Silicon Valley Clean Energy
Finance and Administration Committee Meeting
Tuesday, August 6, 2019
12:00 pm

Silicon Valley Clean Energy Office
Conference Room
333 W El Camino Real, Suite 290
Sunnyvale, CA

Director Gibbons will attend by teleconference from 55 Alder Lane, North Falmouth, MA 02556. Members of the public may provide testimony at the teleconference location.

AGENDA - Amended

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

The public may provide comments on any item not on the Agenda. Speakers are limited to 3 minutes each.

Consent Calendar

1a) Approve Minutes from the June 17, 2019 Finance and Administration Committee Meeting

1b) Approve to Recommend Human Resources Policy 5, Paid Time Off Cash-Out Option Policy

1c) Approve to Recommend Authorization to CEO to Execute Agreement with Richards, Watson & Gershon for Legal Services

Regular Calendar

2) Recommend Approval of Proposed FY 2019-20 Operating Budget (Action)

3) Long-term Power Prepay Agreement (Discussion)

4) Approve Regular Meeting Schedule of the Finance and Administration Committee (Action)

5) CEO Update (Discussion)

Committee/Staff Remarks

Adjourn

Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact the Clerk for the Authority at (408) 721-5301 x1005. Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.105 ADA Title II).
Call to Order

Vice Chair Miller called the meeting to order at 12:09 p.m.

Roll Call

Present:
Vice Chair Howard Miller, City of Saratoga
Director Liz Gibbons, City of Campbell
Alternate Director Rob Rennie, Town of Los Gatos
Director Javed Ellahie, City of Monte Sereno
Committee member Maria Öberg, County of Santa Clara

Absent
Director Bob Nuñez, City of Milpitas

Public Comment on Matters Not Listed on the Agenda
No speakers.

Consent Calendar

MOTION: Director Gibbons moved and Alternate Director Rennie seconded the motion to approve the consent calendar.

The motion carried unanimously with Director Nuñez absent.

1a) Approve Minutes from the January 25, 2019 Finance and Administration Committee Meeting

Regular Calendar

2) Selection of 2019 Finance and Administration Committee Chair and Vice Chair (Action)

MOTION: Alternate Director Rennie moved and Director Gibbons seconded the motion to nominate Director Miller to serve as Chair of the 2019 Finance and Administration Committee.
The motion carried unanimously with Director Nuñez absent.

MOTION: Committee Chair Miller moved and Director Gibbons seconded the motion to nominate Alternate Director Rennie to serve as Vice Chair of the 2019 Finance and Administration Committee.

The motion carried unanimously with Director Nuñez absent.

3) **Long-term Power Prepay Agreement (Discussion)**

CEO Girish Balachandran introduced the item and Michael Berwanger of PFM Financial Advisors LLC, participating by phone. Director of Finance and Administration Don Eckert presented a PowerPoint presentation with Berwanger, and noted the presentation was cleared with Goldman Sachs to share despite being marked as confidential. Berwanger provided brief introductory comments on PFM Financial Advisors LLC and information on the prepay market and agreement process; Director of Finance and Administration Eckert and Berwanger responded to committee member questions.

Committee member Öberg noted a reference to page 10 of the presentation, though the presentation distributed ended on page 7; Director of Finance and Administration Eckert noted the full presentation would be sent to the committee.

Committee Chair Miller requested a one-pager which would articulate the risks and details associated with engaging in a long-term power prepay agreement; CEO Balachandran noted a frequently asked questions document would be brought to the next Finance and Administration Committee meeting.

Director Gibbons requested a list of what SVCE would need to do procedurally to implement the long-term power prepay agreement, what the implications on SVCE's current contracts would be, and what SVCE would need to do for future contracts.

Berwanger noted he would send the offering statement from the Sacramento Municipal Utility District transaction for committee members to review.

CEO Balachandran summarized committee member requests for the next meeting:
- Explain the long-term power prepay agreement deal;
- Develop a question and answer document which outlines the risks and questions asked during the meeting, as well as distribute it the group to include additional questions and answers for the next meeting;
- Address three items regarding the process: 1) procedural, 2) current contracts, and 3) future contracts;
- Provide a listing of documents to be signed with the California Statewide Communities Development Authority;
- Address Power supply risks;
- Provide official statement and rating agency overview; and,
- Address what amount of bond SVCE should issue, as well as a diagram of staggered options.
4) Credit Rating Update (Discussion)

Director of Finance and Administration Eckert provided an oral report on the status of SVCE obtaining a credit rating; the committee and Berwanger discussed what could help SVCE get a high credit rating. Director of Finance and Administration distributed a document comparing SVCE and two other CCAs that have received credit ratings; staff responded to committee member questions.

Director of Finance and Administration noted a more detailed roadmap would be provided at the next Finance and Administration Committee meeting.

5) Financial Update of SVCE (Discussion)

Director of Finance and Administration Eckert presented a PowerPoint presentation and responded to committee member questions.

Committee Chair Miller requested staff solicit quotes from various banks prior to the renewal of SVCE’s line-of-credit with River City Bank; CEO Balachandran noted any responses received would be presented at the next Finance and Administration Committee meeting.

Committee Chair Miller suggested committee members email staff if they would like to see any additional topics at the next Finance and Administration Committee.

6) Select Next Meeting Date of the Finance and Administration Committee (Action)

Following brief discussion, the committee was in consensus to schedule the next Finance and Administration Committee meeting for Tuesday, August 6th, noon – 2pm at the SVCE office.

7) CEO Update (Discussion)

CEO Balachandran provided a report which included a legislative update.

Committee/Staff Remarks
None.

Committee Chair Miller reminded committee members to contact staff if they have any future agenda items.

Adjournment
Committee Chair Miller adjourned the meeting at 1:49 p.m.
To: Silicon Valley Clean Energy Finance and Administration Committee
From: Girish Balachandran, CEO

Item 1b: Approve to Recommend Human Resources Policy 5, Paid Time Off Cash-Out Option Policy
Date: 8/6/2019

RECOMMENDATION
Staff recommends that the Finance and Administration Committee recommend the Board approve HRP5 – Paid Time Off (PTO) Cash-Out Option Policy.

BACKGROUND
In an effort to provide employees with more flexibility in utilizing their time-off benefits or be able to respond to financial hardships, employees may consider cashing out accrued PTO up to eighty (80) hours per calendar year as long as the employee maintains a minimum balance of forty (40) hours in their PTO bank at the time of the cash-out.

STRATEGIC PLAN
The recommendation supports Best Place to Work Goal of the Strategic Plan.

FISCAL IMPACT
There is no fiscal impact with this report.

ATTACHMENTS
1. HRP5 – PTO Cash-Out Option Policy
2. Irrevocable PTO Cash-Out Form
PAID TIME OFF (PTO) CASH-OUT OPTION POLICY

I. PURPOSE
   a. Although Silicon Valley Clean Energy (SVCE) encourages employees to take time off away from work in order to have a more balanced lifestyle, SVCE is offering a PTO Cash-Out Option for eligible employees. This policy is intended to provide you with more flexibility in utilizing your time-off benefits.

II. SCOPE
   a. This policy applies to all SVCE Full-Time Employees.

III. POLICY
   a. At the time of the cash-out, a minimum of 40 hours MUST be retained in the PTO bank.
   b. Remember to allow enough PTO hours in your bank in order to cover vacation, sick days, and emergencies.
   c. Your PTO Cash-Out will be based on your current base pay at the time of the payout.
   d. PTO Cash-Out is subject to all applicable taxes and deductions taken on earnings.
   e. PTO Cash-Out will be exempt from deferred compensation (401a, 457b) deductions.
   f. Eligible employees are limited to two PTO cash-outs per calendar year but not to exceed 80 hours per calendar year.

IV. PROCEDURE
   a. To elect this benefit, you MUST complete the irrevocable PTO election form.
   b. A confirmation will be sent to you once the 40 hours in your PTO bank has been verified.
   c. The cash-out pay date will be made on the Friday of the following pay period.
IRREVOCABLE PTO CASH-OUT FORM

Date of Request:____________

Employee Name:_____________________________________

Number of PTO Hours Requested to Cash-Out:_______

Employee Signature:__________________________________

Supervisor Signature:_________________________________

Admin. Analyst Signature:_____________________________
(Confirms minimum PTO balance compliance)
Staff Report – Item 1c

To: Silicon Valley Clean Energy Finance and Administration Committee

From: Girish Balachandran, CEO

Item 1c: Approve to Recommend Authorization to CEO to Execute Agreement with Richards, Watson & Gershon for Legal Services

Date: 8/6/2019

RECOMMENDATION
Staff recommend that the Finance and Administration Committee recommend the Board authorize the CEO to execute an agreement with Richards, Watson & Gershon (RWG) for legal services from October 1, 2019 through September 30, 2020.

BACKGROUND
Silicon Valley Clean Energy (SVCE) has been utilizing the services of RWG since the Agency’s formation with the current agreement expiring on September 30, 2019. Compensation is to not exceed $185,000 for the term of the agreement. The compensation cap is the same as the current agreement.

ANALYSIS & DISCUSSION
The scope of work is included in Exhibit A to the Agreement with RWG (see Attachment 1) and includes:
- Attendance at the monthly SVCE Board of Directors meetings and any special meetings and workshops as required by the CEO or Chair of the Board.
- Brown Act, Conflict of Interest and Public Records Act advice and representation.
- Preparation or review of consultant and vendor contracts.
- Advice to the CEO and designated staff on administrative and operational matters.
- Research and advice on legal questions asked by the Board, CEO and designated staff.
- Advice and assistance on other legal matters as may be assigned by the CEO.

STRATEGIC PLAN
The recommendation supports staff in all areas of the Strategic Plan.

FISCAL IMPACT
The fiscal impact of this report is $185,000.

ATTACHMENTS
1. Agreement with Richards, Watson & Gershon for legal services.
AGREEMENT BETWEEN THE SILICON VALLEY CLEAN ENERGY AUTHORITY
AND
RICHARDS, WATSON & GERSHON
FOR
LEGAL SERVICES

THIS AGREEMENT, is entered into this 1st day of October, 2019, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, an independent public agency, ("Authority"), and RICHARDS, WATSON & GERSHON, a PROFESSIONAL CORPORATION whose address is 44 Montgomery St., Suite 3800. San Francisco, CA 94104 (hereinafter referred to as "General Counsel") (collectively referred to as the “Parties”).

RECITALS:

A. Authority is an independent public agency duly organized under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) with the power to conduct its business and enter into agreements.

B. General Counsel possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement pursuant to the terms and conditions described herein.

C. Authority and General Counsel desire to enter into an agreement for legal services upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**
The term of this Agreement shall commence on October 1, 2019, and shall terminate on September 30, 2020, unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**
General Counsel shall perform each and every service set forth in Exhibit "A" which is attached hereto and incorporated herein by this reference.

3. **COMPENSATION TO GENERAL COUNSEL**
General Counsel shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed One hundred and eighty-five thousand and 00/100 dollars ($185,000.00) dollars based on the rates and terms set forth in Exhibit "B," which is attached hereto and incorporated herein by this reference.

4. **TIME IS OF THE ESSENCE**
General Counsel and Authority agree that time is of the essence regarding the performance of this Agreement.
5. **STANDARD OF CARE**
   General Counsel agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of specially trained professionals in the San Francisco Bay Area and agrees that all services shall be performed by qualified and experienced personnel.

6. **INDEPENDENT PARTIES**
   Authority and General Counsel intend that the relationship between them created by this Agreement is that of an independent contractor. The manner and means of conducting the work are under the control of General Counsel, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of General Counsel's services. None of the benefits provided by Authority to its employees, including but not limited to, unemployment insurance, workers’ compensation plans, vacation and sick leave are available from Authority to General Counsel, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due General Counsel. Payments of the above items, if required, are the responsibility of General Counsel.

7. **NO RECOUSE AGAINST CONSTITUENT MEMBERS OF AUTHORITY.**
   Authority is organized as a Joint Powers Authority in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement dated March 31, 2016, and is a public entity separate from its constituent members. Authority shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. General Counsel shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Authority’s constituent members in connection with this Agreement.

8. **NON-DISCRIMINATION**
   General Counsel agrees that it shall not harass or discriminate against a job applicant, an Authority employee, or General Counsel’s employee or subcontractor on the basis of race, religious creed, color, national origin, ancestry, handicap, disability, marital status, pregnancy, sex, age, sexual orientation, or any other protected class. General Counsel agrees that any and all violations of this provision shall constitute a material breach of this Agreement.

9. **HOLD HARMLESS AND INDEMNIFICATION**
   General Counsel shall, to the fullest extent allowed by law indemnify, defend, and hold harmless the Authority and its members, officers, officials, agents, employees and volunteers from and against any and all liabilities, claims, actions, causes of action, demands, damages and losses whatsoever against any of them, including any injury to or death of any person or damage to property or other liability of any nature, whether physical, emotional, consequential or otherwise, arising out of or related to the negligence or willful misconduct of General Counsel or General Counsel’s employees, officers, officials, agents or independent contractors in the performance of this Agreement, except where caused by the sole or active negligence or willful misconduct of Authority or its members, officers, officials, agents, employees and volunteers. Such costs and expenses shall include reasonable attorneys’ fees of counsel of Authority’s choice, expert fees and all other costs and fees of litigation. The acceptance of the services provided by this Agreement
by Authority shall not operate as a waiver of the right of indemnification. The provisions of this Section survive the completion of the services or termination of this Agreement.

10. INSURANCE:

A. General Requirements. On or before the commencement of the term of this Agreement, General Counsel shall furnish Authority with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "D," which is attached hereto and incorporated herein by this reference. Such insurance and certificates, which do not limit General Counsel’s indemnification obligations under this Agreement, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days’ advance written notice to the Authority by certified mail, Attention: Chief Executive Officer." General Counsel shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to Authority and licensed to do insurance business in the State of California. Endorsements naming the Authority as additional insured shall be submitted with the insurance certificates.

B. Subrogation Waiver. General Counsel agrees that in the event of loss due to any of the perils for which he/she has agreed to provide comprehensive general and automotive liability insurance, General Counsel shall look solely to his/her/its insurance for recovery. General Counsel hereby grants to Authority, on behalf of any insurer providing comprehensive general and automotive liability insurance to either General Counsel or Authority with respect to the services of General Counsel herein, a waiver of any right to subrogation which any such insurer of General Counsel may acquire against Authority by virtue of the payment of any loss under such insurance.

C. Failure to secure or maintain insurance. If General Counsel at any time during the term hereof should fail to secure or maintain the foregoing insurance, Authority shall be permitted to obtain such insurance in the General Counsel's name or as an agent of the General Counsel and shall be compensated by the General Counsel for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. Additional Insured. Authority, its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. Sufficiency of Insurance. The insurance limits required by Authority are not represented as being sufficient to protect General Counsel. General Counsel is advised to confer with General Counsel's insurance broker to determine adequate coverage for General Counsel.

F. Maximum Coverage and Limits. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be the minimum coverage and limits specified in this
Agreement, or the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is greater.

11. **CONFLICT OF INTEREST**
    General Counsel warrants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it will not employ any person having such an interest. General Counsel agrees to advise Authority immediately if any conflict arises and understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require General Counsel to make certain governmental decisions or serve in a staff Authority, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. **PROHIBITION AGAINST TRANSFERS**
    General Counsel shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of Authority. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by General Counsel from Authority under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to Authority by General Counsel.

    The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of General Counsel, or of the interest of any general partner or joint venturer or syndicate member or cotenant, if General Counsel is a partnership or joint venture or syndicate or cotenancy, which shall result in changing the control of General Counsel, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

13. **SUBCONTRACTOR APPROVAL**
    Unless prior written consent from Authority is obtained, only those persons and subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

    In the event that General Counsel employs subcontractors, such subcontractors shall be required to furnish proof of workers’ compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the insurance carried by General Counsel. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

    General Counsel agrees to include within their subcontract(s) with any and all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor’s work. Subcontractors hired by General Counsel shall agree to be bound to General Counsel and Authority in the same manner and to the same extent as General Counsel is bound to Authority under this Agreement. Subcontractors shall agree to include these same provisions within any sub-subcontract. General Counsel shall provide a copy of the Indemnity and Insurance provisions of this Agreement to any subcontractor. General Counsel shall require all subcontractors to provide valid certificates of insurance and the required endorsements prior to commencement of any work.
and will provide proof of compliance to Authority.

14. **REPORTS**
   A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by General Counsel pursuant to or in connection with this Agreement, shall be the exclusive property of Authority. General Counsel shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to Authority the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of Authority, and all publication rights are reserved to Authority. General Counsel may retain a copy of any Report furnished to the Authority pursuant to this Agreement.
   B. All Reports prepared by General Counsel may be used by Authority in execution or implementation of: (1) The original Project for which General Counsel was hired; (2) Completion of the original Project by others; (3) Subsequent additions to the original project; and/or (4) Other Authority projects as Authority deems appropriate in its sole discretion.
   C. General Counsel shall, at such time and in such form as Authority may require, furnish reports concerning the status of services required under this Agreement.
   D. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.
   E. No Report, information or other data given to or prepared or assembled by General Counsel pursuant to this Agreement that has not been publicly released shall be made available to any individual or organization by General Counsel without prior approval by Authority.

15. **RECORDS**
   General Counsel shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by Authority that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be clearly identified and readily accessible. General Counsel shall provide free access to such books and records to the representatives of Authority or its designees at all proper times, and gives Authority the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of five (5) years after General Counsel receives final payment from Authority for all services required under this agreement.

16. **PARTY REPRESENTATIVES**
   The Chief Executive Officer shall represent the Authority in all matters pertaining to the services to be performed under this Agreement. Richards, Watson & Gershon shall represent General Counsel in all matters pertaining to the services to be performed under this Agreement.

17. **CONFIDENTIAL INFORMATION**
   General Counsel shall maintain in confidence and not disclose to any third party or use in any manner not required or authorized under this Agreement any and all proprietary or confidential information held by Authority or provided to General Counsel by Authority.
18. **NOTICES**

All notices, demands, requests or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or on the second business day after the deposit thereof in the United States Mail, postage prepaid, registered or certified, addressed as hereinafter provided.

All notices, demands, requests, or approvals shall be addressed as follows:

**TO AUTHORITY:**
333 W. El Camino Real
Suite 290
Sunnyvale CA 94087
Attention: Chief Executive Officer

**TO GENERAL COUNSEL:**
Richard, Watson & Gershon
Attn: Gregory W. Stepanicich
44 Montgomery St., Suite 3800
San Francisco, CA 94104
gstepanicich@rwglaw.com

19. **TERMINATION**

In the event General Counsel fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, General Counsel shall be deemed in default in the performance of this Agreement. If General Counsel fails to cure the default within the time specified (which shall be not less than 10 days) and according to the requirements set forth in Authority’s written notice of default, and in addition to any other remedy available to the Authority by law, the Chief Executive Officer may terminate the Agreement by giving General Counsel written notice thereof, which shall be effective immediately. The Chief Executive Officer shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days’ prior written notice to General Counsel as provided herein. Upon receipt of any notice of termination, General Counsel shall immediately discontinue performance.

Authority shall pay General Counsel for services satisfactorily performed up to the effective date of termination. Upon termination, General Counsel shall immediately deliver to the Authority any and all copies of studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by General Counsel or given to General Counsel, in connection with this Agreement. Such materials shall become the property of Authority.

20. **COMPLIANCE**

General Counsel shall comply with all applicable local, state and federal laws.

21. **CONFLICT OF LAW**

This Agreement shall be interpreted under, and enforced by the laws of the State of California. The Agreement and obligations of the parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of
those authorities). Any suits brought pursuant to this Agreement shall be filed with the Superior Court of the County of Santa Clara, State of California.

22. **ADVERTISEMENT**
   General Counsel shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from Authority to do otherwise.

23. **WAIVER**
   A waiver by Authority of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

24. **INTEGRATED CONTRACT**
   This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by a written document signed by both Authority and General Counsel.

25. **AUTHORITY**
   The individual(s) executing this Agreement represent and warrant that they have the legal Authority and authority to do so on behalf of their respective legal entities.

26. **INSERTED PROVISIONS**
   Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either party.

27. **CAPTIONS AND TERMS**
   The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

   IN WITNESS WHEREOF, the parties have caused the Agreement to be executed as of the date set forth above.

RECOMMENDED FOR APPROVAL

Don Eckert, Director of Finance & Administration
GENERAL COUNSEL NAME
RICHARD, WATSON & GERSHON
A Professional Corporation

By: __________________________
Name: Gregory W. Stepanicich
Title: Shareholder
Date: __________________________

SILICON VALLEY CLEAN ENERGY
AUTHORITY
A Joint Powers Authority

By: __________________________
Name: Girish Balachandran
Title: Chief Executive Officer
Date: __________________________

APPROVED AS TO FORM:

_____________________
Counsel for Authority

ATTEST:

_____________________
Authority Clerk
Exhibit A  
Scope of Services

As General Counsel for SVCEA, Richards, Watson & Gershon shall provide the general legal services typically required by a joint powers authority in addition to those general legal services related more specifically to the operation of a community choice aggregation program as described below. These legal services shall include the following:

- Attendance at the monthly SVCEA Board of Directors (“Board”) meetings and any special meetings and workshops as requested by the Chief Executive Officer or Chair of the Board.
- Brown Act, Conflict of Interest and Public Records Act advice and representation.
- Preparation or review of consultant and vendor contracts.
- Advice and preparation of documents related to personnel matters.
- Advice to the Chief Executive Officer and designated staff on administrative and operational matters.
- Research and advice on legal questions asked by the Board, Chief Executive Officer and designated staff.
- Advice and assistance on other legal matters as may be assigned by the Chief Executive Officer.

Legal services will not include matters in which Richards, Watson & Gershon has a conflict of interest that precludes the law firm from representing SVCEA. General Counsel services also will not include energy contracts or regulatory matters before the California Public Utilities Commission (CPUC) that require specialized legal services in these areas of law.
Exhibit B
Compensation

Authority shall compensate General Counsel for professional services in accordance with the terms and conditions of this Agreement based on the rates and compensation schedule set forth below. Compensation shall be calculated based on the hourly rates set forth below up to the not to exceed budget amount set forth below.

The compensation to be paid to General Counsel under this Agreement for all services described in Exhibit “A” and reimbursable expenses shall not exceed a total of One Hundred Eighty-Five Thousand and 00/100 dollars ($185,000.00), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Authority unless previously approved in writing by Authority.

Rates:

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<tbody>
<tr>
<td>Shareholders</td>
<td>325</td>
</tr>
<tr>
<td>Associates</td>
<td>275</td>
</tr>
<tr>
<td>Paralegals</td>
<td>180</td>
</tr>
</tbody>
</table>

Invoices:

Monthly Invoicing: In order to request payment, General Counsel shall submit monthly invoices to the Authority describing the services performed and the applicable charges (including a summary of the work performed during that period, personnel who performed the services, hours worked, task(s) for which work was performed).

Reimbursable Expenses:
Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by Authority and shall only be reimbursed to the extent consistent with Authority’s travel policy.

Additional Services:
General Counsel shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from Authority’s Chief Executive Officer prior to commencement of any additional services. General Counsel shall submit, at the Chief Executive Officer’s request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation.
Exhibit C
Insurance Requirements and Proof of Insurance

Proof of insurance coverage described below is attached to this Exhibit, with Authority named as additional insured.

GENERAL COUNSEL shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

   (1) **Workers’ Compensation:**
   Statutory coverage as required by the State of California.

   (2) **Liability:**
   Commercial general liability coverage with minimum limits of $1,000,000 per occurrence and $2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.

   (3) **Automotive:**
   Comprehensive automotive liability coverage with minimum limits of $1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.

   (4) **Professional Liability**
   Professional liability insurance which includes coverage for the professional acts, errors and omissions of General Counsel in the amount of at least $1,000,000.
Staff Report – Item 2

To: Silicon Valley Clean Energy Finance and Administration Committee

From: Girish Balachandran, CEO

Item 2: Recommend Approval of Proposed FY 2019-20 Operating Budget

Date: 8/6/2019

RECOMMENDATION
Staff recommends the Finance and Administration Committee recommend the Proposed Operating Budget for FY 2019-20.

ANALYSIS & DISCUSSION
The Proposed FY 2019-20 Operating Budget is balanced and presents Silicon Valley Clean Energy (SVCE) in stable financial condition. The projected balance available for reserves of $52.4 million is $30.2 million or 102.3% increase compared to the FY 2018-19 Mid-Year Budget.

Operating Energy revenues are projected at $318.2 million which is $35.7 million or 11.2% increase. The primary driver is a full year impact of the rate changes effective August 2019.

Energy and operating expenses are projected at $260.9 million which is $13.1 million or 5.3% increase. The primary drivers include increase power supply costs to serve load and professional services to support various agency initiatives.

Revenues
The proposed operating budget, including non-operating revenues, shows an increase of $36.9 million or 13.0% compared to the FY 2018-19 Mid-Year Budget.

- Energy sales projects to increase by $35.3 million or 11.2% increase. Pacific Gas & Electric (PG&E) customer generation rates increased in 2019 and the Power Cost Indifference Charge (PCIA) increased but better than expected. SVCE adjusted rates to achieve a 4% discount to PG&E customer generation rates in August 2019. The proposed budget assumes no change to rates or the PCIA. No significant changes to rates are expected until Spring 2020 with rate changes reflected during the mid-year budget review.
- GreenPrime revenues projects to increase by $0.3 million based on the current customer participation rate. The proposed budget assumes 3% participation rate.
- Other income includes wholesale activity such as the sale of excess capacity.
- Interest income projects to increase by $1.1 million due to larger reserves and higher interest rates.
- Grant income includes projected receipts from the Bay Area Air Quality Management District (BAAQMD) related to the Heat Pump Water Heater Program.

Expenses
The proposed operating budget, including non-operating expenses, shows an increase of $13.1 million or 5.3% compared to the FY 2018-19 Mid-Year Budget.
Power supply expenses projects to increase by $10.3 million or 4.2%. The primary driver are market prices when filling open positions for the fiscal year including energy, resource adequacy and renewable attributes. Partially mitigating those increases includes procuring approximately 10% of SVCE’s renewable energy needs with less expensive Portfolio Content Category 2 (PCC2) with an expected savings of $5 million per year. The Board of Directors approved the strategy at the June 2019 meeting. Power supply is well hedged for FY 2019-20.

Data Management expenses projects minimal change.

PG&E Billing Services expenses projects to increase by $0.2 million due to current costs per meter.

Employment expenses projects to increase by $0.8 million. The primary drivers include:
- The addition of one (1) new Analyst position in the Decarbonization and Grid Innovations Programs Department to support the implementation of the Programs Roadmap. The additional position results in a total Full-Time Equivalent (FTE) count of 26 positions.
- A conservative approach was used in developing the budget including funding all positions based on a full year.
- Salary tables including the minimum and maximum pay ranges per job title was adjusted upward by 4% based on the latest Consumer Price Index (CPI) for the San Francisco Bay Area comparing the year-to-date 2019 prices to the same period in 2018. Salary tables will be presented to the Board at the September meeting for approval.

Professional Services expenses projects to increase by $1.2 million. Drivers include:
- Increased investment in cybersecurity to protect customer data.
- Funding to support the process of obtaining a credit rating.
- Funding to support negotiations of long-term power purchase agreements and for the preparation and filing of the Integrated Resource Plan (IRP).
- Support of a pro-active approach to legislative and regulatory issues including the funding of lobbyists and representation in the PG&E general rate case.
- Continued funding of strategic action during the PG&E Bankruptcy proceeding and response to Direct Access.
- Support for Programs initiatives.

Marketing & Promotions expenses projects to increase by $0.1 million to fund increased customer awareness and to explore future needs of data management.

Notifications expenses projects minimal change.

Building Lease expenses projects a $0.3 million increase to fund facility improvements and a possible new lease agreement.

General & Administrative expenses projects to increase by $0.3 million primarily to fund software support for Programs.

Debt Service expenses projects to remain flat. Financing expenses include the funding for the renewal of the line of credit. Interest expenses includes letters of credit outstanding with PG&E and the California Independent System Operator (CAISO).

Capital Expenditures, Interfund Transfers and Other
The proposed operating budget shows an increase of $0.9 million or 15.7% compared to the FY 2018-19 Mid-Year Budget.
- Capital expenses projects to increase by $0.2 million primarily due to investment in improvements to SVCE facility, possibly in a new location.
- Other Cash Inflows/Outflows projects to remain flat. The California Public Utilities Commission (CPUC) issued a decision in 2018 to establish reentry fees and financial security requirements for Community Choice Aggregators (CCAs). No action was directed by the CPUC during FY 2018-19.
- Transfer to the Programs Fund projects to increase by $0.7 million due to higher energy revenues. The transfer to the Programs Fund is formula based on 2% of annual energy revenues.

STRATEGIC PLAN
The Proposed FY 2019-20 Operating Budget funds the goals of the strategic plan.
FISCAL IMPACT
The Proposed FY 2019-20 Operating Budget includes total revenues of $320.3 million and total expenses and transfers to other funds of $267.9 million projecting a surplus of $52.4 million.

ATTACHMENTS
1. Proposed FY 2019-20 Operating Budget
2. Proposed FY 2019-20 Table of Organization
### SILICON VALLEY CLEAN ENERGY

**FY 2019-20 PROPOSED OPERATING BUDGET**

($ in thousands)

<table>
<thead>
<tr>
<th>Line</th>
<th>DESCRIPTION</th>
<th>FY 2018-19 AMENDED BUDGET AS ADOPTED MID-YEAR</th>
<th>FY 2019-20 PROPOSED BUDGET</th>
<th>VARIANCE</th>
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<tbody>
<tr>
<td>1</td>
<td>Energy Sales</td>
<td>281,890</td>
<td>317,230</td>
<td>$35,340</td>
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<td>2</td>
<td>Green Prime Premium</td>
<td>630</td>
<td>940</td>
<td>310</td>
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<tr>
<td>3</td>
<td>TOTAL ENERGY REVENUES</td>
<td>$282,520</td>
<td>$318,170</td>
<td>$35,650</td>
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<td>4</td>
<td>Power Supply</td>
<td>234,332</td>
<td>244,640</td>
<td>10,308</td>
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<td>5</td>
<td>OPERATING MARGIN</td>
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<td>$73,530</td>
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<td>6</td>
<td>Data Management</td>
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<td>3,530</td>
<td>30</td>
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<tr>
<td>7</td>
<td>PG&amp;E Fees</td>
<td>1,120</td>
<td>1,350</td>
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<td>8</td>
<td>Employment Expenses</td>
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<td>9</td>
<td>Professional Services</td>
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<td>10</td>
<td>Marketing &amp; Promotions</td>
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<td>960</td>
<td>53</td>
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<td>11</td>
<td>Notifications</td>
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<td>12</td>
<td>Lease</td>
<td>330</td>
<td>600</td>
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<td>General &amp; Administrative</td>
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<td>1,150</td>
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<td>TOTAL OPERATING EXPENSES</td>
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<td>OPERATING INCOME (LOSS)</td>
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<td>16</td>
<td>Other Income</td>
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<td>17</td>
<td>Interest Income</td>
<td>850</td>
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<td>18</td>
<td>Grant Income</td>
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<td>160</td>
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<td>19</td>
<td>TOTAL NON-OPERATING REVENUES</td>
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<td>$2,160</td>
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<td>20</td>
<td>Financing</td>
<td>90</td>
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<td>21</td>
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<td>120</td>
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<td>TOTAL NON-OPERATING INCOME (EXPENSES)</td>
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<td>24</td>
<td>CHANGE IN NET POSITION</td>
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<td>25</td>
<td>Capital Outlay</td>
<td>200</td>
<td>400</td>
<td>200</td>
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<tr>
<td>26</td>
<td>Refund of Bond</td>
<td>100</td>
<td>100</td>
<td>0</td>
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<tr>
<td>27</td>
<td>Financial Services Requirement</td>
<td>147</td>
<td>147</td>
<td>0</td>
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<tr>
<td>28</td>
<td>Transfer to Programs Fund</td>
<td>5,640</td>
<td>6,360</td>
<td>720</td>
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<tr>
<td>29</td>
<td>TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS &amp; OTHER</td>
<td>$5,887</td>
<td>$6,807</td>
<td>$920</td>
</tr>
<tr>
<td>30</td>
<td>BALANCE AVAILABLE FOR RESERVES</td>
<td>$29,508</td>
<td>$52,423</td>
<td>$22,915</td>
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</tbody>
</table>
To: Silicon Valley Clean Energy Finance and Administration Committee

From: Girish Balachandran, CEO

**Item 3:** Long-term Power Prepay Agreement

Date: 8/6/2019

This item will be addressed in the form of an oral report to the Finance and Administration Committee from the Director of Finance and Administration.
To: Silicon Valley Clean Energy Finance and Administration Committee

From: Girish Balachandran, CEO

Item 4: Approve Regular Meeting Schedule of the Finance and Administration Committee

Date: 8/6/2019

RECOMMENDATION
Staff recommends that the Finance and Administration Committee select and approve a regular meeting date and time for the remainder of the 2019 calendar year.

BACKGROUND
Established in 2018, the Finance and Administration Committee’s task areas include budgeting and financial planning, financial reporting and the creation of monitoring of internal controls and accountability policies and investments. The 2019 Finance and Administration committee members were selected in February 2019 to serve through December 2019, until new committee selections are made at the February 2020 Board meeting.

ANALYSIS & DISCUSSION
Staff is recommending meetings for the next two months to update the committee on major initiatives including:

• Recommended FY 2019-20 Operating Budget
• Power Prepay
• Credit Rating Process
• Facilities Update
• Employee Benefits Survey

The proposed regular meeting dates would be the following:

Tues., September 3, Noon
Tues., October 1, Noon

Meetings would be held at the SVCE office located at 333 W. El Camino Real, Suite 290 in Sunnyvale. Special meetings may be called based on the recommendation of the committee chair and/or staff.

STRATEGIC PLAN
N/A

ALTERNATIVE
This item is for discussion; staff is open to suggestions on alternative dates and times from the committee.

FISCAL IMPACT
No fiscal impact as a result of selecting a regular committee meeting date and time.