Silicon Valley Clean Energy
Finance and Administration Committee Meeting
Friday, March 9, 2018
10:30 am

Silicon Valley Clean Energy Office
Conference Room
333 W El Camino Real, Suite 290
Sunnyvale, CA

AGENDA

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

The public may provide comments on any item not on the Agenda. Speakers are limited to 3 minutes each.

Consent Calendar

1) Approve Minutes from the January 31, 2018 Audit and Finance Committee Meeting

Regular Calendar

2) Select Finance and Administration Committee Chair and Vice Chair (Action)

3) Approve Quarterly Meeting Time and Date for Finance and Administration Committee (Action)

4) FY 2017-18 Mid-Year Operating Budget Review (Action)

5) Maher Accountancy Agreement for Accounting Services (Action)

6) CSMFO Budget Award (Discussion)

7) Year-To-Date Financial Review (Discussion)

8) Establish a Line of Credit (Discussion)

Committee/Staff Remarks

Adjourn

Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact the Clerk for the Authority at (408) 721-5301 x1005. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.105 ADA Title II).
Silicon Valley Clean Energy
Audit and Finance Committee Meeting
Wednesday, January 31, 2018
12:00 pm

Silicon Valley Clean Energy Office
Conference Room
333 W El Camino Real, Suite 290
Sunnyvale, CA

DRAFT MINUTES

Call to Order
Interim CEO Don Eckert called the meeting to order at 12:09 p.m.

Roll Call
Present:
Director Liz Gibbons, City of Campbell
Director Howard Miller, City of Saratoga
Director Courtenay Corrigan, Town of Los Altos Hills
Director Burton Craig, City of Monte Sereno

Absent:
None.

Public Comment on Matters Not Listed on the Agenda
No speakers.

Consent Calendar
1) Approve Minutes from the November 8, 2017 Audit and Finance Committee Meeting

MOTION: Director Gibbons moved and Director Miller seconded the motion to approve the Minutes of the November 8, 2017 Audit and Finance Committee Meeting as submitted.

The motion carried unanimously.

Regular Calendar
2) Financial Auditor Report from Pisenti & Brinker, LLP (Discussion)

Interim CEO Eckert introduced Brett Bradford, CPA of Pisenti & Brinker, LLP and Michael Maher, CPA of Maher Accountancy.

Bradford, Maher, and Interim CEO Eckert responded to Committee questions.

Committee members and Staff discussed the audit results including a comprehensive annual financial report (CAFR), internal controls, and financial systems used; Committee members provided feedback regarding revisions to the presentation prior to it being brought to the February Board meeting.

MOTION: Director Gibbons moved and Director Craig seconded the motion to recommend to accept the audit report to the Board of Directors.

The motion carried unanimously.

Following brief discussion on Committee composition, the Committee was in consensus to consider Item 5.

5) **Audit and Finance Committee Composition (Discussion)**

Following Item 2, the Board considered Item 5.

Committee members discussed separating the Audit and Finance Committee into two committees and various options of composition for both; Bradford responded to general questions from the Committee.

Following discussion, a majority of Committee members were in consensus to recommend the following:

- Remove the Sarbanes-Oxley Act from the current FP1, Accounting Policy;
- Separate the Audit and Finance Committee to form two separate Committees: a Finance Committee, and an Audit Committee.

**Finance Committee**
The Finance Committee would hold a minimum of four quarterly meetings a year. The Finance Committee would have a maximum of six members, which could be made up of Directors and/or appointees without alternate members for the Committee.

**Audit Committee**
The Audit Committee would hold a minimum of two meetings a year; one to initiate the audit, and one to receive the audit. The Audit Committee would have a maximum of six members, which could be made up of Directors and/or appointees without alternate members for the Committee.

Committee members noted the recommendations were general guidelines for Staff to alter if needed.

Following Item 5, the Committee considered Item 3.

3) **Defer Selection of Chair/Vice Chair to Next Meeting (Action)**
Interim CEO Eckert introduced the item. Committee members noted the Audit and Finance Committee may be divided into two separate committees pending Board approval.

MOTION: Director Gibbons moved and Director Corrigan seconded the motion to defer the selection of a Chair and Vice Chair subject to the next Board of Directors Meeting.

The motion carried unanimously.

4) Future Fiscal Year Meeting Schedule (Discussion)

Interim CEO Eckert introduced the item. Committee members suggested scheduling meetings in March, May/June, and August/September.

MOTION: Director Craig moved and Director Gibbons seconded to recommend the future fiscal year meeting schedule.

The motion carried unanimously.

6) Review Fiscal Year-to-date Financials (Discussion)

Interim CEO Eckert introduced the item and responded to Committee member questions. Committee members provided feedback including providing more clarifying statements to include in the staff report to the Board.

Committee/Staff Remarks
None.

Adjournment

Interim CEO Eckert adjourned the meeting at 1:34 p.m.
Staff Report – Item 2

To: 
Silicon Valley Clean Energy Finance and Administration Committee

From: 
Girish Balachandran, CEO

Item 2: 
Select Finance and Administration Committee Chair and Vice Chair

Date: 
3/9/2018

RECOMMENDATION
Establish a Chair and Vice Chair of the Finance and Administration Committee to preside over Committee meetings.

BACKGROUND
At the February 14, 2018 SVCE Board of Directors meeting, the Board approved the formation of a Finance and Administration Committee, consistent with Board Policy FP1-b, Establish a Finance and Administration Committee. As a permanent standing committee of the Board of Directors, the Finance and Administration Committee is subject to the Brown Act for all meetings.

In order to provide for efficient and reliable Committee meeting organization, Staff recommends the Committee appoint a Chair and Vice Chair to preside over its meetings.

ATTACHMENT
1. FP-1b, Establish a Finance and Administration Committee
ESTABLISH FINANCE AND ADMINISTRATION COMMITTEE

I. PURPOSE
The Board of Directors appoints the Finance and Administration Committee to primarily provide financial oversight for SVCE. Task areas will include budgeting and financial planning, financial reporting and the creation and monitoring of internal controls and accountability policies and investments.

II. REPORTING
The Finance and Administration Committee reports directly to the Board of Directors.

III. COMMITTEE MEMBERSHIP
The Finance and Administration Committee shall consist of no fewer than three members and no greater than six members. The members of the Finance and Administration Committee shall be appointed annually by the Board of Directors. Eligible Members to serve on the Finance and Administration Committee shall be Board members, Alternate Board members, and Member Agency Staff. Committee Membership shall prohibit the appointment of Alternate Members. No more than one eligible Committee Member shall represent their respective Member Agency. The Finance and Administration Committee shall designate the chairperson.

IV. COMMITTEE AUTHORITY and RESPONSIBILITIES
The Finance and Administration Committee shall meet as often as it determines necessary or appropriate to fulfill its responsibilities, but no fewer than quarterly. The Finance and Administration Committee will be a Brown-Acted meeting.

Budgeting and Financial Reporting
1. Develop an annual operating budget with staff.
2. Set long-range financial goals along with funding strategies to achieve them.
3. Monitor adherence to the budget.
4. Develop multi-year operating budgets that integrate strategic plan objectives and initiatives.
5. Present all financial goals and proposals to the Board of Directors for approval.
6. Develop useful and readable report formats with staff.
7. Present the financial reports to the Board of Directors.

Internal Controls and Accountability Policies

1. Create, approve, and update (as necessary) policies that help ensure the assets of the agency are protected.
2. Ensure policies and procedures for financial transactions are documented and reviewed annually, and updated as necessary.
3. Ensure approved financial policies and procedures are being followed.
4. Developing other policies that further serve to protect the Agency including:
   a. Personnel policies
   b. Long-term contracts or leases.
   c. Loans or lines of credit.
   d. IT security.
   e. Capital purchases.
   f. Insurance requirements and reviews.
   g. Records retention.

Investments

1. Draft an investment policy detailing the objectives of the investment portfolio and guidelines on the asset allocation of the portfolio based on predetermined level of risk tolerance.
2. Ensure provisions of the policy are followed.
3. Review the policy at least annually and update if necessary.
Staff Report – Item 3

To: Silicon Valley Clean Energy Finance and Administration Committee

From: Girish Balachandran, CEO

Item 3: Approve Quarterly Meeting Time and Date for Finance and Administration Committee

Date: 3/9/2018

RECOMMENDATION
Identify and establish a quarterly meeting schedule for Finance and Administration Committee meetings for the remainder of FY2018; Staff proposes the following dates and times for Committee consideration:

Wednesday, May 30, 2018, 11am – 1pm
Wednesday, August 22, 2018, 11am – 1pm
Wednesday, December 5, 2018, 11am – 1pm

BACKGROUND & DISCUSSION
At the February 14, 2018 SVCE Board of Directors meeting, the Board approved the formation of a Finance and Administration Committee, consistent with Board Policy FP1-b, Establish a Finance and Administration Committee. As a permanent standing committee of the Board of Directors, the Audit and Finance Committee is subject to the Brown Act for all meetings. The Committee will advise and work with staff members relating to finance and administrative matters.

At the last Audit and Finance Committee meeting on January 31, members were in consensus that quarterly meetings scheduled in March, May/June, and August/September would be ideal.

Pending Committee approval of the Staff recommendation, the 2018 schedule would be the following:

Wednesday, May 30, 2018, 11am – 1pm
Wednesday, August 22, 2018, 11am – 1pm
Wednesday, December 5, 2018, 11am – 1pm

All meetings would be held at the SVCE office located at 333 W. El Camino Real, Suite 290 in Sunnyvale.
Staff Report – Item 4

To: Silicon Valley Clean Energy Finance and Administration Committee
From: Girish Balachandran, CEO

Item 4: FY 2017-18 Mid-Year Operating Budget Review
Date: 3/9/2018

RECOMMENDATION
Review and recommend Board approval of the FY 2017-18 Mid-Year Operating Budget.

BACKGROUND
The proposed mid-year budget for FY 2017-18 presents SVCE in stable financial condition. The projected balance available for transfer to reserves of $53.0 million which is a $16.1 million or 40.2% favorable adjustment (See Attachment 1).

Revised forecasts for operating revenues are higher than the adopted budget with a $14.6 million or 6.1% favorable adjustment. The primary drivers is the addition of the City of Milpitas in June 2018 and the better than expected adjustment to base rates.

Operating expenses are higher than the adopted budget with a $1.6 million or 0.7% unfavorable adjustment. The increase in costs to serve the City of Milpitas is offset by the decreased costs in power supply due to less than anticipated current load to serve. Debt Service needs are higher than the adopted budget by $2.9 million due to the timing of paying off the advances against the revolving line-of-credit during this fiscal year rather than last fiscal year.

Operating Revenues
The proposed mid-year budget shows an increase of $14.6 million or 6.1% to the adopted budget.
- Energy Sales are projected to increase by $14.5 million or 6.1%. The primary drivers are the inclusion of the City of Milpitas in June 2018 and the update of adjustments to base rates beginning in April 2018. The adopted budget had the assumption that Pacific Gas & Electric (PG&E) rates were to decrease by 1.5% beginning in January 2018 which would result in a decrease of approximately 6% in SVCE base rates. The rate schedule recently released by PG&E shows an average increase of 6% compared to current rates. Partially offsetting the favorable adjustment was a decrease of projected load of 5% based on year-to-date (YTD) performance.
- GreenPrime revenues are projected to increase by $0.2 million to the adopted budget driven by the implementation of the City of Milpitas and YTD performance.
- Other Revenues are projected to increase by $0.1 million based on projected wholesale activity such as the sale of excess resource adequacy.
- Investment Income is projected to decrease by $0.1 million based on timing.

Operating Expenses
The proposed mid-year budget shows an increase of $1.6 million or 0.7%. Operating expenses excluding power supply and debt service is flat compared to the adopted budget.
• Power Supply expenses are projected to decrease by $1.4 million or 0.8%. The driver includes YTD results and the decrease of 5% to existing load. Partially offsetting the decrease is the incremental power supply to serve the City of Milpitas and the impact of updated energy and resource adequacy prices on unhedged positions.
• Data Management expenses are projected to increase by $0.2 million or 5.2%. These expenses are based on a fixed fee per meter and the increase is due to the incremental accounts from the City of Milpitas.
• PG&E Billing Services expenses are projected to increase $0.3 million or 27.2%. Effective in March 2018, PG&E will lower their fixed price per meter charge from $0.44 per meter to $0.21 per meter. Partially offsetting the favorable adjustment is the impact of incremental accounts from the City of Milpitas.
• Employment expenses are projected to decrease by $0.6 million or 15.1%. The driver is the year-to-date impact of vacant positions. Staff is evaluating staffing needs and is expected to present a labor resource plan at the April 2018 Board meeting.
• Professional Services expenses are projected to decrease by $0.2 million or 14.9% based on better than expected YTD performance such as information Technology and Financial Audit services.
• Marketing and Promotions expenses are projected to increase by $0.3 million. The primary driver is the funding of various resources related to the launch of the City of Milpitas. Advertising expenses are projected to increase by $0.1 million to support procurement of customized media packages.
• Notification expenses project a slight increase due to the City of Milpitas launch.
• Lease expenses project a slight increase based on year-to-date performance.
• General and Administrative expenses are projected to increase by $0.3 million to provide CalCCA with resources to mitigate risks to SVCE from the significant legislative and regulatory issues such as the Power Cost Indifference Adjustment and Resource Adequacy Proceedings occurring in summer 2018.
• Programs expenses are projected to increase by $0.3 million. The Program budget is based on a 2% of energy sales formula.
• Debt Services expenses are projected to increase by $2.9 million due to the timing of paying off the advancements against the revolving line-of-credit. The adopted budget assumed payment would be made last fiscal year.

ATTACHMENT
1. FY 2017-18 Mid-Year Budget Recommendation
# SILICON VALLEY CLEAN ENERGY

## FY 2017-18 MID-YEAR BUDGET ADJUSTMENTS

($ in thousands)

<table>
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<tr>
<th>Line</th>
<th>DESCRIPTION</th>
<th>FY2017-18 ADOPTED BUDGET</th>
<th>FY 2017-18 MID-YEAR BUDGET</th>
<th>VARIANCE</th>
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<td></td>
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<td>$</td>
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<td>Energy Sales</td>
<td>239,015</td>
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<td>2</td>
<td>Green Prime Premium</td>
<td>443</td>
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<td>3</td>
<td>Other Income</td>
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<td>TOTAL REVENUES</td>
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<td>Data Management</td>
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<td>9</td>
<td>Employment Expenses</td>
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<td>Marketing &amp; Promotions</td>
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<td>Lease</td>
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<td>General &amp; Administrative</td>
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<td>TOTAL EXPENSES W/O POWER SUPPLY</td>
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<td>Various Programs</td>
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<td>TOTAL ENERGY PROGRAMS</td>
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<td>TOTAL CAPITAL INVESTMENT</td>
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<td>FUND BALANCE</td>
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Page 1 of 1
Staff Report – Item 5

To: Silicon Valley Clean Energy Finance and Administration Committee
From: Girish Balachandran, CEO

**Item 5: Agreement with Maher Accountancy for Accounting Services**

Date: 3/9/2018

**RECOMMENDATION**
Recommend Board approval of the agreement with Maher Accountancy for accounting services for an amount not to exceed $199,375 through September 2019.

**BACKGROUND**
Accurate financial reporting and strong internal controls are of high importance to both the Silicon Valley Clean Energy (SVCE) Board of Directors and Staff. Maher Accountancy will continue to assist with daily transactions. Placing cash disbursement duties off-site helps staff maintain strong reporting and internal controls.

SVCE has been utilizing the services of Maher Accountancy since March 2017 with the current agreement expiring on March 31, 2018. This agreement would extend accounting services through September 2019. Compensation is to not exceed $199,375 for the term of the agreement.

**ANALYSIS & DISCUSSION**
Maher Accountancy shall provide accounting services and financial operational assistance to the Authority for a monthly fee of $10,300; this price per month is an inflationary change from the current contract.

The scope of work is included as Exhibit A to the Agreement with Maher Accountancy (Attachment 1) and includes:

2. Assist Staff with the development of the operating budget.
3. Manage accounts payable by providing a cloud-based accounts payable document management system that enhances internal controls.
4. Manage compliance with fiscal provisions of vendor contracts including the verifying of time periods, rates, and financial limits before payment is released.
5. Monitor expenditures budget compliance and make timely suggestions and budget amendments when necessary.
6. Financial reporting including periodic and year-to-date accrual basis financial statements.
7. Present financial information to the Board of Directors, as needed.
8. Assist in treasury function.
9. File various compliance reports for state and local agencies, such as user taxes, energy surcharges and state controller reports.
10. File annual information returns such as 1099/1096’s.
Maher Accountancy shall also assist with coordination of an independent auditor for the annual audit and prepare annual financial statements for a fee of $13,975.00.

**FISCAL/BUDGETARY IMPACT**
The cost of this agreement is offset by the vacant Finance Manager position in SVCE’s table of organization.

**ATTACHMENTS**
1. Proposed Service Agreement with Maher Accountancy
AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY
AND
MAHER ACCOUNTANCY FOR
ACCOUNTING SERVICES

THIS AGREEMENT, is entered into this 1st day of April, 2018, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent joint powers authority, ("Authority"), and MAHER ACCOUNTANCY, a California corporation, whose address is 1101 Fifth Avenue, Suite 200, San Rafael, CA 94901 (hereinafter referred to as "Consultant") (collectively referred to as the “Parties”).

RECITALS:

A. Authority is an independent joint powers authority duly organized under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) with the power to conduct its business and enter into agreements.

B. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement pursuant to the terms and conditions described herein.

C. Authority and Consultant desire to enter into an agreement for accounting services upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. TERM
   The term of this Agreement shall commence on April 1, 2018, and shall terminate on September 30, 2019, unless terminated earlier as set forth herein.

2. SERVICES TO BE PERFORMED
   Consultant shall perform each and every service set forth in Exhibit "A" which is attached hereto and incorporated herein by this reference.

3. COMPENSATION TO CONSULTANT
   Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed one hundred ninety-nine thousand and three hundred seventy-five dollars ($199,375.00) based on the rates and terms set forth in Exhibit "B," which is attached hereto and incorporated herein by this reference.

4. TIME IS OF THE ESSENCE
   Consultant and Authority agree that time is of the essence regarding the performance of this Agreement.
5. **STANDARD OF CARE**
   Consultant agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of similar specially trained professionals in the San Francisco Bay Area and agrees that all services shall be performed by qualified and experienced personnel.

6. **INDEPENDENT PARTIES**
   Authority and Consultant intend that the relationship between them created by this Agreement is that of an independent contractor. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Consultant's services. None of the benefits provided by Authority to its employees, including but not limited to, unemployment insurance, workers’ compensation plans, vacation and sick leave are available from Authority to Consultant, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Consultant. Payments of the above items, if required, are the responsibility of Consultant.

7. **NO RECOUSE AGAINST CONSTITUENT MEMBERS OF AUTHORITY.**
   Authority is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement dated March 31, 2016, and is a public entity separate from its constituent members. Authority shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Contractor shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Authority’s constituent members in connection with this Agreement.

8. **NON-DISCRIMINATION**
   Consultant agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or Consultant’s employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, disability, marital status, pregnancy, sex, age, sexual orientation, or any other protected class. Consultant agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

9. **HOLD HARMLESS AND INDEMNIFICATION**
   Consultant shall, to the fullest extent allowed by law, indemnify, defend, and hold harmless the Authority and its members, officers, officials, agents, employees and volunteers from and against any and all liabilities, claims, actions, causes of action, demands, damages and losses whatsoever against any of them, including any injury to or death of any person or damage to property or other liability of any nature, whether physical, emotional, consequential or otherwise, arising out of or related to the negligence or willful misconduct of Consultant or Consultant’s employees, officers, officials, agents or independent contractors in the performance of this Agreement, except where caused by the sole or active negligence or willful misconduct of Authority or its members, officers, officials, agents, employees and volunteers. Such costs and expenses shall include reasonable attorneys’ fees of counsel of Authority’s choice, expert fees and
all other costs and fees of litigation. The acceptance of the services provided by this Agreement by Authority shall not operate as a waiver of the right of indemnification. The provisions of this Section survive the completion of the services or termination of this Agreement.

10. **INSURANCE:**
   
   A. **General Requirements.** On or before the commencement of the term of this Agreement, Consultant shall furnish Authority with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "D," which is attached hereto and incorporated herein by this reference. Such insurance and certificates, which do not limit Consultant’s indemnification obligations under this Agreement, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days’ advance written notice to the Authority, Attention: Chief Executive Officer." Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to Authority and licensed to do insurance business in the State of California. Endorsements naming the Authority as additional insured shall be submitted with the insurance certificates.

   B. **Subrogation Waiver.** Consultant agrees that in the event of loss due to any of the perils for which it has agreed to provide comprehensive general and automotive liability insurance, Consultant shall look solely to its insurance for recovery. Consultant hereby grants to Authority, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or Authority with respect to the services of Consultant herein, a waiver of any right to subrogation which any such insurer of Consultant may acquire against Authority by virtue of the payment of any loss under such insurance.

   C. **Failure to secure or maintain insurance.** If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, Authority shall be permitted to obtain such insurance in the Consultant's name or as an agent of the Consultant and shall be compensated by the Consultant for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

   D. **Additional Insured.** Authority, its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under any policy required by this Agreement if not named as such additional insured. An additional insured named hereunder shall not be held liable for any premium, deductible portion of any loss, or expense of any nature under any policy required by this Agreement or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by any policy required by this Agreement.

   E. **Sufficiency of Insurance.** The insurance limits required by Authority are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

   F. **Maximum Coverage and Limits.** It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum insurance
coverage requirements and/or limits shall be available to the Authority and the additional insureds.

11. **CONFLICT OF INTEREST**
Consultant warrants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it will not employ any person having such an interest. Consultant agrees to advise Authority immediately if any conflict arises and understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff capacity, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. **PROHIBITION AGAINST TRANSFERS**
Consultant shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of Authority. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from Authority under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to Authority by Consultant.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or joint venturer or syndicate member or cotenant, if Consultant is a corporation, partnership or joint venture or syndicate or cotenancy, which shall result in changing the control of Consultant, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the entity.

13. **SUBCONTRACTOR APPROVAL**
Unless prior written consent from Authority is obtained, only those persons and subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

In the event that Consultant employs subcontractors, such subcontractors shall be required to furnish proof of workers’ compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the insurance required by this Agreement. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

Consultant agrees to include within their subcontract(s) with any and all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor’s work. Subcontractors hired by Consultant shall agree to be bound to Consultant and Authority in the same manner and to the same extent as Consultant is bound to Authority under this Agreement. Subcontractors shall agree to include these same provisions within any sub-subcontract. Consultant shall provide a copy of the indemnity and insurance provisions of this Agreement to any subcontractor. Consultant shall require all subcontractors to provide valid certificates of insurance and the required endorsements prior to commencement of any work and will provide proof of compliance to Authority.
14. **REPORTS**
   A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by Consultant pursuant to or in connection with this Agreement, shall be the exclusive property of Authority. Consultant shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to Authority the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of Authority, and all publication rights are reserved to Authority. Consultant may retain a copy of any Report furnished to the Authority pursuant to this Agreement.
   
   B. All Reports prepared by Consultant may be used by Authority in the execution or implementation of: (1) The original project for which Consultant was hired; (2) Completion of the original project by others; (3) Subsequent additions to the original project; and/or (4) Other Authority projects as Authority deems appropriate in its sole discretion.
   
   C. Consultant shall, at such time and in such form as Authority may require, furnish reports concerning the status of services required under this Agreement.
   
   D. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.
   
   E. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement that has not been publicly released shall be made available to any individual or organization by Consultant without prior approval by Authority.

15. **RECORDS**
Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by Authority that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of Authority or its designees at all proper times, and gives Authority the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of five (5) years after Consultant receives final payment from Authority for all services required under this agreement.

16. **PARTY REPRESENTATIVES**
The Chief Executive Officer shall represent the Authority in all matters pertaining to the services to be performed under this Agreement. Maher Accountancy shall represent Consultant in all matters pertaining to the services to be performed under this Agreement.

17. **CONFIDENTIAL INFORMATION**
Consultant shall maintain in confidence and not disclose to any third party or use in any manner not required or authorized under this Agreement any and all proprietary or confidential information held by Authority or provided to Consultant by Authority.
18. **NOTICES**

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States Mail, postage prepaid, addressed as hereinafter provided.

All notices, demands, requests, or approvals shall be addressed as follows:

TO AUTHORITY:
333 W. El Camino Real
Suite 290
Sunnyvale CA 94087
Attention: Chief Executive Officer

TO CONSULTANT:
Michael Maher, CPA
Maher Accountancy
1101 Fifth Avenue, Suite #200
San Rafael, CA 94901

19. **TERMINATION**

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If Consultant fails to cure the default within the time specified (which shall be not less than 10 days) and according to the requirements set forth in Authority’s written notice of default, and in addition to any other remedy available to the Authority by law, the Chief Executive Officer may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. The Chief Executive Officer shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days' prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance.

Authority shall pay Consultant for services satisfactorily performed up to the effective date of termination. Upon termination, Consultant shall immediately deliver to the Authority any and all copies of reports, studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement.

20. **COMPLIANCE**

Consultant shall comply with all applicable local, state and federal laws.

21. **CONFLICT OF LAW**

This Agreement shall be interpreted under, and enforced by the laws of the State of
California. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the Superior Court of the County of Santa Clara, State of California.

22. **ADVERTISEMENT**
Consultant shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from Authority.

23. **WAIVER**
A waiver by Authority of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

24. **INTEGRATED CONTRACT**
This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by a written document signed by both Authority and Consultant.

25. **AUTHORITY**
The individual(s) executing this Agreement represent and warrant that they have the legal authority to do so on behalf of their respective party.

26. **INSERTED PROVISIONS**
Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.

27. **CAPTIONS AND TERMS**
The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

IN WITNESS WHEREOF, the Parties have caused the Agreement to be executed as of the date set forth above.
CONSULTANT NAME  
Maher Accountancy

SILICON VALLEY CLEAN ENERGY  
AUTHORITY  
A Joint Powers Authority

By  
________________________
Title  
________________________
Date  
________________________

By:  
Girish Balachandran
Title:  
CEO
Date  
________________________

RECOMMENDED FOR APPROVAL

By:  
Don Eckert  
Director of Administration & Finance

APPROVED AS TO FORM:

________________________
Counsel for Authority

ATTEST:

________________________
Authority Clerk
Exhibit A
Scope of Services

Monthly Financial Operational Assistance:

1. Assist in development of operating budget in collaboration with management and technical consultants.
2. Maintain the general ledger by:
   a. Posting billings, accrued revenue, cash receipts, accounts payable, cash disbursements, payroll, accrued expenses, etc.
   b. Prepare or maintain the following monthly analysis regarding general ledger account balances:
      i. Reconciliation to statements from Authority’s financial institution for cash activity and balances;
      ii. Reconcile customer data manager reports of customer activity and accounts receivable;
      iii. Estimated user fees earned but not billed as of the end of the reporting period;
      iv. Schedule of depreciation of capital assets;
      v. Aged schedule of accounts payable;
      vi. Schedules of details regarding all remaining balance sheet accounts.
3. Manager accounts payable: Consultant utilizes a cloud-based accounts payable document management system to provide for documentation of management review, proper segregation of duties, and access to source data. Consultant ensures that required authorization is documented and that account coding is correct. SVCEA staff then authorizes the release of payment by an independent payment service in order to provide an additional safeguard.
4. Manage compliance with fiscal provisions of vendor contracts: Before submitting vendor invoices for management approval, Consultant verifies that a vendor invoice with contract provisions regarding time periods, rates, and financial limits.
5. Monitor expenditure budget compliance. Consultant monitors budget available and will make timely suggestions for any necessary budget amendments.
6. Provide periodic and year-to-date accrual basis financial statements with comparison to projections.
7. Provide modified accrual basis financial statement with comparison to budget.
8. Filing annual information returns such as form 1099/1096’s.
9. Present financial information to Board of Directors, as needed.
10. Assist the treasury function.
11. Provide services to meet the requirements of applicable laws and regulations relating to the provisions of accounting services for Authority.
12. File various compliance reports for state and local agencies, such as user taxes, energy surcharges, and state controller reports.

Prepare annual financial statements and coordination with independent auditor.
Exhibit B
Compensation

Authority shall compensate Consultant for professional services in accordance with the terms and conditions of this Agreement based on the rates and compensation schedule set forth below. Compensation shall be calculated based on the hourly rates set forth below up to the not to exceed budget amount set forth below.

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit “A” and reimbursable expenses shall not exceed a total of one hundred ninety-nine thousand and three hundred seventy five dollars ($199,375), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Authority unless previously approved in writing by Authority.

This schedule may be modified with the written approval of the Authority.

<table>
<thead>
<tr>
<th>Task</th>
<th>Not to Exceed Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Monthly Accounting Services</td>
<td>$185,400 (fixed $10,300/month)</td>
</tr>
<tr>
<td>2. Prepare annual financial statements and coordinate with external auditor.</td>
<td>$13,975</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$199,375</td>
</tr>
</tbody>
</table>

Invoices

Monthly Invoicing: In order to request payment, Consultant shall submit monthly invoices to the Authority describing the services performed and the applicable charges (including a summary of the work performed during that period, personnel who performed the services, hours worked, task(s) for which work was performed).

Reimbursable Expenses
Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by Authority.

Additional Services
Consultant shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from Authority’s Chief Executive Officer prior to commencement of any additional services. Consultant shall submit, at the Chief Executive Officer’s request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation.
Exhibit C
Insurance Requirements and Proof of Insurance

Proof of insurance coverage described below is attached to this Exhibit, with Authority named as additional insured.

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

   (1) **Workers' Compensation:**
   Statutory coverage as required by the State of California.

   (2) **Liability:**
   Commercial general liability coverage with minimum limits of $1,000,000 per occurrence and $2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.

   (3) **Automotive:**
   Comprehensive automotive liability coverage with minimum limits of $1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.

   (4) **Professional Liability**
   Professional liability insurance which includes coverage for the professional acts, errors and omissions of Consultant in the amount of at least $1,000,000.
Staff Report – Item 6

To: Silicon Valley Clean Energy Finance and Administration Committee
From: Girish Balachandran, CEO

Item 6: CSMFO Budget Award
Date: 3/9/2018

BACKGROUND
California Society of Municipal Finance Officers (CSMFO) Professional Standards and Recognition Committee recognizes City, County, and Special Districts’ Operating and Capital Improvement Program Budgets. The Committee prepares a detailed set of review guidelines and a list of criteria used to evaluate budgets. Budgets meeting the strict guidelines are awarded the Excellence in Budgeting; this is an annual award.

ANALYSIS & DISCUSSION
On February 16, 2018, SVCE was notified that our FY 2017/18 Approved Operating Budget received recognition for Excellence in Budgeting. SVCE is the first CCA to submit an operating budget for award consideration and the first CCA operating budget to be awarded the Excellence in Budgeting.

ATTACHMENTS
1. CSMFO Excellence in Budgeting Award – FY 2017/18
California Society of Municipal Finance Officers

Certificate of Award

Operating Budget Meritorious Award
Fiscal Year 2017-2018

Presented to the

Silicon Valley Clean Energy Authority

For meeting the criteria established to achieve the Operating Budget Meritorious Award.

February 7, 2018

Drew Corbett
CSMFO President

Craig Boyer, Chair
Professional Standards and Recognition Committee

Dedicated Excellence in Municipal Financial Reporting
Staff Report – Item 7

To: Silicon Valley Clean Energy Finance and Administration Committee

From: Girish Balachandran, CEO

Item 7: Year-To-Date Financial Review

Date: 3/9/2018

This item will be addressed in the form of a presentation to the Committee.
Staff Report – Item 8

To: Silicon Valley Clean Energy Finance and Administration Committee
From: Girish Balachandran, CEO

Item 8: Establish a Line of Credit

Date: 3/9/2018

BACKGROUND
During negotiations with suppliers for long-term power purchase agreements, the issue of the agency not having a credit rating was raised. While SVCE needs at least three years of financial history to obtain a credit rating, having access to another form of liquidity would be advantageous for future negotiations of power purchase agreements with suppliers that are not agreeable to the lockbox credit structure and that may require collateral posting by Silicon Valley Clean Energy (SVCE) to support the transaction.

Having access to a line of credit would provide greater flexibility in negotiating credit terms for power purchase agreements and may result in more supplier options and better pricing. Having another source of liquidity would be viewed positively by the rating agencies.

Pacific Energy Advisors recommended a line of credit of approximately $20 million. River City Bank has quoted pricing of 25 basis points per million of credit or $2,500. A $20 million line of credit would have a fiscal impact of $50,000 per year.