

**Clean Energy Alliance - Board of Directors
Adjourned Meeting Minutes
January 13, 2022, 2:00 p.m.
Virtual Meeting
Teleconference Locations Per Government Code Section 54953(3) (Assembly Bill 361)**

CALL TO ORDER - Chair Becker called to order the adjourned meeting of the Clean Energy Alliance at 2:02 p.m.

ROLL CALL: Board members: Druker, Inscoe, Musgrove, Acosta, Chair Becker

FLAG SALUTE: Chair Becker led the flag salute.

BOARD COMMENTS & ANNOUNCEMENTS PRESENTATIONS: Board Member Acosta commented that she is now the primary representative to the CEA Board and shared her excitement on working with the Board.

PRESENTATIONS: None

PUBLIC COMMENT: None

Consent Calendar

Item 1: Consideration of Adoption of Resolution No. 2022-001 Approving Credit Agreement Amendment and Fee Agreement with JPMorgan Increasing the Line of Credit from \$6MM to \$15MM

RECOMMENDATION

1) Adopt Resolution No. 2022-001 approving credit agreement amendment with JPMorgan, in a form substantially as attached, increasing the line of credit from \$6MM to \$15MM and authorize the Chief Executive Officer to execute all documents, subject to Special and General Counsel approval; and

2) Approve related Fee Agreement with JPMorgan and authorize the Chief Executive Officer to execute all documents, subject to Special and General Counsel approval.

Board Member Druker recused himself from participating on this item due to a conflict of interest – the company he works with has a financial relationship with JPMorgan/Chase. Member Druker left the virtual dias by muting his mic and exiting video.

Alternate Board Member Worden recused himself from participating on this item due to a conflict of interest – owning stock in JPMorgan and left the virtual dias by muting his mic and exiting video.

Chief Executive Officer Barbara Boswell presented the item and explained that current market conditions pushed power supply costs in excess of estimates and significant constraints with supply and drought has affected hydroelectric supply, and delays in new renewable facilities coming on line which has caused an increase in pricing beyond what was expected for initial procurement and driven the need to request an increase in CEA's Line of Credit. JPMorgan reviewed current agreement and financial projections and JPMorgan Credit Committee authorized a credit increase from \$6.00MM to \$15.00MM with no change to repayment date terms. Additional quarterly and annual reporting requirements will include debt service coverage ratio, days liquidity on hand, updates to annual budget, liquidity report disclosing available liquidity, unrestricted cash report, and power supply hedge position. In addition, CEA rate increases of 5% or greater must be reported to JPMorgan within five business days of Board adoption; the Debt Service Coverage Ratio (DSCR) must be maintained at 1.40X with test start date move from 6/30/22 to quarter ending 6/30/2023. If the DSCR is not met the amendment allows for liquidity on hand to be substituted for curing the default which can be used two times in any four consecutive quarters. Repayment of \$5,000,000 principal payment of outstanding line of credit is due by December 31, 2023, and may be re-borrowed after 30-day waiting period.

Ms. Boswell reviewed the rolling power supply hedge requirement percentages for Calendar Years 2022 through 2024 commenting that annual meetings between JPMorgan and CEA to review and discuss market conditions will take place and based on the meeting the hedge positions may be rolled into future years at JPMorgan discretion. However, if CEA demonstrates that achieving the hedge positions would be adverse to CEA's financial position they will not be required. Lastly, the current interest rate London Interbank Offered Rate (LIBOR) is discontinued to Secured Overnight Financing Rate (SOFR). Staff, legal team, and technical consultants determined terms are acceptable and achievable.

Board comments and questions included: How will energy procurement for Escondido and San Marcos take place; the price difference in short term energy versus long range energy procurement; CEA rate increase and if CEA is able to maintain the 2% savings over SDG&E rates; CEA team analysis to drawdown \$5.00MM versus JPMorgan recommendation to drawdown \$6.00MM – is that to address any gap and assuming interest will be paid on \$6.00MM is that necessary to do at this time; CEA payment of original \$5.00MM by 12/2023 and if analysis of lowering reserves to pay off JPMorgan debt might be warranted.

Chief Executive Officer Boswell explained that energy procurement takes place monthly in slices of what needs are to accommodate price fluctuation; short term procurement is more costly than long range procurement; SDG&E rates increased to reflect the higher cost of power, CEA was able to maintain the 2% savings on the generation portion on the Clean Impact product; JPMorgan looks at the credit increase request as a one-time amendment setting the line of credit at a level that would address any unanticipated cost related to expansion and there is a small fee (1-2%) assessed on available funds that are not drawn; Board policy indicates 5% revenue is set aside into operational reserve and dipping into that reserve to repay the loan is not recommended by staff.

Mr. Rob Howard of Oceanside addressed the Board regarding the line of credit and adequate funding for expansion of CEA.

Motion by Chair Becker, second by Board Member Musgrove, to adopt Resolution No. 2022-001 approving credit agreement amendment with JPMorgan, in a form substantially as attached to the agenda item, increasing the line of credit from \$6MM to \$15MM and authorize the Chief Executive Officer to execute all documents, subject to Special and General Counsel approval; and approve related Fee Agreement with JPMorgan and authorize the Chief Executive Officer to execute all documents, subject to Special and General Counsel approval. Motion carried unanimously, 4/0.

BOARD MEMBER REQUESTS FOR FUTURE AGENDA ITEMS: Chair Becker requested that election of a new Vice Chair be placed on the next agenda.

Member Musgrove requested that the term of service for Chair and Vice Chair be added to CEA JPA bylaws.

ADJOURN: Chair Becker adjourned the meeting at 2:47 p.m.

DocuSigned by:

Susan Caputo

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Susan Caputo, MMC
Interim Board Clerk