



Finance & Risk Management Committee Meeting

September 19, 2024





**Welcome
&
Call to
Order**


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Roll Call



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**Items to
be Added,
Withdrawn
or
Reordered
on the
Agenda**

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Public Comment for Items not on the Agenda

Consent Calendar

1. Approval of June 20, 2024,
Meeting Minutes

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Public Comment on Consent Calendar

Regular Agenda

2. Review of Treasurer's Report for Period Ending June 30, 2024
3. Presentation and Update on Clean Energy Prepayment Financing
4. Recommend Approval of Bond Issuer for Energy Prepayment Transaction

Item No. 2

Treasurer's Report for Period Ending June 30, 2024

Recommendation: Receive and File Treasurer's Report for Period Ending June 30, 2024

Presenter:

Dr. Eric Washington,
Chief Financial Officer

Item No. 2: Treasurer's Report

YTD FY24 Budget v. Actual

Results for the period underperformed overall compared to the adopted budget:

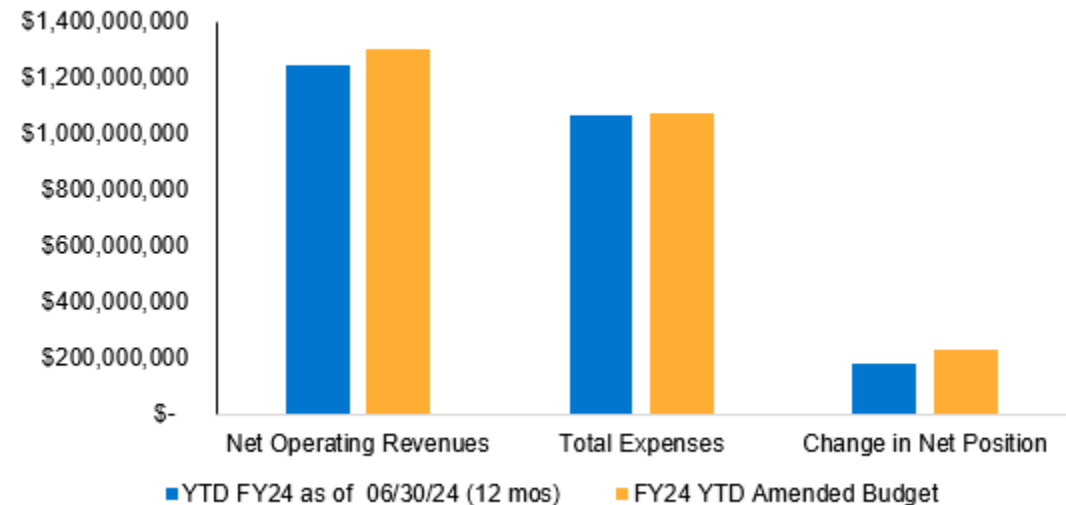
- Net operating revenues 5.0 percentage points under budget.
- Operating expenses came in 1.0 percentage points under budget

Financial results for the YTD FY24:

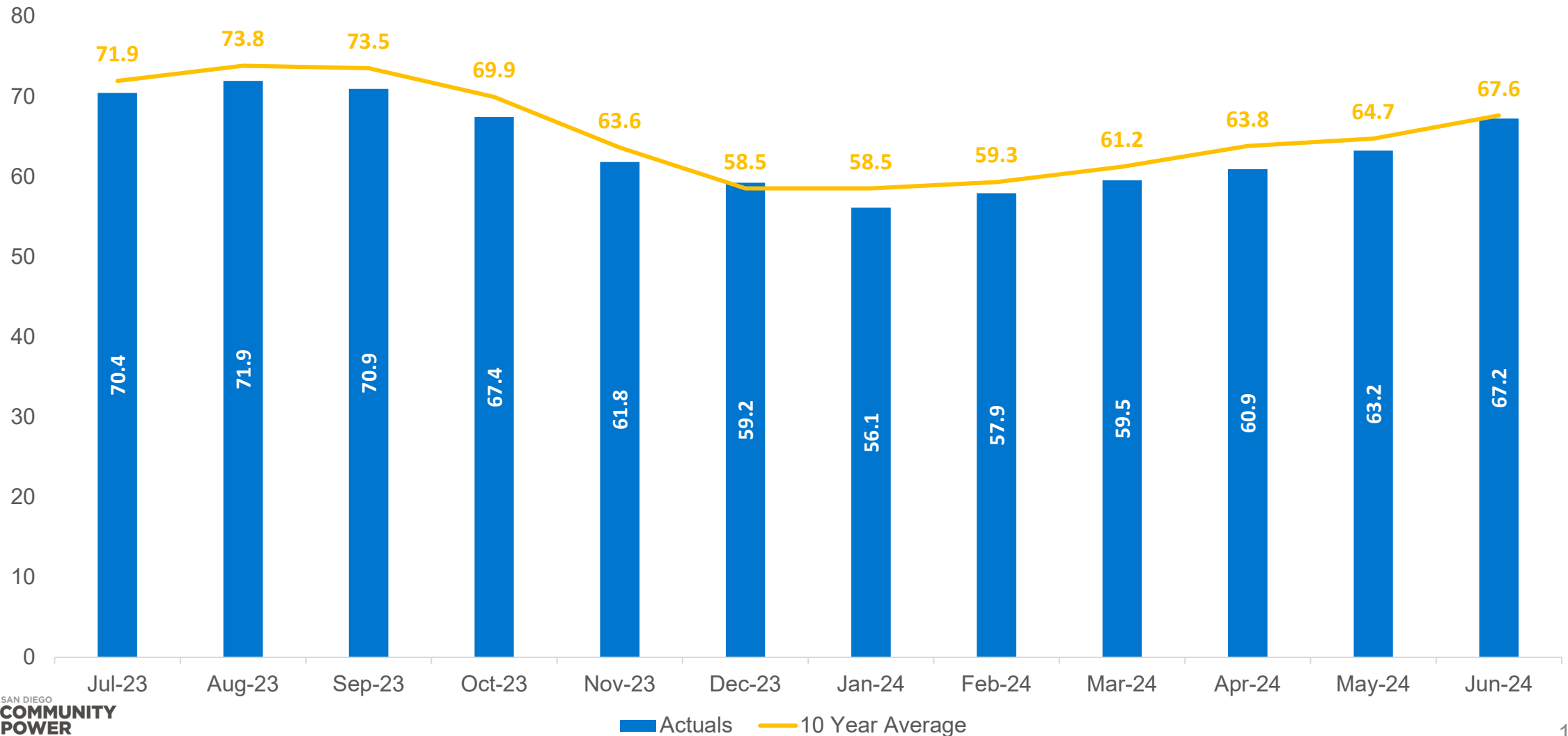
- \$1.24M in net operating revenues
- \$1.07M in total expenses (includes energy costs of \$1.04M or 83% of net revenues)
- \$179M change in YTD net position

Budget Comparison					
	YTD FY24 as of 06/30/24 (12 mos)	FY24 YTD Amended Budget	Budget Variance (\$)	Budget (%)	
Net Operating Revenues	\$ 1,244,325,827	\$ 1,304,274,067	\$ (59,948,240)	95%	
Total Expenses	\$ 1,065,625,201	\$ 1,071,601,284	\$ (5,976,083)	99%	
Change in Net Position	\$ 178,700,626	\$ 232,672,783	\$ (53,972,157)	-23%	

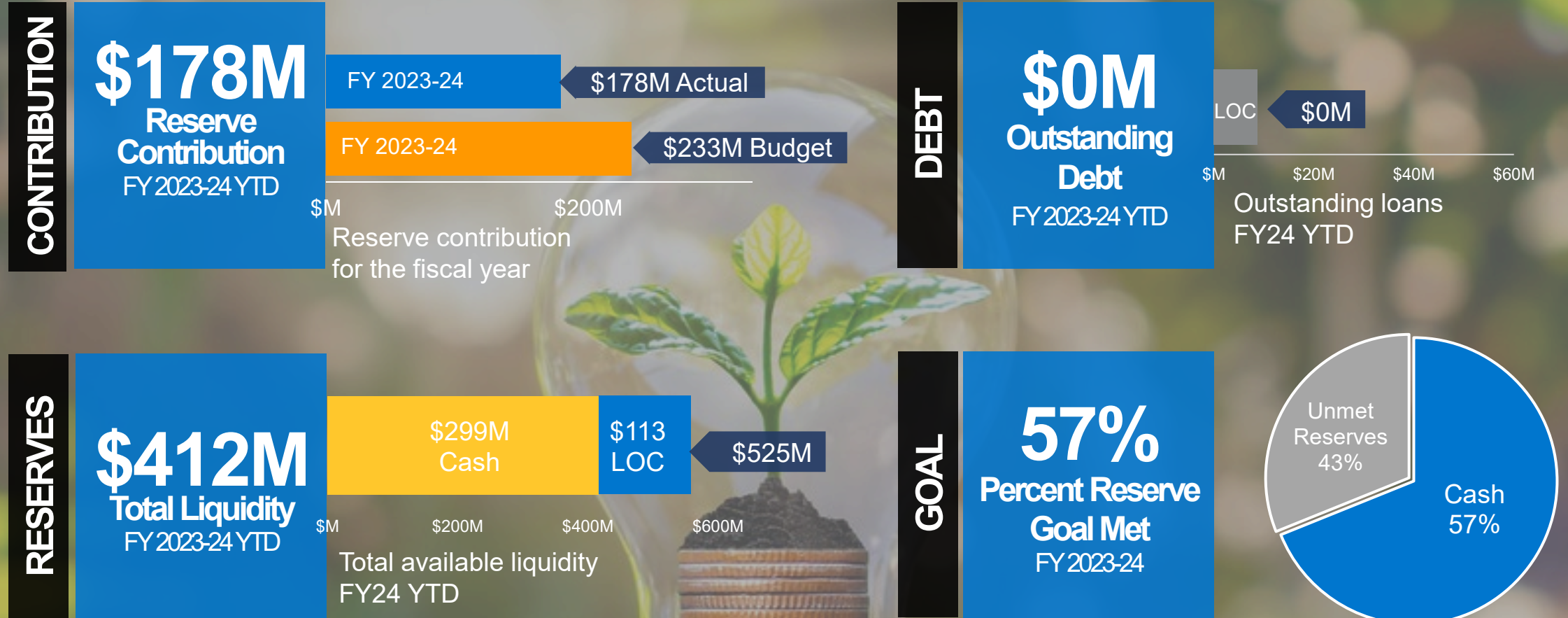
YTD FY24 Results v. Budget



Actual Temperatures vs. Historical Averages

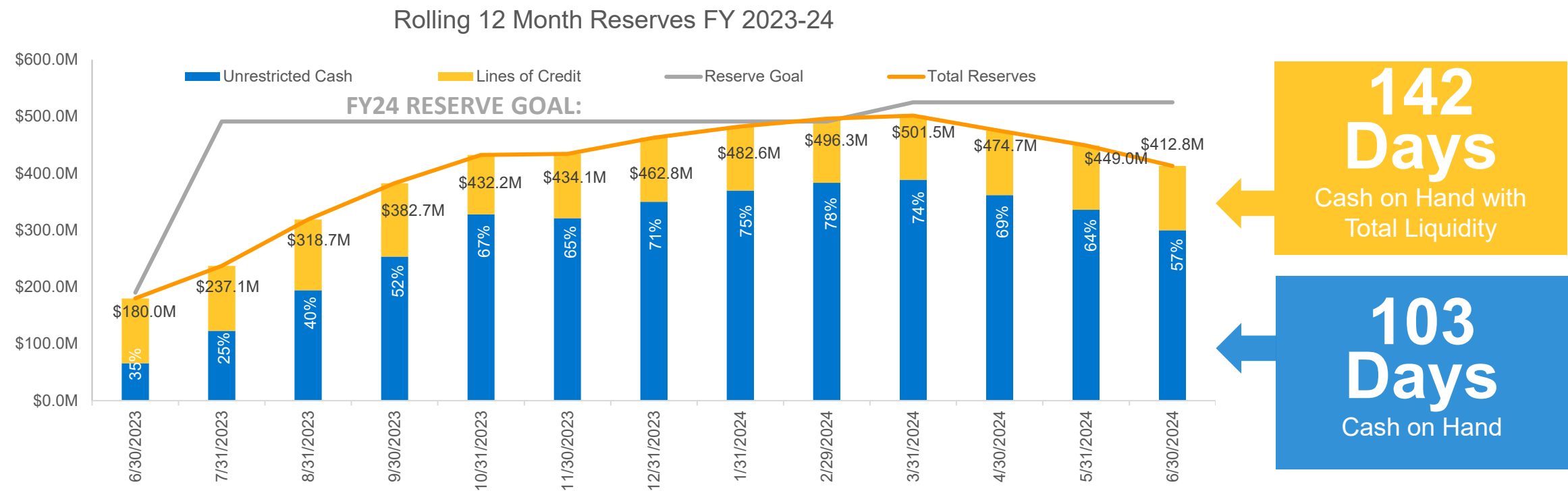


Item No. 2: Treasurer's Report



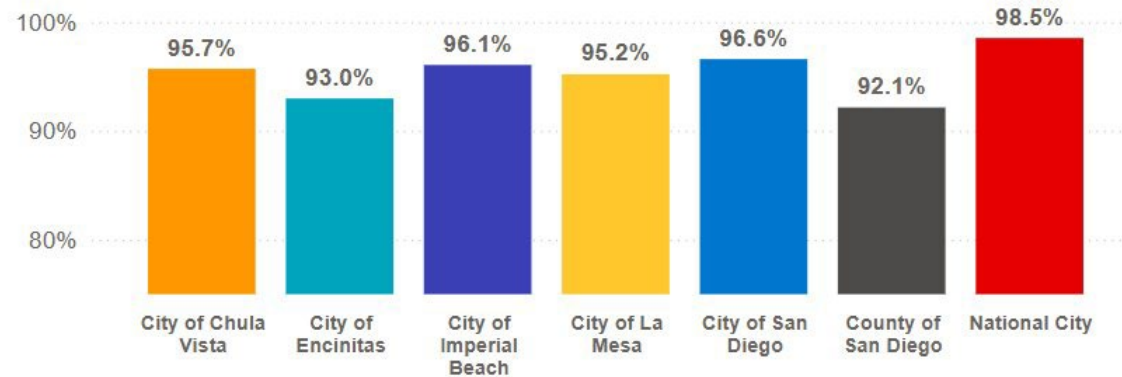
\$525M 180-DCOH
Reserve Target FY24

Item No. 2: Treasurer's Report



Item No. 2: Treasurer's Report

Participation by Jurisdiction



Jurisdiction	Service Option Default	Eligible Accounts	Enrolled Accounts	Participation Rate
City of Chula Vista	PowerOn	98,768	94,515	95.7%
City of Encinitas	Power100	28,608	26,598	93.0%
City of Imperial Beach	PowerOn	10,965	10,532	96.1%
City of La Mesa	PowerOn	29,519	28,101	95.2%
City of San Diego	PowerOn	624,511	603,205	96.6%
County of San Diego	PowerOn	190,462	175,503	92.1%
National City	PowerOn	19,586	19,296	98.5%
Total		1,002,419	957,750	95.5%



Public Comment for Item No. 2

Item No. 3

Presentation and Update on Clean Energy Prepayment Financing

Recommendation: Receive and File Presentation and Update on Clean Energy Prepayment Financing

Presenter:

Dr. Eric Washington,
Chief Financial Officer



SAN DIEGO
**COMMUNITY
POWER**

Energy Prepayment Discussion

September 19, 2024

PFM Financial Advisors LLC

555 W. 5th Street
Suite 3500
Los Angeles, CA 90013

213.489.4075

Prepayment Transaction Overview

- **Goal** – Reduce cost of power purchases by 8% or more
- **How** – Leverage use of tax-exempt bonding capacity to secure long-term supply

Background

- Codified in the U.S. tax law
- Used since the 1990s largely for natural gas transactions
- Over 100 transactions totaling over \$70 billion completed in the U.S. – mostly for gas
- Eleven energy prepayment transactions totaling \$9.8 billion completed last few years for six California Community Choice Aggregators:
 - East Bay Community Energy
 - Silicon Valley Clean Energy
 - Marin Clean Energy
 - Pioneer Community Energy
 - Clean Power Alliance
 - Central Coast Community Energy

Prepayments That Have Been Completed by CCAs in California

Date	Amt. (\$000)	Issuer	Description	Beneficiary
09/2021	1,234,720	California Community Choice Fin Auth	Elec (Green)	SVCE, EBCE
11/2021	602,655	California Community Choice Fin Auth	Elec (Green)	MCE
06/2022	931,120	California Community Choice Fin Auth	Elec (Green)	EBCE
12/2022	459,640	California Community Choice Fin Auth	Elec (Green)	Pioneer
01/2023	841,550	California Community Choice Fin Auth	Elec (Green)	SVCE
02/2023	998,780	California Community Choice Fin Auth	Elec (Green)	CPA
06/2023	958,290	California Community Choice Fin Auth	Elec (Green)	CPA
08/2023	997,895	California Community Choice Fin Auth	Elec (Green)	EBCE
10/2023	647,750	California Community Choice Fin Auth	Elec (Green)	CCCE
12/2023	1,038,285	California Community Choice Fin Auth	Elec (Green)	MCE
01/2024	1,101,625	California Community Choice Fin Auth	Elec (Green)	SVCE
Total	\$9,812,310			

- All transactions to date have achieved a 9.5% savings or better.
- Most recent transactions have been over 12%

Prepayments That Have Been Completed by Municipal Utilities in California

Date	Amt. (\$000)	Issuer	Description	Beneficiary
06/2006	230,845	Vernon Nat. Gas Fin Auth	Nat Gas	City of Vernon Elec
01/2007	209,350	Roseville Natural Gas Fin Auth	Nat. Gas	City of Roseville Elec
05/2007	757,055	Northern Ca Gas Auth No. 1	Nat. Gas	SMUD
09/2007	887,360	Long Beach Bond Fin Auth	Nat. Gas	City of Long Beach
10/2007	504,445	So. Ca. Pub. Power Auth	Nat. Gas	Multiple MOUs
10/2007	251,695	Long Beach Bond Fin. Auth	Nat. Gas	City of Long Beach
08/2009	901,620	M-S-R Energy Authority	Nat. Gas	MID/Redding/SVP
10/2009	514,160	So. Ca Pub Power Auth (Windy Flats)	Elec (Wind)	LADWP, Mult. MOUs
04/2010	778,665	Cal. Statewide Comm Dev Auth	Nat. Gas	SMUD
2010/11	394,700	So. Ca Pub Power Auth (Milford 1 & 2)	Elec (Wind)	LADWP, Mult. MOUs
12/2018	539,615	Northern Ca Energy Auth	Gas/Elec	SMUD
Total	\$5,969,510			

Entities Involved in a Prepayment Transaction

- **SD Community Power** – Has existing Power Purchase Agreement(s) for clean energy
- **Prepay Counterparty** – Typically a financial institution with a commodity presence or a financial institution partnered with a commodity market participant
- **Issuer** – Bond issuing entity formed for sole purpose of selling the prepayment bonds, typically a Joint Powers Authority (“JPA”). All other CCAs have used California Community Choice Financing Authority (CCCFA)
- **Existing Power Supply Counterparty** – Agrees to limited assignment of the existing PPA
- **Bond Investors** – Purchase the non-recourse tax-exempt prepayment bonds
- **Service Providers** - Municipal financial advisor, bond, tax and disclosure counsel, to support the structuring and issuance of a prepayment transaction.

Prepayment Timeline

- ~~Nov 7, 2023:~~ ~~Request for Proposal (RFP) was issued for Municipal Financial Advisor (MFA)~~
- ~~Dec 28, 2023:~~ ~~PFM Financial Advisors LLC (PFM) was selected as MFA~~
- ~~Feb 15, 2024:~~ ~~Finance and Risk Management Committee (FRMC) Prepaid Financing Presentation~~
- ~~Feb 22, 2024:~~ ~~Board Presentation Prepaid Financing Presentation~~
- ~~Apr 19, 2024:~~ ~~RFP issued for underwriter and legal services (bond, tax, disclosure)~~
- ~~Aug 22, 2024:~~ ~~Legal counsel agreement with Chapman & Cutler for disclosure services—~~
~~Potential Board approved~~
- Sep 19, 2024: FRMC – Presentation and potential recommendation for Board approval of Resolution for Bond Issuer**
- Sep 26, 2024:** Board – Presentation and potential approval of Resolution for Bond Issuer
- Oct 17, 2024:** FRMC – Presentation and potential recommendation for Board approval on Resolution to authorize documents
- Oct 24, 2024:** Board – Presentation and potential recommendation for Board approval on Resolution to authorize documents
- Nov 21, 2024:** Execute prepaid agreement
- Dec 5, 2024: Closing**



Public Comment for Item No. 3

Item No. 4

Recommend Approval of Bond Issuer for Energy Prepayment Transaction

Recommendation: Recommend Board Adoption of Resolution approving the selection of California Community Choice Financing Authority (CCCFA), a joint powers authority, as the Bond Issuer for a potential SD Community Power energy prepayment financing transaction and authorizing SD Community Power to join the CCCFA as an Associate Member.

Presenter:

Dr. Eric Washington,
Chief Financial Officer



Public Comment for Item No. 4

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Committee Member Announcements



Adjournment

Next Regular
**Finance & Risk
Management
Committee
Meeting**

October 17, 2024

