Regular Meeting Agenda

1. Welcome
2. Roll Call
3. Public Comment for Items Not on the Agenda
4. Items to be Added, Withdrawn, or Reordered on the Agenda
5. Treasurer’s Report from Maher Accountancy
6. Review and Recommend Board Approval of FY22 Budget
7. Review and Recommend Board Approval of FY21 Financial Audit Preparation
8. Review and Recommend Board Approval Financial Reserves Policy Draft
9. Committee Member Announcements
10. Adjournment
Item 5

Treasurer’s Report from Maher Accountancy

Presenter:
Mike Maher, Maher Accountancy
Item 6

Review and Recommend Board Approval of FY22 Budget

Presenter: Eric Washington, CFO
Item 6: Approve FY22 Budget

FISCAL YEAR 2022 BUDGET

for the period

July 1, 2021 through June 30, 2022
### FY22 - Supplemental Budget Details

#### OPERATING REVENUES
- Gross Ratepayer Revenues $318,320,860
  - (Less 1% Uncollectible Customer Accounts) $3,183,209
- Net Operating Revenues $315,137,651

#### OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Expense Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Energy</td>
<td>$284,304,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$284,304,000</td>
</tr>
<tr>
<td>Personnel Costs</td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$3,541,667</td>
</tr>
<tr>
<td>Benefits (retirement/health)</td>
<td>$ 972,400</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>$ 270,938</td>
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<tr>
<td>Accrued PTO</td>
<td>$ 100,000</td>
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<tr>
<td>Contingency</td>
<td>$ 100,000</td>
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<tr>
<td><strong>Total</strong></td>
<td>$ 4,885,005</td>
</tr>
<tr>
<td>Professional Services and Consultants</td>
<td></td>
</tr>
<tr>
<td>Legal/Regulatory</td>
<td>$ 895,000</td>
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<tr>
<td>Technical Support</td>
<td>$ 947,000</td>
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<tr>
<td>Programs Consultant</td>
<td>$ 350,000</td>
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<tr>
<td>Broker Fees</td>
<td>$ 100,000</td>
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<tr>
<td>Other Services</td>
<td>$ 383,000</td>
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<tr>
<td>SDG&amp;E Fees</td>
<td>$ 1,422,000</td>
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<tr>
<td>Data Management</td>
<td>$ 652,994</td>
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<tr>
<td>Contingency</td>
<td>$ 224,000</td>
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<tr>
<td><strong>Total</strong></td>
<td>$ 4,980,964</td>
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<tr>
<td>Marketing and Outreach</td>
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<tr>
<td>Communications Consultants</td>
<td>$ 690,000</td>
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<tr>
<td>Notices and Mailers</td>
<td>$ 240,000</td>
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<tr>
<td>Printing</td>
<td>$ 277,000</td>
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<tr>
<td>Sponsorships/Local Members</td>
<td>$ 150,000</td>
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<tr>
<td>Pilot Member City Grants</td>
<td>$ 150,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 1,417,000</td>
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<tr>
<td>General and Administration</td>
<td></td>
</tr>
<tr>
<td>Cal CCA Dues</td>
<td>$ 350,000</td>
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<tr>
<td>Insurance</td>
<td>$ 125,000</td>
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<tr>
<td>Rent</td>
<td>$ 120,000</td>
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<tr>
<td>Other G &amp; A</td>
<td>$ 250,000</td>
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<tr>
<td><strong>Total</strong></td>
<td>$ 845,000</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$296,431,999</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>$ 18,705,652</td>
</tr>
</tbody>
</table>
Item 6 Approve FY22 Budget

FY21 and FY22 Budget Comparison

Revenues – takes into account sales of electricity to customers from Phase 1, 2, and the beginning of Phase 3, include opt outs and rates.
Item 6: Approve FY22 Budget

Operating Expenses FY21-22

- $1,417,000
- $4,981,000
- $845,000
- $4,885,000
- $284,304,000

Cost of Energy
Personnel Costs
Professional Services and Consultants
Marketing and Outreach
General and Administration
Item 6: Approve FY22 Budget

Operating Expenses FY21-22

- Cost of Energy
- Personnel Costs
- Professional Services and Consultants
- Marketing and Outreach
- General and Administration

Amended FY 2021 Budget
- $33.78

Proposed FY 2022 Budget
- $296.43

Total Operating Expenses

- Millions
  - $- to $350
  - $284,304,000
  - $4,885,000
  - $4,981,000
  - $1,417,000
  - $845,000
Item 6: Approve FY22 Budget

Net position – FY22 proposed $17.7M. See Agenda Item 8: Reserve Policy.
Item 7

Review and Recommend Board Approval of FY21 Financial Audit Preparation

1. Approve Interim CEO or designee to sign the engagement letter
2. Approve Interim CEO or designee to execute the multi-year PSA

Presenter:
Eric Washington, CFO
Item 7: Approve FY21 Financial Audit Preparation

Auditor: Also completed FY20 CPA audit report

- Term: 1 year with two 1-year renewal options with a 60-day notice period
- Fees: $21,000/year Not to exceed $63,000

Presenter: Eric Washington, CFO
Item 8

Review and Recommend Board Approval of Financial Reserves Policy Draft

Presenter:
Eric Washington, CFO
Item 8: Approve Financial Reserve Policy FY

Purpose: To maintain Financial Reserves as described in this policy to:

- Meet SDCP’s strategic objectives
- Secure favorable terms with vendors, including power producers
- Secure a standalone investment grade credit rating
- Provide funds to cover unanticipated expenditures

How do we get there? 15-percent of annual gross revenue to be allocated toward reserve with a target of 90-days of operating cash on hand.

Presenter: Eric Washington, CFO
Item 9: Committee Member Announcements

Item 10: Adjournment
Finance and Risk Management Committee

Next Regular Meeting
July 20, 2021