



**Finance, Administration, Procurement Subcommittee
Meeting**

Friday, September 16, 2022
10:00am

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/81690389009>

Or join by phone by dialing: +1 669 900 6833

Webinar ID: 816 9038 9009

Consistent with the provisions of Assembly Bill 361, the East Bay Community Energy Board of Directors and standing committee meetings will be held via teleconference/videoconference during the current State of Emergency. Any interested member of the public can participate via Zoom by utilizing the link listed above or telephonically by utilizing the dial-in information listed on this agenda.

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at least 2 working days before the meeting at (510) 906-0491 or cob@ebce.org.

If you have anything that you wish to be distributed to the Financial, Administrative and Procurement Subcommittee, please email it to the clerk by 5:00 pm the day prior to the meeting.

1. Welcome & Roll Call

2. Public Comment

This item is reserved for persons wishing to address the Financial, Administrative and Procurement Subcommittee on any EBCE-related matters that are not otherwise on this meeting agenda. Public comment on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Financial, Administrative and Procurement Subcommittee are customarily limited to three minutes per speaker. The Chair may increase or decrease the time allotted to each speaker.

3. Approval of Minutes from June 10, 2022

4. Audit Progress Report (Informational Item)

Update to the committee on the status of the audit.

- 5. Credit Facility (Informational Item)**
Inform the committee about progress as it relates to establishing our new credit facility
- 6. Lease Extension (Informational Item)**
Inform committee about lease extension at EBCE HQ (1999 Harrison)
- 7. Committee Member and Staff Announcements including requests to place items on future Board Agendas**
- 8. Adjournment to Friday, October 14, 2022 at 10:00 am**



**Finance, Administration, Procurement Subcommittee
Meeting**

Draft Minutes

Friday, June 10, 2022

10:00am

<https://us02web.zoom.us/j/81690389009>

Or join by phone:

Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 929 205 6099 or
+1 301 715 8592 or +1 312 626 6799 or 888 475 4499 (Toll Free)

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1. Welcome & Roll Call

Present: Marquez (Hayward), Narum (Pleasanton), and Chair Hannon (Newark)

Excused: Directors Valle (Alameda County), Cavanaugh (Piedmont)

2. Public Comment

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Margie Lewis, an Oakland resident and EBCE customer, urged the FAP to redirect the \$15 million proposed grant to UCSF Benioff Children's Hospital and instead invest the money in local programs that advance equitable access to local clean energy, which would directly reduce root causes and triggers of asthma. Margie Lewis said the

EBCE is committed to protecting our environment and is proud to be a

[Certified California Green Business](#)

proposed donation to UCSF is misdirected in terms of EBCE's purpose as stated in the JPA and dwarfs all prior community support donations, and instead EBCE should invest the \$15 million to fund Local Development Business Plan programs that advance resilience and equitable access to local clean energy for customers. Margie Lewis added that the proposed donation to UCSF was only made available for public comment the Monday before the May 18, 2022 Board of Directors meeting, not meeting the transparent process advertised on the EBCE website.

3. Approval of Minutes from April 15, 2022

Director Marquez (Hayward) motioned to approve the Minutes. Director Narum (Pleasanton) seconded the motion which passed 3/0.

Excused: Directors Valle (Alameda County), Cavanaugh (Piedmont).

4. Board and CAC Stipends

The Committee discussed:

- The process for amending the JPA to allow a stipend increase.
- The significant amount of time EBCE Board and CAC members spend at Board meetings, committee meetings, reviewing documents, Committee assignments, and closed-session meetings for BOD, etc.
- The number of monthly meetings members of the Board attend and the maximum number of meetings per month that may be reimbursed.
- The fact that CAC is voluntary and does not incur mileage or parking expenses.
- Annual stipend increases based on cost of living.
- FAP Consensus Recommendation:
 - Look at COLA increase for the BOD and CAC.
 - Board members are compensated up to four noticed meetings per month, including closed session, regular Board meeting, FAP, MRL, ad hoc committee meetings, and any other special meetings.
 - Bring to the entire BOD for approval.

Cynthia Landry, CAC member, said CAC had not had input in terms of their stipend and asked that the item be brought before the CAC so its members may give a recommendation. Cynthia Landry said the CAC should go in the same direction as the Board of Directors in terms of an annual COLA stipend, with the option of additional meetings extended to CAC members.

5. Committee Member and Staff Announcements including requests to place items on future Board Agendas

6. Adjournment to Friday, September 16, 2022 at 10:00 am.

SEPTEMBER 16, 2022

Audit Update

Jason Bartlett

Senior Finance Manager



Audit Status

- Each year, an independent auditor reviews EBCE financial records for the previous fiscal year
- Because EBCE's fiscal year is from July 1 through June 30, the audit usually begins by mid-late July and is completed by the beginning of October
- An ad-hoc committee is formed from current Board members to confer with the auditor independent of staff involvement
 - The ad-hoc committee met on August 11, 2022 and is scheduled to meet again on September 26, 2022
- The results of the audit are presented to the Board in the October Board Meeting as an informational item
- The audit is currently on-track for October delivery

Audit Timeline

	Monday 6/27/2022	Friday 7/1/2022	July	August	8/29/2022	9/5/2022	9/12/2022	9/19/2022	9/26/2022	10/3/2022	10/10/2022	10/17/2022
					8/29/2022	9/5/2022	9/12/2022	9/19/2022	9/26/2022	10/3/2022	10/10/2022	10/17/2022
					9/2/2022	9/9/2022	9/16/2022	9/23/2022	9/30/2022	10/7/2022	10/14/2022	10/21/2022
Transition of Fiscal Year												
Audit Kickoff			7/26/2022									
Ad Hoc Committee Meeting				8/11/2022					9/26/2022			
Delivery of Key Documents												
Delivery of Trial Balances												
Bank Confirmations												
Legal Confirmations								Return				
Draft Financial Statements												
Audit Documents								Draft Opinion	Staff Review	Auditor Review	Final Opinion	
FAP/Board Meetings							9/16/2022					10/19/2022
			Completed			Current			Behind			
			On track/Scheduled			Task in Progress			Delayed/Deferred/Unscheduled			

Thank You!



Questions? Give us a call:
1-833-699-EBCE (3223)



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SEPTEMBER 16, 2022

Credit Facility Update

Jason Bartlett
Senior Finance Manager



Current Credit Facility Position

- EBCE currently holds an \$80MM credit facility with Barclays Bank
 - Entered into agreement on March 15, 2018 for \$50MM
 - First Amendment to the agreement on August 1, 2019 lowered interest rates, reduced reserve fund holdings from \$17.1MM to \$7MM, and established \$30MM to be used for letters of credit (LOCs)
 - Second Amendment on January 3, 2020 increased capacity to a max of \$80MM with up to \$60MM is available for cash and up to \$35MM for letters of credit
 - Cash portion expires on December 19, 2022 and LOC expires on July 31, 2024

New Credit Facility Interests

- Barclays opted to not renew any credit exposure to CCAs in light of Western Energy bankruptcy in 2021
- EBCE conducted a formal RFP to solicit offers to replace and expand the current credit facility
 - Uniform interviews were conducted with all responding proposers, followed by several rounds of negotiations on terms with two highest scoring proposers until one was chosen
 - Additionally considered ESG goals, reference vetting, adherence to RFP details, and applied scoring methodology
- EBCE is seeking to upsize facility due to multiple risk factors
 - More volatile market conditions may stress working capital needs while preserving reserve balances
 - Load Serving Entities (LSEs) have a risk of posting higher collateral because of market conditions—LOCs can protect reserves and working capital
 - Stress testing shows chance of needing additional liquidity should market prices spike with weather, political conditions, or other systemic risk factors

New Credit Facility Terms

- Some aspects of the facility are still being negotiated by Staff, but terms are settled as the following:
 - Undrawn Fee is 0.25% of any undrawn or unused balance—This is the cost to hold the facility as available
 - Letters of Credit is the Applicable Margin of 1.40% on face value of issuance, with issuance charges of 0.25% of value
 - Cash Draws is the Applicable Margin plus Secured Overnight Financing Rate (SOFR), which as of September 9, 2022, is 2.28%
 - The Undrawn Fee and Applicable Margin can increase in the event that S&P downgrades EBCE’s “A” rating
 - A “default” will result in an increase of the Undrawn Fee and Applicable Margin by 1.50% each and an increase in the SOFR by 2.00%
 - There is no reserve requirement.

Thank You!



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SEPTEMBER 16, 2022

Lease Extension

Jason Bartlett

Senior Finance Manager



Lease Extension Background

- EBCE staff has been occupying the space at 1999 Harrison Street, as a subtenant of Mechanics Bank since Aug 1, 2019
- The Sublease expires on October 31, 2022 and EBCE is looking to sign a new, 12-month lease, directly with the building owner
- The new building is still being developed. Design and layout are still being finalized
- Due to construction material, labor/installation, and permitting delays, a lease extension is prudent in order to ensure that EBCE maintains an office space

Lease Extension Terms & Negotiations

- Lease Terms
 - 12-month lease, base lease rent of \$46,193.33 per month
 - \$46,193.33 security deposit
- Negotiation Points of Non-Financial Clauses
 - Definitions (e.g. recitals, payment grace periods, etc.)
 - Basic utility requirements
 - Upkeep of facility space
 - Parking
- Looking to finalize negotiations in Oct 2022
- Requesting Board authorization to finalize and sign lease agreement

Thank You!



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