Silicon Valley Clean Energy
Finance and Administration Committee Meeting

Monday, June 2, 2025
10:00 am

Silicon Valley Clean Energy Office
333 W. El Camino Real, Suite 330
Sunnyvale, CA

Teleconference Meeting Information:
https://svcleanenergy-org.zoom.us/j/84829237211

Or by Telephone (Audio only):
US: +1 669 219-2599
Webinar ID: 848 2923 7211

Members of the public may observe this meeting electronically by accessing the meeting via instructions above. Public Comments can be sent in advance of the meeting to Board Clerk Andrea Pizano at Andrea.Pizano@svcleanenergy.org and will be distributed to the Finance and Administration Committee. The public will also have an opportunity to provide comments during the meeting. Members of the public using Zoom may comment during public comment or the applicable agenda item by using the Raise Hand feature and you will be recognized by the Chair. Those using the telephone (audio only) feature should press star 9 on your phones to initiate the "Raise Hand" function in Zoom. You will then be announced, unmuted, and your time to speak will begin.

The public may provide comments on any matter listed on the Agenda. Speakers are customarily limited to 3 minutes each, however, the Committee Chair may increase or decrease the time allotted to each speaker based on the number of speakers, the length of the agenda and the complexity of the subject matter. Speaking time will not be decreased to less than one minute.

If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act ("ADA") please contact Board Clerk Andrea Pizano at Andrea.Pizano@svcleanenergy.org prior to the meeting for assistance.

AGENDA

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

The public may provide comments on any matter not listed on the Agenda provided that it is within the subject matter jurisdiction of SVCE. Speakers are customarily

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limited to 3 minutes each, however, the Committee Chair may increase or decrease the time allotted to each speaker based on the number of speakers, the length of the agenda and the complexity of the subject matter. Speaking time will not be decreased to less than one minute.

<u>Consent Calendar (Action)</u>

1) Approve Minutes of the February 26, 2025 Finance and Administration Committee Meeting

<u>Regular Calendar</u>

2) CEO Update (Discussion)
3) Recommend the Silicon Valley Clean Energy Board of Directors Authorize the Chief Executive Officer to Approve or Execute Agreements with Firms Providing Services to Initiate Silicon Valley Clean Energy to Execute its Fourth Prepay (Action)
4) Results of Stress Test Analyses (Discussion)
5) FY 2025-2026 Budget Framework (Discussion)

<u>Committee/Staff Remarks</u>

<u>Adjourn</u>

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Silicon Valley Clean Energy
Finance and Administration Committee Meeting

Wednesday, February 26, 2025
3:00 p.m.

Silicon Valley Clean Energy Office
333 W. El Camino Real, Suite 330
Sunnyvale, CA

DRAFT MEETING MINUTES

Call to Order

Vice Chair Srinivasan called the meeting to order at 3:05 p.m.

Roll Call

Present:
Vice Chair Murali Srinivasan, Sunnyvale
Director Pat Showalter, Mountain View
Director Elliot Scozzola, Campbell
Alternate Director Ristow
Director Mohan, Cupertino (arrived at 3:27 pm)

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

Consent Calendar

Vice Chair Srinivasan opened public comment.
No speakers.
Vice Chair Srinivasan closed public comment.

MOTION: Director Showalter moved and Director Scozzola seconded the motion to approve the Consent Calendar.

The motion carried with Alternate Director Ristow abstaining and Director Mohan absent.

1) Approve Minutes of the November 25, 2024, Finance and Administration Committee Meeting.

Regular Calendar

2) CEO Update (Discussion)

Monica Padilla, Chief Executive Officer, provided an update regarding the SVCE headquarters building purchase in Sunnyvale.

SILICON VALLEY CLEAN ENERGY

3) Elect Chair and Vice Chair of the 2025 SVCE Finance and Administration Committee (Action)

Sr. Executive Assistant and Board Clerk Andrea Pizano reviewed the process for selection of Chair and Vice Chair of the Committee.

Vice Chair Srinivasan requested nominations for the role of Chair from committee members; Vice Chair Srinivasan expressed interest in serving as Chair of the 2025 Finance and Administration Committee.

Hearing no other nominations for the role of Chair, Vice Chair Srinivasan requested nominations for the role of Vice Chair from committee members. Director Showalter expressed interest in serving as Vice Chair of the 2025 Finance and Administration Committee.

Director Scozzola provided supportive comments for both the Chair and Vice Chair nominations.

MOTION: Alternate Director Srinivasan moved and Director Scozzola seconded the motion to elect Alternate Director Srinivasan as Chair and Director Showalter as Vice Chair of the 2025 SVCE Finance and Administration Committee.

The motion carried with Director Mohan absent.

Following the vote, newly elected Chair Srinivasan presided over the remainder of the meeting.

4) SVCE's Planning and Budgeting Process and Proposed Financial Stress Test Scenarios (Discussion)

Director Mohan joined the meeting at 3:27 p.m. during Item 4.

Amrit Singh, CFO and Director of Finance and Administration, introduced Scott Wrigglesworth, Director of Risk Management and Analytics, and jointly presented the item. The presentation included the following:

- FY 2025-26 planning and budgeting process timeline;
- Overview of Enterprise Risk Management (ERM) and stress tests;
- Review key drivers of financial risks;
- Review planned financial stress test scenarios; and
- Key elements of an ERM framework, and risk assessment and modeling scenarios.

Staff responded to questions and comments from committee members regarding the fiscal year budgeting timeline, timing of budget updates to the committee, an assessment of consequences from potential risk events, update on federal-level investment tax credit funding, and SVCE's portfolio of battery storage projects.

Chair Srinivasan opened Public Comment.
No speakers.
Chair Srinivasan closed Public Comment.

5) Mid-Year Update on the 2024-25 Fiscal Year Operating Budget (Action)

CFO and Director of Administrative Services Singh presented an update on the 2024-25 Fiscal Year operating budget, with a request for the Finance and Administration Committee to recommend the Board of Directors adopt the mid-year adjusted operating budget. The presentation included the following:

- Mid-year budget highlights, including changes since the adoption of the adjusted budget in December;
- Comparison of annual adjusted budget and the mid-year budget, including key line items;
- Review of the 5-year reserve projections;
- Staffing update, with a review of additional positions being requested; and
- Additional spending alternatives with two proposed options:
  1) An increase in general customer discount in calendar year 2025 to 10 percent; or
  2) Directing $35 million to the Clean Community Fund.

Staff responded to questions and comments from committee members regarding rates, Governor Newsom's executive order, staffing, and the proposed additional spending alternatives.

Committee members discussed the following:

- A potential customer discount in the form of a monthly discount, bill credit, or annual rebate, and its impacts, and
- Both increasing the discount and also putting funds into the proposed Clean Community Fund.

Following a robust discussion, the committee unanimously supported voting for Option 1, to increase the general customer discount to 10 percent in the calendar year 2025. Staff confirmed the manner in which the discount would be implemented would be discussed with the Board of Directors.

Chair Srinivasan opened Public Comment.
No speakers.
Chair Srinivasan closed Public Comment.

MOTION: Director Scozzola moved and Alternate Director Ristow seconded the motion to recommend that the Board of Directors adopt the proposed Mid-year 2024-25 Adjusted Operating Budget with adjustment for any additional funding scenario, with the Committee recommending the 10 percent customer discount in Calendar Year 2025.

The motion carried unanimously with all committee members present.

6) Recommend the SVCE Board of Directors Approve Establishing a Rate Stabilization Fund Under GASB 62 (Action)

CFO and Director of Administrative Services Singh provided a presentation and a request that the committee consider recommending the Board of Directors create a Rate Stabilization Fund using the GASB 62 accounting rule. The presentation included the following:

- Key points regarding deferring revenues to a future period;
- Criteria for deferring and recognizing revenues;
- Net position impact in the financial statements;
- Ability to record after Fiscal Year end; and
- Proposal to start directing earmarked funds beginning with Fiscal Year 2024-25.

Staff responded to questions and comments regarding the impact to financial statements, earmarked budgeted funds for programs, and the timing of deferring revenue funds. Staff noted the intention to put the item on the Consent Calendar at the March 12, 2025 Board of Directors meeting; there were no objections from the committee.

Chair Srinivasan opened Public Comment.
No speakers.
Chair Srinivasan closed Public Comment.

MOTION: Alternate Director Ristow moved and Director Scozzola seconded the motion for the Finance and Administration Committee to recommend that the Board of Directors establish a rate stabilization fund under GASB 62.

The motion carried unanimously with all committee members present.

Committee/Staff Remarks
None.

Adjournment
Chair Srinivasan adjourned the meeting at 5:14 p.m.

ATTEST:

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Andrea Pizano, Board Secretary

Staff Report – Item 2

Item 2:	**CEO Update**
From:	Monica Padilla, CEO
Prepared by:	Andrea Pizano, Sr. Executive Assistant and Board Clerk
Date:	6/2/2025

This item will be addressed in the form of an oral report to the Finance and Administration Committee.

Staff Report – Item 3

Item 3:	**Recommend the Silicon Valley Clean Energy Board of Directors Authorize the Chief Executive Officer to Approve or Execute Agreements with Firms Providing Services to Initiate Silicon Valley Clean Energy to Execute its Fourth Prepay**
From:	Monica Padilla, CEO
Prepared by:	Amrit Singh, CFO, and Director of Administrative Services Zakary Liske, Deputy Director of Power Resources
Date:	6/2/2025

RECOMMENDATION

Staff requests the Finance and Administration Committee recommend that the Silicon Valley Clean Energy (SVCE) Board of Directors (Board) authorize the Chief Executive Officer (CEO) to negotiate and approve or execute agreements directly or through California Community Choice Financing Authority (CCCFA) with the firms listed below for the services they will provide to enable SVCE to complete its fourth energy prepayment transaction. While the total expected cost for all these agreements is $1,021,500, staff proposes to seek Board authorization to execute up to a total amount of $1,300,000, about a 10 percent contingency that might be required for completing negotiations and the potential need for additional ancillary services.

1. PFM Financial Advisors LLC & PFM Swap Advisors - $275,000
2. Chapman & Cutler (Disclosure/Issuer's Counsel) - $175,000
3. Ballard Spahr (Bond and Tax Counsel) - $250,000
4. Moody's Investor Service Inc (Credit Rating) - $321,500

Except for Moody's Credit Rating fee, all other payments will be contingent on executing the Prepay per the terms that the Board will later adopt, including designating a minimum savings threshold. To avoid the risk of stranding Moody's fees, SVCE will initiate Moody's service later when there is more certainty on successfully executing the transaction.

Staff also requests the Board of Directors to approve the engagement with Morgan Stanley as the Prepay Supplier, with the following fee structure[1]:

- Bond underwriting fee of $5.50/bond plus underwriter expenses not to exceed $0.50/bond. The dollar amount of this fee will depend on the total dollar value of the bonds. For example, if the Board later were to authorize the issuance of $1 billion in bonds, with a face value of $1,000 a bond, the underwriting fee would be a maximum of $5.5 million. At this time, the expected underwriting fee is $4.50/bond and expenses not to exceed $0.20/bond, but are still subject to change given deal sizing, structuring, and market conditions, which will be known closer to when the bonds are offered to the market.
- Energy Service Revenue of $1.10 per MWh.

[1] CCCFA will execute a Bond Purchase Agreement with Morgan Stanley at the time of the sale of bonds, which will document these fees and bond pricing results. The other charges (Energy Service Revenue and swap fee) will be implemented later along with other Prepay transactional documents.

- If any floating rate bonds are issued, Morgan Stanley may charge up to twelve basis points on the interest rate swap spread to mid-market for the corresponding interest rate swap.

All these transaction costs will be paid from the bond proceeds, and the Board-designated savings target will be net of these costs.

BACKGROUND

SVCE and East Bay Community Energy, now Ava, spent over two years executing our first Prepay with Morgan Stanley as the Prepay Bank Supplier (see timeline in Attachment 1). SVCE's portion was for 50 MW, accounting for about 11% of SVCE's load. This transaction saves SVCE about 10% of the energy cost of the initial transaction assigned to the Prepay, about $1.9 million per year during the initial bond pricing period of ten years. Power delivery under the Prepay began 1/1/2022, and SVCE is successfully settling each month and realizing the savings (see summary in Attachment 2).

Using the same structure as the first Prepay, SVCE, in January 2023, successfully executed its second Power Prepay structure. The second Prepay covers on average, about 55 MW or about 12% of SVCE's load and provides a substantial savings of approximately $4.7 million per year during the initial bond pricing period of 6.5 years.

Further, in January 2024, SVCE executed its third Prepay. The third Prepay covers on average, about 77 MW or about 17% of SVCE's load and provides the largest savings of the three deals at approximately $7.7 million per year during the initial bond pricing period of approximately 8 years. The third deal introduced a new mechanism to track volumes on an annual basis rather than monthly. In the prior two deals, SVCE was required to meet monthly volume requirements of assigned energy from our power supply contracts. With a significant number of intermittent resources in the portfolio, it can be difficult to properly fit supply resources to the monthly Prepay volume requirements. The third deal allows for renewable resource intermittency and instead settles volumes on an annual basis. In the middle of 2024, SVCE, along with Morgan Stanley and the other key parties, modified the first two Prepays to utilize annual tracking, which provides significant flexibility to SVCE's portfolio management.

SVCE had done three transactions largely with the same structure and parties. When contemplating a fourth deal, SVCE conducted a public solicitation since several CCCFA transactions had occurred since SVCE's prior transactions.

In April 2025, SVCE launched an RFP for municipal financial advisory services and selected PFM Financial Advisors ("PFM") as the winning bidder. A municipal advisor is required by the Municipal Securities Rulemaking Board ("MSRB") and advises SVCE throughout the negotiations with other parties. SVCE has worked with PFM on the first three transactions.

In May 2025, SVCE and PFM launched an RFP for an Energy Prepayment Transaction and selected Morgan Stanley & Co. LLC as the winning bidder to provide banking and energy supplier services in structuring a new transaction. While all bids received were highly competitive and from well qualified firms, the primary reasons for selecting Morgan Stanley include prior experience working with SVCE, Morgan Stanley's ability to utilize the Special Purpose Vehicle ("SPV") structure (further described below), and efficiencies gained from being able to pool the assigned power supply portfolio resources from existing prepays to meet prepay volume requirements.

The goal of the prepayment transaction is to reduce the cost of power purchases on quantities delivered under the prepay structure with minimal risk to SVCE. The Prepay structure enables publicly owned utilities, including CCAs, to reduce their energy costs by financing the acquisition of long-term energy supplies with tax-exempt bonds. Attachment 3 provides an overview of the Prepay structure; this has been shared with the Finance Committee before executing our prior Prepay transactions.

ANALYSIS & DISCUSSION

SVCE has worked with these key parties for the first three Prepay Transactions for the roles defined below, except for Ballard Spahr, with whom SVCE worked for the second and third Prepay transactions. For this fourth Prepay Transaction, SVCE conducted competitive solicitations that resulted in selecting PFM Financial Advisors LLC and Morgan Stanley & Co. LLC. Chapman & Cutler and Ballard Spahr were selected to provide legal services for the next deal. Continuity of legal counsel is important in being able to utilize many documents and agreements already drafted and negotiated from the prior transactions. Moody's Investor Service Inc. was selected because they have the most experience in rating Prepay Bonds of all the rating agencies.

Firms	Role	Proposed Fees for Fourth Prepay
PFM Financial Advisors LLC / PFM Swap Advisors	Municipal Advisor: Advises prepay buyer in negotiations, required by the Municipal Securities Rulemaking Board (MSRB), and on commodity and interest rate swaps.	$275,000
Chapman & Cutler	Disclosure and Issuer's Counsel: Provides legal counsel and prepares official statement and prospectus	$175,000
Ballard Spahr	Bond and Tax Counsel: Represent bondholders and provide tax opinion on the transaction	$250,000
Moody's Investor Service Inc	Rating Agency: Provides the credit rating for the bonds	$321,500
Total		$1,021,500

For this fourth Prepay transaction, the Prepay Supplier, Morgan Stanley, has proposed charging slightly lower fees than in the prior transaction.

When the Board later approves the Prepay transaction, it will include a commodity swap agreement with a to-be-determined party. SVCE will negotiate the swap fee to levels commensurate with our prior transactions.

The transaction will entail other nominal costs within the CEO's execution authority. These include:

- Trustee (Bank of New York) ~$32,000
- Trustee Counsel (Bank of New York Counsel) ~$35,000
- Investment Advisor ~$50,000
- Green Bond Second Party Opinion (Kestrel Verifiers) ~$25,000

When the Board later approves the Prepay transaction and the terms for execution, the designated savings will be net of all these transaction costs.

New in this fourth transaction is the Special Purpose Vehicle ("SPV") structure and third-party funding. The SPV structure unbundles the role of commodity counterparty and funding recipient, which allows SVCE to choose from among different funding recipients to balance savings and credit risk. In the three prior deals, Morgan Stanley was both commodity counterparty and funding recipient. While this arrangement made sense at the time of doing those deals, SVCE believes using an SPV structure will help diversify away from only Morgan Stanley as a funding recipient. As an example, in a financial crisis, if the funding recipient were to go bankrupt, the Prepay transaction would be cancelled and the savings would be lost. This is an outcome SVCE would like to minimize, and the use of the SPV structure provides that opportunity.

STRATEGIC PLAN

Entering a Prepayment transaction will further Goals #4, #5, and #6 of the SVCE Strategic Plan:
Goal #4: Acquire power supply resources in a cost-effective manner to meet legislative and regulatory obligations, Board directives and customer specific products.
Goal #5: Manage and optimize power supply resources to meet affordability, GHG reduction, and reliability objectives.
Goal #6: Maintain a healthy financial position; avoid failures in management of market risk, credit risk, liquidity risk, operational risk, and enterprise risk.

FISCAL IMPACT

Like the prior three Prepay transactions, this fourth transaction can also bring significant savings to SVCE at minimal risk to SVCE. A savings of eight to ten percent could amount to ~$4-$6 million per year, but this will depend on transaction structure and market conditions. Actual savings will not be known until the deal closes.

The request at this time is to seek Board authorization to execute agreements with the financial advisor, issuer's counsel, and the bond and tax counsel and to engage with Morgan Stanley as the Prepay Supplier; the fees, as noted before, for the most part, are contingent upon the execution of the deal and carry minimal financial risk to SVCE. The credit rating agency fee is not contingent, but SVCE will only engage with the rating agency when there's more certainty in executing the transaction. Morgan Stanley will also split this cost if the transaction, through no party's fault, fails. The payment for all the fees will be made from the bond proceeds, and the savings target established later by the Board will be net of these fees.

ATTACHMENTS

1. Timeline of SVCE's First Prepay Transaction
2. Summary of the Details of the First Three Prepay Transactions and Transaction Cost Breakdown
3. Overview of the Prepay structure
4. Agreements/Engagement Letter for Consulting and Counsel Services

Attachment 1.

First Prepay Timeline

June-2019	SVCE presents Prepay Structure Overview Presentation (developed by Goldman Sachs) to Finance and Admin Committee
Aug-2019	SVCE presents a brief verbal update on prepay process to Finance and Admin Committee
Sept-2019	SVCE and PFM Financial Advisors provide an update on the upcoming RFP process to Finance and Admin Committee
Nov-2019	SVCE provides Prepay RFP Overview to Executive Committee - PFM issues RFP to select Prepay Bank Supplier on behalf of EBCE and SVCE on Nov 12th - RFP Proposals were due December 5th
Jan-2020	SVCE presents Prepay Structure Overview to Finance and Admin Committee
Spring-2020	SVCE and EBCE conduct RFP evaluations to select Prepay Bank Supplier
July-2020	SVCE and EBCE select Morgan Stanley as Prepay Bank Supplier
Aug-2020	SVCE provides Prepay Status Report to Finance and Admin Committee
Sept-2020	SVCE provides Board with Prepay Overview on preparing for a Prepay Transaction SVCE provides Prepay Status Report to Finance and Admin Committee
Oct-2020	SVCE Board Authorizes CEO to enter legal service agreements to finalize Prepayment Transaction (Orrick, Herrington & Sutcliffe and Chapman & Cutler LLP)
Nov-2020	SVCE provides Prepay Status Report to Finance and Admin Committee
Mar-2021	SVCE provides Prepay Status Report to Finance and Admin Committee SVCE provides Prepay Status Report to Executive Committee
April-2021	SVCE Board Approves Participation in the California Community Choice Financing Authority Joint Powers Authority
Aug-2021	The Finance and Admin Committee reviews the Prepay Transaction and votes to recommend Board approval. Board authorizes execution of the first Prepay Transaction subject to parameters including that bonds are not obligations of SVCE, size of the bonds, and minimum savings target.
Sept-2021	Sept 9, 2021 bonds priced
Jan-2022	Power delivery under Prepay begins

Attachment 2.

Summary of the Details of the First Prepay Transaction

Aggregate Principal Bond Amount	$1,234,720,000 (SVCE and EBCE combined)
Total Bond Proceeds	$1,475,895,642.5 (SVCE and EBCE combined)
Municipal Bond Rating	A1
Green Certification	Designated Green Bonds by Kestrel Verifiers
Initial Bond Pricing Period	• 10 years. • After the initial period, bonds will be repriced per the negotiated repricing agreement, and a new discount will be established based on the then prevailing market conditions.[2]
Final Bond Maturity Date	• February 1, 2052.
Discount Achieved	• $4.38 per MWh, about 10% of the energy cost of SVCE's 3-year transaction initially assigned into the Prepay. • ~$1.9 million per year for SVCE during the initial bond pricing period of ten years.
Energy Volume Supported by Bond Proceeds	109 MW, of which SVCE's share is 50 MW (about 11% of load) and EBCE's share is 59 MW for approximately the first ten years of the transaction; after that, the same proportional volume split will be maintained between SVCE and EBCE.

Summary of the Transaction Cost Breakdown ($000)

Bond and Tax Counsel: Orrick, Herrington & Sutcliffe	425
Credit Rating: Moody's	315
Issuer's Counsel and Disclosure Counsel: Chapman & Cutler LLP	310
Municipal Advisor: Public Financial Management	250
Investment Advisor: Public Financial Management Asset Mgmt	42
Trustee: Bank of New York (BNY)	32
Trustee Counsel: BNY Counsel	35
Printing Cost	3
Contingency/Other	10
Total COI	1,422
Morgan Stanley Underwriting	6,341
Total	**7,763**

[2] The repricing agreement has a minimum savings requirement of $2 per MWh.

Summary of the Details of the Second Prepay Transaction

Aggregate Principal Bond Amount	$841,550,000
Total Bond Proceeds	$891,418,648.10
Municipal Bond Rating	A1
Green Certification	Designated Green Bonds by Kestrel Verifiers
Initial Bond Pricing Period	• 6.5 years. • After the initial period, bonds will be repriced per the negotiated repricing agreement, and a new discount will be established based on the then prevailing market conditions.[3]
Final Bond Maturity Date	• July 1, 2053.
Discount Achieved	• $9.77 per MWh, about 10% of the price established for energy deliveries under the power supply contract. • ~$4.7 million per year during the initial bond pricing period of 6.5 years.
Energy Volume Supported by Bond Proceeds	~55 MW (about 12% of load; a slight escalation in the latter half of the transaction)
Power Delivery Start Date	June 1, 2023

Summary of the Transaction Cost Breakdown ($000)

Bond and Tax Counsel: Ballard Spahr	300
Credit Rating: Moody's	232.5
Issuer's Counsel and Disclosure Counsel: Chapman & Cutler LLP	200
Municipal Advisor: Public Financial Management	175
Investment Advisor: Public Financial Management Asset Mgmt	35
Trustee: Bank of New York (BNY)	30.9
Trustee Counsel: Ballard Spahr	30
Printing Cost	3.3
Contingency/Other	22
Total COI	1,045.5
Morgan Stanley Underwriting	4,359.2
Total	**5,404.7**

[3] The repricing agreement has a minimum savings requirement of $2 per MWh.

Summary of the Details of the Third Prepay Transaction

Aggregate Principal Bond Amount	$1,101,625,000
Total Bond Proceeds	$1,165,919,381.75
Municipal Bond Rating	A1
Green Certification	Designated Green Bonds by Kestrel Verifiers
Initial Bond Pricing Period	• ~8 years. • After the initial period, bonds will be repriced per the negotiated repricing agreement, and a new discount will be established based on the then prevailing market conditions.[4]
Final Bond Maturity Date	• May 1, 2054
Discount Achieved	• $11.32 per MWh, about 13.1% of the price established for energy deliveries under the power supply contract. • ~$7.7 million per year during the initial bond pricing period of 8 years.
Energy Volume Supported by Bond Proceeds	~77 MW (about 17% of load; a slight escalation in the latter half of the transaction)
Power Delivery Start Date	April 1, 2024

Summary of the Transaction Cost Breakdown ($000)

Bond and Tax Counsel: Ballard Spahr	250
Credit Rating: Moody's	273
Issuer's Counsel and Disclosure Counsel: Chapman & Cutler LLP	175
Municipal Advisor: Public Financial Management	155
Investment Advisor: Public Financial Management Asset Mgmt	30
Trustee: Bank of New York (BNY)	41.4
Trustee Counsel: Ballard Spahr	30
Printing Cost	4
Contingency/Other	66
Total COI	$1,041.3
Morgan Stanley Underwriting	$5,712.1
Total	**$6,753.4**

[4] The repricing agreement has a minimum savings requirement of $5.50 per MWh.

Attachment 3.

Overview of the Prepay structure

<u>Structural Overview of Power Prepay</u>
Under the existing, non-Prepay structure, SVCE has Power Purchase Agreements (PPA) and other carbon-free energy transactions with a counterparty (Energy Supplier). The Energy Supplier provides energy and any associated renewable/carbon-free credits (environmental credits) to SVCE, and SVCE pays the Energy Supplier the contract price. Under the prepayment structure:

1. SVCE assigns its rights to energy under the energy contract equivalent to the prepaid quantity to Morgan Stanley at the contract price. Now, the Energy Supplier will provide Morgan Stanley with the assigned quantity of energy with any associated environmental credits. Morgan Stanley will pay the contract price to the Energy Supplier.
2. SVCE, along with the other initial founding member CCAs[5], created the California Community Choice Financing Authority (CCCFA), a separate legal entity that can issue tax-exempt municipal bonds.
3. CCCFA issues non-recourse tax-exempt bonds secured by the contractual rights and transaction cashflows under a trust indenture. The bonds are not secured or guaranteed by SVCE or CCCFA. Based on the contractual agreements securing the bonds, the bonds will carry the credit ratings of the Funding Recipient.
4. CCCFA uses the proceeds from the bonds, net of all prepay transaction fees, and pays Morgan Stanley the present value of energy cost and any environmental credits that Morgan Stanley will deliver to CCCFA over the 30-year term of the transaction under a prepaid power agreement.
5. SVCE and CCCFA execute a power supply agreement. Under this agreement, SVCE pays CCCFA the initial contract price less a discount as CCCFA delivers to SVCE the energy and environmental credits it receives from Morgan Stanley.
6. CCCFA uses payments received from SVCE to pay interest and principal payments to the Bondholders.

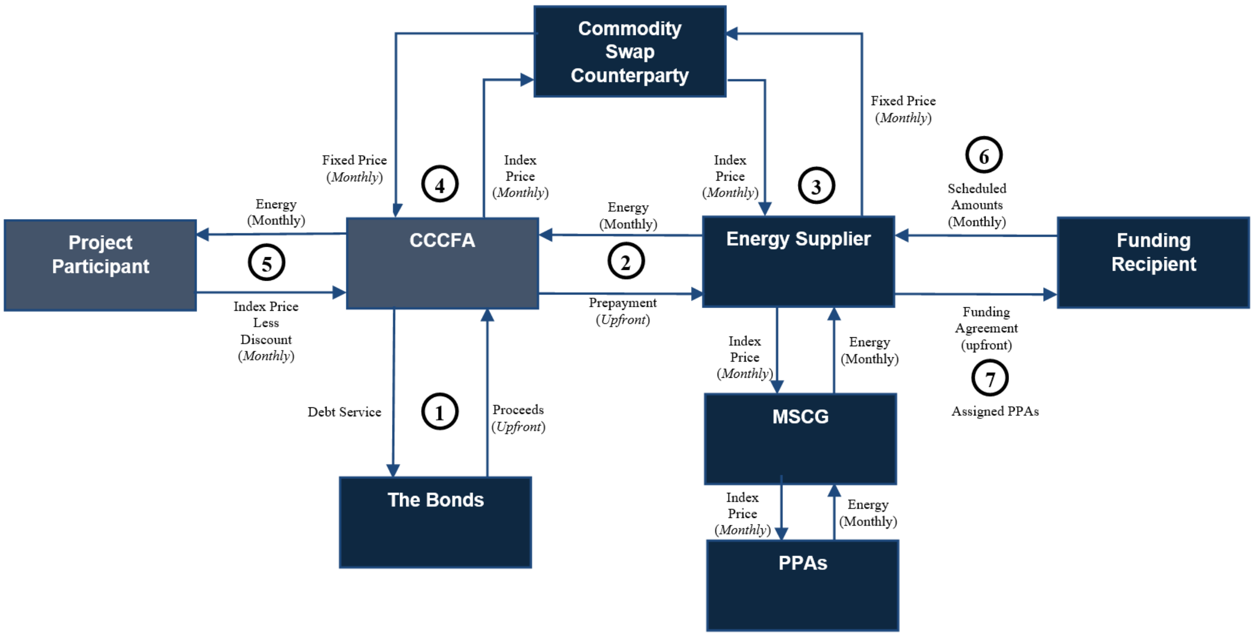
Under the prepayment structure, SVCE receives the same energy and environmental credits from the Energy Supplier (indirectly via Morgan Stanley and then CCCFA) but for a lower price. The savings or lower price source is primarily the difference between taxable and tax-exempt debt interest rates. The Funding Recipient's capital needs are funded by a variety of means in taxable corporate markets, which have higher interest rates than tax-exempt debt. As a public agency, CCCFA can issue tax-exempt debt. When CCCFA provides the prepayment to Morgan Stanley for energy that Morgan Stanley will deliver over the term of the transaction, Morgan Stanley is effectively raising capital at a lower cost for the Funding Recipient. Based on agreement with the Funding Recipient, Morgan Stanley flows the savings to SVCE by lowering the price SVCE pays for the energy and any environmental credits. By using this prepayment structure, SVCE can reduce the cost of energy purchases that are delivered under this structure.

The bonds can have an initial term of about 5-10 years, and SVCE will not execute the transactions unless the Board-authorized savings can be realized. At the end of the initial term, the bonds will be refinanced, and the terms of the discount will be set per a Repricing Agreement, which will also specify a minimum discount threshold.

The risks to SVCE are minimal as the debt will not be recourse to SVCE. If, for any reason, the structure falls apart, the original energy contract will revert to SVCE, and the loss to SVCE will be the staff time invested in the project and the future savings expected to be generated by the prepayment transaction. The initial consultant and attorney fees are all contingent upon the execution of the transaction and will be financed from the bond proceeds.

[5]SVCE along with Central Coast Community Energy (3CE), East Bay Community Energy (now Ava), and Marin Clean Energy (MCE), as the first set of founding members, established CCCFA.

Structural Overview of Power Prepay Using Third Party Funding Recipient



1. **Bond Issuance:** CCCFA issues the Bonds to fund the prepayment for Energy, pay capitalized interest, and pay costs of issuance. The Bonds will bear interest at fixed interest rates during the Initial Interest Rate Period.

2. **Prepayment:** CCCFA will apply bond proceeds to prepay Energy Supplier for approximately 30 years of Energy deliveries. Under the Prepaid Energy Sales Agreement, Energy Supplier will be obligated to (a) deliver specified annual quantities of Energy each Contract Year, to be delivered on a monthly basis, to CCCFA for approximately 30 years; (b) make payments for (i) projected monthly quantities of Assigned Energy that are not delivered and (ii) hourly quantities of Base Energy that are remarketed based on the applicable index price; and (c) make a termination payment upon any early termination of the Prepaid Energy Sales Agreement, including upon a Failed Remarketing, as described herein.

3. **Energy Supplier Commodity Swap:** Energy Supplier enters into the Energy Supplier Commodity Swap with the Commodity Swap Counterparty to facilitate Energy Supplier's ability to purchase at index prices the specified Energy quantities required to be delivered each month throughout the term of the Prepaid Energy Sales Agreement.

4. **CCCFA Commodity Swap:** CCCFA enters into the CCCFA Commodity Swap with the Commodity Swap Counterparty to facilitate its ability to sell specified Energy quantities required to be delivered to the Project Participant at index prices, creating the economic effect of fixing the discount below the index (market) price at which Energy is sold to the Project Participant. The CCCFA Commodity Swap enables CCCFA to sell prepaid quantities to the Project Participant at index prices while ensuring that the net revenues from Project Participant payments and the CCCFA Commodity Swap always equal or exceed debt service regardless of the index price of Energy at the time. Quantities, term, and delivery points for CCCFA Commodity Swap mirror those of the Energy Supplier Commodity Swap.

5. **Project Participant (SVCE):** Under the Power Supply Contract, CCCFA will sell to the Project Participant all of the Energy delivered by the Energy Supplier on a pay-as-you-go basis at an index price less specified discounts determined to ensure that the month's net Energy sale revenues (net of swap payments and receipts) will enable CCCFA to make scheduled deposits to the Debt Service Account.

6. **Funding Agreement:** The Energy Supplier will use a portion of the prepayment proceeds it receives to purchase a [___________] (the *"Funding Agreement"*) from [____________] (the *"Funding Recipient"*).

The Scheduled Withdrawals payable under the Funding Agreement provide amounts sufficient to enable the Energy Supplier to meet its monthly electricity purchase obligations under the Energy Management Agreement and the payments, if any, due under the Energy Supplier Commodity Swap. The Funding Agreement provides a fixed interest rate for a period equal to the Initial Interest Rate Period on the Bonds and will mature at the end of such period. The unamortized balance of the Funding Account established under the Funding Agreement is payable to the Energy Supplier on the maturity date or any early termination date of the Funding Agreement.

7. **Assigned PPAs:** The Project Participant is expected to assign its rights to receive EPS Compliant Energy under existing and future PPAs to the Energy Supplier (or, if MSCG is not the seller under the applicable PPA, to MSCG for delivery of the Assigned Product to the Energy Supplier) in order for the Energy Supplier to meet its obligation to deliver EPS Compliant Energy to CCCFA under the Prepaid Energy Sales Agreement.

   The cumulative effect of the Prepaid Energy Sales Agreement, the CCCFA Commodity Swap, the Power Supply Contract and related documents enables CCCFA to receive dependable Energy supplies at a discount below market prices for sale to the Project Participant. The resulting monthly net revenues, regardless of changes in Energy prices, are expected to be adequate to pay Debt Service requirements on the Bonds and program expenses when due.

Ballard Spahr LLP

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May __, 2025

Ted Bardacke and Garth Salisbury
California Community Choice Financing Authority
San Rafael, California

Re: Agreement for Legal Services by and Between CCCFA and Ballard Spahr

Dear Ted and Garth:

We are pleased that you have asked the firm to serve as your counsel, as described herein. This letter will confirm our discussion with you regarding your engagement of this firm and will describe the basis on which our firm will provide legal services to you.

Accordingly, we submit for your approval the following provisions governing our engagement. If you are in agreement, please sign the enclosed copy of this letter in the space provided below. If you have any questions about these provisions, or if you would like to discuss possible modifications, do not hesitate to call.

1. *Client; Scope Representation*. Our client in this matter will be California Community Choice Financing Authority (the "Issuer"). We will be engaged as bond counsel and special tax counsel to advise the Issuer solely in connection with an energy prepay financing (the "Prepay Financing") in which Silicon Valley Clean Energy Authority ("Silicon Valley") will be the participant, including preparing, negotiating and revising certain documentation required to consummate such Prepay Financing. It is our understanding that the Issuer will be represented by David Ruderman, its General Counsel, who will render an approving opinion on its behalf regarding its legal authority and approvals, and enforceability of documents to which it is a party. You may limit or expand the scope of our representation from time to time, subject to our explicit agreement of any substantial expansion of services.

2. *Term of Engagement.* Either of us may terminate the engagement at any time for any reason by written notice, subject on our part to applicable rules of professional conduct.

3. *Conclusion of Representation; Retention and Disposition of Documents.* Unless previously terminated, our representation of the Issuer will terminate upon closing of

the issuance of bonds in connection with the Prepay Financing. Following such termination, any otherwise nonpublic information you have supplied to us which is retained by us will be kept confidential in accordance with applicable rules of professional conduct. At your request, your papers and property and any final documents prepared on behalf of CCCFA during the engagement will be returned to you promptly upon receipt of payment for outstanding fees and costs. Our own files pertaining to the matter will be retained by the firm. These firm files include, for example, firm administrative records, time and expense reports, personnel and staffing materials, and credit and accounting records; and internal lawyers' work product such as drafts, notes, internal memoranda, and legal and factual research, including investigative reports, prepared by or for the internal use of lawyers. All such documents retained by the firm will be transferred to the person responsible for administering our records retention program. We may destroy or otherwise dispose of any such documents or other materials retained by us within a reasonable time after the termination of the engagement.

4. *Post-Engagement Matters*. You are engaging the firm to provide legal services in connection with the matter referred to in this letter. After completion of the matter, changes may occur in the applicable laws or regulations that could have an impact upon your future rights and liabilities. Unless you engage us after completion of the matter to provide additional advice on issues arising from the matter, the firm has no continuing obligation to advise you with respect to future legal developments.

5. *Fees and Expenses; Staffing*. The fee for this matter will be a fixed fee of $250,000, payable at closing, which is expected to occur no later than August 31, 2025. Ballard Spahr understands and agrees the closing is subject to the approval of the CCCFA Board of Directors. If the CCCFA Board of Directors does not approve of the closing, then no payment under this engagement is owed. We expect to staff this matter with Charlie Henck, Peter Lam, and Andrew Wang for tax matters; and Joyce Gorman, Kim Magrini, and Ben Vernon for other bond counsel matters; as well as Laura Cavacini, a paralegal. Subject to the Conflict Waiver, we may engage other firm attorneys when and as needed.

6. *Client Responsibilities*. You agree to cooperate fully with us and to provide promptly all information known or available to you relevant to our representation. You also agree to pay our statements for services and expenses in accordance with paragraph 5 above.

7. *Conflicts of Interest*. Ballard Spahr represents many other companies and individuals in a separate capacity, including U.S. Bank Trust Company, National Association ("USB") as counsel to the Trustee. Ballard Spahr regularly represents USB in connection with other matters, including energy prepays in cases where we have served multiple roles, and we expect that we also may be asked to represent USB here.

Additionally, Ballard Spahr regularly represents Morgan Stanley & Co. LLC ("Morgan Stanley"), the underwriter for this Prepay Financing, in connection with various other unrelated matters. It is our understanding that Morgan Stanley will be represented by Nixon Peabody LLP as underwriter's counsel (and any Morgan Stanley affiliates involved in the

Prepay Financing will be represented by other counsel), and that CCCFA's general counsel will represent CCCFA and will render a legal opinion on its behalf.

In light of our other unrelated Morgan Stanley engagements and our possible role as counsel to USB as Trustee in the Prepay Financing, Ballard Spahr will obtain conflict waivers from Morgan Stanley and USB, and requests by signing below that CCCFA acknowledge the other client relationships described above and that CCCFA consent to our serving as bond counsel, special tax counsel and counsel to the Trustee in connection with the Prepay Financing. In the event litigation or any dispute were to arise between Morgan Stanley and CCCFA and/or Silicon Valley and/or USB in connection with the Prepay Financing, Ballard Spahr would not represent or advise any of CCCFA, Silicon Valley, Morgan Stanley, or USB in connection with any such litigation or dispute, without the consent of CCCFA. Ballard Spahr will not disclose any files or information in its possession obtained in connection with Ballard Spahr's representation of CCCFA or its affiliates in connection with matters unrelated to the Prepay Financing or otherwise to Morgan Stanley or USB.

If you are in agreement with the terms of this letter and the Terms of Engagement please sign the enclosed copy of this letter in the space provided below.

(signatures follow)

We look forward to working with you. If you have any questions regarding our engagement either now or during the course of our work together, please do not hesitate to call me.

Very truly yours,

Kimberly D. Magrini

KDM/jw
Attachment

Agreed and accepted:

California Community Choice Financing Authority

By: ______________________________________
Name:
Title:

Ballard Spahr LLP

Terms of Engagement

The following terms together with the accompanying letter of engagement constitute the terms of your engagement of Ballard Spahr LLP ("Ballard Spahr") as your lawyers. Unless modified in writing by mutual agreement, these terms will be an integral part of Ballard Spahr's agreement with you. Therefore, we ask that you review these terms carefully and contact us promptly if you have any questions. We suggest that you retain these terms in your file.

1. **CLIENT.** It is understood that Ballard Spahr's Client for purposes of this representation is limited to the individual or entity specifically identified in the engagement letter and does not include others.

2. **SCOPE OF REPRESENTATION.** Our representation is limited to performance of the services expressly described in the engagement letter and does not include representation of you or your interests in any other matter. It is important that you have a clear understanding of the legal services we will provide and that you contact us promptly to discuss any questions that you may have about them. You may limit or expand the scope of the representation from time to time, provided that any substantial change is agreed to by us and made in writing. We will provide legal counsel to you in reliance upon information and guidance provided by you, keep you reasonably informed of the status of the matter, and respond to your inquiries. Any expressions on our part concerning the outcome of your legal matters are expressions of our professional judgment, but are not guarantees. Such opinions are necessarily limited by our knowledge of the facts and are based on the state of the law at the time they are expressed.

3. **REGARDING FEDERAL TAX ADVICE.** In the course of our representation, we may render tax advice to you on various legal matters. You understand that you may not use such tax advice to avoid any penalties that may be imposed by the Internal Revenue Service unless, in accordance with the Internal Revenue Service rules of practice, we are specifically engaged to provide a formal, written tax opinion for that purpose. Accordingly, you acknowledge that we may legend any written tax advice that we provide in the course of this engagement to indicate that it may not be relied on for purposes of penalty protection. You further understand that our representation does not include the provision of any tax advice concerning transactions in which you may participate that would be "reportable transactions"

within the meaning of Section 6707A of the Internal Revenue Code of 1986, as amended, and that our provision of tax advice concerning such transactions would require a separate engagement for that purpose. In particular, we shall not advise as to any transaction in which you may participate in which your or our disclosure of its tax treatment or tax structure is limited by any person other than you, our client, unless we are separately engaged by you for that purpose.

4. **STAFFING.** Customarily, each client of Ballard Spahr is served by a Relationship Partner (a principal lawyer contact) and one or more Matter Billing Lawyers (a lawyer designated to oversee an individual matter that Ballard Spahr handles on your behalf). Subject to the Conflict Waiver, your work or parts of it may be performed by other lawyers and legal assistants at Ballard Spahr. Such delegation may be for the purpose of involving lawyers or legal assistants with special expertise in a given area or for the purpose of providing services on the most efficient and timely basis.

5. **TERMINATION OF ENGAGEMENT.** Either of us may terminate the engagement at any time for any reason by written notice, subject on our part to applicable rules of professional conduct. Your termination of our services will not affect your responsibility for payment of legal services rendered and additional charges incurred before termination and in connection with an orderly transition of the matter. If permission for withdrawal is required by a court, we will apply for such permission and you agree to engage successor counsel to represent you.

We are subject to the rules of professional responsibility for the jurisdictions in which we practice, which list several types of conduct or circumstances that require or allow us to withdraw from representing a client, including for example: nonpayment of fees or costs, misrepresentation or failure to disclose material facts, action contrary to our advice, and conflict of interest with another client. We try to identify in advance and discuss with our client any situation which may lead to our withdrawal, and if withdrawal ever becomes necessary, we give the client written notice of our withdrawal.

6. **CONCLUSION OF REPRESENTATION.** Unless previously terminated, our representation will conclude upon our sending you our final invoice for services rendered in this matter.

7. **RETENTION AND DISPOSITION OF DOCUMENTS.** Following the termination of our representation or the conclusion of the matter, any otherwise nonpublic information you have supplied to us which is retained by us will be kept confidential in accordance with applicable rules of professional conduct. At your request, your papers and

property and any final documents prepared on behalf of CCCFA during the engagement will be returned to you promptly upon receipt of payment for outstanding fees and costs. Our own files pertaining to the matter will be retained by Ballard Spahr. These firm files include, for example, firm administrative records, time and expense reports, personnel and staffing materials, and credit and accounting records; and internal lawyers' work product such as drafts, notes, internal memoranda, and legal and factual research, including investigative reports, prepared by or for the internal use of lawyers. We reserve the right to destroy or otherwise dispose of any such documents or other materials retained by us within a reasonable time after the termination of the engagement.

8. **POST-ENGAGEMENT ISSUES.** You are engaging Ballard Spahr to provide legal services in connection with the matter referred to in the accompanying engagement letter. After completion of the matter, changes may occur in the applicable laws or regulations that could have an impact upon your future rights and liabilities. Unless you engage us after completion of the matter to provide additional advice on issues arising from the matter, Ballard Spahr has no continuing obligation to advise you with respect to future legal developments.

9. **CLIENT RESPONSIBILITIES.** You agree to pay our invoices for services and expenses in a timely manner as provided in paragraph 5 of the Engagement Letter. In addition, you will be candid and cooperative with us and will keep us informed with complete and accurate factual information, documents and other communications relevant to the subject matter of our representation or otherwise reasonably requested by us. Because it is important that we are able to contact you at all times in order to consult with you regarding your representation, you will inform us, in writing, of any changes in the name, address, telephone number, contact person, email address, state of incorporation or other relevant changes regarding you or your business. Whenever we need your instructions or authorization in order to proceed with legal work on your behalf, we will contact you at the latest business address we have received from you.

You have agreed that our representation of you in the matter described in the engagement letter does not create an attorney client relationship between Ballard Spahr and other entities related to you, such as member entities. Accordingly, our representation of you in the matter identified in the engagement letter will not give rise to any conflict of interest in the event other clients of Ballard Spahr are adverse to other related entities.

AGREEMENT BY AND AMONG SILICON VALLEY CLEAN ENERGY AUTHORITY AND PFM FINANCIAL ADVISORS LLC PFM SWAP ADVISORS LLC

THIS AGREEMENT ("Agreement"), is entered into this [ ] day of June, 2025, by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY, a joint powers authority ("SVCE") and PFM FINANCIAL ADVISORS LLC, a Delaware Limited Liability Company whose address is 555 W. 5th Street, Suite 3500, Los Angeles, CA 90013 ("PFMFA"), together with its affiliate, PFM Swap Advisors LLC whose address is 1735 Market Street, 42nd Floor, Philadelphia PA 19103 ("PFM Affiliate" or "PFMSA"). The parties shall be collectively referred to as the "Parties" and each individually as a "Party").

PFMFA and PFM Affiliate shall both be bound to the terms and conditions of this Agreement; provided, however, that each will provide its services pursuant to a separate scope of work ("Scope of Work"), included in Exhibit "A" to this Agreement. Collectively, PFMFA and PFM Affiliate shall be referred to throughout this Agreement as "Consultant".

RECITALS:

A. SVCE 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. Consultant 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. SVCE and Consultant desire to enter into an agreement for Municipal Advisor and Swap Advisor services with Consultant upon the terms and conditions herein in connection with the proposed issuance of bonds by California Community Choice Financing Authority, a conduit joint powers authority ("Issuer") selected by SVCE to issue bonds (the "Bonds") as part of a prepayment transaction for the purchase of electricity.

NOW, THEREFORE, the Parties mutually agree as follows:

1. TERM

The term of this Agreement shall commence on June [ ], 2025 and shall terminate on the earlier of (a) the third anniversary date of this Agreement, or (b) the date of issuance of the Bonds unless terminated earlier as set forth herein.

2. SERVICES TO BE PERFORMED

Consultant shall perform each and every service set forth in Exhibit "A" pursuant to the schedule of performance set forth in Exhibit "B," both of which are attached hereto and incorporated herein by this reference. Upon request of SVCE, Consultant or an affiliate of Consultant may agree to additional services to be provided by Consultant or an affiliate of Consultant, by a separate writing, including separate scope and compensation, between SVCE and Consultant or its respective affiliate. For the sake of clarity, any separate agreement between SVCE and an affiliate of Consultant shall not in any way be deemed an amendment or modification of this Agreement.

3. COMPENSATION TO CONSULTANT

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed Two Hundred and Seventy-Five Thousand and 00/100 dollars ($275,000.00) based on the rates and terms set forth in Exhibit "C," which is attached hereto and incorporated herein by this reference.

4. TIME IS OF THE ESSENCE

Consultant and SVCE agree that time is of the essence regarding the performance of this Agreement.

5. STANDARD OF CARE

Consultant 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 under similar circumstances and in a manner reasonably satisfactory to SVCE and agrees that all services shall be performed by qualified and experienced personnel. Consultant shall be responsible to SVCE for any errors or omissions in the performance of work pursuant to this Agreement. Should any errors caused by Consultant be found in such services or products, Consultant shall correct the errors at no additional charge to SVCE by redoing the professional work and/or revising the work product(s) called for in the Scope of Services to eliminate the errors. Should Consultant fail to make such correction in a reasonably timely manner, such correction may be made by SVCE, and the cost thereof shall be charged to Consultant. In addition to all other available remedies, SVCE may withhold payment otherwise owed Consultant under this Agreement up to the amount of the cost of correction.

6. INDEPENDENT PARTIES

SVCE and Consultant intend that the relationship between them created by this Agreement is that of independent contractor. The manner and means of conducting the work are under the control of Consultant, 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 Consultant's services. None of the benefits provided by SVCE to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from SVCE to Consultant, 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 Consultant. Payments of the above items, if required, are the responsibility of Consultant. Consultant shall indemnify and hold harmless SVCE and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of SVCE officials, from any and all liability, damages, claims, costs and expenses of any nature to the extent arising from Consultant's personnel practices. SVCE shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to SVCE from Consultant as a result of Consultant's failure to promptly pay to SVCE any reimbursement or indemnification arising under this section.

7. NO RECOURSE AGAINST CONSTITUENT MEMBERS OF EBCE

SVCE is organized as Joint Powers Authorities in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to Joint Powers Agreement dated December 1, 2016, and is a public entity separate from its constituent members.

SVCE shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Consultant shall have no rights and shall not make any claims, take any actions or assert any remedies against any of SVCE's constituent members in connection with this Agreement.

8. NON-DISCRIMINATION

In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law.

9. HOLD HARMLESS AND INDEMNIFICATION

General Indemnification. To the fullest extent permitted by law, Consultant shall, at its sole cost and expense, defend, hold harmless and indemnify SVCE and their elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and agents serving as independent contractors in the role of SVCE officials (collectively "Indemnitees"), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, or other professionals and all costs associated therewith (collectively "Liabilities"), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the negligence or willful misconduct of Consultant, its officers, agents, servants, employees, subcontractors, materialmen, consultants or their officers, agents, servants or employees (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, but only to the extent of Consultant's liability, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties. Consultant shall defend the Indemnitees in any action or actions filed in connection with any Liabilities with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Consultant shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

Consultant's indemnifications and obligations under this section shall survive the expiration or termination of this Agreement.

10. INSURANCE

A. General Requirements. On or before the commencement of the term of this Agreement, Consultant shall furnish SVCE 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 Consultant's indemnification obligations under this Agreement, the CGL shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or non-renewed before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to SVCE by certified mail, Attention: Chief Executive Officer." Consultant 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 SVCE and licensed to do insurance business in the State of California. Endorsements naming SVCE as additional insured shall be submitted with the insurance certificates.

B. Subrogation Waiver. Consultant 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, Consultant shall look solely to its insurance for recovery. Consultant hereby grants to SVCE, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or SVCE with respect to the services of Consultant herein, a waiver of any right to subrogation which any such insurer of Consultant may acquire against SVCE by virtue of the payment of any loss under such insurance.

C. Failure to Secure or Maintain Insurance. If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, SVCE shall be permitted to obtain such insurance in the Consultant's name or as an agent of the Consultant and shall be compensated by the Consultant 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. SVCE, and its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any workers compensation, professional liability and cyber 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 SVCE are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

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

Consultant warrants that it, and to its best knowledge, its officers, employees, associates and subcontractors, presently have 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, its officers, employees, associates and subcontractors, will not employ any person having such an interest. Consultant and its officers, employees, associates and subcontractors, if any shall comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this Agreement, including the Political Reform Act (Gov. Code § 81000, et seq.) and Government Code Section 1090. During the term of this Agreement, Consultant may perform similar services for other clients. Consultant shall incorporate a clause substantially similar to this section into any subcontract that Consultant executes in connection with the performance of this Agreement. Consultant understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff position, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. PROHIBITION AGAINST TRANSFERS

Consultant 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 SVCE. 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 Consultant from SVCE 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 SVCE by Consultant.

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

13. <u>SUBCONTRACTOR APPROVAL</u>

Unless prior written consent from SVCE 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 Consultant 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 Consultant. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

Consultant 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 Consultant shall agree to be bound to Consultant and SVCE in the same manner and to the same extent as Consultant is bound to SVCE under this Agreement. Subcontractors shall agree to include these same provisions within any sub-subcontract. Consultant shall provide a copy of the Indemnity and Insurance provisions of this Agreement to any subcontractor. Consultant 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 SVCE.

14. <u>REPORTS</u>

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 Consultant pursuant to or in connection with this Agreement, shall be the exclusive property of SVCE. Consultant shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to SVCE 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 SVCE, and all publication rights are reserved to SVCE. Consultant may retain a copy of any Report furnished to SVCE pursuant to this Agreement.

B. All Reports prepared by Consultant may be used by SVCE in execution or implementation of: (1) The original project for which Consultant was hired; (2) Completion of the original project by others; (3) Subsequent additions to the original project; and/or (4) Other SVCE projects as SVCE deems appropriate in its sole discretion.

C. Consultant shall, at such time and in such form as SVCE 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 Consultant pursuant to this Agreement that has not been publicly released shall be made available to any individual or organization by Consultant without prior approval by SVCE.

F. SVCE shall be the owner of and shall be entitled upon request to immediate possession of accurate reproducible copies of Reports or other pertinent data and information gathered or computed by Consultant prior to termination of this Agreement or upon completion of the work pursuant to this Agreement.

15. RECORDS

Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by SVCE 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. Consultant shall provide free access to such books and records to the representatives of SVCE or its designees at all proper times, and gives SVCE 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 Consultant receives final payment from SVCE for all services required under this Agreement.

16. PARTY REPRESENTATIVES

The Chief Executive Officer of SVCE ("SVCE Representative") shall represent SVCE in all matters pertaining to the services to be performed under this Agreement. Michael Berwanger, Managing Director, PFM Financial Advisors LLC and George Hu, Director, PFM Swap Advisors LLC ("Consultant Representatives") shall represent Consultant in all matters pertaining to the services to be performed under this Agreement.

17. INFORMATION AND DOCUMENTS

A. Consultant covenants that all data, reports, documents, discussion, or other information (collectively "Data") developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed or released by Consultant without prior written authorization by SVCE, unless disclosure is required by law or judicial or regulatory process. Consultant, its officers, employees, agents, or subcontractors shall not without written authorization from SVCE Representative or unless requested in writing by SVCE Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within SVCE. Response to a subpoena or court order shall not be considered "voluntary," provided, to the extent not legally prohibited, Consultant gives SVCE notice of such court order or subpoena.

B. To the extent not legally prohibited, Consultant shall promptly notify SVCE should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder or with respect to any project or property located within SVCE. SVCE may, but has no obligation to, represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to reasonably cooperate with SVCE and to provide SVCE with the opportunity to review any response to discovery requests provided by Consultant. However, SVCE's right to review any such response does not imply or mean the right by SVCE to control, direct or rewrite the response.

C. In the event SVCE gives Consultant written notice of a "litigation hold", then as to all data identified in such notice, Consultant shall, at no additional cost to SVCE, isolate and preserve all such data pending receipt of further direction from SVCE.

D. Consultant agrees to comply with the confidentiality provisions set forth in Exhibit "E," attached hereto and incorporated herein by this reference.

E. Consultant's covenants under this section shall survive the expiration or termination of this Agreement.

18. NOTICES

Any notice, consent, request, demand, bill, invoice, report or other communication required or permitted under this Agreement shall be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by courier service during Consultant's and SVCE's regular business hours, or (c) three Business Days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the Party to be notified as set forth below:

TO AUTHORITY:
333 W. El Camino Real
Suite 330
Sunnyvale CA 94087
Attention: Chief Executive Officer

TO CONSULTANT:
PFM Financial Advisors LLC
555 W. 5th Street
Suite 3500
Los Angeles, CA 90013
Attn: Managing Director

With a copy to:
PFM Swap Advisors LLC
1735 Market Street, 42nd Floor
Philadelphia, PA 19103
Attn: George Hu

19. TERMINATION

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If Consultant 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 SVCE's written notice of default, and in addition to any other remedy available to SVCE by law, SVCE Representative may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. SVCE Representative 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 Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance.

In the event of SVCE's termination of this Agreement due to no fault or failure of performance by Consultant, and subject to the ultimate issuance of the Bonds, Consultant shall be paid for services satisfactorily performed up to the effective date of termination solely from the Bond proceeds. Upon termination, Consultant shall immediately deliver to SVCE any and all copies of studies, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement. Such materials shall become the property of SVCE. Consultant shall have no other claim against SVCE by reason of such termination, including any claim for compensation.

20. COMPLIANCE WITH LAWS

Consultant shall keep itself informed of all applicable federal, state and local laws, ordinances, codes, regulations and requirements which may, in any manner, affect those employed by it or in any way affect the performance of its services pursuant to this Agreement. Consultant shall, at all times, observe and comply with all such laws and regulations. SVCE, and its officers and employees, shall not be liable at law or in equity by reason of the failure of the Consultant to comply with this paragraph.

Consultant represents and agrees that all personnel engaged by Consultant in performing services are and shall be fully qualified and are authorized or permitted under state and local law to perform such services. Consultant represents and warrants to SVCE that it has all licenses, permits, certificates, qualifications, and approvals required by law to provide the services and work required to perform services under this Agreement, including a business license. Consultant further represents and warrants that it shall keep in effect all such licenses, permits, and other approvals during the term of this Agreement.

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

Consultant 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 SVCE to do otherwise.

23. WAIVER

A waiver by SVCE 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 SVCE and Consultant.

25. AUTHORITY

The individual(s) executing this Agreement represent and warrant that they have the legal 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.

28. SVCE'S RIGHTS TO EMPLOY OTHER CONSULTANTS

SVCE reserves the right to employ other consultants in connection with the subject matter of the Scope of Services.

29. EXHIBITS

The Exhibits referenced in this Agreement are attached hereto and incorporated herein by this reference as though set forth in full in the Agreement. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, or between a provision of this Agreement and a provision of Consultant's proposal, the provisions of this Agreement shall control.

30. FORCE MAJEURE

Consultant shall not be liable for any failure to perform its obligations under this Agreement if Consultant presents acceptable evidence, in SVCE's sole judgment, that such failure was due to acts of God, embargoes, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Consultant's reasonable control and not due to any act by Consultant.

31. FINAL PAYMENT ACCEPTANCE CONSTITUTES RELEASE

The acceptance by Consultant of the final payment made under this Agreement shall operate as and be a release of SVCE from all claims and liabilities for compensation to Consultant for anything done, furnished or relating to Consultant's work or services. However, approval or payment by SVCE shall not constitute, nor be deemed, a release of the responsibility and liability of Consultant, its employees, subcontractors and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by SVCE for any defect or error in the work prepared by Consultant, its employees, subcontractors and agents.

32. SEVERABILITY

If any provision in this Agreement is held by a court of competent jurisdiction to be illegal, invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

33. SUCCESSORS AND ASSIGNS

The terms and conditions of this Agreement shall be binding on the successors and assigns of the Parties to this Agreement.

34. NO THIRD PARTY BENEFICIARIES INTENDED

This Agreement is made solely for the benefit of the Parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

35. COUNTERPARTS; FACSIMILE/PDF/ELECTRONIC SIGNATURE

This Agreement may be executed in multiple counterparts, all of which shall be deemed an original, and all of which will constitute one and the same instrument. The Parties agree that a facsimile, PDF or electronic signature may substitute for and have the same legal effect as the original signature.

36. DRAFTING PARTY

This Agreement shall be construed without regard to the Party that drafted it. Any ambiguity shall not be interpreted against either Party and shall, instead, be resolved in accordance with other applicable rules concerning the interpretation of contracts.

37. INFORMATION TO BE FURNISHED TO CONSULTANT

All information, data, reports, and records in the possession of SVCE or any third party necessary for carrying out any services to be performed under this Agreement ("Data") shall be furnished to Consultant. Consultant may rely on the Data in connection with its provision of the services under this Agreement and the provider thereof shall remain solely responsible for the adequacy, accuracy and completeness of such Data.

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

RECOMMENDED FOR APPROVAL

____
Amrit Singh, Chief Financial Officer/Director of Administrative Services

PFM FINANCIAL ADVISORS LLC
A Limited Liability Company

By:____________________________
Name: Michael Berwanger
Title: Managing Director
Date: __________________________

PFM SWAP ADVISORS LLC
A Limited Liability Company

By:____________________________
Name: George Hu
Title: Director
Date: __________________________

SILLICON VALLEY CLEAN ENERGY AUTHORITY
A Joint Powers Authority

By:___________________________
Name: _________________________
Title: __________________________
Date:___________________________

Exhibit A
Consultant Work Orders
(See Following Pages)

WORK ORDER #1

PFM FINANCIAL ADVISORS LLC

The terms and conditions of the Agreement between SVCE, PFMFA and PFMSA are incorporated into this Scope of Services by reference.

Working with PFMSA, PFMFA will provide the following portion of the Scope of Services:

PFM Financial Advisors LLC (as Municipal Advisor)

Scope of Services Transaction Services

- **PFM will take the lead role acting as Project Manager throughout the prepay bond financing process.**
- **Documentation and Planning**
    - Develop a financing plan in concert with SVCE staff which would include recommendations as to the timing and number of series of bonds to be issued.
    - Review transaction legal documentation provide suggestions, modifications and enhancements where appropriate and assist with the negotiation of terms with associated counterparties.
    - Coordinate with SVCE staff and other advisors as respects the furnishing of data for offering documents, it being specifically understood that PFM is not responsible for the inclusion or omission of any material in published offering documents
    - In coordination with the deal team, develop credit rating presentation and coordinate with SVCE the overall presentation to rating agencies.
    - Assistance with putting together the necessary disclosure related to SVCE (separately and together, if and where relevant) in the disclosure documents.
    - Arrange for the closing of the transaction including, but not limited, to bond printing, signing and final delivery of the bonds.
- **Financial Planning and Modelling**
    - Advise as to the various financing alternatives available to SVCE staff.
    - Develop alternatives related to debt transaction including evaluation of maturity schedule and cash flow requirements.
    - Assist SVCE in the procurement of ancillary services relating to debt issuance such as printing, trustee, paying agent, registrar, etc.
    - Analyze financial and economic factors to determine if the issuance of prepayment bonds is appropriate.
    - Provide financial modeling services and comparables on deal pricing and deal economics.
    - As applicable, advise SVCE on the condition of the bond market at the time of sale, including volume, timing considerations, competing offerings, and general economic considerations.
    - Assist and advise SVCE in a solicitation and negotiations with investment banking groups regarding fees, pricing of the bonds and final terms of any security offering, and make recommendations regarding a proposed offering to obtain the most

favorable financial terms based on existing market conditions.

FINANCIAL ADVISORY REQUIRED DISCLOSURES:

PFMFA is a registered municipal advisor with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. If SVCE has designated PFMFA as its independent registered municipal advisor (“IRMA”) for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the “IRMA exemption”), then services provided pursuant to such designation shall be the services described in this Work Order #1, subject to any agreed upon limitations. Verification of independence (as is required under the IRMA exemption) shall be the responsibility of such third party seeking to rely on such IRMA exemption. PFMFA shall have the right to review and approve in advance any representation of its’s role as IRMA to SVCE.

MSRB Rules require that municipal advisors make written disclosures to their clients of all material conflicts of interest, certain legal or disciplinary events and certain regulatory requirements. Such disclosures are provided in PFMFA’s Disclosure Statement delivered to SVCE prior to or together with this Agreement.

Team Members:

Michael Berwanger, Managing Director
James Carbone, SMC
Paul Matteo, SMC
Faisal Alif, Senior Analyst
Other personnel to be assigned as necessary

WORK ORDER #2

PFM SWAP ADVISORS LLC

The terms and conditions of the Agreement between SVCE, PFMFA and PFMSA are incorporated into this Scope of Services by reference.

Working with PFMFA, PFMSA will provide the following portion of the Scope of Services:

PFM Swap Advisors LLC (as Swap Advisor and QIR)
Scope of Services Transaction Services

- PFMSA will serve SVCE as Municipal Advisor and designated Qualified Independent Representative ("QIR") in the provision of general swap advisory services related to any swap-related communication, interaction or other discussion ("Swap Communication") between SVCE and Swap Dealers (as such term is defined by the Securities and Exchange Commission ("SEC") and the Commodity Futures Trading Commission ("CFTC")). PFMSA is obligated to comply with the applicable requirements of CFTC Regulation 17 CFR 23.450(b)(1) in providing QIR services to SVCE.

- As QIR to SVCE, PFMSA will make available qualified professionals to participate in discussions and other interactions with Swap Dealers as SVCE finds necessary or desirable. Additionally, PFMSA will assist SVCE with analysis of any proposals from Swap Dealers. PFMSA may assist SVCE with other swap related tasks such as helping write a swap policy or other related analysis upon SVCE's request. PFMSA will also assist SVCE, as needed, in completing the ISDA Dodd-Frank Protocols and other matters to comply with the regulatory requirements imposed under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- Analyze and model alternative hedge structures and provide price indications;
- Review and comment on all hedge documentation and business terms;
- Assist in counterparty selection and developing terms for a request for bids (if desired);
- Review competitive bids and make a recommendation for award or if so determined
- Negotiate the pricing terms and structure with the Counterparty(s);
- Coordinate the closing of the transaction.

SWAP ADVISORY REQUIRED DISCLOSURES

PFMSA agrees that it will not deal with itself or with any other affiliated company or individual in making purchases or sales of the swaps or any securities pursuant to this engagement, nor will it take a long or short position in securities subject to purchase or sale in connection with the Swaps. PFMSA confirms that it has no interest in the purchase or sale of the Swaps other than as described in this Work Order.

MSRB Rules require that municipal advisors make written disclosures to its clients of all material conflicts of interest and certain legal or disciplinary events and certain regulatory requirements. Such disclosures are provided in PFMSA's Disclosure Statement delivered to SVCE prior to or together with the Agreement.

PFMSA is a registered municipal advisor with the SEC and the Municipal Securities Rulemaking Board (the "MSRB"), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. As of the date of the Agreement, SVCE has **not** designated PFMSA as its independent registered municipal advisor ("IRMA") for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption."). SVCE agrees not to represent that PFMSA is SVCE's IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, without PFMSA's prior written consent.

Team Members:

George Hu, Director
Other personnel to be assigned as necessary

Exhibit B
Schedule of Performance

Tasks will be performed at the direction of SVCE staff.

Exhibit C
Compensation

The compensation to be paid to Consultant under this Agreement, including the services provided by PFM Swap Advisors LLC, for all services described in Exhibit “A” and reimbursable expenses shall not exceed a total of Two Hundred and Seventy-Five Thousand and 00/100 dollars ($275,000.00), 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 SVCE unless previously approved in writing by SVCE. Consultant compensation will be allocated between PFM Financial Advisors LLC and PFM Swap Advisors LLC based upon final known distribution of work between the two parties for their respective scopes of work.

Payment

All compensation to be paid to Consultant, including payment to PFM Swap Advisors LLC by SVCE under this Agreement shall be paid upon closing of the Bonds and shall be payable solely from the proceeds of the Bonds. In the event that the Bonds do not issue or close for any reason neither SVCE nor the Issuer shall owe any monies to Consultant for the services provided pursuant to this Agreement.

Reimbursable Expenses

In addition to fees for services, PFM will be reimbursed for necessary, reasonable out-of-pocket expenses incurred, including, but not limited to, travel, meals, lodging, telephone, mail, and other ordinary or extraordinary costs such as for graphics, printing, document production (including as required by a subpoena or other legal document or order), data processing and computer time which are incurred by PFM. Travel expenses must be authorized in advance in writing by SVCE. Data costs are estimated at $5,000.

Additional Services

Consultant shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from SVCE Representative prior to commencement of any additional services. Consultant shall submit, at SVCE Representative’s request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation. Any changes mutually agreed upon by the Parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

Exhibit D
Insurance Requirements and Proof of Insurance

Consultant 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 Consultant in the amount of at least $1,000,000.

(5) Privacy and Cybersecurity Liability
Privacy and cybersecurity liability (including costs arising from data destruction, hacking or intentional breaches, crisis management activity related to data breaches, and legal claims for security breach, privacy violations, and notification costs of at least $5,000,000 US per claim.

Exhibit E
Confidentiality Requirements

Subject to the terms and conditions of the Agreement, current proprietary and confidential information of SVCE regarding customers of SVCE (“SVCE Customers”) and/or other confidential information (collectively “Confidential Information”) may be disclosed to Consultant from time to time in connection herewith solely for the purposes set forth in the Agreement. Such disclosure is subject to the following legal continuing representations and warranties by Consultant:

1. The Confidential Information disclosed to Consultant in connection herewith may include, without limitation, the following information about SVCE Customers: (a) names; (b) addresses; (c) telephone numbers and email addresses; (d) service agreement numbers and account numbers; (e) meter and other identification numbers; (f) SVCE-designated account numbers; (g) electricity and gas usage (including monthly usage, monthly maximum demand, electrical or gas consumption, HP load, and other data detailing electricity or gas needs and patterns of usage); (h) billing information (including rate schedule, baseline zone, CARE participation, end use code (heat source) service voltage, medical baseline, meter cycle, bill cycle, balanced payment plan and other plans); (i) payment / deposit status; (j) number of units; and (k) other similar information specific to SVCE Customers individually or in the aggregate. Confidential Information shall also include specifically any copies, drafts, revisions, analyses, summaries, extracts, memoranda, reports and other materials prepared by Consultant or its representatives that are derived from or based on Confidential Information disclosed by SVCE, regardless of the form of media in which it is prepared, recorded or retained.

2. Except for electric and gas usage information provided to Consultant pursuant to this Agreement, Confidential Information does not include information that Consultant proves (a) was properly in the possession of Consultant at the time of disclosure; (b) is or becomes publicly known through no fault of Consultant, its employees or representatives; or (c) was independently developed by Consultant, its employees or representatives without access to any Confidential Information.

3. From the Effective Date, no portion of the Confidential Information may be disclosed, disseminated or appropriated by Consultant, or used for any purpose other than the purposes set forth in the Agreement.

4. Consultant shall, at all times keep the Confidential Information in the strictest confidence and shall take all reasonable measures to prevent unauthorized or improper disclosure or use of Confidential Information. Consultant shall implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect the personal information from unauthorized access, destruction, use, modification, or disclosure and prohibits the use of the data for purposes not set forth in the Agreement. Specifically, Consultant shall restrict access to Confidential Information, and to materials prepared in connection therewith, to those employees or representatives of Consultant who have a “need to know” such Confidential Information in the course of their duties with respect to the Consultant program and who agree to be bound by the nondisclosure and

confidentiality obligations of this Agreement. Prior to disclosing any Confidential Information to its employees or representatives, Consultant shall require such employees or representatives to whom Confidential Information is to be disclosed to review this Agreement and to agree to be bound by the terms of this Agreement. Consultant shall not disclose Confidential Information or otherwise make it available, in any form or manner, to any other person or entity that is not Consultant's employee or representative (a "Third Party"), except where that Third Party has separately entered into a nondisclosure agreement with SVCE.

5. Notwithstanding the above, Consultant may disclose Confidential Information to the extent required by an order, subpoena, or lawful process requiring the disclosure of such Confidential Information issued by a court or other governmental authority of competent jurisdiction, provided that, to the extent not legally prohibited, Consultant notifies SVCE promptly upon receipt thereof to allow SVCE to seek protective treatment for such Confidential Information.

6. Consultant shall immediately notify SVCE if it reasonably believes that there has been unauthorized access to the Confidential Information by a non-authorized person that could reasonably result in the use, disclosure, or theft of the Confidential Information.

7. It shall be considered a material breach of this Agreement if Consultant engages in a pattern or practice of accessing, storing, using, or disclosing the Confidential Information in violation of the contractual obligations described herein. Consultant understands that if SVCE finds that Consultant is engaged in a pattern or practice of accessing, storing, using, or disclosing Confidential Information in violation of this Agreement SVCE shall promptly cease all disclosures of Confidential Information to Consultant. Consultant further understands that if SVCE receives a customer complaint about Consultant's misuse of data or other violation of the Disclosure Provisions, SVCE shall promptly cease disclosing that customer's information to Consultant and shall notify the California Public Utilities Commission of the complaint.

8. Consultant shall be liable for the actions of, or any disclosure or use by, its employees or representatives contrary to this Agreement; however, such liability shall not limit or prevent any actions by SVCE directly against such employees or representatives for improper disclosure and/or use. In no event shall Consultant or its employees or representatives take any actions related to Confidential Information that are inconsistent with holding Confidential Information in strict confidence. Consultant shall immediately notify SVCE in writing if it becomes aware of the possibility of any misuse or misappropriation of the Confidential Information by Consultant or any of its employees or representatives. However, nothing in this Agreement shall obligate SVCE to monitor or enforce the Consultant's compliance with the terms of this Agreement.

9. Consultant shall comply with the consumer protections concerning subsequent disclosure and use set forth in Attachment B to California Public Utilities Commission (CPUC) Decision No. 12-08-045.

10. In addition to any other requirements set forth in the Agreement, within ten (10) business days of receipt of SVCE's written request, and at SVCE's option, Consultant will either return to SVCE all tangible Confidential Information, including but not limited to all electronic files, documentation, notes, plans, drawings, and copies thereof, or will provide SVCE with written certification that all such tangible Confidential Information of SVCE has been destroyed; provided, however, the foregoing shall not include(i) such copies as Consultant is required to retain by law or regulation, (ii) copies automatically saved electronically as part of a computer disaster recovery or similar back- up system or internal document retention and business continuity policies and procedures, or (iii) materials prepared by Consultant or its advisors for its board of directors or any board committee or other applicable decision-making body to the extent such materials contain Confidential Information.

11. Consultant acknowledges that disclosure or misappropriation of any Confidential Information could cause irreparable harm to SVCE and/or SVCE Customers, the amount of which may be difficult to assess. Accordingly, Consultant hereby confirms that SVCE shall be entitled to apply to a court of competent jurisdiction or the California Public Utilities Commission for an injunction, specific performance or such other relief (without posting bond) as may be appropriate in the event of improper disclosure or misuse of its Confidential Information by Consultant or its employees or representatives. Such right shall, however, be construed to be in addition to any other remedies available to SVCE, in law or equity.

12. In addition to all other remedies, Consultant shall indemnify and hold harmless SVCE, its officers, employees, or agents from and against and claims, actions, suits, liabilities, damages, losses, expenses and costs (including reasonable attorneys' fees, costs and disbursements) attributable to actions or non-actions of Consultant and/or its employees and/or its representatives in connection with the use or disclosure of Confidential Information.

13. When Consultant fully performs the purposes set forth in the Agreement, or if at any time Consultant ceases performance or SVCE requires Consultant cease performance of the purposes set forth in the Agreement, Consultant shall promptly return or destroy (with written notice to SVCE itemizing the materials destroyed) all Confidential Information then in its possession at the direction of SVCE, subject to Section 10 above. Notwithstanding the foregoing, the nondisclosure obligations of this Agreement shall survive any termination of this Agreement.

Consulting Services Agreement for Services By And Between Silicon Valley Clean Energy Authority, and Chapman and Cutler LLP

This Consulting Services Agreement ("Agreement") is made this [__] day of June, 2025 ("Effective Date") by and between Silicon Valley Clean Energy Authority ("SVCE"), a joint powers authority formed under the laws of the State of California, and Chapman and Cutler LLP, an Illinois limited liability partnership ("Consultant") for the purpose of providing legal services to SVCE as more specifically set forth on Exhibit A.

Section 1. Recitals

1.1 SVCE is an independent joint powers authority 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.

1.2 Consultant 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.

NOW THEREFORE, for good and valuable consideration, the amount and sufficiency of which is hereby acknowledged, the Parties to this Agreement, agree as follows:

Section 2. Term

The term of this Agreement is from the Effective Date of this Agreement through December 31, 2025 (the "Term"), unless extended or terminated earlier pursuant to Section 8.

Section 3. Scope of Work/Compliance with Laws and Regulations

3.1 Consultant agrees to perform the scope of work (the "Work") in Exhibit A in accordance with the compliance schedule in Exhibit B.

3.2 Consultant represents and warrants that it has the skill and expertise to perform the Work. Consultant agrees to obtain any and all necessary licenses, approvals or permits necessary to perform the Work.

3.3 Consultant and its Subconsultants must comply with all federal, state and local laws and regulations in performing the Work under this Agreement.

Section 4. Consultant Staffing

Exhibit C contains a list of Consultant's project manager and all team members. Consultant will not change or substitute the project manager or any team members or add additional team members without consultation with SVCE.

Section 5. Subconsultants

5.1 Consultant agrees to use only those Subconsultants listed on Exhibit D. Consultant shall notify SVCE within a reasonable period of time of any changes, additions, or removals of a Subconsultant.

5.2 Consultant agrees to require all Subconsultants to comply with the terms of this Agreement, including without limitation, maintaining insurance in compliance with the insurance obligations under Section 9, the Confidentiality requirements under Section 11 and indemnifying SVCE under Section 12.

Section 6. Compensation and Payment

6.1 The maximum compensation under this Agreement is $175,000.

6.2 Work under this Agreement is to be performed on a task or project basis. Consultant will submit an invoice for full payment in accordance with Exhibit E within thirty (30) days following a successful closing of the Transaction described in Exhibit A.

6.3 SVCE will not agree to pay any markups on Subconsultant Services or supplies unless such markups are included in Exhibit E, Compensation/Budget and such markups were included in Consultant's bid, if applicable.

6.4 Consultant is a U.S. based person or entity, has a permanent place of business in California and is registered with the California Secretary of State to do business in California, and will provide to SVCE a properly completed Internal Revenue Service Form W-9 before SVCE will process payment.

6.5 SVCE agrees to pay invoices within forty-five (45) days of receipt. Invoices may be sent to SVCE by U.S. mail or electronic mail. Invoices will be deemed received on the next business day following the date of transmission via electronic mail or three days after placement in the U.S. mail.

6.6 SVCE, as a Joint Powers Authority, is a separate public entity from its constituent members and will be solely responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Consultant acknowledges that it will have no rights and agrees not to make any claims, take any actions or assert any remedies against any of SVCE's constituent members in connection with this Agreement.

Section 7. Records Retention and Ownership of Work Product

7.1 The Consultant must retain all ledgers, books of accounts, invoices, vouchers, cancelled checks, background materials, or other records relating to its performance under this Agreement for a period of three years following termination of this Agreement.

7.2 SVCE owns all rights, including without limitation, all licenses, copyrights, service marks and patents, in and to all Work Product(s), whether written or electronic, without restriction or limitation upon their use and immediately when and as created by the Consultant, any Subconsultants, or any other person engaged directly or indirectly by the Consultant to perform under this Agreement. "Work Product(s)" means all writings, reports, drawings, plans, data, video, media, photographs, renderings, plans, software, models, and other similar documents and materials developed or created by Consultant or its Subconsultants on behalf of or for use by SVCE under this Agreement. All Work Product(s) will be considered "works made for hire," and together with any and all intellectual property rights arising from their creation will be and remain the property of SVCE without restriction or limitation upon their use, duplication or dissemination by SVCE. Consultant agrees not to obtain or attempt to obtain copyright protection in its own name for any Work Product.

<u>Section 8.</u> Termination

8.1 SVCE may terminate this Agreement for any reason by giving Consultant written notice. The termination notice may set the date of termination, but if no such date is given, termination is effective seven (7) days following the date of the written notice.

8.2 Upon termination for any reason, SVCE has the option of requiring the Consultant to complete work up to the date of termination or to cease work immediately. SVCE has the further option to require Consultant to provide SVCE any finished or unfinished Work or Work Product prepared by the Consultant up to the date of termination.

8.3 SVCE agrees to pay Consultant the reasonable value of services satisfactorily rendered by the Consultant to SVCE up to the date of written Notice of Termination. If SVCE authorizes Consultant to continue performing the Work through the date of termination, SVCE agrees to pay Consultant the reasonable value of services satisfactorily rendered up through the date of termination, provided such services are in compliance with the Compensation/Budget in <u>Exhibit E</u>.

8.4 Upon termination of this Agreement, and at no cost to SVCE, Consultant, its Subconsultants and anyone working for SVCE under control of Consultant must return all Work Product to SVCE. Consultant may only retain copies of the Work Product by express written permission of SVCE.

Section 9. Insurance

9.1 Consultant must procure, maintain and comply with the insurance requirements in Exhibit F throughout the full Term of this Agreement. Consultant must provide proof of insurance either in the form of a certificate of insurance or, if requested by SVCE, a copy of the insurance policy, prior to performing any work under this Agreement.

9.2 Consultant agrees not to terminate any of the required insurance coverage during the term of this Agreement. Consultant must give SVCE ten (10) days written notice and obtain SVCE's written approval prior to making any modifications in the insurance coverage.

9.3 Consultant must either include Subconsultants under its insurance policies or require each Subconsultant to comply with the insurance obligations in Exhibit F.

Section 10. No Discrimination or Conflict of Interest

10.1 Consultant represents and warrants, on behalf of itself and its Subconsultants, that it has not and will not discriminate against anyone based on his/her age, color religion, sex, sexual orientation, disability, race or national origin.

10.2 Consultant represents and warrants, on behalf of itself and its Subconsultants, that it is familiar with local, state and federal conflict of interest laws, that in entering into this Agreement it is not violating any of the conflict of interest laws, that it will avoid any conflicts of interest during the term of this Agreement, and that it will notify SVCE immediately if it identifies any conflicts of interest Consultant understands that violations of this Section 10 could result in immediate termination of this Agreement and disgorgement of compensation.

10.3 In accordance with the California Political Reform Act (Cal. Gov't Code section 81000 *et seq.*), Consultant will cause each person listed on Exhibit C and any other person performing services under this Agreement to file a Form 700 within 30 days after the person begins performing services under this Agreement and subsequently on an annual basis in conformance with the requirements of the Political Reform Act by filing a copy by electronic mail and an original with SVCE at their respective email and physical delivery addresses set forth in Section 14.7. Each of the identified positions must disclose interests in accordance with SVCE Resolution No. 2020-28, Conflict of Interest Code, which may be amended from time to time. For the work currently outlined in Exhibit A, this Agreement does not require the Filing of Form 700 at this time.

Section 11. Confidentiality

11.1 Except as authorized by SVCE or as otherwise required by law, Consultant shall not disclose to any third party/ies any draft or final Work Product, discussions or written correspondence between Consultant and its Subconsultants or discussions or written correspondence between Consultant and SVCE staff. In the event Consultant receives a request from any third-party requesting disclosure of any Work Product, discussions, communications or any other information Consultant is prohibited from disclosing, Consultant will immediately notify SVCE and wait for direction from SVCE before disclosing the information.

11.2 For the purposes of this Section 11, "third parties" refers to any person or group other than SVCE staff and Board members. For example, "third parties" include community groups, Board advisory groups, other governmental agencies, other consultants or members of the community.

11.3 This Section 11 will survive the expiration or termination of this Agreement.

Section 12. Indemnity

12.1 Consultant shall indemnify and hold harmless SVCE from any and all costs, demands, expenses, losses, claims, damages, liabilities, settlements and judgments, including in-house and contracted attorneys' fees and expenses ("Claims"), arising out of any actual or alleged death or injury to any human person, or damage to any tangible real or personal property (e.g., buildings, equipment, furniture and fixtures) as a result of Consultant's negligence; provided, however, that this Subsection 12.1 shall not be construed to apply to any Claims arising out of the professional negligence or malpractice of Consultant as counsel providing the services described herein.

12.2 Consultant's obligations in Subsection 12.1 do not apply to the extent any Claim results from the sole negligence or willful misconduct of the SVCE Indemnitees, as the case may be.

12.3 Except as limited by Subsection 12.1, Consultant's obligation to defend SVCE applies to the maximum extent allowed by law and includes defending Indemnitees as set forth in California Civil Code sections 2778 and 2782.8.

12.4 The Consultant's obligations under Section 12 apply regardless of the existence or amount of insurance the Consultant carries or has made available to SVCE.

12.5 The Parties agree that this Section 12 survives the expiration or earlier termination of the Agreement.

Section 13. Consultant is an Independent Contractor

13.1 Consultant and its Subconsultant(s) are and at all times will be independent contractors. Consultant has complete control over its operations and employees and is not an agent or employee of SVCE and must not represent or act as SVCE's agent or employee. Consultant agrees, on behalf of itself and its employees and Subconsultants, that it does not have any rights to retirement benefits or other benefits accruing to SVCE employees, and expressly waives any claim it may have to any such rights.

13.2 As an independent contractor, Consultant has complete control over its Subconsultants, Subsuppliers, affiliates agents and any other person or entity with whom the Consultant contracts in furtherance of this Agreement (collectively "Subconsultants"). Subject to the requirements of Section 5 of this Agreement, Consultant is solely responsible for selecting, managing and compensating its Subconsultants, and for ensuring they comply with this Agreement.

Section 14. Miscellaneous Terms and Conditions

14.1 SVCE Authority.
The respective Chief Executive Officer of SVCE and/or his or her designee is authorized to take all actions for SVCE under this Agreement, including without limitation, amendments that fall within the Chief Executive Officer's signing authority, termination or modification of terms.

14.2 Waiver.
Waiver by either party of any one or more conditions, Sections, provisions or performance of this Agreement will not be a waiver of any other provision; nor will failure to enforce a provision or Section in one instance waive the right to enforce such provision or Section in the future. In no event will payment by SVCE to Consultant constitute or be construed as a waiver by SVCE of any breach or default of this Agreement, nor will such payment prejudice any of SVCE's other rights or remedies.

14.3 Governing Law.
Consultant and SVCE agree that this Agreement will be interpreted under the laws of the State of California.

14.4 Venue.
Any litigation resulting from this Agreement will be filed and resolved by a state court in Alameda County, California, or if appropriate, the federal courts in the Northern District of California located in San Francisco.

14.5 Audit Rights.
All records or documents required to be kept pursuant to this Agreement must be made available for audit at no cost to SVCE, at any time during regular business hours, upon written request by SVCE. Copies of such records or documents shall be provided to SVCE at their respective addresses set forth in Section 14.7 unless an alternative location is mutually agreed upon.

14.6 Recitals and Exhibits.
The Recitals in Section 1 above are intentionally made a part of this Agreement. All Exhibits and any other documents incorporated by reference are a part of this Agreement.

14.7 Notices.
Any notices required to be given under this Agreement must be made in writing and may be delivered a) personally, in which case they are effective upon receipt; b) by U.S. Mail, in which case they are effective three (3) days following deposit in the U.S. Mail, unless accompanied by a return receipt in which case, they are effective upon the date on the receipt; or c) by electronic mail, in which case they are effective upon confirmation of receipt, and if no confirmation of receipt, they are effective one day after transmission, providing that a hard copy is also sent via U.S. mail. All notices must be sent to the addresses below:

SVCE	Attn: Monica Padilla Silicon Valley Clean Energy Authority 333 W. El Camino Real, #330 Sunnyvale, CA 94087 Email: monica.padilla@svcleanenergy.org Phone: (408) 721-5301 x1001
Consultant	Attn: Douglas Bird Chapman and Cutler LLP 1270 Avenue of the Americas New York, New York 10020 Email: doug.bird@chapman.com Phone: (212) 655-2519

14.8 Assignment**.**
Except to the extent this Agreement authorizes Consultant to use Subconsultants, Consultant will not assign any part of this Agreement without SVCE's prior written consent. SVCE, at its sole discretion, may void this Agreement if a violation of this provision occurs.

14.9 Integrated Agreement.
The Recitals, this Agreement and the Exhibits attached to this Agreement contain the complete understanding between SVCE and Consultant and supersedes any prior or contemporaneous negotiations, representations, agreements, understandings and statements, written or oral respecting the Work up through the Effective Date of this Agreement.

14.10 Amendments.
Any and all amendments or modifications to this Agreement must be made in writing and signed by each Party before such amendment will be effective.

14.11 Government Claims Act.
Nothing in this Agreement waives the requirements to comply with the Governmental Claims Act, where applicable.

14.12 Severability.
If a court of competent jurisdiction holds any Section or part of this Agreement to be invalid or unenforceable for any reason and the Work can still be performed, the Parties agree to sever the invalid or unenforceable Section from this Agreement and that all remaining Sections or parts of this Agreement will continue to be enforceable.

14.13 Counterparts
This Agreement may be executed in one or more counterparts, all of which taken together will constitute one and the same instrument and each of which will be deemed an original.

14.14 No Party Deemed Drafter
This Agreement will be considered for all purposes as prepared through the joint efforts of the Parties and will not be construed against one Party or the other as a result of the preparation, substitution, submission, or other event of negotiation, drafting or execution hereof.

Section 15. Authorized Signatories

Consultant is a limited liability partnership organized and established under the laws of the State of Illinois, and the individual executing this Agreement is a Managing Partner of Consultant with full power and authority to bind Consultant to the terms of this Agreement.

[*signatures on following page*]

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

CHAPMAN AND CUTLER LLP, a Illinois limited liability partnership	SILICON VALLEY CLEAN ENERGY AUTHORITY A Joint Powers Authority
By Douglas A. Bird ____________________	By ____________________ ____________________
Title Partner	Title ____________________
Date ____________________	Date ____________________

APPROVED AS TO FORM:

____
SVCE General Counsel

LIST OF EXHIBITS

Exhibit A

SCOPE OF WORK

Scope of Services:

Consultant will perform legal services on behalf of SVCE relating to a renewable energy prepayment transaction (the "Transaction"), including, as applicable, reviewing and commenting on documents and filings relating to the issuer, reviewing and commenting on board presentations and approvals, drafting, reviewing and negotiating applicable agreements, certificates and legal opinions, and disclosure counsel services to SVCE in connection with the marketing of the bonds to be issued to finance the Transaction.

Additional Services:

Consultant will not provide additional services outside of the services identified in Exhibit A, unless it obtains advance written authorization from the project manager or lead SVCE representatives prior to commencement of any additional services.

<u>Exhibit B</u>

SCHEDULE

As directed by SVCE

Exhibit C

CONSULTANT STAFFING

- Doug Bird, Partner (Project Manager)
- Jacquelyn Cerasuolo, Partner
- Juliet Huang, Partner

<u>Exhibit D</u>

SUBCONSULTANTS

Subconsultants are not authorized under this Agreement

Exhibit E

COMPENSATION/BUDGET

Consultant will perform the legal services referred to in Exhibit A for a fixed fee of $175,000 (the "Fixed Fee"). The Fixed Fee will be payable solely from proceeds of the bonds at closing of the Transaction described in Exhibit A.

The maximum compensation under this Agreement is $175,000.

Exhibit F

INSURANCE REQUIREMENTS

A. Minimum Scope and Limits of Insurance. Consultant must procure, and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1) Commercial General Liability Insurance with a minimum limit of One Million Dollars ($1,000,000.00) per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of Two Million Dollars ($2,000,000.00) per project or location. If Consultant is a limited liability company, the commercial general liability coverage must be amended so that Consultant and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of One Million Dollars ($1,000,000.00) per accident for bodily injury and property damage.

3) Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of One Million Dollars ($1,000,000.00) per accident for bodily injury or disease. If Consultant has no employees while performing Services under this Agreement, workers' compensation policy is not required, but Consultant must execute a declaration that it has no employees.

4) Professional Liability/Errors & Omissions Insurance with minimum limits of Two Million Dollars ($2,000,000.00) per claim and in aggregate.

B. Acceptability of Insurers. The insurance policies required under this Exhibit F must be issued by an insurer admitted to write insurance in the State of California and, except as provided in the next sentence, with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Consultant represents that it presently carries professional liability insurance in a minimum amount of $50 million per claim and an aggregate amount greater than $100 million, issued under an annual claims-made policy from Attorneys Liability Assurance Society, Inc. (*"ALAS"*). ALAS is rated "A" by Fitch. In the event Consultant no longer maintains professional liability insurance from ALAS during the term of this Agreement, Consultant will secure professional liability insurance from a company or companies with a rating not less than that maintained by ALAS or otherwise with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide.

C. Additional Insured/Additional Named Insured. The automobile liability policies must contain an endorsement naming SVCE, its officers, employees, agents and volunteers as additional insureds. The commercial general liability policy must contain an endorsement naming SVCE, its officers, employees, agents and volunteers as additional named insureds.

D. Primary and Non-Contributing. The insurance policies required under this Agreement must apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to SVCE. Any insurance or self- insurance maintained by SVCE, its officers, employees, agents or volunteers, will be in excess of Consultant's insurance and will not contribute with it.

E. Consultant's Waiver of Subrogation. The insurance policies required under this Agreement will not prohibit Consultant and Consultant's employees, agents or Subconsultants from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against SVCE. Notwithstanding the foregoing, this Paragraph E shall not apply to any Professional Liability Insurance policy maintained by Consultant as required by clause 4 of Paragraph A, nor does Consultant waive any rights of subrogation against SVCE under any such policy.

F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by SVCE. At SVCE's option, Consultant must either reduce or eliminate the deductibles or self- insured retentions with respect to SVCE, or Consultant must procure a bond guaranteeing payment of losses and expenses.

G. Cancellations or Modifications to Coverage. Consultant agrees not to cancel any insurance coverage during the Term. Consultant further agrees not to reduce or otherwise modify the insurance policies required by this Agreement during the term of this Agreement, without the prior written approval of SVCE. The commercial general and automobile liability policies required under this Agreement must be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail 30 days' prior written notice to SVCE. If any insurance policy required under Agreement is canceled or reduced in coverage or limits, Consultant must, within two business days of notice from the insurer, phone and notify SVCE via electronic mail and certified mail, return receipt requested, of the cancellation of or reductions to any policy.

H. SVCE Remedy for Noncompliance. If Consultant does not maintain the policies of insurance required under this Agreement in full force and effect during the term of this Agreement, or in the event any of Consultant's policies do not comply with the requirements of this Exhibit F, SVCE may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, SVCE may, but has no duty to, take out the necessary insurance and pay, at Consultant's expense, the premium thereon. Consultant must promptly reimburse SVCE for any premium paid by SVCE, and SVCE, in its sole discretion, may withhold amounts sufficient to pay the premiums from payments due to Consultant.

I. Evidence of Insurance. Prior to the performance of Services under this Agreement, Consultant must furnish SVCE with a certificate or certificates of insurance and all original endorsements evidencing and effecting the coverages required under this Agreement. The endorsements are subject to SVCE's approval. SVCE may request, and Consultant must provide complete, certified copies of all required insurance policies to SVCE. Consultant must maintain current endorsements on file with SVCE. Consultant must provide proof to SVCE that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Consultant must furnish such proof at least two weeks prior to the expiration of the coverages.

J. Indemnity Requirements not Limiting. Procurement of insurance by Consultant will not be construed as a limitation of Consultant's liability or as full performance of Consultant's duty to indemnify SVCE under Section 12 of this Agreement.

K. Subconsultant Insurance Requirements. Consultant's insurance coverage must include its Subconsultants or Consultant must require each of its Subconsultants that perform Work under this Agreement to maintain insurance coverage that meets all the requirements of this Exhibit F.

Staff Report – Item 4

Item 4:	**Results of Stress Test Analyses**
From:	Monica Padilla, CEO
Prepared by:	Amrit Singh, CFO and Director of Administrative Services Scott Wrigglesworth, Director, Risk & Analytics
Date:	6/2/2025

RECOMMENDATION

Receive the results of the stress test analyses. This report provides background information that staff will use to develop recommendations to the Silicon Valley Clean Energy (SVCE) Board of Directors (Board) for managing reserve levels and developing the next fiscal year budget (2025-2026).

BACKGROUND

At the February 26th, 2025, Finance and Administration Committee meeting, staff reviewed the Enterprise Risk Management (ERM) framework for comprehensively assessing and managing the organization's risks and opportunities. SVCE's fiscal year planning begins using the ERM framework that attempts to determine risks and opportunities that impact SVCE's mission. Staff explained that stress tests are an essential component of the ERM because of the inherent weakness in standard market risk measures in assessing "black swans" or extreme but plausible events such as market disruptions caused by, for example, an economic recession. Staff proposed a financial stress scenario that can have severe and direct financial consequences for the organization, whose mitigations are prudent to account for in developing the fiscal year budget. The other risks and opportunities identified from the ERM process shape the next fiscal year's strategic focus areas and department work plans.

ANALYSIS & DISCUSSION

Staff used lessons and insights from past analyses to construct the stress test scenario. The past analyses included the increase and collapse of market prices, insufficient financial liquidity, load losses, and loss or delay of resources under Power Purchase Agreements. The key finding from these analyses is that the most significant financial risk facing SVCE over the next 5 years is a collapse in energy prices. A collapse in energy prices will significantly reduce SVCE's revenues because of higher PCIA[1] and lower PG&E generation rates. However, this price drop will not substantially reduce SVCE's energy purchase costs. The prices for most forward energy purchases are locked because of existing hedges, with more hedges in the earlier years aligned with the Energy Risk Management Policy hedging targets. With the implementation of the recently updated Energy Risk Management Policy, the adjustments in energy hedging to account for the PCIA and PG&E generation rates' impact on revenues slightly reduce the effect of the price collapse risk. The hedges also include contracts for the fixed-price purchase of renewable energy. The effect of price collapse, through reduced revenues, overwhelms all other stress factors. This year's analysis assesses price collapse risks over the next five fiscal years.

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[1] Public Utility Code Sections 366.1 and 366.2 require the CPUC to make sure that customers leaving PG&E do not burden remaining PG&E customers with costs that were incurred to serve them. To ensure customer indifference, CCAs and Direct Access or departing load customers are required to pay a power charge indifference adjustment (PCIA).

<u>The 5-Year Price Collapse Financial Stress Scenario</u>

The 5-year financial stress test scenario includes these fundamental assumptions.

1) <u>Energy price drops to less than one percentile statistical level</u>
   To provide customers with competitive rates, SVCE sets its generation rates such that customers receive an effective discount, currently set at four percent (4%) for 2025 and 1% after that, to comparable PG&E rates. Because CCA customers must pay PCIA charges to provide the effective discount rate, SVCE reduces its rate by the PCIA amount. As a result of the price collapse, PCIA will increase, and PG&E generation rates will likely decrease, thereby reducing SVCE's generation rates.

   In the accompanying PowerPoint presentation, staff demonstrates that such a price collapse scenario is plausible by comparing the modeled prices to those from the price collapse during the 2008 financial crisis.

2) <u>Price drop stresses financial liquidity</u>
   The standard credit risk management practice, except for long-term Power Purchase Agreements (PPAs), is the requirement to post collateral, usually cash or letters of credit, when the exposure to the counterparty reaches the negotiated credit limit. The stress test models how much SVCE's collateral posting requirements can increase with price collapse. The results show that price collapse does not significantly impact liquidity because of SVCE's active management of collateral posting requirements, including placing key counterparties in a lockbox mechanism in return for not having posting requirements and long-term PPAs not being subject to this requirement.

3) <u>Other business operating and regulatory risks</u>
   In the past stress test analyses, staff modeled regulatory uncertainty from the potential changes to the Financial Security Requirement (FSR) that, under some proposals, would have required SVCE to post collateral equivalent to the cost of procuring energy over the two highest calendar months. The stress test continues to model the requirement of a one-time cash draw equivalent to the two highest months of procurement, approximately $70 million, under the very low-price scenario as a proxy for other potential business operating and regulatory risks.

   The reopening of the PCIA proceeding at the CPUC further increases financial uncertainty. The stress test analysis does not explicitly model this risk. Staff is analyzing potential impacts and will discuss them with the Committee as part of the budget framework discussion.

4) <u>Increased bad debt</u>
   Economic recessions often increase bad debt losses. In the stress case, the bad debt assumption is 2% of revenues, as opposed to 0.75% in the base case.

The attachments to this report provide the summary tables with financial results under an updated base case scenario and the modeled stress case scenario. The <u>base case</u> shows that reserves fall from the forecast level of $556 million at the end of the current fiscal year (September 30, 2025) to $ 494 million at the end of the next fiscal year. Reserves continue to fall in subsequent years to $197 million towards the end of the 5-year forecast period.

There's considerable uncertainty in developing the base case scenario. While energy prices have always been volatile, resource adequacy (RA) and renewable portfolio standard (RPS) prices have become highly volatile. Energy prices, including those for the forward months, have declined significantly, and this decline has reduced SVCE's financial margin projections because of the resulting increase in PCIA. However, while recent record-high RA and RPS prices are helping offset and potentially more than offset the declining margins from lower energy prices in 2025, those prices are now falling quickly, adding to the market price stress. The actual impact of these prices will not be known until the CPUC issues its market price benchmarks (MPBs) in the fall. The PCIA proceeding mentioned earlier adds to this uncertainty and could adversely affect SVCE regarding how MPBs for RA and potentially for RPS are determined.

Financial projections are made with the best available data and information during modeling. The uncertainty or risks of the inputs, such as market prices and other assumptions, including the regulatory and legislative landscape, and the PCIA and PG&E generation portfolio assumptions, add to or compound the uncertainty surrounding these projections. Market prices for energy, RPS, and RA are from external sources that attempt to collect current market prices. These are snapshots of prices at the time of modeling. These are forward prices because they represent the current transaction price for the future delivery period. There is a band of uncertainty or distribution around these prices, and this band of uncertainty increases further out in time. Also, there’s greater illiquidity or difficulty of market price discovery further out in time than closer to the delivery period. The forward market for RA and RPS is very illiquid, which makes modeling them even more uncertain. Also, PCIA and PG&E portfolio data are unknown, and staff uses the California Community Choice Association’s (CALCCA) consultant, NewGen Strategies & Solutions, model, which uses the limited publicly available data. In addition to not knowing the contents of the PCIA portfolio and PG&E’s generation portfolio, PG&E’s portfolio management strategy may change from those modeled, and the California Public Utilities Commission (CPUC) may moderate future PG&E generation rate increases. All these uncertainties make the absolute value of the results highly unreliable. Nevertheless, the relative differences between the base case and the modeled stress test scenario are pertinent to understanding our strategic risks.

If the modeled stress scenario were to occur, the reserves would be drawn down by about $111 million at the end of the next fiscal year. The resulting days cash on hand (DCOH) remains above the minimum threshold of 120 through the end of September 2027, and starting late 2028 or around the start of 2029, reserves start getting depleted. Despite this extreme but plausible stress test scenario, reserves are at 193, above the minimum threshold through the end of the following two fiscal years.

The corresponding base case through the end of the five-year forecast period (September 2030), the DCOH at 153 remains above the minimum threshold of 120. In the base case, SVCE’s reserves over the next two fiscal years are at or above the target of 350 DCOH. Both the base and the stress case are modeled under the current operating framework where all customers rates are at a competitive advantage to PG&E rates, programs are funded at two percent of the revenues, and the current earmarked funds, primarily for programs, currently around $100 million are spent by the end of the fiscal year 2028-2029.

The analysis demonstrates that SVCE is financially well-positioned, and staff recommends no significant changes in developing the next fiscal year’s budget. As in the past, the Board can adjust the budget in December when there’s more certainty on next year's rates. With the five-year outlook indicating declining reserves, staff will start assessing financial levers, rate discounts, rate design, and customer product offerings.

Staff will present the results of the stress test analysis to the Board in June. The stress test analysis is a key input in assessing the adequacy of reserves and in developing staff’s proposal for any changes to the reserve policy. The methodology used to evaluate the adequacy of reserves is whether reserves would fall below the minimum reserve threshold of holding 120 DCOH over the next two fiscal years and 90 DCOH over the remaining five fiscal years if the modeled stress scenario were to occur.

Given the current financial outlook, which is driven by a combination of unusually uncertain dynamics, staff recommends not updating the reserve thresholds/targets. The stress test analyses would imply raising the current upper target from 500 to ~800 DCOH. However, the new implied target level of 380 is close to the current target of 350 DCOH. Changing the reserve thresholds has no practical implication, given that the financial outlook does not support contributing to reserves. The current target level of 350 DCOH aligns with the credit rating agency’s recent review of SVCE.

STRATEGIC PLAN

The analyses support SVCE Strategic Plan Goal 6 – "Maintain healthy financial position; avoid failures in management of market risk, credit risk, liquidity risk, operational risks, and enterprise risks".

FISCAL IMPACT

The stress test analyses show that the key financial risk facing SVCE in the near term is a collapse in energy prices, which can significantly reduce revenues and require a substantial drawdown of funds from reserves. The best mitigation of this risk is to hold sufficient funds in reserves. Staff will use the results of these analyses in developing the next fiscal year budget (2025-2026), reviewing the adequacy of reserves, and proposing any changes to the reserves policy.

ATTACHMENT

1. PowerPoint Summary of Base Case Results & Stress Test Results

Attachment 1 – Summary of Base Case and Stress Test Results

Base Case Results

	BFY 2025	2026	2027	2028	2029	2030
Revenues	$ 189	$ 332	$ 297	$ 345	$ 381	$ 414
Power Supply Costs	$ 134	$ 339	$ 343	$ 363	$ 390	$ 424
Operating Margin	$ 55	$ (6)	$ (46)	$ (18)	$ (9)	$ (11)
Other Costs	$ 31	$ 57	$ 59	$ 50	$ 60	$ 44
Net Contribution to Reserves	$ 24	$ (63)	$ (105)	$ (67)	$ (69)	$ (55)
Reserve Balance	$ 556	$ 494	$ 388	$ 321	$ 252	$ 197
Days Cash on Hand		456	352	284	205	153

Stress Test Results

	BFY 2025	2026	2027	2028	2029	2030
Revenues	$ 186	$ 215	$ 148	$ 198	$ 229	$ 253
Power Supply Costs	$ 127	$ 269	$ 282	$ 294	$ 313	$ 333
Operating Margin	$ 59	$ (55)	$ (135)	$ (96)	$ (84)	$ (80)
Other Costs	$ 31	$ 56	$ 61	$ 54	$ 67	$ 53
Net Contribution to Reserves	$ 28	$ (111)	$ (196)	$ (150)	$ (151)	$ (133)
Reserve Balance	$ 560	$ 449	$ 253	$ 103	$ (48)	$ (180)
Reserve after Risk Adjustment		$ 377	$ 182	$ 32	$ (119)	$ (252)
Days Cash on Hand		423	193	34	(114)	(238)

Staff Report – Item 5

Item 5:	**FY 2025-2026 Budget Framework**
From:	Monica Padilla, CEO
Prepared by:	Andrea Pizano, Sr. Executive Assistant/Board Clerk
Date:	6/2/2025

This item will be addressed in the form of a presentation to the Finance and Administration Committee regarding the preliminary framework for the FY 2025-26 operating budget.

ATTACHMENT

The presentation for this item is posted to SVCE's website.