



**BOARD OF DIRECTORS  
MEETING MINUTES  
THURSDAY, DECEMBER 1, 2016  
50 Santa Rosa Avenue, Fifth Floor, Santa Rosa, California**

**I. CALL TO ORDER (8:45A.M.)**

The meeting was called to order at 8:45A.M. by Chair Slayter

Present: Chair Slayter, Directors Landman, Okrepkie, Wysocky, Cox, Schwartz, Cook, Hamburg

**II. BOARD OF DIRECTORS CONSENT CALENDAR**

1. Approve the minutes of the October 13, 2016 meeting of the SCPA Board of Directors.

Motion to approve by Director Schwartz

Second: Director Landman

Motion approved: 8-0-0

Public Comment: None

**III. BOARD OF DIRECTORS REGULAR CALENDAR**

Chair Slayter reordered the Regular Calendar due to Director Carrillo arriving at a later time. He stated that Items 2 and 3 will be moved to follow item 4.

4. Receive Operations Update and provide direction as appropriate.

Present: CEO Syphers

CEO Syphers welcomed Director Hamburg from Mendocino. He stated that the annual outside financial audit has been completed. The amount allocated to reserves for the fiscal year was \$16 million; \$13.6 million in the general reserves and \$2.4 into program reserves. The first Community Advisory Committee Meeting was held on November 30.

*Vice Chair King arrived at 8:47.*

General Counsel Steve Shupe discussed the Power Charge Indifference Adjustment (PCIA) and a 6-month work group process to try to fix and make more transparent the PCIA fees charged to our customers. Much is being learned about how things are calculated.

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*Director Carrillo arrived at 8:53.*

Counsel Shupe stated over time as PG&E's contracts end, the PCIA can decrease. CEO Syphers stated that generation is not PG&E's main source of profit.

Director Wysocky asked about the decommissioning of PG&E power plants. Counsel Shupe stated that SCP is working with PG&E on issues related to the Diablo Canyon closure. Director Carrillo asked what could be done to engage our existing rate payers. CEO Syphers stated work needs to be done at the CPUC and in Sacramento.

Programs Director Jan McFarland gave an update on the Drive EverGreen program. She stated that as of November 30, 262 certificates have been issued and we have deployed 94 EVs; 76 as leases and 18 purchased vehicles. 77% of funding has gone to standard customers and 23% to CARE/FERA. There have been 140 chargers ordered with 133 signed up for demand response.

Director Wysocky asked what funds are still available in this program to date. Program Director McFarland stated \$262,500 and that the Drive Evergreen budget of \$1.5 million was based on \$1.5 million for standard customers and \$500,000 for CARE/FERA customers.

Director Landman asked if there was any more interest from other manufacturers. Program Director McFarland stated the RFP was issued to all dealers and manufacturers that carry EVs and that she thinks there will be more interest if we decide to do a similar program in the future.

Public comment: None

5. Receive results and accept audited Financial Statements for Fiscal Years ending June 30, 2015 and June 30, 2016. 9:22

CEO Syphers introduced CPA Mike Maher. There were no recommended adjustments to the audit. CEO Syphers stated that SCP ended the last fiscal year \$40.5 million in net position. Mr. Maher stated that the auditors had a clean opinion with no adjustments and that marks every year working with SCP. He stated that total assets doubled from one year from about \$34 million to about \$62 million and revenues increased 50-60 percent. He stated there is no debt this year and we're entered into a number of contracts that extend to 25-30 years.

Public comment: None

Motion to approve by Director Landman  
Second: Director Okrepkie  
Motion approved: 10-0-0

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6. Receive State Legislative Update and provide direction as appropriate.

Kate Brandenburg gave a brief update on legislation. She stated that December 5th the legislature will return to start the beginning of a two-year session.

CEO Syphers stated that the operating community choice programs in California (CALCCA) have been meeting regularly and building political strength. Director Okrepkie asked about current and proposed future membership for CALCCA. CEO Syphers stated there are six operating programs statewide and three more are anticipated by next summer.

Vice Chair King requested that future reports include some comments regarding the pushback between California and the federal government regarding environmental protections.

Public Comment: none

Chair Slayter stated that Items 7 and 8 will be addressed together.

7. Review and approve budget adjustment for Fiscal Year 2016-2017
8. Review and consider approval of new customer electric generation rates.

CEO Syphers stated that last year we saw PG&E's PCIA fee to our customers increase about 100% for residential customers and this year in June we have an expectation that we'd also see an increase in January, 2017. He stated that PG&E's November revise showed issues such as a significant decrease in their generation cost for their bundled customers and an even bigger increase in the fee predicted in June. He stated that this prompted SCP to look at several factors such as where would our rates be relative to PG&Es and what impact this may have on the enrollment in Mendocino. CEO Syphers gave scenarios for rate adjustments for Jan, March, and June 2017 and stated that staff recommends waiting until March 2017 to allow time to look at PG&E's actual adopted rates.

Chair Dowd of the CAC stated he was impressed with members of Community Advisory Committee and they are looking forward to working together. He stated that they might set up subcommittees to work with staff on more complex issues. Chair Dowd stated that the CAC had a robust discussion about PG&E changes and the CAC supports staff's recommendation to make the rate change effective March 1, 2017. He expressed concern that rates do not have a negative impact on the Mendocino rollout.

CEO Syphers stated that he would like the Board to approve the adjusted budget and to prepare for an adjustment to rates at the January 5 meeting.

Director Schwartz asked about the anticipated reserve level at the end of the fiscal year. CEO Syphers stated that the total for general reserves would be \$19.9 million

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and program reserves approximately \$3.5 million, for a total of \$22 million. CEO Syphers stated SCP is ahead of schedule on contributions to reserves but the proposed rate reduction would reduce the rate of contributions.

Vice Chair King asked if the Board would have final numbers by the January 5 meeting. CEO Syphers stated that final numbers would be brought to the meeting, as they would not be ready before the packet is posted. Vice Chair King stated that there is a two-month period where rates will be higher and asked if there is a plan to deal with this in a marketing perspective for the customers. CEO Syphers stated there are two important considerations: 1) if this Board has already voted to reduce rates by the time customers notice an increase on bills; 2) if customers opt-out in January or February they will have to wait a year to come back and they will pay a transitional rate for six months which may be higher or lower. He stated that customers will be informed of this when choosing to opt out.

Public comment:

Bob Williamson stated the CAC had good discussions on pricing philosophy and what it means to be competitive with PG&E. He stated that SCP has to be careful and reach out to customers to see what they think about the matter.

Paul Brophy asked if we could establish consistent terminology that identifies the different types of reserves.

Director Hamburg stated that his number one goal is to keep people from opting out. He stated that he appreciates CEO Syphers and the SCP staff for all of their work and making this successful and for the Board to take this course of action.

Motion to approve Items 7 and 8: Director Cook  
Second: Director Carrillo  
Motion approved: 10-0-0

9.

Review and approve performance objectives for Chief Executive Officer.

Chair Slayter stated that the Board recently negotiated a new contract with our CEO. The contract required that the CEO provide objectives to the Board and CEO Syphers provided six objectives for consideration.

Director Schwartz asked how CEO Syphers would document Item D on Page 84 and he asked what would be the required program dollar budget to support it. CEO Syphers stated that he can document with actual verified contracts through Drive EverGreen and the Center for Sustainable Energy. CSE gets copies of leases and purchase agreements which verify each of those purchases or leases before any incentives are issued. Director Schwartz asked if CEO Syphers would be ok with changing the language in Item D and CEO Syphers agree to propose new language.

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Director Schwartz stated that he'd like a definitive date for when we will have a table that's easily understood comparing the dollars spent and the amount of GHG reduction. CEO Syphers responded that he likes the idea and the challenge is if you're doing something about market transformation you can't develop a number because it's a forecast. He stated that maybe we produce a first round of those metrics and have a discussion for transparency. Director Schwartz stated that he'd like to have the table but with the assumptions outlined for each program.

Director Cook would like to see items that are auditable. He stated that he supported all six items. Chair Slayter stated a long range succession plan is needed for the CEO position. CEO Syphers stated that he is working on this internally. Director Landman also commented on the need for succession planning. Vice Chair King stated that the Board should be careful not to get too subjective on goals.

Director Wysocky stated that he thinks Item A is a Board function and not the CEO's responsibility and that he would like to see a broader scope of programs. CEO Syphers stated that he can modify the language.

Director Schwartz proposed three amendments. One is to change the language in Item D to read "demonstrate the purchase or lease of at least 200 electric vehicles", second, to create a Board approved methodology for evaluating programs and third, to create a Board approved succession plan by the end of the fiscal year.

Director Landman asked CEO Syphers if any stepping stone on succession planning could be defined and potentially accomplished with the timeframe we have. CEO Syphers stated that a proposed succession plan could be provided to the Board by the end of this fiscal year. He proposed taking that as direction from the Board outside of the contract. Director Landman stated that he'd like Item B taken out of the objectives with the commitment to bring an initial discussion proposal no later than the March meeting.

Chair Slayter stated that there are CEO employee goals and agency goals which are different. He suggested a workshop for these discussions and he and the Vice Chair will talk to staff about how to do this and propose something to the Board.

Public Comment: None

Motion to approve, with proposed amendments of 1) change the language in Item D to read "demonstrate the purchase or lease of at least 200 electric vehicles" 2) propose a methodology for evaluating programs to the Board no later than March 2017 and 3) to propose a succession plan to the Board by the end of the fiscal year by Director Carrillo

Second: Director Cook

10-0-0

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2. Presentation honoring Director Bob Cox and Director Gary Wysocky for their service on the Board of Directors and their contributions to the success of Sonoma Clean Power.
3. Presentation honoring Director Efren Carrillo for his indispensable leadership and his decisive role in the creation, formation, and operation of SCP.

The Board thanked Director Carrillo for all his hard work and assistance in helping the start-up of SCP. CEO Syphers stated that Director Carrillo was involved with every aspect of getting this program financially off the ground. He thanked Director Carrillo for his heart and being an incredible public servant. Counsel Shupe stated that SCP would not have happened without Director Carrillo and his work.

Public Comment:

Cordel Stillman thanked Director Carrillo and stated SCP would not have happened without him.

Woody Hastings stated that Director Carrillo was engaged, he understood, he articulated and he educated. He thanked all the directors and staff for their hard work and wants to continue to engage with everyone.

Bob Williamson stated that the balance that Director Carrillo showed between politics and business reality is very much appreciated.

Director Okrepkie stated that it was a pleasure working with Director Carrillo and that he has been exemplary in this organization.

Director Carrillo stated this was a collective project between the County, Water Agency, the public, etc. He stated that we are all environmentalists and the legacy we leave will far outlive us. He stated that this entity is in very good hands and he will miss serving on this Board.

**IV. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA**

Public Comment: None

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**V. ADJOURN**

The meeting was adjourned by Chair Slayter at 11:46 A.M.

Respectfully yours,

*Braiden Gugel*

Braiden Gugel  
Executive Assistant