



Silicon Valley Clean Energy Authority

Board of Directors Meeting

Wednesday, August 11, 2021

7:00 pm

Pursuant to State of California Executive Order N-29-20, dated March 17, 2020, the meeting was conducted via teleconference.

MEETING MINUTES

Call to Order

Chair Abe-Koga called the meeting to order at 7:00 p.m.

Roll Call

Present:

Chair Margaret Abe-Koga, City of Mountain View
Vice Chair Liz Gibbons, City of Campbell
Director Jon Robert Willey, City of Cupertino
Alternate Director Rebeca Armendariz, City of Gilroy
Director Neysa Fligor, City of Los Altos
Director George Tyson, Town of Los Altos Hills
Director Rob Rennie, Town of Los Gatos
Director Evelyn Chua, City of Milpitas
Director Javed Ellahie, City of Monte Sereno
Alternate Director Tony Eulo, City of Morgan Hill
Director Tina Walia, City of Saratoga
Director Gustav Larsson, City of Sunnyvale
Director Susan Ellenberg, County of Santa Clara

Absent:

Board Clerk Pizano announced Gilroy Alternate Director Armendariz was not present but was expected to attend the meeting. (**Note:** Alternate Director Armendariz arrived at 7:50 p.m.)

All present Board members participated via teleconference.

Public Comment on Matters Not Listed on the Agenda

Bruce Karney commented on the recent findings from the International Panel on Climate Change (IPCC) and urged staff to increase the level of urgency in developing new clean energy supplies and sustainable programs.

No further public comments. Public comment was closed by Chair Abe-Koga. She responded briefly to Mr. Karney's comments.

Consent Calendar

Chair Abe-Koga opened public comment.

Peter Myers spoke with regard to ZEV 2030, Item 1l on the Consent Calendar. He thanked staff for bringing the item to the Board and Chair Abe-Koga for bringing the issue to her legislative body and closed his comments by urging the other members to contact him at peter@nextgeneration.org if they also wished to bring the item to their cities/towns.

No further public comments.

MOTION: Alternate Director Eulo moved and Vice Chair Gibbons seconded the motion to approve the Consent Calendar, Items 1a through 1r.

The motion was carried by verbal roll call vote with Director Armendariz absent.

- 1a) Approve Minutes of the June 9, 2021, Board of Directors Meeting**
- 1b) Receive May 2021 Treasurer Report**
- 1c) Adopt Resolution Amending SVCE Conflict of Interest Code to Amend Multiple Titles and Add Multiple Positions**
- 1d) Appoint SVCE Interim Executive Assistant Melody Vega to Serve as Interim SVCE Board Secretary**
- 1e) Adopt Resolution Updating SVCE's Annual NEM Cash-Out Terms**
- 1f) Adopt Resolution to Authorize the Chief Executive Officer to Execute an Amended Legal Services Agreement with Chapman & Cutler for Preparation of a Preliminary Offering Statement for the Proposed Prepay Transaction**
- 1g) Approve and Authorize Engagement Letter with Hall Energy Law PC for Legal Services Related to SVCE's Energy and Capacity Transaction Needs and Long-term Power Purchase Agreements Not-to-Exceed \$540,000 for a Three-Year Term**
- 1h) Approve Amendment to SVCE Handbook Recognizing Juneteenth as an SVCE Observed Holiday**
- 1i) Authorize the Chief Executive Officer to Execute Amendment to Agreement for FY20-21 with Richards, Watson & Gershon for Legal Services**
- 1j) Receive Quarterly Decarbonization and Grid Innovation Programs Update for Q2 2021**
- 1k) Adopt Resolution Moving Reinstatement of SVCE's Delinquent Payment Policy to November 2021**
- 1l) Adopt Resolution Endorsing the ZEV2030 Initiative**
- 1m) Approve Finance and Administration Committee Membership of Five Members**
- 1n) Executive Committee Report**
- 1o) Finance and Administration Committee Report**
- 1p) Audit Committee Report**
- 1q) Legislative and Regulatory Responses to Industry Transition for 2021 Ad Hoc Committee Report**
- 1r) California Community Power Report**

Regular Calendar

2) CEO Report (Discussion)

CEO Balachandran introduced three new team members; Justin Zagunis, newly promoted to Manager of Decarbonization and Grid Innovation; Melody Vega, Interim Board Secretary; and Dorothy Roberts, Interim SVCE Board Clerk. He announced that Board Clerk Andrea Pizano would be taking time away for the birth of her baby and wished her well, adding she would be back by the end of the year or early next year.

CEO Balachandran asked to postpone getting the detailed write-up of the Strategic Plan updated due to the current staffing shortage. He stated the Executive Committee and the Board have already discussed

and provided direction for the Plan focus areas, and an update would be coming to the Board in October. He then responded to Bruce Karney's earlier comments regarding the IPCC Report. He stated staff is fully aware of the urgency of the issues and is committed to bringing the issue back to the board in the next couple of months to establish a plan that provides the most impact. He added that with a positive budget forecast, SVCE will be able to back up its mission by deploying sufficient staff resources to address critical and immediate issues. In the December/January timeframe, the Board will hear staff recommendations as to how to deploy resources to get on a faster track.

Melicia Charles, Director of Regulatory and Legislative Policy, briefed the board on the recent Emergency Proclamation requiring energy agencies to ensure energy supply meets demand in extreme events; new procurement mandates; and new reliability rules.

Chair Abe-Koga asked for public comment; there being none, she closed public comment. Chair Abe-Koga then echoed congratulations and best wishes to employees introduced earlier.

3) Adopt Resolution Authorizing the Chief Executive Officer to Execute the Power Supply Contract with the California Community Choice Financing Authority and Related Supporting Agreements (Action)

Amrit Singh, CFO and Director of Administrative Services, introduced Mike Berwanger of PFM Financial Advisors, serving as Financial Advisor on the transaction, and Doug Bird, with Chapman and Cutler, who would be serving as Prepay and Disclosure Counsel.

Administrative Services Director Singh summarized the transaction and previous committee reviews, the benefits and risks of Prepay, and the transaction size and discount. He explained the main agreements of the transaction were the Power Supply Contract, a Letter of Agreement regarding PPA Assignments, the Form of Limited Assignment Agreement, the Project Administration Agreement, and the Energy Supply/PPA Custodial Agreement.

Administrative Director Singh then provided a summary of the Transaction Documents that would be executed by CCCFA, and finally the Preliminary Offering Statement, used to market the bonds, which he stated provided the best transaction and key terms, including background information on SVCE. He concluded by providing information on the next steps, the Board approval, seeking CCCFA approval at its August 26 meeting, and targeting bond issuance for September.

Note: Alternate Director Armendariz arrived at 7:50 p.m.

Chair Abe-Koga called on Board members with questions. Detailed questions and responses ensued.

Chair Abe-Koga called for public comment; there being none, she brought the issue back to the Board for discussion and action.

Director Rennie, Chair of the Finance Committee, said the Finance Committee discussed the item extensively and recommended approval.

MOTION: Director Rennie MOVED, and Director Ellahie SECONDED the adoption of **Resolution 2021-20** authorizing the execution and delivery of a Power Supply Contract and certain other documents including the Letter of Agreement, the Form of Limited Assignment, the Project Administration Agreement, and the Energy Supply PPA Custodial Agreement, in connection with the issuance of the California Community Choice Financing Authority Clean Energy Project Revenue Bonds, Series 2021B, and certain other actions in connection therewith.

Under discussion, Director Wiley asked if it would be advantageous to have periodic check-ins to assure that the Board was satisfied with results. CEO Balachandran stated he would take that as an action item to the Finance Committee and bring it back to the Board for discussion.

The motion was carried unanimously by a Roll Call vote with all members present.

4) Provide Feedback on the FY 2021-22 Proposed Operating Budget, Resolution Authorizing the Chief Executive Officer to Act as Chief Personnel Officer, and Updated Budget and Reserves Policies (Discussion)

CFO and Director of Administrative Services Amrit Singh introduced the Budget Preview for the next fiscal year. He reviewed the timeline, the proposed budget with a positive revenue outlook, the drivers of the higher power supply cost and operating expenses, new proposed staff positions, the designation of the CEO as Chief Personnel Officer, the outlook for healthy Financial Reserves, and the needed and proposed revisions to Reserve and Budget Policies. He then summarized proposed changes and stated any changes by Directors would be incorporated in the proposed budget, which would be brought back to the Board on September 8 for adoption.

Questions from Directors ensued with regard to the use of ten percent of the budgeted cost of power purchases, Director Fligor asked if the 10 percent were exceeded, would staff come back to the board if the reserves would drop below required minimum reserve amount. Mr. Singh stated it was in the policy as he remembered; he would double check. Further questions ensued with regard to the CEO Chief Personnel Officer and salary ranges, the Federal Infrastructure Bill, the current vacancies and proposed staffing, the anticipated increased revenue, and capping the utilization of reserves by ten percent of power supply cost to \$30 million.

Chair Abe-Koga called for public comment.

Bruce Karney urged the Board to focus on developing and deploying programs rapidly and to avoid the urge to be financially conservative, and to develop programs to incentivize residents to utilize smart energy resources.

There was no further public comment; the Public Comment period was closed.

Director comments ensued including the support of the Reserve Policy, the need to move forward with making policies in local jurisdictions and the need to be focused, innovative and flexible.

Chair Abe-Koga thanked members for their comments. She stated with growth there is a need to quickly respond to the changes and adjustments to move forward in a financially strong manner. She added she preferred to maintain a constant discount rate and target and direct funds to programs that provide the highest returns.

CEO Balachandran thanked the Board and summarized takeaways: to seek approval if the reserves drop below required minimum reserve amount, clarify the reserve levels and not utilize it if it gets us below already approved minimum reserve level and put a cap on that authority. He stated he understood the Board wanted to be bold and work from a position of strength and to be prepared to act. He stated staff would reach out to Mr. Karney and other community advocates, and it was understood that Board members wished to accelerate the carbon reduction.

Board Member Announcements and Direction on Future Agenda Items

Vice Chair Campbell announced Don Bray would be giving a presentation to the Business Journal Panel; she also announced there would be a CPUC meeting August 26th on utility discounts and affordability. She provided the information to Board Clerk Pizano to forward to the Board.

Closed Session

Chair Abe-Koga stated the Closed Session would be for Public Employee Performance Evaluation and noted that Alternate Board member Tony Eulo would not be participating in the Closed Session. Title: Chief Executive Officer. She stated she did not anticipate any reportable action.

Public Comment on Closed Session

There were no public comments regarding the Closed Session item.

Convene to Closed Session

The Board convened to Closed Session at 9:10 p.m. in order to discuss the following:

Public Employee Performance Evaluation
Title: Chief Executive Officer

Conference with Labor Negotiator
Agency Representatives: Margaret Abe-Koga, Chair, Board of Directors,
Liz Gibbons, Vice Chair, Board of Directors
Unrepresented Employee: Chief Executive Officer

Report from Closed Session

The board returned from closed session with no reportable action.

Adjourn

Chair Abe-Koga adjourned the meeting at 10:31 p.m.

ATTEST:

DocuSigned by:
Dorothy Roberts
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Dorothy Roberts, Interim Board Clerk