



REDWOOD COAST EnergyAuthority

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BOARD FINANCE COMMITTEE **MEETING MINUTES**

Thursday, February 6, 2025
4:30 p.m.

Notice of this meeting was posted on February 3, 2025. Executive Director Elizabeth Burks called a regular meeting of the RCEA Board Finance Committee to order on the above date at 4:32 p.m. COMMITTEE MEMBERS PRESENT: Scott Bauer, Michael Gerace, Frank Wilson. ABSENT: Skip Jorgensen, Jason Ramos. STAFF PRESENT: Executive Director Elizabeth Burks; Business Planning and Finance Director Lori Biondini; Deputy Executive Director Eileen Verbeck; Board Clerk Lori Taketa.

ORAL AND WRITTEN COMMUNICATIONS

Member of the public Walt Paniak emailed concerns about Humboldt Sawmill Company's data reporting, RCEA's contracted rates with HSC and The Energy Authority (TEA), and suggested RCEA merge with a larger CCA to reduce customer prices. Executive Director Burks closed the public comment period.

APPROVAL OF MINUTES

No member of the public was present to comment on the draft minutes.

M/S: Bauer, Gerace: Approve minutes of May 14, 2024, Board Finance Subcommittee meeting.

The motion passed with the following vote. Ayes: Bauer, Gerace. Noes: None. Absent: Jorgensen, Ramos. Abstentions: Wilson.

NEW BUSINESS – Committee Chair Selection

Staff reported that the Board needs to extend term lengths for both Finance Committee membership and committee leadership positions to facilitate mid-year budget adjustment committee meeting scheduling. No member of the public commented on this agenda item.

M/S: Bauer, Wilson: Appoint Michael Gerace and Frank Wilson to serve as RCEA Finance Committee Chair and Vice Chair, respectively, to serve a one-year term ending February 28, 2026.

The motion passed with the following vote. Ayes: Bauer, Gerace, Wilson. Noes: None. Absent: Jorgensen, Ramos. Abstentions: None.

OLD BUSINESS — A. Fiscal Year 2024-2025 Draft Budget Adjustment

Deputy Executive Director Verbeck and Business Development and Finance Director Biondini presented the proposed adjustments to the fiscal year 2024-2025 budget and explained the financial model and Northern Rural Energy Network (NREN) funding changes triggering the draft budget adjustments.

The CPUC approved NREN funding and launch, adding \$7.1 million in revenue and expense to RCEA's budget. This funding offsets \$931,982 of the previously adopted budget's expenses. Recent TEA financial modeling projects RCEA's net revenue to be \$13.9 million, instead of the \$1.8 million negative net revenue projected in May 2024. Staff proposed reinstatement of the following budget items that were frozen, postponed or cut at the end of last fiscal year:

- Reinstatement travel and training budget
- Unfreeze vacant positions
- Reinstatement communication and outreach budget
- Fund compensation and classification study
- Increase electric vehicle rebates by \$50,000
- Fund audits and financial software
- Fund IT hardware replacements and software.

In May 2024, the Board asked for a mid-year evaluation of reinstating their 100% renewable and carbon-free procurement by 2025 target. In May, the Board reduced renewable power procurement standards to State-mandated levels to address the projected budget shortfall. Staff presented three renewable energy procurement options and their anticipated effects on RCEA's financial outlook:

1. Maintaining current State-level renewable procurement goals and selling renewable products that exceed those levels would result in an additional \$4 million in net revenue and a 47% renewable and carbon-free power portfolio.
2. Keeping current State-level renewable procurement goals and not selling excess renewable products would not change RCEA's net revenue levels but would result in a 75% renewable and carbon-free power portfolio.
3. Reinstating RCEA's procurement goals would result in negative net revenue (loss) of \$1.6 million but a 100% renewable and carbon-free portfolio.

The committee members supported the staff's recommendation to maintain current renewable and carbon-free procurement levels and retain energy products that exceed State-mandated levels within RCEA's portfolio (option 2). The directors expressed the need to build RCEA reserves to Reserve Policy goal levels to weather extreme market volatility and difficult renewable energy development conditions.

Staff and directors discussed how Tribal Energy Resilience and Sovereignty funds were not included in this budget adjustment due to uncertainty of receiving obligated federal funding for microgrid construction to provide more reliable electricity service to Hoopa Valley, Karuk, Yurok and Blue Lake Rancheria Tribe lands. The group discussed the establishment of a community benefit fund from non-ratepayer income, and the committee expressed a desire to

direct these funds first to families struggling to pay electricity bills. There was no public comment on this item.

FUTURE MEETING DATES

Executive Director Burks confirmed the following meeting dates:

- February 27, 2025, RCEA Board meeting to discuss draft budget adjustments.
- May 2025 and June Finance Committee meetings for draft fiscal year 2025-2026 budget review.

Chair Gerace adjourned the meeting at 5:50 p.m.

Lori Taketa
Clerk of the Board