA has more cash, staff will explore other investment opportunities consistent with CPA's Investment Policy. CPA does not have a segregated reserve account from an operating perspective, and Mr. McNeil opined he does not anticipate funds being formally segregated in the future. Committee Member Zuckerman inquired into the reason CPA's Investment Report shows only LAIF deposits, and Mr. McNeil specified that the money in the River City Bank savings accounts is not considered an investment and therefore is not reported under the Investment Policy. Committee Member Zuckerman requested the addition of an informative footnote on the investment

report indicating this 'does not include depository funds', and Mr. McNeil agreed to consider the addition.

COMMITTEE MEMBER COMMENTS

Committee Member Zuckerman and Chair Santangelo thanked the auditor and CPA staff for their diligent work.

ADJOURN

Chair Santangelo adjourned the meeting at 12:00 p.m.