

**ORANGE COUNTY POWER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS**

MINUTES

June 22, 2021

This meeting was conducted utilizing teleconference and electronic means consistent with public health orders and guidelines in California and in accordance with the Governor's Executive Orders N-25-20 and N-29-20. There was no location for in-person attendance. Due to the nature of the teleconference, all votes were cast via roll call.

The Board Minutes are prepared and ordered to correspond to the Board Agenda. Agenda Items can and may be taken out of order during the meeting.

The Agenda Items were considered in the order presented.

1. CALL TO ORDER

Chair Carroll called the meeting to order at 10:02 a.m.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Director Khan

3. ROLL CALL

Present: 5 Members

Director Khan (Irvine)
Director Posey (Huntington Beach)
Director Sonne (Buena Park)
Vice Chair Jung (Fullerton)
Chair Carroll (Irvine)

Also present: CEO Brian Probolsky
COO Antonia Castro-Graham
Ryan Baron, General Counsel (Best Best and Krieger, LLP)

4. CONSENT CALENDAR

All items listed under the Consent Calendar were considered to be routine and enacted by one motion. Prior to the motion to consider any action by the Board of Directors, any public comments on any of the Consent Items was heard. There was no separate action and no members of the Board of Directors requested specific items be removed from the Consent Calendar.

MOTION: Motioned by Director Posey, second by Director Khan, to approve the Consent Calendar as submitted.

MOTION CARRIED BY THE FOLLOWING VOTE:

Ayes: Director Khan, Director Posey, Director Sonne, Vice Chair Jung, Chair Carroll

Noes: None

Abstained: None

Absent: None

4.1 MINUTES FOR THE REGULAR BOARD MEETING OF MAY 11, 2021, AND THE SPECIAL BOARD MEETING OF JUNE 9, 2021

Action: Approved as amended.

5. REGULAR CALENDAR

The following items called for discussion or action by the Board of Directors. The Board may discuss and/or take action on any item listed below if the Board was so inclined.

5.1. AWARD OF CONTRACT FOR DATA AND CUSTOMER CALL CENTER MANAGEMENT

CEO Brian Probolsky provided introductory remarks. General Counsel Ryan Baron presented the staff report. He indicated that requests for proposals were due on May 24, 2021, and that three firms submitted proposals. Mr. Baron reviewed the services to be provided by the data manager, and stated that this service was one of the most important for providing community power. He noted one of the benefits of having this consultant service would be the collection and analysis of historical usage data, as currently the only data available is from the incumbent utility, and it does not provide the in depth analysis that would benefit the Authority.

CEO Probolsky stated all three proposed vendors was qualified and professional, however noted that as staff reviewed the references, work product, and experience, it became clear that Calpine was the best solution for the Orange County Power Authority. He commented they are located in San Diego, and have launched 20 of the 23 CCA's in California, and currently manage 19 of those. He stated they were the only vendor with experience with both Southern California Edison and San Diego Gas & Electric, from the CCA perspective. CEO Probolsky stated staff had been successful in negotiating several concessions from Calpine's original proposal, and their costs were now very competitive with the other proposers. He concluded his remarks by stating this particular service is not one that the Authority would envision changing often, and consequently staff recommended entering into a 5 year agreement at this time.

Director Posey inquired regarding the need for such a technical firm for customer service. CEO Probolsky explained the importance of having professionals staffing the call center, to be able to explain the services offered by the Authority, and having the experience to work with members of the public that might be questioning what the Authority, and who will represent the Authority well. CEO Probolsky further explained that the data management side of the service requires highly skilled analysts that can review the data provided by SCE and CAISO to ensure the

information is accurate, noting that the Authority's revenue and expenses are directly tied to the usage of the Authority's customers. Responding to additional questions, CEO Probolsky stated that there would be dedicated front line staff to answer questions of OC Power customers, with additional staff available for extraordinarily busy times. He stated there would also be a dedicated Customer Relationship Manager for OC Power. Lastly, he stated that should the Board select Calpine, there could be discussions held regarding collocating the offices of OC Power in the same building as Calpine's Orange County office, but would discuss that further with the Board if the concept proved beneficial.

Chair Carroll inquired about the opt-out process and the relationship the data management service provider might have with that process. General Counsel Baron responded that having accurate and timely data from the utility will allow the data management provider to ensure that rates are correct, bills are processed effectively, and that customer service is exceptional. He stated failure in any of these areas can often lead to increased opt-out requests, so having a professional service provider is crucial to minimizing these customer service based opt-outs.

The following members of the public offered comment:

Ayn Cracium, Irvine, Climate Action Campaign, stated that data management is critical for the CCA and noted that Calpine is a top notch firm. She stated, however, that there was no draft agreement in the agenda packet for consideration and felt it was imprudent and fiscally irresponsible to delegate the approval of the final document to staff. She requested that all contracts over a particular dollar amount receive Board approval before final acceptance. She encouraged the Board to authorize staff to negotiate a final contract and bring it back to the Board for final approval.

Jose Trinidad Castaneda, Fullerton, asked for more information about the agenda item. He compared the agenda packets for Clean Power Alliance to those of OC Power, noting that Clean Power's agenda packets are often 100s of pages of documents with detailed information regarding proposed contracts. He commented that Calpine is a very reputable company and that OC Power will be well served if selected.

Wendy Kramer, Climate Reality OC, concurred with the other speakers regarding taking sufficient time to review the final contract, stated Calpine was an exceptional service provider, and that they spoke at the organization's 2018 Conference at UCI, regarding the importance of customer retention and how that impacted the CCA's revenue. She also mentioned upcoming meetings, the first on June 23rd with more information found at tinyurl.com/ccaprograms and second, provided the date for the Cal CCA 2021 Annual Meeting in San Jose November 29-December 1st.

Sue Kempf, Mayor Pro Tem, Laguna Beach, stated her background was in call center management and customer service centers, etc. She inquired about the data integrity used by Calpine, and asked about retention of their staff, as to whether the staff was stable.

Dr. Kathleen Treseder, Irvine, supported the recommended service provider, however noted the process for finalizing contracts of this size should be transparent and include substantial information for the Board and public's consideration.

Board discussion ensued.

Responding to Board inquiry, CEO Probolsky and General Counsel Baron stated that the recommended process used for negotiating and finalizing the contract mirrored the process used in the past for other contracts, and that it would not be considered irresponsible, should the Board opt to accept the recommended action. General Counsel Baron indicated that the standard process allows for flexibility in finalizing complex terms and moving forward as quickly as possible.

Responding to Board inquiry, Mr. Baron stated that a contract that isn't finalized and executed could be shared with the general public in accordance with the Brown Act, as the Board considers the proposed terms. He noted however, that if the final negotiation is delegated to staff, it would be available to the public after execution.

MOTION: It was moved by Director Sonne, second by Director Posey, to: 1. Approve Staff's recommendation of Calpine Energy Solutions for Data Management and Customer Call Center Services; and 2. Authorize the Chief Executive Officer, Chief Operating Officer, and General Counsel to negotiate and finalize a Professional Services Agreement with Calpine Energy Solutions, LLC not to exceed five years and a total amount of \$14,300,000, consistent with the Staff Report, and return to the Board for final execution.

MOTION CARRIED BY THE FOLLOWING VOTE:

Ayes: Director Khan, Director Posey, Director Sonne, Vice Chair Jung, Chair Carroll

Noes: None

Abstained: None

Absent: None

5.2 ADOPT RESOLUTION NO. 2021-05 APPROVING CREDIT FACILITY AND CERTAIN BANKING SERVICES AGREEMENTS AND DELEGATING AUTHORITY TO EXECUTE RELATED AGREEMENTS

CEO Probolsky introduced the agenda report, and introduced Glenn Price, Senior Partner, Best Best & Krieger, LLP and Mike Berwanger, Managing Director, Public Financial Management, consultant to support the RFP process. Mr. Price provided his professional background, with expertise in negotiating lines of credit and banking services. He noted that he has previously negotiated lines of credit on behalf of public agencies with three of the four proposers who responded to the Authority's RFP. He stated he was brought in to review the various proposals received. Mr. Berwanger, Managing Director at PFM, reviewed his credentials and those of his firm, noting they are a national financial advisory company which works exclusively with public agencies.

Mr. Berwanger reviewed the RFP process and the proposals received. He noted that Bank of the West provided a quality proposal, JP Morgan Chase Bank provided excellent terms under their credit facility proposal but does not provide the banking services (lock box services), and that MUFG Union Bank was recently in the media with less than favorable reviews of their ability to perform. He concluded with a brief review of River City Bank stating that they are a leader in the CCA space and that they are highly experienced in this professional sector. He stated that based on their review and discussions with staff and legal counsel, it is recommended the Authority move forward with an agreement with JP Morgan Chase for Credit Facility services, and River City Bank for Banking Services.

Chair Carroll stated that as with the previous agenda item, he would like to see these proposed agreements return to the Board after negotiation for final approval.

Director Posey suggested raising the line of credit negotiation amount to “up to \$50,000,000” from the \$29,000,000 currently proposed. Attorney Price stated that raising the credit line from \$29 million to \$50 million could take as long as 60 days, noting that it would be beneficial to have the extra money in reserve, in the event certain purchases became available and were time sensitive. General Counsel Baron stated that this could occur in the event additional cities join the JPA and additional power must be procured.

Director Sonne requested that Mr. Berwanger or Mr. Price provide a layperson’s explanation of the terms and conditions of the proposed agreements once they return to the Board for final approval.

Director Khan requested clarification that the Board sets the final rates for electricity, not the credit facility or other regulatory agency. General Counsel Baron confirmed that the Board is the legislative body for the Authority and sets the rates, and that function cannot be delegated to another entity. Mr. Price stated that there can be no covenants related to rate setting specifically included in the agreements with the credit facility, except that there can be reference that the CCA will always set rates that allows itself to meet its financial obligation.

The following members of the public offered comments:

Ayn Cracium, Irvine, restated her concerns regarding lack of transparency and requested the final contracts be provided to the public for review prior to final approval.

Jose Trinidad Castaneda, Fullerton, restated his concerns from earlier, that there be more detailed information included in the agenda packet regarding the final agreements.

Dr. Kathleen Treseder, Irvine, appreciated the motion to have the contract return to the Board for final approval. With regard to the amount to borrow, she suggested that the Authority’s procurement service provider be consulted for input.

MOTION: It was moved by Chair Carroll, second by Director Posey to: 1. Adopt Resolution No. 2021-05 regarding a credit facility and certain banking / cash management services agreements and delegate authority to the Chief Executive Officer, Chief Operating Officer and General Counsel to negotiate related agreements and return to the Board for final execution.

MOTION CARRIED BY THE FOLLOWING VOTE:

Ayes: Director Khan, Director Posey, Director Sonne, Vice Chair Jung, Chair Carroll

Noes: None

Abstained: None

Absent: None

5.3 FISCAL YEAR 2021/22 BUDGET ADOPTION

CEO Probolsky introduced Michael Mauer, OC Power Authority Treasurer, to present details regarding the proposed budget. Mr. Mauer indicated the proposed budget was substantially similar to the draft budget presented to the Board earlier in the spring. He noted that

approximately 90% of the budgeted expenditures were for the cost of energy, and while the Authority was currently operating in a negative fiscal position (in the red), it was anticipated the Authority would end the FY 2021/22 budget year with an ending net position of \$3,725,000. Mr. Mauer reviewed the various expenditures and revenue amounts for the year, and concluded with staff's recommendation to adopt the proposed budget as presented.

Board discussion ensued.

No members of the public offered comment.

MOTION: It was moved by Director Posey, second by Director Khan to adopt the Fiscal Year 2021/22 Budget.

MOTION CARRIED BY THE FOLLOWING VOTE:

Ayes: Director Khan, Director Posey, Director Sonne, Vice Chair Jung, Chair Carroll

Noes: None

Abstained: None

Absent: None

Director Posey left the meeting at 11:38 a.m.

5.4 UPDATE ON COMMUNITY ADVISORY COMMITTEE

COO Antonia Castro-Graham presented the staff report, noting that the Community Advisory Committee ("CAC") is made up of two members from each member agency plus two direct, at-large appointments. She indicated staff has received numerous applications for the at-large positions but proposed extending the deadline to mid-July to ensure the largest applicant pool possible before the Board makes their appointments. She stated the first tentative meeting of the CAC was scheduled for July 8th at 5:30 p.m. She announced the following direct appointments from the Board Members:

Huntington Beach: Jeff Morin, retired Government Affairs Executive for AT&T
Steve Shepherd, Architect and Public Works Commissioner
Buena Park: Shannon Abzima, Geologist and Community Advocate
Jose Trinidad Castaneda, Community Organizer

She indicated the other cities were still considering their appointments.

No members of the public offered comment.

Chair Carroll thanked staff for moving forward with the CAC.

ACTION: The Board received and filed the report.

6. PUBLIC COMMENTS

The following members of the public offered comment:

Ayn Cracium, Irvine, Climate Action Campaign, stated that the organization has spent years building community support for what has now become Orange County Power Authority, and stated that one of the key points they've made over the years is that the CCA would be different than Southern California Edison, with more transparency. She restated her concern that too much delegation of authority to staff is contrary to the concept of transparency and urged the Board to make as much information available to the public as possible before decisions are made. Specifically, she requested that the Joint Powers Agreement be revisited in the areas of Board Members' terms and how contracts are authorized.

7. DIRECTOR COMMENTS

Board Member Sonne requested the Board review the JPA agreement as it relates to designating authority to staff in terms of executing contracts, and make sure that there is a monetary limit for those delegated agreements. She would also like to look at Board Director terms as it relates to Board Members retaining their JPA seats after their City Council terms end. She also asked for a report on the forensic examination of the Western Riverside CCA from the Authority's consultants so that the Board may understand what happened there, in efforts not to make similar mistakes.

8. REPORT BY CHIEF EXECUTIVE OFFICER

CEO Probolsky reported staff has begun the process of onboarding PEA, the Authority's Power Manager and integrating them with the Authority's start up consultant firm EES, and are beginning to seek power agreements as well as begin discussions with Southern California Edison regarding resource adequacy. He stated the recruitment for Power Resources Director has been out for several weeks, with an initial closing date of June 28th. He stated he feels staff has clear direction from the Board regarding negotiation of the contracts that were on the agenda and that they will bring those back for the Board's final review and approval once negotiations are complete.

9. REPORT BY GENERAL COUNSEL

General Counsel Baron had nothing to report.

10. ADJOURNMENT

On a motion by Vice Chair Jung, second by Director Khan, Chair Carroll adjourned the meeting at 11:46 a.m.



Brian Probolsky, Authority Secretary