

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 16

To: Board of Directors

From: Mitch Sears, Interim General Manager
Edward Burnham, Director of Finance & Internal Operations

Subject: Extension of Credit Agreement with River City Bank

Date: January 27, 2022

RECOMMENDATION

Approve and Ratify the short-term extensions (September 1, 2021 through February 28, 2022) of the Amended and Restated Credit Agreement (RLOC Agreement) and Term Note from River City Bank (RCB) approved on September 10, 2020.

BACKGROUND AND ANALYSIS

At the December 14, 2017 Board meeting, the Board adopted a resolution to select RCB as the credit and banking services vendor for VCE. VCE authorized the Interim General Manager to execute a letter of intent and enter into negotiations for final contracts with RCB for VCE credit facilities. On March 7, 2018, the Interim General Manager executed a term sheet for up to \$11,000,000 in total credit facilities for VCE with RCB.

At the May 10, 2018 Board meeting, the Board approved the Credit Agreement with RCB and authorized the Board Chair to approve and execute the Credit Agreement. The availability of the RLOC was set to expire one year from the execution of the agreement (May 15, 2019) and received a series of extensions.

At the September 10, 2020 Board meeting, the Board adopted Resolution 2020-026 that approved the Amended and Restated Credit Agreement (RLOC Agreement) and attached draft Modification of Term Note from River City Bank (RCB). The Resolution authorized the Interim General Manager to conduct any final negotiations and sign all necessary related documents resulting in the execution of Attachment 1.

On July 8, 2021, VCE authorized the Interim General Manager to conduct any final negotiations and sign all necessary documents on behalf of VCE for the short-term extension of the Amended and Restated Credit Agreement (RLOC Agreement) and Term Note from River City Bank (RCB). On August 25, 2021, the Interim General Manager amendments for the short-term extension through January 1, 2021. Due to the cancellation of the VCE December Board meeting, the Interim General Manager executed the attached December 30, 2021 amendments to extend the RLOC agreement through February 28, 2022, to allow for time to adopt 2022 rates and budgets incorporating the final CPUC ERRAs decisions.

The current RLOC Agreement has a limit of \$5,000,000 available for cash advances and an additional \$2,000,000 available for Letters of Credit, for a total RLOC of \$7,000,000. Since August of 2018, VCE has not drawn on the RLOC and currently has a \$0 balance. Except for the extension of the RLOC, no other material changes in the attached amendments.

As part of receiving the RLOC renewal described above, the Term Loan Note was modified to mature on March 1, 2022 (Attachment 2 - Modification of Term Note). Though this was significantly earlier than the original 5-year term. On March 1, 2022, a final payment of approximately \$1.087 million is due to pay off the Term Loan. Note: RCB has communicated that there is a high probability the payment due date could be extended.

Staff believes that the RLOC and Term Loan amortization extension is mutually beneficial for RCB and VCE to allow additional clarity regarding these factors (e.g., 2022 PG&E rates will be official on February 10, 2022, with the proposed decision published on January 24, 2022). Rate changes are expected to be effective March 1, 2022.

CONCLUSION

Staff recommends the Board approve and ratify the Amended and Restated Credit Agreement (RLOC Agreement) and Modification of Term Note from River City Bank (RCB).

Attachments

1. Amendment to Credit Agreement – August 2021
2. Second Modification to Term Note – August 2021
3. Second Amendment to Credit Agreement – December 2021
4. Third Modification to Term Note – December 2021
5. Resolution 2021-017 Extending Line of Credit and Term Note – July 2021
6. Resolution to extend Credit Agreement and Modification to Term Note

AMENDMENT TO CREDIT AGREEMENT

This Amendment to Credit Agreement (this “*Amendment*”) is entered into as of August 25, 2021, by and between **VALLEY CLEAN ENERGY ALLIANCE**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. (“*Borrower*”), and **RIVER CITY BANK**, a California corporation (“*Lender*”).

1. Background and Purpose.

1.1 Lender and Borrower have entered into a revolving credit facility as set forth in that certain Amended and Restated Credit Agreement (the “*Credit Agreement*”) dated as of September 15, 2020. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

1.2 Borrower has requested an extension of the Revolving Credit Termination Date, which is currently defined as September 1, 2021.

1.3 Lender is willing to grant Borrower’s request, on the terms and conditions provided herein.

NOW, THEREFORE, in consideration of the mutual benefits of the parties hereto and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

2. Amendments. The Credit Agreement is hereby amended as follows:

2.1 Definitions. The definition of the Revolving Credit Termination Date is hereby restated in full as follows:

“*Revolving Credit Termination Date*” means **January 1, 2022.**

2.2 Financial Covenants. Section 10.7 of the Credit Agreement is hereby amended to add the following periods:

Section 10.7. Change in Net Position. Borrower must achieve a cumulative (year-to-date) change in Net Position, measured as of the end of each fiscal quarter, equal to or better than:

Period	Maximum Loss
6/30/2021 – 9/30/2021	(\$4,560,000.00)
6/30/2021 – 12/31/2021	(\$8,300,000.00)

“*Net Position*” means total assets less total liabilities.

3. Conditions Precedent to Effectiveness. The effectiveness of this Amendment is expressly conditioned upon the satisfaction of all of the following conditions:

3.1 Documents. Borrower shall have executed and Lender shall have received all of the following documents:

- (a) this Amendment;
- (b) the Invoice provided herewith;
- (c) the Second Modification of Term Note in the form provided herewith, extending the Maturity Date of the Term Loan from September 1, 2021, to the new Revolving Credit Termination Date; and
- (d) Such other documents and information as Lender may reasonably request.

3.2 Authorization Documents. Lender shall have received, in form and substance satisfactory to Lender, copies of any documents evidencing the authorization of Borrower to enter into this Amendment, as Lender may reasonably request.

3.3 Representations and Warranties. All representations and warranties contained herein shall be true and correct in all material respects, and no Default or Event of Default shall have occurred and be continuing.

3.4 Modification Fee. Lender shall have received payment of a Loan Modification Fee in connection with this Amendment in the amount of \$7,000.00.

4. Representations and Warranties. By signing this Amendment, Borrower hereby represents and warrants that (a) all representations and warranties in the Credit Agreement are true and correct in all material respects as of the date hereof, (b) Borrower is duly authorized to enter into this Amendment, and (c) no Default or Event of Default has occurred or is continuing.

5. Continuing Validity. Except as expressly modified by this Amendment, the terms of the Credit Agreement remain unchanged and in full force and effect. Consent by Lender to this Amendment does not waive Lender's right to strict performance of the Credit Agreement as changed, nor obligate Lender to agree any future amendments. Nothing in this Amendment will constitute a waiver or satisfaction of any Obligations of Borrower.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the first date written above.

VALLEY CLEAN ENERGY ALLIANCE

By: 
Mitch Sears (Aug 26, 2021 11:26 PDT)

Mitch Sears
Interim General Manager

RIVER CITY BANK

By: 
RJ Wood (Aug 26, 2021 11:50 PDT)

Name: RJ Wood

Its: Vice President

SECOND MODIFICATION OF TERM NOTE

This SECOND MODIFICATION OF TERM NOTE (this "*Modification*") is entered into as of August 25, 2021, by and between VALLEY CLEAN ENERGY ALLIANCE, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et seq. ("*Borrower*"), and RIVER CITY BANK ("*Lender*"), with reference to the following facts:

WHEREAS, Borrower has executed and delivered to Lender that certain Term Note (as amended, the "*Term Note*") dated as of October 17, 2019, made by Borrower and payable to the order of Lender in the original principal amount of \$1,976,610.13;

WHEREAS, the Term Note evidences a loan (the "*Term Loan*") from Lender to Borrower representing the conversion of outstanding advances under a revolving line of credit in accordance with the terms of that certain Credit Agreement dated as of May 16, 2018, as amended and restated by that certain Amended and Restated Credit Agreement (the "*Credit Agreement*") dated as of September 15, 2020, between Borrower and Lender;

WHEREAS, Borrower and Lender have previously amended the Term Note pursuant to a First Modification of Term Note dated as of September 15, 2020;

WHEREAS, the parties have agreed to certain modifications of the Credit Agreement, including but not limited to an extension of the Revolving Credit Termination Date (as such term is defined therein) to January 1, 2022, as set forth in that certain Amendment to Credit Agreement (the "*Amendment*") dated as of the date hereof, between Borrower and Lender;

WHEREAS, it is a condition to the Amendment that the maturity date of the Term Loan be extended to January 1, 2022, to coincide with the new Revolving Credit Termination Date;

NOW THEREFORE, in consideration of the foregoing recitals and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender agree to modify the Term Note as follows:

1. Borrower will pay this loan in equal principal payments of \$32,943.50 each. Borrower's next principal payment is due September 1, 2021, and all subsequent principal payments are due on the same day of each month after that. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning September 1, 2021, with all subsequent interest payments to be due on the same day of each month after that. Borrower's final payment is due **January 1, 2022**, and will be for all outstanding principal and all accrued interest not yet paid.

Except as expressly modified herein, the terms of the Term Note shall remain unchanged and in full force and effect. Nothing in this Modification shall constitute a satisfaction of the Term Loan or a waiver of Lender's right to require strict performance of the Term Loan and all other obligations of Borrower to Lender.

This Modification contains the entire agreement between the parties with respect to the matters addressed herein and supersedes all prior agreements and understandings with respect to thereto. This Modification may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement.

IN WITNESS WHEREOF, the undersigned have executed this Modification as of the date first written above.

VALLEY CLEAN ENERGY ALLIANCE

By: *Mitch Sears*
Mitch Sears (Aug 26, 2021 11:24 PDT)

Mitch Sears
Interim General Manager

RIVER CITY BANK

By: 
RJ Wood (Aug 26, 2021 11:48 PDT)

Name: RJ Wood
Its: Vice President

SECOND AMENDMENT TO CREDIT AGREEMENT

This Amendment to Credit Agreement (this “*Amendment*”) is entered into as of December 29, 2021, by and between **VALLEY CLEAN ENERGY ALLIANCE**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq. (“*Borrower*”), and **RIVER CITY BANK**, a California corporation (“*Lender*”).

1. Background and Purpose.

1.1 Lender and Borrower have entered into a revolving credit facility as set forth in that certain Amended and Restated Credit Agreement (as amended, the “*Credit Agreement*”) dated as of September 15, 2020. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

1.2 Lender and Borrower have previously extended the Revolving Credit Termination Date pursuant to an Amendment to Credit Agreement dated as of August 25, 2021, between Borrower and Lender.

1.3 Borrower has requested a further extension of the Revolving Credit Termination Date, which is currently defined as January 1, 2022.

1.4 Lender is willing to grant Borrower’s request, on the terms and conditions provided herein.

NOW, THEREFORE, in consideration of the mutual benefits of the parties hereto and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

2. Amendments. The Credit Agreement is hereby amended as follows:

2.1 Definitions. The definition of the Revolving Credit Termination Date is hereby restated in full as follows:

“*Revolving Credit Termination Date*” means **March 1, 2022**.

3. Conditions Precedent to Effectiveness. The effectiveness of this Amendment is expressly conditioned upon the satisfaction of all of the following conditions:

3.1 Documents. Borrower shall have executed and Lender shall have received all of the following documents:

- (a) this Amendment;
- (b) the Invoice provided herewith;

- (c) the Third Modification of Term Note in the form provided herewith, extending the Maturity Date of the Term Loan from January 1, 2022, to the new Revolving Credit Termination Date; and
- (d) Such other documents and information as Lender may reasonably request.

3.2 Authorization Documents. Lender shall have received, in form and substance satisfactory to Lender, copies of any documents evidencing the authorization of Borrower to enter into this Amendment, as Lender may reasonably request.

3.3 Representations and Warranties. All representations and warranties contained herein shall be true and correct in all material respects, and no Default or Event of Default shall have occurred and be continuing.

3.4 Fees. Lender shall have received payment of a Loan Modification Fee in connection with this Amendment in the amount of \$3,400.00, and Documentation Fee in the amount of \$500.00.

4. Representations and Warranties. By signing this Amendment, Borrower hereby represents and warrants that (a) all representations and warranties in the Credit Agreement are true and correct in all material respects as of the date hereof, (b) Borrower is duly authorized to enter into this Amendment, and (c) no Default or Event of Default has occurred or is continuing.

5. Continuing Validity. Except as expressly modified by this Amendment, the terms of the Credit Agreement remain unchanged and in full force and effect. Consent by Lender to this Amendment does not waive Lender's right to strict performance of the Credit Agreement as changed, nor obligate Lender to agree any future amendments. Nothing in this Amendment will constitute a waiver or satisfaction of any Obligations of Borrower.

[Signatures appear on following page.]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the first date written above.

VALLEY CLEAN ENERGY ALLIANCE

By: *Mitch Sears*
Mitch Sears (Dec 30, 2021 10:56 PST)

Mitch Sears
Interim General Manager

RIVER CITY BANK

By: *[Signature]*
RJ Wood (Dec 30, 2021 11:01 PST)

Name: RJ Wood

Its: Vice President

THIRD MODIFICATION OF TERM NOTE

This THIRD MODIFICATION OF TERM NOTE (this “*Modification*”) is entered into as of December 29, 2021, by and between VALLEY CLEAN ENERGY ALLIANCE, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et seq. (“*Borrower*”), and RIVER CITY BANK (“*Lender*”), with reference to the following facts:

WHEREAS, Borrower has executed and delivered to Lender that certain Term Note (as amended, the “*Term Note*”) dated as of October 17, 2019, made by Borrower and payable to the order of Lender in the original principal amount of \$1,976,610.13;

WHEREAS, the Term Note evidences a loan (the “*Term Loan*”) from Lender to Borrower representing the conversion of outstanding advances under a revolving line of credit in accordance with the terms of that certain Credit Agreement dated as of May 16, 2018, as amended and restated by that certain Amended and Restated Credit Agreement (the “*Credit Agreement*”) dated as of September 15, 2020, between Borrower and Lender;

WHEREAS, Borrower and Lender have previously amended the Term Note pursuant to a First Modification of Term Note dated as of September 15, 2020, and Second Modification of Term Note dated as of August 25, 2021;

WHEREAS, the parties have agreed to certain modifications of the Credit Agreement, including but not limited to an extension of the Revolving Credit Termination Date (as such term is defined therein) to March 1, 2022, as set forth in that certain Second Amendment to Credit Agreement (the “*Amendment*”) dated as of the date hereof, between Borrower and Lender;

WHEREAS, it is a condition to the Amendment that the maturity date of the Term Loan be extended to March 1, 2022, to coincide with the new Revolving Credit Termination Date;

NOW THEREFORE, in consideration of the foregoing recitals and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender agree to modify the Term Note as follows:

1. Borrower will pay this loan in equal principal payments of \$32,943.50 each. Borrower’s next principal payment is due January 1, 2022, and all subsequent principal payments are due on the same day of each month after that. In addition, Borrower will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning January 1, 2022, with all subsequent interest payments to be due on the same day of each month after that. Borrower’s final payment is due **March 1, 2022**, and will be for all outstanding principal and all accrued interest not yet paid.

Except as expressly modified herein, the terms of the Term Note shall remain unchanged and in full force and effect. Nothing in this Modification shall constitute a satisfaction of the

Term Loan or a waiver of Lender's right to require strict performance of the Term Loan and all other obligations of Borrower to Lender.

This Modification contains the entire agreement between the parties with respect to the matters addressed herein and supersedes all prior agreements and understandings with respect to thereto. This Modification may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement.

IN WITNESS WHEREOF, the undersigned have executed this Modification as of the date first written above.

VALLEY CLEAN ENERGY ALLIANCE

By: *Mitch Sears*
Mitch Sears (Dec 30, 2021 10:52 PST)

Mitch Sears
Interim General Manager

RIVER CITY BANK

By: 
RJ Wood (Dec 30, 2021 10:54 PST)

Name: RJ Wood

Its: Vice President

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2021 - 017

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE
AUTHORIZING THE EXTENSION OF ITS REVOLVING LINE OF CREDIT AND TERM NOTE WITH
RIVER CITY BANK**

WHEREAS, VCEA solicited competitive bids for banking and credit services and selected River City Bank (RCB) to lend VCEA up to \$11 million as a revolving line of credit to fund power purchases as part of administrating CCE programs, which had a term of 12-months at variable rates with an option to extend another 6 months and was convertible to a five-year term loan with a fixed interest rate;

WHEREAS, on May 10, 2018, the VCEA Board via Resolution 2018-012 approved the Credit Agreement between VCEA, as borrower, and the RCB, as lender;

WHEREAS, the \$11 million revolving line of credit expired on May 15, 2019 and on April 11, 2019, the Board via Resolution 2019-005 extended the line of credit for another 6 months, extending the term to November 15, 2019;

WHEREAS, on October 10, 2019, the Board approved via Resolution 2019-014 converting the \$1,676,610 Revolving Line of Credit (RLOC) balance to an amortized 5-year term loan; approved the renewal terms consistent with the October 3, 2019 term sheet for the existing RLOC for a new expiration date of November 15, 2020; and authorized VCE interim General Manager, in consultation with VCE Legal Counsel, to negotiate the Credit Agreement with RCB based on the renewal terms;

WHEREAS, Since November 15, 2019, VCE has received a series of extensions to the RLOC from RCB. The current renewal expired on August 31, 2020;

WHEREAS, on September 10, 2020, the Board approved via Resolution 2020-026 an one-year extension of the RLOC to September 1, 2021, with a revised limit of \$7 million, of which all is available for Letters of Credit and \$5 million is available for Cash Advances to fund operational needs. Additionally, RCB and VCE have agreed in principal to a modification to the Term Note, including an earlier Final Payment date of September 1, 2021; and,

WHEREAS, RCB and VCE have agreed in principal to a short-term extension of the amended and restated credit agreement inclusive of the revolving line of credit and term note as approved by Resolution 2020-026 on September 10, 2020.

NOW, THEREFORE, the Board of the Valley Clean Energy Alliance resolves as follows:

Approves and authorizes the Interim General Manager to conduct any final negotiations and sign all necessary related documents on behalf of VCE for the short term extension of the Amended and Restated Credit Agreement (RLOC Agreement) and Term Note from River City Bank (RCB) approved on September 10, 2020.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the 8th day of July 2021, by the following vote:

AYES: Carson, Loren, Stallard, Saylor, Vega, Sandy

NOES: None

ABSENT: Cowan, Frerichs

ABSTAIN: None



Alisa M. Lembke, VCE Board Secretary



Dan Carson, VCE Chair

Attachments:

1. VCE Resolution 2020-026 dated September 10, 2020

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2020-026

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE
AUTHORIZING THE EXTENSION OF REVOLVING LINE OF CREDIT WITH RIVER CITY BANK AND
MODIFICATION OF TERM NOTE**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) is a joint powers agency established under the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”), and pursuant to a Joint Exercise of Powers Agreement Relating to and Creating the Valley Clean Energy Alliance between the County of Yolo (“County”), the City of Davis (“Davis”), the City of Woodland and the City of Winters (“Cities”) (the “JPA Agreement”), to collectively study, promote, develop, conduct, operate, and manage energy programs;

WHEREAS, VCE solicited competitive bids for banking and credit services and selected River City Bank (RCB) to lend VCEA up to \$11 million as a revolving line of credit to fund power purchases as part of administrating CCE programs, which had a term of 12-months at variable rates with an option to extend another 6 months and was convertible to a five-year term loan with a fixed interest rate;

WHEREAS, on May 10, 2018, the VCE Board via Resolution 2018-012 approved the Credit Agreement between VCEA, as borrower, and the RCB, as lender;

WHEREAS, the \$11 million revolving line of credit expired on May 15, 2019 and on April 11, 2019, the Board via Resolution 2019-005 extended the line of credit for another 6 months, extending the term to November 15, 2019;

WHEREAS, on October 10, 2019, the Board approved via Resolution 2019-014 converting the \$1,676,610 Revolving Line of Credit (RLOC) balance to an amortized 5-year term loan; approved the renewal terms consistent with the October 3, 2019 term sheet for the existing RLOC for a new expiration date of November 15, 2020; and authorized VCE interim General Manager, in consultation with VCE Legal Counsel, to negotiate the Credit Agreement with RCB based on the renewal terms;

WHEREAS, Since November 15, 2019, VCE has received a series of extensions to the RLOC from RCB. The current renewal expired on August 31, 2020; and,

WHEREAS, RCB and VCE have agreed in principal to a one-year extension of the RLOC to September 1, 2021, with a revised limit of \$7 million, of which all is available for Letters of Credit and \$5 million is available for Cash Advances to fund operational needs. Additionally, RCB and VCE have agreed in principal to a modification to the Term Note, including an earlier Final Payment date of September 1, 2021, which may be extended by RCB at the next renewal period.

NOW, THEREFORE, the Board of the Valley Clean Energy Alliance resolves as follows:

1. Approves the attached draft Amended and Restated Credit Agreement (RLOC Agreement) and attached draft Modification of Term Note from River City Bank (RCB), and authorizes the Interim General Manager to conduct any final negotiations and sign all necessary related documents on behalf of VCE.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the 10th day of September 2020, by the following vote:

AYES: Saylor, Carson, Stallard, Cowan, Sandy, Frerichs, Barajas

NOES: None

ABSENT: Loren

ABSTAIN: None



Alisa M. Lembke, VCE Board Secretary



Don Saylor, VCE Chair

Attachments:

1. Draft Amended and Restated Credit Agreement
2. Draft Modification of Term Note from River City Bank

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2022 - ____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE
AUTHORIZING THE EXTENSION OF ITS REVOLVING LINE OF CREDIT AND TERM NOTE WITH
RIVER CITY BANK**

WHEREAS, The Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, VCEA solicited competitive bids for banking and credit services and selected River City Bank (RCB) to lend VCEA up to \$11 million as a revolving line of credit to fund power purchases as part of administrating CCE programs, which had a term of 12-months at variable rates with an option to extend another 6 months and was convertible to a five-year term loan with a fixed interest rate; and,

WHEREAS, on May 10, 2018, the VCEA Board via Resolution 2018-012 approved the Credit Agreement between VCEA, as borrower, and the RCB, as lender; and,

WHEREAS, the \$11 million revolving line of credit expired on May 15, 2019 and on April 11, 2019, the Board via Resolution 2019-005 extended the line of credit for another 6 months, extending the term to November 15, 2019; and,

WHEREAS, on October 10, 2019, the Board approved via Resolution 2019-014 converting the \$1,676,610 Revolving Line of Credit (RLOC) balance to an amortized 5-year term loan; approved the renewal terms consistent with the October 3, 2019 term sheet for the existing RLOC for a new expiration date of November 15, 2020; and authorized VCE interim General Manager, in consultation with VCE Legal Counsel, to negotiate the Credit Agreement with RCB based on the renewal terms; and,

WHEREAS, Since November 15, 2019, VCE has received a series of extensions to the RLOC from RCB. The current renewal expired on August 31, 2020; and,

WHEREAS, on September 10, 2020, the Board approved via Resolution 2020-026 an one-year extension of the RLOC to September 1, 2021, with a revised limit of \$7 million, of which all is available for Letters of Credit and \$5 million is available for Cash Advances to fund operational

needs. Additionally, RCB and VCE have agreed in principal to a modification to the Term Note, including an earlier Final Payment date of September 1, 2021; and,

WHEREAS, RCB and VCE have agreed in principal to a short-term extension of the amended and restated credit agreement inclusive of the revolving line of credit and term note as approved by Resolution 2020-026 on September 10, 2020; and,

WHEREAS, on July 8, 2021 the Board approved and authorized via Resolution 2021-017 the Interim General Manager to conduct any final negotiations and sign all necessary related documents on behalf of VCE for the short term extension of the Amended and Restated Credit Agreement (RLOC Agreement) and Term Note from River City Bank (RCB) approved on September 10, 2020.

NOW, THEREFORE, the Board of the Valley Clean Energy Alliance resolves as follows:

Approves and Ratify the Amended and Restated Credit Agreement (RLOC Agreement) and Term Note from River City Bank (RCB) approved on September 10, 2020 extensions executed by the Interim General Manager.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the _____ day of _____ 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachments:

1. VCE Resolution 2021-017 Extending RCB Credit Agreement - July 2021
2. Amendment to Credit Agreement – August 2021
3. Second Modification to Term Note – August 2021
4. Second Amendment to Credit Agreement – December 2021
5. Third Modification to Term Note – December 2021