



**Meeting of the Valley Clean Energy Alliance
Board of Directors
Thursday, February 13, 2025 at 5:30 p.m.
City of Davis Community Chambers
23 Russell Boulevard, Davis, California 95616**

Board Members will be attending in-person and public participation will be in-person and available via Zoom Webinar (video/teleconference). VCE will, to the best of its ability, provide hybrid and remote options for VCE meeting participants and to the public; however, VCE cannot guarantee these options will be available due to technical limitations outside of our control. For assurance of public comment, VCE encourages in-person and written public comments to be submitted as described below when possible. VCE, to the best of its abilities, will provide participation via the Zoom platform.

Accommodations for Persons with disabilities: Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Alisa Lembke, VCE Board Clerk/Administrative Analyst, as soon as possible and preferably at least two (2) working days before the meeting at (530) 446-2754 or Alisa.Lembke@ValleyCleanEnergy.org.

If you have anything that you wish to be distributed to the Board and included in the official record, please hand it to a member of VCEA staff who will distribute the information to the Board members and other staff.

Please note that the numerical order of items is for convenience of reference. Items may be taken out of order on the request of any Board member with the concurrence of the Board. Staff recommendations are advisory to the Board. The Board may take any action it deems appropriate on any item on the agenda even if it varies from the staff recommendation.

Members of the public who wish to listen to the Board of Director's meeting may do so with the video/teleconferencing call-in number and meeting ID code.

Video/teleconference information below to join meeting:

Join meeting via Zoom:

a. From a PC, Mac, iPad, iPhone, or Android device with high-speed internet.

(If your device does not have audio, please also join by phone.)

<https://us02web.zoom.us/j/81039534668>

Meeting ID: 810 3953 4668

b. By phone

One tap mobile:

+1-669-900-9128,, 81039534668# US

+1-669-444-9171,, 81039534668# US

Dial:

+1-669-900-9128 US

+1-669-444-9171 US

Meeting ID: 810 3953 4668

Public comments may be submitted electronically or during the meeting. Instructions on how to submit your public comments can be found in the PUBLIC PARTICIPATION note at the end of this agenda.

Board Members: Lucas Frerichs (Yolo County, Chair), Bapu Vaitla (City of Davis, Vice Chair), Tom Stallard (City of Woodland), Jesse Loren (City of Winters), Sheila Allen (Yolo County), Donna Neville (City of Davis), Tania Garcia-Cadena (City of Woodland), Richard Casavecchia (City of Winters)

Alternate Board Members: Angel Barajas (Yolo County), Mayra Vega (City of Woodland), Linda Deos (City of Davis), Albert Vallecillo (City of Winters)

5:30 p.m. Call to Order

- 1. Welcome, Approval of Agenda, Oath of Office to new Board Member(s). (Government Code § 1362)**
- 2. Election of Officers for 2025**
- 3. Public Comment:** This item is reserved for persons wishing to address the Board on any VCE-related matters that are not otherwise on this meeting agenda or are listed on the Consent portion of the agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to two minutes per speaker, electronically submitted comments should be limited to approximately 300 words. Comments that are longer than 300 words will only be read for two minutes. All electronically submitted comments, whether read in their entirety or not, will be posted to the VCE website within 24 hours of the conclusion of the meeting. See below under **PUBLIC PARTICIPATION** on how to provide your public comment.

CONSENT AGENDA

- 4. Approve December 12, 2023 Board meeting Minutes.**
- 5. Receive 2025 long range calendar.**
- 6. Receive Treasurer's reports: a) November 30, 2024 and b) December 31, 2024.**
- 7. Receive legislative update provided by Pacific Policy Group.**
- 8. Receive February 5, 2025 regulatory update provided by Keyes & Fox.**
- 9. Receive Community Advisory Committee December 19, 2024 and January 23, 2025 (no quorum) meeting summaries and Task Group 2024 Year-end reports.**
- 10. Receive quarterly customer participation update (4th Quarter 2024).**
- 11. Receive copy of Amendment 4 letter to Automate Mailing Services Agreement extending term through December 31, 2025.**
- 12. Approve VCE Employee Handbook updates. (Action)**

13. Receive VCE initial Investment Grade Credit Rating update and authorize CEO to execute related agreements. (Action)
14. Approve Amendment 2 to SMUD Agreement Task Order 8 (Consulting Services) for program support services. (Action)

REGULAR AGENDA

15. Authorize the execution of clean energy purchase contract and other documents in connection with the issuance of California Community Choice Financing Authority (CCCFA) Clean Energy Project revenue bond.
16. Receive 2024 Year-end Review. (Information)
17. Receive Strategic Plan process update. (Information)
18. **Board Member and Staff Announcements:** Action items and reports from members of the Board, including announcements, AB1234 reporting of meetings attended by Board Members of VCEA expense, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Board or the public.
19. **Announcement/Adjournment:** The Board's next regular meeting is scheduled for Thursday, March 13, 2025 at 5:30 p.m. at the City of Woodland Council Chambers located at 300 First Street, Woodland, California 95695.

PUBLIC PARTICIPATION: Public Comments: Public participation for this meeting will be done electronically via e-mail and during the meeting as described below.

Public participation via e-mail: If you have anything that you wish to be distributed to the Board and included in the official record, please e-mail it to VCE staff at Meetings@ValleyCleanEnergy.org . If information is received by 3:00 p.m. on the day of the Board meeting it will be e-mailed to the Board members and other staff prior to the meeting. If it is received after 3:00 p.m. the information will be distributed after the meeting, but within 24 hours of the conclusion of the meeting. Written public comments that do not exceed 300 words will be read by the VCE Board Clerk, or other assigned VCE staff, to the Board and the public during the meeting subject to the usual time limit for public comments [two (2) minutes]. General written public comments will be read during Item 4, Public Comment. *Written public comment on individual agenda items should include the item number in the "Subject" line for the e-mail and the Clerk will read the comment during the item.* All written comments received will be posted to the VCE website.

Verbal public participation during the meeting:

- 1) **If attending in person**, please complete a **Comment Card** and return it to the Board Clerk.
- 2) **If attending remotely via Zoom**, there are two (2) ways for the public to provide verbal comments:
 - A. If you are attending by computer, activate the "participants" icon at the bottom of your screen, then raise your hand (hand clap icon) under "reactions". When called upon, you will be "unmuted" to allow to speak.
 - B. If you are attending by phone only, you will need to press *9 to raise your hand. When called upon, press *6 to unmute your microphone.

VCE staff will acknowledge that you have a public comment to make during the item and will call upon you to make your verbal comment.

Public records that relate to any item on the open session agenda for a regular or special Board meeting are available for public review on the VCE website. Records that are distributed to the Board by VCE staff less than 72 hours prior to the meeting will be posted to the VCE website at the same time they are distributed to all members, or a majority of the members of the Board. Questions regarding VCE public records related to the meeting should be directed to Board Clerk Alisa Lembke at (530) 446-2750 or Alisa.Lembke@ValleyCleanEnergy.org. The Valley Clean Energy website is located at: <https://valleycleanenergy.org/board-meetings/>.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 4

TO: Board of Directors
FROM: Alisa Lembke, Board Clerk / Administrative Analyst
SUBJECT: Approval of Minutes from December 12, 2024 meeting
DATE: February 13, 2025

RECOMMENDATION

Receive, review and approve the attached December 12, 2024 meeting Minutes.

Attachment: December 12, 2024 meeting Minutes



**MINUTES OF THE VALLEY CLEAN ENERGY ALLIANCE
BOARD OF DIRECTORS MEETING
THURSDAY, DECEMBER 12, 2024**

The Board of Directors of the Valley Clean Energy Alliance duly noticed their regular meeting for Thursday, December 12, 2024 at 5:30 p.m. to be held at City of Davis Community Chambers located at 23 Russell Boulevard, Davis, California 95616. Director Jesse Loren established that there was a quorum present and began the meeting at 5:31 p.m.

Board Members Present: Jesse Loren, Tania Garcia-Cadena, Will Arnold, Richard Casavecchia, Tom Stallard, Bapu Vaitla (Vice Chair, arrived at 5:27 p.m.)

Members Absent: Lucas Frerichs, Jim Provenza

Welcome, Director Jesse Loren welcomed everyone to the meeting.
Approval of the Agenda, Motion made by Director Stallard to approve the agenda, seconded by
Recognition of Garcia-Cadena. Motion passed by the following vote:
Board Members AYES: Loren, Garcia-Cadena, Arnold, Casavecchia, Stallard
Service NOES: None
ABSENT: Frerichs, Stallard, Vaitla
ABSTAIN: None

Director Loren presented a proclamation recognizing Will Arnold's service to VCE and to the City of Davis. Other Directors thanked Director Arnold for his service. VCE Executive Officer Mitch Sears thanked, on behalf of Staff, for all of his work. (Vice Chair Bapu Vaitla arrived at 5:37 p.m.) Attendee and VCE Customer Christine Shewmaker thanked Will Arnold for his service.

Public Comment – Director Loren opened up public comment on general and consent
General and items. There were no written or verbal public comments.
Consent Items

Public Comment on Director Loren announced that the Board will be going into Closed
Closed Session Session and asked if there were any public comment on the Closed
Items Session items. There being no verbal or written public comment,
Director Loren announced that it is anticipated that no reportable action
will be taken in Closed Session.



CLOSED SESSION:
Conference with
Legal Counsel –
Anticipated
Litigation

The Board convened into Closed Session at 5:37 p.m. and adjourned their Closed Session at 5:57 p.m. Vice Chair Vaitla stated that there was nothing to report out. The Board reconvened into the regular meeting at 6:00 p.m.

Approval of
Consent Agenda /
Resolution 2024-
015 thru 2024-019

Vice Chair Vaitla informed those present that VCE's general legal counsel, Inder Khalsa from Richards, Watson and Gershon, has an announcement regarding Item 18 - Employment Agreement for Executive Officer between VCE and Mitch Sears. Ms. Khalsa announced, per the Brown Act, information about Executive Officer Mitch Sears' employment agreement with VCE.

Motion made by Director Casavecchia to approve the consent agenda items, seconded by Director Arnold. Motion passed with Directors Frerichs and Provenza absent. The following items were:

5. approved November 14, 2024 Board meeting Minutes;
6. received 2025 long range calendar;
7. received Treasurer's reports: a) September 30, 2024 and b) October 31, 2024;
8. received legislative update provided by Pacific Policy Group;
9. received November 2024 regulatory update dated December 4, 2024 provided by Keyes & Fox;
10. received Community Advisory Committee November 21, 2024 meeting summary;
11. approved Amendment Eight (8) to Keyes & Fox Agreement for energy advisory services to extend the term and increase the not to exceed amount as Resolution 2024-015;
12. approved Amendment One (1) to Richards, Watson and Gershon Agreement for legal services to extend the term as Resolution 2024-016;
13. received summary of VCE Grant activity;
14. approved 2025 Legislative and Regulatory Platform;
15. approved updated VCE Reserve Policy and Dividend Program Guidelines;
16. authorized Executive Officer, in consultation with legal counsel, to execute and sign Hourly Flex Pricing Pilot Agreement(s) as Resolution 2024-017;
17. approved Agricultural Flexible Irrigation Technology (AgFIT) Pilot program budget amendment and receive close out update as Resolution 2024-018; and,



18. approved Employment Agreement for Executive Officer between Valley Clean Energy and Mitch Sears as Resolution 2024-019.

Item 19: Approve 2025 Operating Budget and 2025 Customer Rates. (Discussion/Action) Resolution 2024-020

VCE Executive Officer Mitch Sears introduced this item. VCE Staff Edward Burnham provided an overview and update on the 2024 Operating Budget and reviewed Staff's recommendation on 2025 Customer Rates. The Board and Staff discussed: effective date of 2025 rates; VCE having their own rates; the fluctuation of Power Charge Indifference Adjustment (PCIA) charges; bill explainer for customers; proposed costs in 2025; and, the 2025 Operating budget outlook. There were no written or verbal public comments.

Motion made by Director Loren to approve the 2025 budget with \$102.1 Million of operating revenues and \$27.7 million of operating expenses for a net income of \$29.4 million, and approve 2025 VCE Customer rates as follows: Standard Green Rates with a 5% discount to PG&E's 2025 generation rates; an additional 5% discount (10% combined) to PGE 2025 Rates for CARE/FERA and Medical Baseline customers; and, Base Green Rate discount of 2.5% to PG&E 2025 generation rates. This motion was seconded by Director Casavecchia. Motion passed as Resolution 2024-020 by the following vote:

AYES: Loren, Garcia-Cadena, Arnold, Casavecchia, Stallard, Vaitla

NOES: None

ABSENT: Frerichs, Provenza

ABSTAIN: None

Item 20: Discuss and seek recommendation on GHF-Free allocations from large hydro and nuclear resources. (Discussion/Action) Resolution 2024-021

VCE Chief Operating Officer Gordon Samuel reviewed hydro allocations and VCE's historical action of accepting GHG-free allocations. He reviewed what has changed regarding nuclear allocations compared to prior years; provided an overview of what other CCAs are doing; and, reviewed Staff's recommendation to accept both large hydro and nuclear GHG-free attributes. The Board and Staff discussed: why carbon free nuclear is not considered renewable; legal issues around large hydro facilities; and, individual jurisdiction's view on nuclear. There was no written public comment.

Verbal Public Comment: Christine Shewmaker stated that she opposes accepting nuclear allocations and would like VCE to focus on the long term RPS goal.



Motion made by Director Arnold to accept the 2025 allocation of large hydro and nuclear power GHG-free attributes and authorize the Executive Officer to enter into an agreement(s) with PG&E to accept the Large Hydro and Nuclear GHG-free allocations, motion seconded by Director Stallard. Motion passed as Resolution 2024-021 by the following vote:

AYES: Loren, Garcia-Cadena, Arnold, Casavecchia, Stallard

NOES: Vaitla

ABSENT: Frerichs, Provenza

ABSTAIN: None

Item 21: Board
Member and Staff
Announcements

There were no reports from the Board. Mr. Sears informed those present that he attended the UC Davis Energy Efficiency Institute Advisory Board meeting, in which a variety of industries came together to discuss energy efficiency, carbon reduction and affordability that have state and national implications.

Announcement /
Adjournment

Vice Chair Vaitla announced that the Board's January meeting has been cancelled and the next scheduled meeting is on Thursday, February 13, 2025. There being no further business to discuss the meeting was adjourned at 6:46 p.m.

Alisa M. Lembke
VCEA Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 5

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk/Administrative Analyst

SUBJECT: Board and Community Advisory Committee **2025** Long-Range Calendar

DATE: February 13, 2025

Recommendation

Receive and file the **2025** Board and Community Advisory Committee long-range calendar listing proposed meeting topics. Please note that meeting locations and topics may change.

Attachment: **2025** Board and CAC long range calendar

VALLEY CLEAN ENERGY
2025 Meeting Dates and Proposed Topics
Board and Community Advisory Committee (CAC)
(Note: Meeting locations and Topics are subject to change)

MEETING DATE		TOPICS	ACTION
January 9, 2025 (Cancelled)	Board (Woodland)	<ul style="list-style-type: none"> This meeting has been cancelled. 	
January 23, 2025 NO QUORUM, ITEMS MOVED TO FEBRUARY 27, 2025 MEETING	Advisory Committee (Woodland)	<ul style="list-style-type: none"> 2025 CAC Task Group (s) formation (Annual) (R) Customer Participation Update (4th Quarter 2024) (O) 2024 Year in review: Customer Care & Marketing (Placeholder) (R) Strategic Plan (O) 	<ul style="list-style-type: none"> Discussion/Action Discuss/Action Information Discussion/Action
February 13, 2025	Board (Davis)	<ul style="list-style-type: none"> Oaths of Office for Board Members (Annual - new Members only) (R) Election of Officers for 2025 (Annual) (R) Customer Participation Update (4th Quarter 2024) (O) Receive CAC Year-end Task Group Reports (O) 2024 Year-end review: Customer Care & Marketing (O) Update to VCE Employee Handbook (Placeholder) (R) (historically Jan.) Prepay (Placeholder) (O) Annual Strategic Plan Report (R) (historically Jan.) 	<ul style="list-style-type: none"> Action Nominations Information Information Information Action Action Information/Discussion Discussion/Action
February 27, 2025	Advisory Committee (Davis)	<ul style="list-style-type: none"> 2025 CAC Task Group (s) formation (Annual) (R) Customer Participation Update (4th Quarter 2024) (O) 2024 Year-end review: Customer Care & Marketing (Placeholder) (R) Strategic Plan (O) 	<ul style="list-style-type: none"> Discussion/Action Information Information Discussion/Action
March 13, 2025	Board (Woodland)	<ul style="list-style-type: none"> Power Charge Indifference Adjustment (PCIA) Workshop (placeholder) (O) 	<ul style="list-style-type: none"> Information

March 27, 2025	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Approval of 2025 CAC Task Group “Charges” (R) (historically in Jan.) 	<ul style="list-style-type: none"> Action
April 10, 2025	Board (Davis)	<ul style="list-style-type: none"> Receive Enterprise Risk Management Report (Bi-Annual) (R) Customer Participation update (1st Quarter 2025) (O) Calendar Year 2024 Audited Financial Statements (James Marta & Co.) (placeholder) (R) Load Management Standards Update (O) 	<ul style="list-style-type: none"> Information Information Action Information
April 24, 2025	Advisory Committee (Davis)	<ul style="list-style-type: none"> Load Management Standards Update (O) 	<ul style="list-style-type: none"> Information
April 28 - 30, 2025	CalCCA Annual Conference (Irvine)	VCE Staff and some Board and CAC members attending	
May 8, 2025	Board (Woodland)	<ul style="list-style-type: none"> Recap of CalCCA April 2025 Annual Conference (O) 	<ul style="list-style-type: none"> Information
May 22, 2025	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Customer Participation update (1st Quarter 2025) (O) 2024 Net Margin Allocation (R) 	<ul style="list-style-type: none"> Information Information
June 12, 2025	Board (Davis)	<ul style="list-style-type: none"> Re/Appointment of Members to Community Advisory Committee (Annual) (R) Mid-Year 2025 Financial Update (R) Legislative update provided by Pacific Policy Group (O) 2024 Net Margin Allocation (R) 	<ul style="list-style-type: none"> Action Information Information Discussion/Action
June 26, 2025	Advisory Committee (Davis)	<ul style="list-style-type: none"> Power Portfolio Update (O) Summer Preparedness outlook (O) 	<ul style="list-style-type: none"> Information Information
July 10, 2025	Board Woodland	<ul style="list-style-type: none"> Customer Participation Update (2nd Quarter 2025) (O) 	<ul style="list-style-type: none"> Information
July 24, 2025	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Tentatively NO MEETING* 	

*No meeting unless an urgent matter needs to be addressed

August 14, 2025	Board (Davis)	<ul style="list-style-type: none"> Tentatively NO MEETING* 	
August 28, 2025	Advisory Committee (Davis)	<ul style="list-style-type: none"> Customer Participation Update (2nd Quarter 2025) (O) Outreach and Marketing Plan update (O) (placeholder) Strategic Plan Major Update (O) 	<ul style="list-style-type: none"> Information Information Discussion/Action
September 11, 2025	Board (Woodland)	<ul style="list-style-type: none"> Certification of 2024 Power Content Label (Annual) (placeholder) (R) Outreach and Marketing Plan update (O) (placeholder) 	<ul style="list-style-type: none"> Action Information
September 25, 2025	Advisory Committee (Woodland)	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">
October 9, 2025	Board (Davis)	<ul style="list-style-type: none"> 2025 Operating Budget Update (R) Enterprise Risk Management Update (Annual) (R) Customer Participation Update (3rd Quarter 2025) (O) Progress Update on Programs Plan and 2026 program concepts (O or R) Ask Rebecca Legislative End of Session Update (O) 	<ul style="list-style-type: none"> Information Discussion/Action Information Information Discussion/Action Information
October 23, 2025	Advisory Committee (Davis)	<ul style="list-style-type: none"> 2024 Power Content Label Outreach (placeholder) (O) Customer Participation Update (3rd Quarter 2025) (O) Legislative End of Session Update (O) GHG Free Attributes (R) Integrated Resource Plan (R) 	<ul style="list-style-type: none"> Information Information Information Discussion/Action Discussion/Action
November 13, 2025	Board (Woodland)	<ul style="list-style-type: none"> 2026 Preliminary Operating Budget (R) GHG Free Attributes (R) Integrated Resource Plan (R) Contract Renewals (R) 	<ul style="list-style-type: none"> Information/Discussion Discussion/Action Discussion/Action Discussion/Action Discussion/Action
November 27, 2025 November 20, 2025 (rescheduled to November 20 due to Thanksgiving holiday on Nov. 27 th)	Advisory Committee (Woodland)	<ul style="list-style-type: none"> Review CAC Draft 2025 Task Group Year-end Reports (R) Draft 2026 Legislative & Regulatory Platform (R) 	<ul style="list-style-type: none"> Discussion/Action Discussion/Action
December 11, 2025	Board (Davis)	<ul style="list-style-type: none"> Approve 2026 Operating Budget (Annual) and 2026 Customer Rates (R) 	<ul style="list-style-type: none"> Discussion/Action

*No meeting unless an urgent matter needs to be addressed

		<ul style="list-style-type: none"> • Receive VCE Grant/Program Annual Report (R) • 2026 Legislative & Regulatory Platform (R) • Contract Renewals (R) 	<ul style="list-style-type: none"> • Information • Discussion/Action • Discussion/Action
<p>December 25, 2025 December 18, 2025 (rescheduled to December 18 due to Christmas holiday on Dec. 25th)</p>	Advisory Committee (Davis)	<ul style="list-style-type: none"> • Approve 2025 Task Group Year-end Reports (R) • Power Portfolio Update (R) • Election of Officers for 2026 (Annual) (R) 	<ul style="list-style-type: none"> • Discussion/Action • Information • Nominations
<p>January 8, 2026</p>	Board (Woodland)	<ul style="list-style-type: none"> • Oaths of Office for Board Members (Annual - new Members only) (R) • Election of Officers for 2026 (Annual) (R) • Customer Participation Update (4th Quarter 2025) (O) • 2025 Year in review: Customer Care & Marketing (R) • Receive 2025 Task Group Year-end Reports (R) 	<ul style="list-style-type: none"> • Action • Nominations • Information • Information • Information
<p>January 22, 2026</p>	Advisory Committee (Woodland)	<ul style="list-style-type: none"> • Rates/Budget 2026 Update (O) • Customer Participation Update (4th Quarter 2025) (O) • 2026 CAC Task Group(s) formation (Annual) (R) 	<ul style="list-style-type: none"> • Information • Information • Discuss/Action

PLEASE NOTE: April 28-30, 2025: CalCCA Annual Conference in Irvine, California/More information will be provided as received

CAC PROPOSED FUTURE TOPICS Topics and Discussion dates may change as needed	<u>ESTIMATED</u> MEETING DATE(S)

*No meeting unless an urgent matter needs to be addressed

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 6 (a)**

TO: Board of Directors

FROM: Edward Burnham, Finance and Operations Director / Treasurer
Mitch Sears, Chief Executive Officer

SUBJECT: Monthly Treasurer’s Report (Informational Item) – November 30, 2024

DATE: February 13, 2024

RECOMMENDATION:

Accept the Treasurer’s report on VCE’s cash, investments, debt, and unaudited financial statements (with comparative year to date information) and Actual vs. Budget year to date for the month ending November 30, 2024.

BACKGROUND & DISCUSSION:

The attached financial statements are prepared in a form to satisfy the debt covenants with River City Bank pursuant to the Line of Credit and are required to be prepared monthly.

The Financial Statements include the following reports:

- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows

In addition, Staff is reporting the Actual vs. Budget variances year to date ending November 30, 2024.

Financial Statements for the period November 1, 2024 – November 30, 2024

In the Statement of Net Position, VCE, as of November 30, 2024, has a total of \$51,273,055 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, and \$1,800,000 restricted assets related to supplier deposits. On November 30, 2024, VCE’s net position was \$62,250,362.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$6,293,341 of revenue (net of allowance for doubtful accounts), of which \$5,548,611 was billed in November, and \$4,986,718 represents estimated unbilled revenue. The cost of electricity for the November revenue totaled \$2,844,230. For November, VCE’s gross margin was approximately 44% and the net income totaled \$3,065,183. The year-to-date change in net position was \$25,827,187.



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF NOVEMBER 1, 2024 THROUGH NOVEMBER 30, 2024

PREPARED ON JANUARY 25, 2025

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
NOVEMBER 30, 2024
(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	\$ 51,273,055
Accounts receivable, net of allowance	9,119,252
Accrued revenue	4,986,718
Prepaid expenses	283,855
Inventory - Renewable Energy Credits	-
Other current assets and deposits	6,100,299
Total current assets	<u>71,763,179</u>

Restricted assets:

Debt service reserve fund	1,100,000
Total restricted assets	<u>1,100,000</u>
TOTAL ASSETS	<u><u>\$ 72,863,179</u></u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 369,557
Accrued payroll	96,321
Interest payable	-
Due to member agencies	(1,723)
Accrued cost of electricity	6,434,258
Other accrued liabilities	1,898,254
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	16,150
TOTAL LIABILITIES	<u><u>\$ 10,612,817</u></u>

NET POSITION

Net position:

Local Programs Reserve	\$ 840,000
Restricted	1,100,000
Unrestricted	60,310,362
TOTAL NET POSITION	<u><u>\$ 62,250,362</u></u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
NOVEMBER 30, 2024
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING NOVEMBER 30, 2024	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 6,293,341	\$ 93,767,916
Other revenue	-	-
TOTAL OPERATING REVENUES	6,293,341	93,767,916
OPERATING EXPENSES		
Cost of electricity	2,844,230	62,494,049
Contract services	206,381	2,859,794
Staff compensation	145,439	1,511,374
General, administration, and other	137,559	1,907,600
TOTAL OPERATING EXPENSES	3,333,608	68,772,817
TOTAL OPERATING INCOME (LOSS)	2,959,732	24,995,099
NONOPERATING REVENUES (EXPENSES)		
Interest income	105,451	832,088
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	105,451	832,088
CHANGE IN NET POSITION	3,065,183	25,827,187
Net position at beginning of period	21,633,323	36,423,176
Net position at end of period	\$ 24,698,506	\$ 62,250,362

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
NOVEMBER 30 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING NOVEMBER 30	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 6,293,341	\$ 93,767,916
Payments received from other revenue sources	-	-
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	(1,246,880)	(61,694,049)
Payments for contract services, general, and administration	(343,940)	(4,767,393)
Payments for member agency services	-	-
Payments for staff compensation	(145,439)	(1,511,374)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
Net cash provided (used) by operating activities	4,557,082	25,795,100
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	-	-
Interest and related expenses	-	-
Other Non Operating Revenue	-	-
Net cash provided (used) by non-capital financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	105,451	832,088
Net cash provided (used) by investing activities	105,451	832,088
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	47,710,522	24,976,372
Cash and cash equivalents at end of period	52,373,055	51,603,560
Cash and cash equivalents included in:		
Cash and cash equivalents	51,273,055	51,273,055
Restricted assets	1,100,000	1,100,000
Cash and cash equivalents at end of period	\$ 52,373,055	\$ 52,373,055

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
NOVEMBER 30 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING NOVEMBER 30 2024	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 2,959,732	\$ 24,995,099
Adjustments to reconcile operating income to net cash provided (used) by		
Depreciation expense		
Revenue reduced for uncollectible accounts		
(Increase) decrease in net accounts receivable	(3,026,593)	(1,005,958)
(Increase) decrease in accrued revenue	856,107	1,552,684
(Increase) decrease in prepaid expenses	(4,732)	82,594
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	(15,670)	159,092
Increase (decrease) in accounts payable	25,200	76,499
Increase (decrease) in accrued payroll	20,977	(37,954)
Increase (decrease) in due to member agencies	-	5,855
Increase (decrease) in accrued cost of electricity	3,443,325	(2,449,486)
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease) security deposits with energy suppliers	237,531	2,399,812
Increase (decrease) in user taxes and energy surcharges	-	-
Increase (decrease) in security deposits from energy suppliers	-	-
Increase (decrease) in user taxes due to other governments	61,205	16,863
Increase (decrease) in advances from public purpose programs	-	-
Net cash provided (used) by operating activities	\$ 4,557,082	\$ 25,795,100

VALLEY CLEAN ENERGY
2024 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 11/30/2024

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
Total Revenues	\$ 94,599,534	\$ 98,595,500	\$ (3,995,966)	-4%
Electric Revenue	\$ 93,767,446	\$ 97,478,000	\$ (3,710,554)	-4%
Interest Revenues	\$ 832,088	\$ 500,000	\$ 332,088	66%
Reimbursable Revenues	\$ -	\$ 617,500	\$ (617,500)	-100%
Purchased Power	\$ 62,694,049	\$ 69,880,000	\$ (7,185,951)	-10%
Purchased Power Base	\$ 62,694,049	\$ 66,552,000	\$ (3,857,951)	-6%
Purchased Power Contingency 5%	\$ -	\$ 3,328,000	\$ (3,328,000)	-100%
Labor & Benefits	\$ 1,505,013	\$ 1,496,000	\$ 9,013	1%
Salaries & Wages/Benefits	\$ 1,242,654	\$ 1,232,000	\$ 10,654	1%
Contract Labor	\$ 151,674	\$ 187,000	\$ (35,326)	-19%
Human Resources & Payroll	\$ 110,685	\$ 77,000	\$ 33,685	44%
Office Supplies & Other Expenses	\$ 468,016	\$ 345,200	\$ 122,816	36%
Technology Costs	\$ 73,547	\$ 35,200	\$ 38,347	109%
Office Supplies	\$ 10,018	\$ 11,000	\$ (982)	-9%
Travel	\$ 23,070	\$ 25,000	\$ (1,930)	-8%
CalCCA Dues	\$ 142,016	\$ 132,000	\$ 10,016	8%
CC Power	\$ 192,376	\$ 136,500	\$ 55,876	41%
Memberships	\$ 26,990	\$ 5,500	\$ 21,490	391%
Contractual Services	\$ 2,014,185	\$ 2,076,650	\$ (62,465)	-3%
Other Contract Services (e.g. IRP)	\$ 15,000	\$ 35,000	\$ (20,000)	-57%
Don Dame	\$ 3,660	\$ 19,800	\$ (16,140)	-82%
Wholesale Energy Services (TEA)	\$ 830,367	\$ 750,750	\$ 79,617	11%
2030 100% Renewable & Storage	\$ -	\$ 27,500	\$ (27,500)	-100%
Customer Support Call Center	\$ 741,175	\$ 737,000	\$ 4,175	1%
Operating Services	\$ 77,702	\$ 55,000	\$ 22,702	41%
Commercial Legal Support	\$ 24,623	\$ 22,000	\$ 2,623	12%
Legal General Counsel	\$ 44,619	\$ 77,000	\$ (32,381)	-42%
Regulatory Counsel	\$ 125,284	\$ 187,000	\$ (61,716)	-33%
Joint CCA Regulatory counsel	\$ 45,471	\$ 17,600	\$ 27,871	158%
Legislative - (Lobbyist)	\$ 66,000	\$ 63,250	\$ 2,750	4%
Accounting Services	\$ (5,855)	\$ 2,750	\$ (8,605)	-313%
Financial Consultant	\$ -	\$ 22,000	\$ (22,000)	-100%
Audit Fees	\$ 46,140	\$ 60,000	\$ (13,860)	-23%
Marketing	\$ 189,623	\$ 275,000	\$ (85,377)	-31%
Marketing Collateral	\$ 184,983	\$ 264,000	\$ (79,017)	-30%
Community Engagement Activities & Sponsorships	\$ 4,640	\$ 11,000	\$ (6,360)	-58%
Programs	\$ 878,291	\$ 1,876,500	\$ (998,209)	-53%
Program Costs (Rebates, Incentives, etc.)	\$ 96,291	\$ 900,000	\$ (803,709)	-89%
AG Fit	\$ 782,000	\$ 960,000	\$ (178,000)	-19%
PIPP Program	\$ -	\$ 16,500	\$ (16,500)	-100%
Rents & Leases	\$ 45,630	\$ 45,100	\$ 530	1%
Hunt Boyer Mansion	\$ 45,630	\$ 23,100	\$ 22,530	98%
Lease Improvement	\$ -	\$ 22,000	\$ (22,000)	-100%
Other A&G	\$ 431,747	\$ 485,300	\$ (53,553)	-11%
Development - New Members	\$ -	\$ 23,100	\$ (23,100)	-100%
Strategic Plan Implementation	\$ 2,399	\$ 70,400	\$ (68,001)	-97%
PG&E Data Fees	\$ 243,588	\$ 264,000	\$ (20,412)	-8%
Insurance	\$ 47,727	\$ 44,000	\$ 3,727	8%
Banking Fees	\$ 138,032	\$ 83,800	\$ 54,232	65%
Miscellaneous Operating Expenses	\$ 9,192	\$ 11,000	\$ (1,808)	-16%
Contingency	\$ -	\$ 220,000	\$ (220,000)	-100%
	0	0		
TOTAL OPERATING EXPENSES	\$ 68,235,746	\$ 76,710,750	\$ (8,475,004)	-11%
NET INCOME	\$ 26,363,788	\$ 21,884,750	\$ 4,479,038	

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 6 (b)

TO: Board of Directors

FROM: Edward Burnham, Finance and Operations Director / Treasurer
Mitch Sears, Chief Executive Officer

SUBJECT: Monthly Treasurer’s Report (Informational Item) – December 31, 2024

DATE: February 13, 2024

RECOMMENDATION:

Accept the Treasurer’s report on VCE’s cash, investments, debt, and unaudited financial statements (with comparative year to date information) and Actual vs. Budget year to date for month ending December 31, 2024.

BACKGROUND & DISCUSSION:

The attached financial statements are prepared in a form to satisfy the debt covenants with River City Bank pursuant to the Line of Credit and are required to be prepared monthly.

The Financial Statements include the following reports:

- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows

In addition, Staff is reporting the Actual vs. Budget variances year to date ending December 31, 2024.

Financial Statements for the period December 1, 2024 – December 31, 2024

In the Statement of Net Position, VCE, as of December 31, 2024, has a total of \$51,655,013 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, and \$1,800,000 restricted assets related to supplier deposits. On December 31, 2024, VCE’s net position was \$64,165,665.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$5,068,462 of revenue (net of allowance for doubtful accounts), of which \$6,763,902.80 was billed in December, and \$3,375,827 represents estimated unbilled revenue. The cost of electricity for the December revenue totaled \$2,836,804. For December, VCE’s gross margin was approximately 13% and the net income totaled \$1,843,304. The year-to-date change in net position was \$27,742,489.

In the Statement of Cash Flows, VCE cash flows from operations were (\$497,670) due to December cash receipts of revenues being less than the monthly cash operating expenses.

Bank Account Balances (as of 7/31/2024):

Operating Account:	\$	26,047,734
Insured Cash Sweep Account:	\$	27,304,632
Debt Service Account:	\$	1,100,000
CAISO Operational Account:	\$	5,106,445
Total Cash on Deposit	\$	59,558,811

Note: VCE receives 4.45% interest earnings for the average balance on the ICS account and CAISO operational account equal to the Local Agency Investment Fund (LAIF) state investments rate. December 2024 earnings were \$117,744.

VCE's Outstanding Loan Balances (as of 7/31/2024):

Valley Clean Energy Alliance has available at the financial institution a line of credit totaling \$11,000,000 with a \$7,000,000 withdrawal limit, which expires on April 15, 2026. The related debt outstanding at the close of business on December 31, 2024 was \$0. VCE has issued, but undrawn, letters of credit for a total of \$3,897,000 for regulatory and power purchase requirements.

Actual vs. Budget Variances for the year to date ending December 31, 2024

Below are the financial statement line items with variances >\$50,000 and 5%

- Electric Revenue – (\$5,264,260) and -05% – Unfavorable variance due to retail load variance lower than forecasted due to mild and wet winter and lower spring temperatures reducing agriculture and residential revenues compared to forecast.
- Purchased Power – \$9,669,147 and 13% – Favorable mainly due to budgeted renewable energy certificates budgeted no longer required, reimbursed RA costs related to PPA delays, lower load driven by lower spring temperatures reducing agriculture and residential usage compared to forecast. An additional \$3,581,000 in power cost contingency was not required.
- General Programs Costs \$803,709 and 89% – Favorable Variance due to timing differences for budgeted program costs.
- Marketing Collateral \$64,620 and 22% – Favorable Variance due to lower programs activity than forecasted.
- Strategic Plan \$74,401 and 97% – Favorable Variance due to timing of prepay in 2025.
- Regulatory Costs \$61,716 – Favorable Variance due to costs being captured as part of AgFIT.
- CC Power Costs (\$55,876) – Unfavorable Variance due to timing of annual dues and expanded scope of support services. Cost will normalize in 2025.

Attachments:

- 1) Financial Statements (Unaudited) December 1, 2024 to December 31, 2024 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending December 31, 2024



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF DECEMBER 1, 2024 THROUGH DECEMBER 31, 2024

PREPARED ON FEBRUARY 2, 2025

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
DECEMBER 31, 2024
(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	\$ 51,655,013
Accounts receivable, net of allowance	9,589,355
Accrued revenue	3,375,828
Prepaid expenses	267,354
Inventory - Renewable Energy Credits	-
Other current assets and deposits	6,913,329
Total current assets	71,800,878

Restricted assets:

Debt service reserve fund	1,100,000
Total restricted assets	1,100,000
TOTAL ASSETS	\$ 72,900,878

LIABILITIES

Current liabilities:

Accounts payable	\$ 393,630
Accrued payroll	112,035
Interest payable	-
Due to member agencies	(1,723)
Accrued cost of electricity	4,499,818
Other accrued liabilities	1,903,237
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	28,217
TOTAL LIABILITIES	\$ 8,735,214

NET POSITION

Net position:

Local Programs Reserve	\$ 840,000
Restricted	1,100,000
Unrestricted	62,225,665
TOTAL NET POSITION	\$ 64,165,665

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
DECEMBER 31, 2024
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING DECEMBER 31, 2024</u>	<u>YEAR TO DATE</u>
OPERATING REVENUE		
Electricity sales, net	\$ 5,068,462	\$ 98,836,378
Other revenue	-	-
TOTAL OPERATING REVENUES	<u>5,068,462</u>	<u>98,836,378</u>
OPERATING EXPENSES		
Cost of electricity	2,836,804	65,258,856
Contract services	240,429	3,100,223
Staff compensation	130,826	1,642,200
General, administration, and other	134,842	2,042,442
TOTAL OPERATING EXPENSES	<u>3,342,902</u>	<u>72,043,721</u>
TOTAL OPERATING INCOME (LOSS)	1,725,560	26,792,657
NONOPERATING REVENUES (EXPENSES)		
Interest income	117,744	949,832
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>117,744</u>	<u>949,832</u>
CHANGE IN NET POSITION	1,843,304	27,742,489
Net position at beginning of period	<u>21,633,323</u>	<u>36,423,176</u>
Net position at end of period	<u>\$ 23,476,627</u>	<u>\$ 64,165,665</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE PERIOD ENDING DECEMBER 31, 2024</u>	<u>YEAR TO DATE</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 5,068,462	\$ 98,836,378
Payments received from other revenue sources	-	-
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	364,383	(64,458,856)
Payments for contract services, general, and administration	(375,271)	(5,142,663)
Payments for member agency services	-	-
Payments for staff compensation	(130,826)	(1,642,200)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
Net cash provided (used) by operating activities	<u>4,926,747</u>	<u>27,592,659</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	-	-
Interest and related expenses	-	-
Other Non Operating Revenue	-	-
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	117,744	949,832
Net cash provided (used) by investing activities	<u>117,744</u>	<u>949,832</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	5,044,491	28,542,491
Cash and cash equivalents at end of period	<u>47,710,522</u>	<u>24,976,372</u>
	<u>52,755,013</u>	<u>53,518,863</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	51,655,013	51,655,013
Restricted assets	1,100,000	1,100,000
Cash and cash equivalents at end of period	<u>\$ 52,755,013</u>	<u>\$ 52,755,013</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	<u>FOR THE</u> <u>PERIOD ENDING</u> <u>DECEMBER 31, 2024</u>	<u>YEAR TO DATE</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 1,725,560	\$ 26,792,657
Adjustments to reconcile operating income to net cash provided (used) by		
Depreciation expense		
Revenue reduced for uncollectible accounts		
(Increase) decrease in net accounts receivable	465,121	(540,838)
(Increase) decrease in accrued revenue	(1,610,891)	(58,207)
(Increase) decrease in prepaid expenses	(4,732)	77,862
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	(11,769)	147,323
Increase (decrease) in accounts payable	(24,073)	52,426
Increase (decrease) in accrued payroll	(15,714)	(53,667)
Increase (decrease) in due to member agencies	-	5,855
Increase (decrease) in accrued cost of electricity	3,602,283	(2,048,389)
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease) security deposits with energy suppliers	813,030	3,212,841
Increase (decrease) in user taxes and energy surcharges	-	-
Increase (decrease) in security deposits from energy suppliers	-	-
Increase (decrease) in user taxes due to other governments	(12,068)	4,795
Increase (decrease) in advances from public purpose programs	-	-
Net cash provided (used) by operating activities	\$ 4,926,748	\$ 27,592,659

VALLEY CLEAN ENERGY
2024 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 12/31/2024

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
Total Revenues	\$ 99,785,740	\$ 105,050,000	\$ (5,264,260)	-5%
Electric Revenue	\$ 98,835,908	\$ 103,881,000	\$ (5,045,092)	-5%
Interest Revenues	\$ 949,832	\$ 550,000	\$ 399,832	73%
Reimbursable Revenues	\$ -	\$ 619,000	\$ (619,000)	-100%
Purchased Power	\$ 65,530,853	\$ 75,200,000	\$ (9,669,147)	-13%
Purchased Power Base	\$ 65,530,853	\$ 71,619,000	\$ (6,088,147)	-9%
Purchased Power Contingency 5%	\$ -	\$ 3,581,000	\$ (3,581,000)	-100%
Labor & Benefits	\$ 1,635,839	\$ 1,632,000	\$ 3,839	0%
Salaries & Wages/Benefits	\$ 1,349,451	\$ 1,344,000	\$ 5,451	0%
Contract Labor	\$ 166,582	\$ 204,000	\$ (37,418)	-18%
Human Resources & Payroll	\$ 119,806	\$ 84,000	\$ 35,806	43%
Office Supplies & Other Expenses	\$ 487,558	\$ 369,900	\$ 117,658	32%
Technology Costs	\$ 78,863	\$ 38,400	\$ 40,463	105%
Office Supplies	\$ 10,524	\$ 12,000	\$ (1,476)	-12%
Travel	\$ 23,070	\$ 25,500	\$ (2,430)	-10%
CalCCA Dues	\$ 155,736	\$ 144,000	\$ 11,736	8%
CC Power	\$ 192,376	\$ 144,000	\$ 48,376	34%
Memberships	\$ 26,990	\$ 6,000	\$ 20,990	350%
Contractual Services	\$ 2,216,218	\$ 2,260,800	\$ (44,582)	-2%
Other Contract Services (e.g. IRP)	\$ 15,000	\$ 39,000	\$ (24,000)	-62%
Don Dame	\$ 3,980	\$ 21,600	\$ (17,620)	-82%
Wholesale Energy Services (TEA)	\$ 906,583	\$ 819,000	\$ 87,583	11%
2030 100% Renewable & Storage	\$ -	\$ 30,000	\$ (30,000)	-100%
Customer Support Call Center	\$ 811,385	\$ 804,000	\$ 7,385	1%
Operating Services	\$ 90,863	\$ 60,000	\$ 30,863	51%
Commercial Legal Support	\$ 31,525	\$ 24,000	\$ 7,525	31%
Legal General Counsel	\$ 44,461	\$ 84,000	\$ (39,539)	-47%
Regulatory Counsel	\$ 155,165	\$ 204,000	\$ (48,835)	-24%
Joint CCA Regulatory counsel	\$ 45,471	\$ 19,200	\$ 26,271	137%
Legislative - (Lobbyist)	\$ 71,500	\$ 69,000	\$ 2,500	4%
Accounting Services	\$ (5,855)	\$ 3,000	\$ (8,855)	-295%
Financial Consultant	\$ -	\$ 24,000	\$ (24,000)	-100%
Audit Fees	\$ 46,140	\$ 60,000	\$ (13,860)	-23%
Marketing	\$ 228,589	\$ 300,000	\$ (71,411)	-24%
Marketing Collateral	\$ 223,380	\$ 288,000	\$ (64,620)	-22%
Community Engagement Activities & Sponsorships	\$ 5,209	\$ 12,000	\$ (6,791)	-57%
Programs	\$ 949,900	\$ 2,018,000	\$ (1,068,100)	-53%
Program Costs (Rebates, Incentives, etc.)	\$ 98,011	\$ 1,000,000	\$ (901,989)	-90%
AG Fit	\$ 851,888	\$ 1,000,000	\$ (148,112)	-15%
PIPP Program	\$ -	\$ 18,000	\$ (18,000)	-100%
Rents & Leases	\$ 60,033	\$ 49,200	\$ 10,833	22%
Hunt Boyer Mansion	\$ 60,033	\$ 25,200	\$ 34,833	138%
Lease Improvement	\$ -	\$ 24,000	\$ (24,000)	-100%
Other A&G	\$ 458,352	\$ 522,000	\$ (63,648)	-12%
Development - New Members	\$ -	\$ 25,200	\$ (25,200)	-100%
Strategic Plan Implementation	\$ 2,399	\$ 76,800	\$ (74,401)	-97%
PG&E Data Fees	\$ 265,461	\$ 288,000	\$ (22,539)	-8%
Insurance	\$ 52,459	\$ 48,000	\$ 4,459	9%
Banking Fees	\$ 138,032	\$ 84,000	\$ 54,032	64%
Miscellaneous Operating Expenses	\$ 11,306	\$ 12,100	\$ (794)	-7%
Contingency	\$ -	\$ 240,000	\$ (240,000)	-100%
	0	0		
TOTAL OPERATING EXPENSES	\$ 71,578,647	\$ 82,604,000	\$ (11,025,353)	-13%
NET INCOME	\$ 28,207,092	\$ 22,446,000	\$ 5,761,092	

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Board of Directors

From: Mark Fenstermaker, Pacific Policy Group

Subject: Legislative Update – Pacific Policy Group

Date: February 13, 2025

Pacific Policy Group, VCE’s lobby services consultant, continues to work with Staff and the Community Advisory Committee’s Legislative - Regulatory Task Group (LRTG) continues to meet and discuss legislative matters. Below is a summary:

January 2025 began with expectations of a roughly balanced budget and the Legislature working through a special session called by Governor Newsom to prepare the Department of Justice for responding to the incoming Trump Administration. When Governor Newsom released his proposed fiscal year 2025-26 budget on January 10, things were looking so-so as a \$7.1 billion withdrawal from the state’s rainy-day fund would close the deficit the state faces. From this point, everything shifted with the outbreak of the Palisades and Eaton fires.

The loss of life and property across L.A. County has captured the attention of the Legislature and Administration, the most immediate result is the passage of ABx1-4 (Gabriel) and SBx1-3 (Wiener). These two bills were passed in the afore-mentioned special session and authorize the Department of Finance to spend up to \$2.5 billion from the General Fund for response and recovery efforts in L.A. The intention is that this funding will be repaid by FEMA. SBx1-3 authorizes the DOF to increase this expenditure amount in coordination with the Legislature. The bill also states that after April 30, 2025, the Legislature will begin a process of negotiating, reviewing, and appropriating funds from the Climate Bond for wildfire and forest resilience activities.

All of this activity has slowed the typical first month of a legislative session, many informational hearings have been stalled, the introduction of bills has been less than usual, and Assembly committee rosters were not announced until the Martin Luther King Jr. holiday weekend. When Assembly Speaker Rivas released the updated committee rosters, he added two additional members to the Assembly Utilities & Energy (U&E) Committee, bringing the total to 18 members. Among the new members of Assembly U&E is Chris Rogers, former board chair of Sonoma Clean Power.

The next significant deadline looms large at the moment as legislators have until February 21 to introduce bills for consideration in 2025. Leadership in both houses reduced the number of bills

to 35 that each legislator may author over the two-year session. Most legislation introduced so far has been in “spot bill” or “intent bill” form where the bill is seeking to carve out a certain policy space but does not have substantive language or detail for VCE make an informed decision on how to engage at this time. Legislators will have to amend these types of bills early in March to get a referral to a policy committee and continue to advance through the process. It is anticipated that policy committees will begin hearing bills in early to mid-March with the most intense period of hearings occurring the latter half of April.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: February 23, 2025

Please find attached Keyes & Fox’s January 2025 Regulatory Memorandum dated February 5, 2025 an informational summary of the key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

Attachment: Keyes & Fox Regulatory Memorandum dated February 5, 2025

Valley Clean Energy Alliance

Regulatory Monitoring Report

To: Valley Clean Energy Alliance (VCE) Board of Directors

From: Sheridan Pauker, Partner, Keyes & Fox LLP
Jason Hoyle, Principal Analyst, EQ Research, LLC

Subject: Monthly Regulatory Update

Date: February 5, 2025

Keyes & Fox LLP and EQ Research LLC are pleased to provide VCE's Board of Directors with this informational memo describing key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC) over the past two months.

PG&E 2025 ERRA Forecast

Background: The annual Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the Power Charge Indifference Adjustment (PCIA) and other non-bypassable charges (NBCs) for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates.

Recent Developments: On December 20, the CPUC issued [D.24-12-038](#) on PG&E's 2025 ERRA Forecast. PG&E's 12-month net revenue requirement for 2025 is approximately \$2.25 billion, 17% less than the adopted 12-month revenue requirement for 2024. This revenue requirement results in a decrease of bundled residential customers' rates of about 2% or 0.7 cents per kilowatt-hour (cents/kWh) to a total rate of 34.6 cents/kWh, and a decrease in CCA residential customers' of about 4.4% or 0.9 cents/kWh to a total rate of 19.7 cents/kWh. On December 30, PG&E submitted [AL 7469-E](#) on its rate changes effective January 1, 2025. With the GHG Revenue Return included, the rate for residential CCA customers declines 2.1% to \$0.26590/kWh and the rate for CCA CARE customers declines 19.2% to \$0.09033/kWh. Excluding the GHG Revenue Return, the rate for residential CCA customers declines 1.4% to \$0.29117/kWh and the rate for CCA CARE customers declines 14.8% to \$0.11587/kWh.

Analysis: The Decision agrees with CalCCA and would reject PG&E's effort to alter how the resource adequacy market price benchmark is accounted for in rates. This is a significant result that protects departed customers from paying more than their fair share in PCIA rates. At the same time, the Decision also sets the stage for a future rulemaking where the Commission would consider issues related to the valuation of PG&E's and the other IOUs' capacity portfolios for the purposes of setting rates. The Decision also adopted PG&E's proposed modification to its common cost allocation methodology, but agreed with CalCCA that the modification should only apply on a going forward basis (allocations of costs starting in 2025).

Next Steps: The proceeding is closed.

Additional Information: PG&E [AL 7469-E](#) (Dec. 30, 2024); [D.24-12-038](#) (Dec. 20, 2024); PG&E [Fall Update](#) (Oct. 23, 2024); [Joint Case Management Statement](#) (Sep. 27, 2024); [Scoping Memo and Ruling](#) (Aug. 1, 2024); ALJ [Ruling](#) (Jun. 13, 2024); PG&E's [Amended Application](#) (May 24, 2024); PG&E 2025 ERRA Forecast [Application](#) (May 15, 2024); Docket No. [A.24-05-009](#).

Diablo Canyon Cost Recovery

Background: This proceeding will establish rates effective January 1, 2025 to recover the forecast costs associated with extended operations of the Diablo Canyon Power Plant (DCPP) during the September 2023-December 2025 time period. Customers across the state – including CCA customers - will pay for the costs of extended operations at DCPP, and will be allocated the resource adequacy (RA) and greenhouse gas (GHG)-free benefits associated with those operations. PG&E proposes, in its application, certain changes to the allocation of RA and GHG-free benefits to load serving entities (LSEs). It also proposes specific uses for the volumetric performance fee revenue it will collect from customers in 2025.

Recent Developments: On December 20, the CPUC issued [D.24-12-033](#) on PG&E's revenue requirement to support extended operations at the Diablo Canyon Power Plant (DCPP) and approving the first year of 2025 volumetric performance fees spending, subject to PG&E making a compliance filing providing more detail on its volumetric performance fee spending plan. The Decision rejects PG&E's attempt to modify Resource Adequacy and Greenhouse-Gas Free attribute allocations from Diablo Canyon.

Analysis: The Decision approves the joint IOUs' proposal to establish the DCPP non-bypassable charge (NBC) that applies to all Commission jurisdictional customers based on approved net costs, of which 44.9% is allocated to customers in PG&E's territory. The impact of these charges is estimated to increase system average bundled service rates by 1.4% and the system average rate for CCA and direct access customers by 2.4% in PG&E's territory, effective starting January 1, 2025.

Next Steps: The Application is closed.

Additional Information: [D.24-12-033](#) (Dec. 20, 2024); PG&E [AL 7295-E-A](#) (Aug. 30, 2024); ALJ [Ruling](#) (Aug. 27, 2024); ALJ [Ruling](#) (Aug. 15, 2024); [Scoping Memo and Ruling](#) (Jun. 18, 2024); PG&E [AL 7295-E](#) (Jun. 12, 2024); ALJ [Ruling](#) (May 15, 2024); [Amended Application](#) (Apr. 8, 2024); [Application](#) (Mar. 29, 2024); Docket No. [A.24-03-018](#).

Utility Safety Culture Assessments

Background: This rulemaking will define safety culture concepts and determine how the safety culture of PG&E and other utilities in California will be assessed and evaluated. The CPUC's Office of Energy Infrastructure Safety will conduct annual wildfire safety-specific assessments of investor-owned utilities as required by AB 1054, and an independent third-party evaluator will conduct safety culture assessments every five years per SB 901. Phase 1 of this proceeding is focused on developing safety culture assessments for the large investor-owned electric and natural gas corporations, and Phase 2 of this proceeding will be focused on developing safety culture assessments for the small multi-jurisdiction utilities and the gas storage operators.

Recent Developments: On January 23, the CPUC issued [D.25-01-031](#) adopting a Safety Culture Assessment Framework for PG&E, SCE, SDG&E, and SoCalGas. The framework includes two components: (1) a Comprehensive Assessment of each investor-owned utility's safety culture, conducted once every four years by a third-party independent evaluator; and (2) an annual Self-Evaluation conducted by each utility in the three intervening years to monitor improvement; both of which are guided by the [Utility Safety Culture Improvement Framework](#) adopted in the Decision.

Analysis: The large IOUs' safety culture will be evaluated every four years by an independent third party, and each year in between evaluations the IOUs are required to report on progress towards addressing the evaluation recommendations, best practices implemented, and advancements in strategic planning for safety culture improvements.

Next Steps: Phase 2 of the proceeding is expected to begin later this year. PG&E's first third-party evaluation is scheduled for August 1, 2028. Annual reports are due August 1 of each year between third-party evaluations.

Additional Information: [D.25-01-031](#) (Jan. 23, 2025); ALJ [Ruling](#) (Jun. 10, 2024); ALJ [Ruling](#) (May 8, 2023); [Scoping Ruling](#) with procedural schedule (Apr. 28, 2022); [Order Instituting Rulemaking](#) (Oct. 7, 2021); Docket No. [R.21-10-001](#).

Demand Flexibility

Background: This rulemaking was opened to update the CPUC's rate design principles and guidance for advancing demand flexibility, and the proceeding may also modify, consolidate, or eliminate existing dynamic rate pilots. Phase 1-Track A established an income-graduated fixed charge (IGFC) for residential rates for all investor-owned electric utilities in accordance with Assembly Bill 205 (Stats. 2022, ch. 61). Phase 1-Track B first adopted rate design and demand flexibility principles and then expanded VCE's AgFIT Pilot throughout PG&E distribution territory.

Recent Developments: [Final Resolution E-5354](#) (PG&E AL 7351-E, 7351-E-A, 7351-E-B) on Implementation of Pacific Gas and Electric Company's Income-Graduated Fixed Charges Pursuant to Ordering Paragraph 3(c) of Decision 24-05-028 was approved at the January 30 meeting. On December 13, the Energy Division approved VCE's Advice Letter 20-E indicating its intent to participate in PG&E Expanded Pilot 2, which applies the VCE AgFIT model to specified commercial, industrial, and residential customers.

Analysis: N/A.

Next Steps: A proposed decision on Track B Working Group 1 proposals regarding rate design for marginal generation capacity costs was expected by the end of 2024 but is delayed.

Additional Information: [Final Resolution E-5354](#) (Feb. 4, 2025); VCE [AL 20-E](#) (Nov. 8, 2024) approved by Energy Division on Dec. 13, 2024); [Disposition Letter](#) on VCE AL 17-E (Sep. 3, 2024); PG&E [AL 7351-E](#) (Aug. 13, 2024) and [AL 7351-E-A](#) (Sep. 13, 2024); [D.24-05-028](#) (May 15, 2024); [D.24-01-032](#) (Jan. 26, 2024); [Phase 1 Scoping Memo and Ruling](#) (Nov. 2, 2022); [OIR](#) (Jul. 22, 2022); Docket No. [R.22-07-005](#).

PG&E Billing System Modernization

Background: This proceeding addresses PG&E's plan to upgrade its legacy billing system, some portions of which date back to the mid-1990s. PG&E proposed a three-stage upgrade that would ultimately be complete in Q4 2029 and cost an estimated \$761.3 million.

Recent Developments: On January 17, PG&E submitted the [Joint Prehearing Conference Statement](#).

Analysis: The Joint Statement recommends a list of issues to be considered in this proceeding, such as the reasonableness of the forecast costs and cost recovery proposal; whether PG&E adequately considered alternative initiatives or approaches; whether the proposed upgrades will include any anti-competitive design elements or have any anti-competitive impacts; and whether the upgrades will support corrections to the current bill presentation that facilitate greater transparency and foster fair competition.

Next Steps: A procedural schedule is expected to be issued in Q1 2025.

Additional Information: [Joint Prehearing Conference Statement](#) (Jan. 17, 2025); [Application](#) (Oct. 23, 2024); Docket No. [A.24-10-014](#).

Clean Power SF Municipalization

Background: The City and County of San Francisco (SF or City) filed this Petition for a determination by the CPUC of just compensation for acquisition by the City of PG&E property (PG&E distribution system within SF transmission assets needed for operational control, a substation and related assets pursuant to Public Utilities Code §1401-1421. Briefing was filed in August of 2022.

Recent Developments: On January 24, the ALJ issued a [Ruling](#) requesting comments on a proposed schedule for serving testimony and party responses to questions intended to facilitate the development of a complete valuation and identify needed information to be included in testimony.

Analysis: N/A.

Next Steps: Comments on the Ruling are due February 24 and reply comments are due March 11. The remaining schedule depends in part on comments from parties in response to the Ruling.

Additional Information: ALJ [Ruling](#) (Jan. 24, 2025); ALJ [Ruling](#) (Oct. 28, 2024); ALJ [Ruling](#) requesting comments (Mar. 27, 2024); [Amended Scoping Memo and Ruling](#) (Dec. 22, 2023); [Petition](#) (Jul. 27, 2021); Docket No. [P.21-07-012](#).

RPS Rulemaking

Background: This proceeding addresses ongoing Renewables Portfolio Standard (RPS) requirements, including legislative mandates, and other matters related to the purchase of renewable energy. This proceeding is the forum for review of VCE's RPS Procurement Plan and RPS Compliance reports.

Recent Developments: On December 24, [D.24-12-035](#) adopted, with modifications, 2024 RPS Procurement Plans. VCE submitted its [Final 2024 RPS Procurement Plan](#) on January 22, as required by D.24-12-035.

Analysis: N/A

Next Steps: A ruling initiating the process for 2025 RPS Procurement Plans is expected in Q2 2025.

Additional Information: VCE [Final 2024 RPS Procurement Plan](#) (Jan. 22, 2025); [D.24-12-035](#) (Dec. 24, 2024); [Scoping Memo and Ruling](#) (May 9, 2024); [OIR](#) (Feb. 1, 2024); Docket No. [R.24-01-017](#).

RA Rulemaking (2025-2026)

Background: This proceeding considers resource adequacy (RA) requirements for LSEs and will address the 2025 and 2026 RA compliance years, local RA procurement obligations for the 2025-2028 compliance years, and further development of the 24-hour Slice-of-Day (SOD) framework. Track 1 was focused on priority issues including RA capacity requirements, SOD framework implementation, and RA compliance and penalties. Track 2 was focused on Central Procurement Entity (CPE) framework issues, including potential structural modifications. Track 3 is focused on remaining RA capacity issues, including what planning reserve margin (PRM) the Commission should require for LSE RA procurement obligations. The Commission issued D.24-06-004 on Track 1 on June 26, 2024.

Recent Developments: On December 12, the CPUC issued [D.24-12-003](#) in which it declined to eliminate the CPE framework or to eliminate local RA procurement requirements. But the Decision did make some changes to the CPE framework, including eliminating the options for LSEs to self-show resources to the CPE without compensation and increasing the timeframe to one year in advance for CPE allocations. On December 23, the ALJ issued a [Ruling](#) providing the Energy Division's Revised Slice of Day Tool Analysis. On January 21, the ALJ issued a [Ruling](#) providing Energy Division's Track 3 proposals, including its revised PRM proposals. Party Track 3 proposals were filed on January 17.

Analysis: D.24-12-003's adopted modifications to the central procurement entity (CPE) framework, such as eliminating the non-compensated self-show option of the CPE framework and locking in CPE allocations to load-serving entities (LSEs) one year earlier should increase certainty in the market and support LSE procurement. Consideration of Energy Division's and other parties' Track 3 Proposals is ongoing. Energy Division's PRM proposals—which will require that LSEs procure some percentage of RA above and beyond the amount needed to serve their expected load—are of particular importance given the challenges in the RA market.

Next Steps: Comments on all Track 3 Proposals are due March 3 and reply comments are due March 17.

Additional Information: ALJ [Ruling](#) (Jan. 21, 2025); ALJ [Ruling](#) & [SOD Study](#) (Dec. 23, 2024); [D.24-12-003](#) on Track 2 (Dec. 12, 2024); Track 3 [Scoping Memo and Ruling](#) (Nov. 4, 2024); [D.24-06-004](#) (Jun. 26, 2024); [Scoping Memo and Ruling](#) (Dec. 18, 2023); [OIR](#) (Oct. 16, 2023); Docket No. [R.23-10-011](#).

IRP Rulemaking

Background: This proceeding governs the biennial Integrated Resource Plan (IRP) process, including load serving entity (LSE) procurement requirements, the establishment of a variety of state- and LSE-level load and procurement forecasts, greenhouse gas (GHG) reduction targets, and ongoing reliability obligations.

Recent Developments: On January 10, the CPUC issued a [Proposed Decision](#) recommending to the CAISO for its 2025-2026 Transmission Planning Process (TPP) the analysis of two electricity portfolios: a reliability- and policy-driven base case portfolio and a sensitivity portfolio.

Analysis: The base case portfolio in the Proposed Decision is based on a GHG emission target of 25 million metric tons (MMT) by 2035, includes LSE resources submitted in the 2022 IRP, and mostly relies on the same modeling assumptions as the adopted preferred system plan portfolio. The portfolio achieves 99% clean energy serving retail load by 2035, with a portfolio of approximately 63 GW of new storage and clean energy to come online between now and 2035.

Next Steps: The Proposed Decision may be heard as early as the February 20 Commission meeting. Comments on the Proposed Decision were due January 30 and reply comments were due February 4. By March 1, 2025, the CPUC may request that the Division of Water Resources exercise the centralized procurement mechanism for long-lead-time resources.

Additional Information: [Proposed Decision](#) (Jan. 10, 2025); [D.24-09-006](#) (Sep. 17, 2024); [D.24-08-064](#) on central procurement of LLT resources (Aug. 29, 2024); [Amended Scoping Memo and Ruling \(Correction/Clarification\)](#) (Apr. 18, 2024); [D.24-02-047](#) (Feb. 20, 2024); [D.23-12-014](#) (Dec. 19, 2023); [D.23-02-040](#) on Procurement (Feb. 28, 2023); Docket No. [R.20-05-003](#).

Provider of Last Resort Rulemaking

Background: A Provider of Last Resort (POLR) is the utility or other entity that has the obligation to serve all customers (PG&E currently serves in this role for VCE's service area). Phase 1 of this proceeding concluded in April 2024 and addressed POLR service requirements, cost recovery, and options to maintain GHG emission reductions in the event of an unplanned customer migration to the POLR. Phase 2 will build on Phase 1 to set the requirements and application process for non-IOU entities to serve as the POLR. Phase 3 will address specific issues not resolved in Phase 1 or 2.

Recent Developments: Comments on the Phase 2 Threshold Questions were filed January 10 and reply comments were filed January 24.

Analysis: Threshold questions in Phase 2 explore whether there is any interest from an IOU in transferring its POLR responsibilities to a non-IOU LSE, whether there are any non-IOU LSEs interested in becoming a POLR, if and to what extent the Commission has jurisdiction over a non-IOU LSE POLR, as well as the minimum requirements, application process, and other implementation matters related to a non-IOU LSE POLR.

Next Steps: A ruling on the need for legal briefs is expected in Q1 2025 and resolution of the Threshold Questions is expected in Q2 2025, after which the primary topic areas will be addressed. The first revised FSR posting under [D.24-04-009](#) is due March 1, 2025, and subsequent FSR postings are due July 1 and January 1 of each year.

Additional Information: [Scoping Memo and Ruling](#) (Oct. 24, 2024); ALJ [Ruling](#) (Aug. 6, 2024); Joint CCA [Advice Letter](#) on new registration (Jul. 17, 2024); [Joint CCA Advice Letter](#) on financial modeling and reporting guidelines (Jul. 1, 2024); [D.24-04-009](#) / [Appendix](#) (Apr. 22, 2024); [OIR](#) (Mar. 25, 2021); Docket No. [R.21-03-011](#).

PG&E 2023 Phase 2 GRC

Background: Phase 2 General Rate Case (GRC) proceedings determine PG&E's marginal cost of service and revenue requirement allocation among customer classes for a set period (in this case, 2023-2026).

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: A Scoping Memo setting a procedural schedule is expected in early 2025.

Additional Information: [Application](#) (Sep. 30, 2024); Docket No. [A.24-09-014](#).

PG&E 2024 ERRA Forecast

Background: The annual Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the Power Charge Indifference Adjustment (PCIA) and other non-bypassable charges (NBCs) for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates.

The April 2 [Scoping Memo and Ruling](#) consolidated all three major IOUs' ERRA forecast proceedings for the sole purpose of addressing issues related to the definition of and accounting for "fixed generation costs" in a Track 2.

Recent Developments: Parties filed briefs in this proceeding on February 3; reply briefs are due February 17.

Analysis: N/A

Next Steps: A proposed decision is expected in April 2025.

Additional Information: [Scoping Memo & Ruling](#) (Oct. 11, 2024); ALJ [Ruling](#) on Track 2 schedule (May 1, 2024); Joint CCA [Motion](#) (Apr. 26, 2024); IOU [Motion](#) (Apr. 25, 2024); [Scoping Memo and Ruling](#) (Apr. 2, 2024); [Joint Prehearing Conference Statement](#) (Mar. 26, 2024); PG&E [AL 7180-E](#) (Feb. 15, 2024); [D.23-12-022](#) (Dec. 19, 2023); ALJ [Ruling](#) (Dec. 18, 2023); ALJ [Ruling](#) (Nov. 20, 2023); [Market Price Benchmarks](#) (Oct. 2, 2023); [Scoping Ruling and Memo](#) (Sep. 15, 2023); ERRA Trigger [Application](#) (Jul. 28, 2023); CalCCA [Protest](#) (Jun. 16, 2023); PG&E 2024 ERRA Forecast [Application](#) (May 15, 2023); Docket No. [A.23-05-012](#).

PG&E 2021 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: This case is fully briefed and a proposed decision is expected.

Additional Information: ALJ [Ruling](#) (Nov. 9, 2023); ALJ [Ruling](#) (Sep. 27, 2023); [ALJ Ruling](#) on schedule (Jan. 6, 2023); Assigned Commissioner's [Scoping Memo and Ruling](#) (Aug. 9, 2022); PG&E 2021 ERRA Compliance [Application](#) (Feb. 28, 2022); Docket No. [A.22-02-015](#).

PG&E 2022 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: This case is fully briefed and a proposed decision is expected.

Additional Information: ALJ [Ruling](#) (Sep. 3, 2024); ALJ [Ruling](#) (Jul. 26, 2024); ALJ [Ruling](#) (May 22, 2024); ALJ [Ruling](#) (May 16, 2024); ALJ [Ruling](#) (Apr. 16, 2024); PG&E and CalAdvocates' [Joint Motion](#) for Settlement (Mar. 7, 2024); CalCCA [Motion](#) (Mar. 1, 2024); ALJ [Ruling](#) (Feb. 15, 2024); ALJ [Ruling](#) (Sep. 25, 2023); [Scoping Memo and Ruling](#) (Jun. 2, 2023); PG&E 2022 ERRA Compliance [Application](#) and [Notice of Availability](#) (Feb. 28, 2023); Docket No. [A.23-02-018](#).

PG&E 2023 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility's compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.

Recent Developments: Opening briefs were filed on December 19.

Analysis: There are no disputed factual issues. PG&E and CalCCA indicated interest in discussing settlement terms related to the Humboldt 6 outage.

Next Steps: A proposed decision is expected by mid-March 2025.

Additional Information: [Joint Case Management Statement](#) (Nov. 6, 2024); ALJ [Ruling](#) (Oct. 21, 2024); [Scoping Memo and Ruling](#) (Jun. 12, 2024); [Joint Prehearing Conference Statement](#) (Apr. 15, 2024); CalCCA's [Protest](#) (Apr. 5, 2024); PG&E 2023 ERRA Compliance [Application](#) (Feb. 28, 2024); Docket No. [A.24-02-012](#).

Building Decarbonization

Background: This proceeding explores reduction of greenhouse gas (GHG) emissions associated with energy use in buildings. [D.20-03-027](#) established the Building Initiative for Low-Emissions Development and the Technology and Equipment for Clean Heating program. [D.21-11-002](#) adopted guiding principles for layering building decarbonization incentives, adopted incentives to help wildfire victims rebuild all-electric, and directed the IOUs to study bill impacts from electrification. The current Phase 4 will consider whether modifications to electric line extension rules would assist under-resourced customers, electric baseline allowance modifications to encourage building decarbonization, and new programmatic approaches to building decarbonization.

Recent Developments: On December 26 the CPUC issued [Final Resolution E-5352](#) providing guidance on determining eligibility for electric line extension subsidies for mixed-fuel new construction projects.

Analysis: N/A

Next Steps: Proposed decisions on Phase 4 Track A and the Phase 4 Track B staff proposal are expected in early 2025.

Additional Information: [Final Resolution E-5352](#) (Dec. 26, 2024); PG&E [AL 5004-G/7437-E](#) (Nov. 21, 2024); ALJ [Ruling](#) and Track A [Staff Proposal](#) (Jul. 18, 2024); [Scoping Memo and Ruling](#) (Jul. 1, 2024); [OIR](#) (Feb. 8, 2019); Docket No. [R.19-01-011](#).

EV Rates & Infrastructure

Background: This rulemaking is the successor to [R.18-12-006](#) and will focus on issues related to 1) timely energization of electric vehicle (EV) charging, 2) transportation electrification grid planning to support charging infrastructure deployment, 3) deployment of behind-the-meter (BTM) charging infrastructure to support state goals, 4) vehicle-grid integration (VGI), and 5) ongoing transportation electrification policy development and collaboration.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: There is no current procedural schedule for this proceeding.

Additional Information: [Final Resolution E-5358](#) (Dec. 26, 2024); PG&E [Semi-Annual VGI Report](#) (Sep. 13, 2024); [Resolution E-5326](#) (Jul. 17, 2024); [Letter](#) granting extension (Jun. 5, 2024); ALJ [Ruling](#) (Jun. 3, 2024); [Vehicle-Grid Integration Forum Report](#) (May 21, 2024); [Resolution E-5314](#) (Apr. 19, 2024); [Scoping Memo and Ruling](#) (Apr. 12, 2024); [Draft Resolution E-5314](#) (Mar. 8, 2024); ALJ [Ruling](#) (Dec. 27, 2023); [OIR](#) (Dec. 20, 2023); Docket No. [R.23-12-008](#).

Other Dockets

The following table identifies other tracked dockets that are closed or inactive.

Docket	Name	Status
R.19-09-009	Microgrids	D.24-11-004 adopting implementation rules for multi-property microgrid tariffs and closing the proceeding was issued November 18.
R.23-03-007	Wildfire Fund NBC 2024-2026	The CPUC issued D.24-12-001 (Dec. 9, 2024) adopting a \$5.95/MWh Wildfire NBC for 2025 - a slight increase from the 2024 WF NBC charge of \$5.61/MWh.
R.17-06-026	PCIA Rulemaking	The proceeding was closed by D.23-06-006 . D.24-08-004 (issued Aug. 2, 2024) denied SCE's Petition for Modification of D.23-06-006 and re-closed the proceeding. Final Market Price Benchmarks (MPBs) for 2024 and forecast 2025 MPBs were issued on October 4.
A.22-05-002	Demand Response Programs (2023-2027)	D.24-04-006 , issued April 24, 2024, ended the Demand Response Auction Mechanism (DRAM) pilot programs of PG&E, SCE, and SDG&E and closed the proceeding. The pending Petition for Modification was denied in D.25-01-041 .
A.21-06-021	PG&E 2023 Phase 1 GRC	This proceeding is inactive, but it remains open to provide further guidance on metrics relevant to auditor reports, to consider revising the energization cost recovery mechanism, and to establish reporting requirements for reviewing the reasonableness of PG&E's interim rate recovery in its next GRC.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

TO: Board of Directors

FROM: Alisa Lembke, Board Clerk / Administrative Analyst

SUBJECT: Summaries of Community Advisory Committee (CAC) December 19, 2024, January 23, 2025 meetings and 2024 Task Group Year-end Reports

DATE: February 13, 2025

This report summarizes the Community Advisory Committee’s meetings held in person and via Zoom webinar on Thursday, December 19, 2024 and Thursday, January 23, 2025. In addition, copies of the CAC’s Task Group 2024 Year-end Reports are attached for your information.

Thursday, December 19, 2024:

- A. Discussed and sought recommendation on GHG-free allocations from large hydro and nuclear resources.** VCE Staff Gordon Samuel reviewed the history of VCE’s acceptance of PG&E offerings of carbon free hydro allocations, but not nuclear allocations. He reviewed regulatory changes that prompted staff to reassess staff’s recommendation to accept nuclear GHG-free allocations. The CAC and Staff discussed: VCE’s Power Content Label; customer perception of nuclear; monetary impacts; and risks. The CAC recommended that the Board accept both the large hydro and nuclear GHG-free attributes and authorize VCE’s Executive Officer to enter into agreements with PG&E to accept the allocations (6-2-0).

- B. Received preliminary 2025 Operating Budget and customer rates update.** VCE Staff Edward Burnham presented an overview of the draft 2025 Operating Budget, key factors influencing the 2025 budget and customer rates, and highlights of proposed updates to VCE’s Reserve and Dividend policies. The CAC and Staff discussed: Power Charge Indifference Adjustment (PCIA) costs; possible customer rate discounts; revenue investment; long term fixed costs, modifications to VCE’s Reserve and Dividend policies; investment credit rating; affordability; and, customer outreach and retainment of Customers. This was an informational item.

Thursday, January 23, 2025: The CAC did not have a quorum; therefore, no action was taken and all Agenda items were moved to the CAC’s February 27, 2025 meeting.

- Attachments: 2024 Task Group Year-end Reports:
1. Legislative/Regulatory Task Group
 2. Programs and Outreach Task Group
 3. Bioenergy Task Group

LEGISLATIVE/REGULATORY TASK GROUP 2024 YEAR END REPORT

Members: Lorenzo Kristov
Jennifer Rindahl
Rahul Athalye
Ari Halberstadt (as of October 2024)

Primary Staff Contacts: Mitch Sears, Yvonne Hunter

2024 Charge

Work with VCE staff and VCE's lobbyist to:

- Provide feedback, technical information and strategic advice to VCE staff on key legislative and regulatory issues facing VCE and the CCA community in general in 2024, including legislation and regulatory issues related to VCE's Legislative Platform, Strategic Plan and Environmental Justice Statement.
- Provide periodic reports to the CAC about legislation and regulatory issues.
- Solicit recommendations from the CAC to inform VCE positions on key legislation and regulatory proceedings.
- Work with staff and VCE's regulatory consultant to enhance the Task Group's and CAC's understanding of regulatory proceedings and their relationship to legislative matters, including ways to enhance VCE's Legislative Platform to include regulatory issues and possibly VCE's regulatory engagement.
- Contribute to VCE's engagement with legislators and other stakeholders.
- Discuss strategies to engage regulatory agencies and stakeholders to achieve a more level playing field for procuring local resources, address Resource Adequacy challenges, and to advance dynamic pricing programs, such as AgFIT, and other grid services opportunities, for VCE and other CCAs.
- Receive periodic updates about and discuss CalCCA legislative and regulatory priorities, emphasizing how VCE can most effectively contribute.
- Work with staff to periodically review and update VCE's Legislative Platform for consideration by the CAC and VCE Board.

Highlights of Accomplishments in 2024

During 2024, the Leg/Reg Task Group met bi-weekly with staff and VCE's lobbyist and worked closely with them to:

1. Review pending legislation, provide feedback, technical and policy information, and strategic guidance on legislative and regulatory issues; discuss and recommend VCE positions and legislative strategies for pending legislation and regulatory issues. Special attention was devoted to discussing and advising on how best to engage legislators and regulators on issues of key importance to CalCCA and VCE.

2. Provide input on selected regulatory proceedings of interest to VCE. These included the CPUC's Dynamic Pricing, Slice of Day (Resource Adequacy) proceedings.
3. Provide periodic updates to the CAC on key legislative and regulatory issues.
4. Receive and discuss periodic updates about CalCCA legislative activities, including critical opportunities for VCE to engage and lobby its legislators.
5. Discuss how best to incorporate regulatory issues into the draft 2025 Legislative Platform. Prepare draft 2025 Legislative and Regulatory Platform (that incorporates regulatory issues more completely) for review by the CAC and VCE board of directors.
6. Receive periodic updates on the West Wide Pathways Initiative, which is working to create a Regional Organization among the western states.

Challenges

1. Identifying those legislative and regulatory topics where VCE has a significant interest and can make a difference given VCE's limited resources. This is particularly challenging with regard to CPUC proceedings because there are so many that affect retail electricity customers, they continue to proliferate, they are extremely chronophagic and there is no VCE staff person assigned to track regulatory activities.
2. Continuing to examine how best to work with CalCCA and other individual CCAs to expand dynamic pricing programs through the CPUC, CEC or other agencies.
3. How to be most effective in the legislative and regulatory arenas given VCE's limited resources.

Opportunities

1. Play a role in educating VCE staff, the CAC, VCE board and CalCCA about policy and regulatory developments and other ways to advance opportunities and benefits for deploying distributed energy resources (DER).
2. Play a role in educating VCE staff, the CAC and the VCE board about the ongoing efforts of the West Wide Pathways Initiative and how it might affect VCE and community choice more generally.
3. Continue to expand legislative opportunities in which VCE may become more engaged with CalCCA.

**PROGRAMS AND OUTREACH TASK GROUP (POTG)
2024 YEAR END REPORT**

Members: Keith Taylor (Chair)
David Springer (Co-Chair)
Mark Aulman
Diccon Westworth

Staff Lead: Rebecca Kuczynski

2024 Charge:

Collaborate with VCE staff and consultants on policies, procedures and programs aimed at improving the customer experience and customer satisfaction in VCE, including:

1. Assist in the development of public information strategies, planning, and materials related to VCE customer marketing, outreach, policies and programs. As requested by staff, review draft materials and provide comments as appropriate; assist with customer-facing community outreach to, and liaison with, member communities.
2. Help define audience segments within VCE's service area and consult on appropriate messages and communications approaches; provide a sounding board to assist in message development and copy testing. Conduct review of marketing materials at the draft (pre-release) stage upon request from staff.
3. Assist with identification of statewide program opportunities and development of strategies for disseminating information on eligibility, rebate amounts, stacked incentives, and other details; assist Staff with finding and applying for external funding for potential programs.
4. Collaborate with Staff on an annual update to the 3-year Programs Plan, discuss 2024 program implementation with Staff; assist with the update of 2022 program design/implementation forms and program prioritization for implementation in 2024.
5. As requested by the Director of Customer Care and Marketing, provide outreach and messaging support for the efforts of other CAC task groups, as well as outreach to VCE's participating jurisdictions to encourage collaborative dissemination regarding programs, energy savings tips, rebates/incentives etc. on their websites and social media platforms.
6. Provide summaries and updates at monthly CAC meetings on Task Group activities.

Highlights of Accomplishments

2024 is the first year of the merged Programs and Task Group and Outreach Task Group.

VCE launched:

- a. Electric Advisor Program
 - i. POTG provided feedback on several items: rep training, website look/feel, resources, importance of being up-to-date on code etc.
 - ii. Emphasis on equity - ensuring program was oriented toward customers having trouble paying their bills and also renters (not just owners)
- b. VGI (Vehicle Grid Integration)
 - i. POTG provided input on the importance of being able to charge bidirectionally. Staff took this into consideration when determining whether to participate in PG&E's VGI pilot or to craft its own.
- c. HFP (Hourly Flex Pricing)
 - i. POTG provided input on design and implementation of the Hourly Flex Pricing (aka Expanded AgFIT) pilots
- d. [REACT](#) (Rural Electrification And Charging Program)
 - i. POTG provided input on the charging program and introduced ideas about successfully marketing the program to customers.
- e. POTG provided input and guidance on:
 - i. Publicizing lower rates
 - ii. Countering misinformation
 - iii. EE + saving money - customers
- f. Attendance at CalCCA conference.
 - i. Significant showing by VCE staff, board, and community advisory committee members.
 - ii. Lessons learned
 1. The CCAs are growing into a powerful, sophisticated bloc of proto-utilities.
 2. There is an enormous amount of entrepreneurship within the CCA system.
 3. VCE staff and representatives would be well served to be keyed into the statewide network, especially as innovative programs come to fruition at other CCAs.
 - 4.
- g. Administrative and managerial
 - i. Messaging assistance from POTG.
 1. POTG members assisted with elements of messaging for POTG and VCE more generally. Specifically with regard to
 - a. Provide incentives (typically last awhile and then dry-up)
 - b. Promote Concierge Service (requires an understanding of motivators, cost-effectiveness for customers, and funding approaches)

- c. Promote things customers can do to save money and energy at the same time (awnings, window film, etc.). VCE policies on rates and power portfolio mix, to help with challenges around misinformation on VCE's role is setting power rates.

[Remains a work in progress.](#)

- ii. POTG documentation held in an organized Google Drive folder for future POTG leadership
 1. [POTG 2024 guidance memo](#)
 2. [POTG Master Folder](#)

Lessons Learned

Challenges:

- Ongoing - Limited staff time to develop, market, and manage programs, especially as programs continue to grow in complexity and scope.
 - Partnerships have proven to be time-consuming but productive.
- Messaging what a CCA is, and its advantages. It remains a somewhat challenging model to convey to the public. How to do so in a way that is truthful, but also avoids the "TMI" (too-much-information) challenge?

Opportunities:

- Continue to learn from experiences of other CCAs on programs that have worked well for their customers.
 - Joint action with other CCAs to overcome VCE's attenuated staffing and volunteerism.
 - CCPower is a great example. Could other joint activities be pooled?
 - Alternatively, potential to collaborate with other public utilities.
 - Messaging.
 - Retention Analysis is an area that could help catalyze messaging.
 - Leveraging innovative programs to message.
 - AgFit
- Business and economic development opportunities in working with large load customers.
 - Engagement opportunity with the electric co-op sector.

**VALLEY CLEAN ENERGY
COMMUNITY ADVISORY COMMITTEE**

2023 STRATEGIC PLAN TASK GROUP CHARGE

Members: Marsha Baird
Lorenzo Kristov
Rahul Athalye

Staff Lead: Edward Burnham

2023 Charge:

The CAC Strategic Plan Task Group will assist VCE Staff with the planning and development of a rolling strategic plan and updates to current objectives through 2026. The current 3-year Strategic Plan covers 2021-23 and was approved by the Board on October 8, 2020.

Specifically, the Task Group will:

- (1) review existing organizational strategic documents – vision statement, mission statement, SWOT analysis, and strategic plan.
- (2) work with Staff to develop 2024-26 Strategic Plan objectives,
- (3) provide input and feedback to Staff on a working draft 2024-26 Strategic Plan to present to the CAC and Board,
- (4) collaborate with Staff develop guidelines for structure and best practices of rolling strategic plan for future years,
- (5) provide summaries and updates at monthly CAC meetings on Task Group activities.

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 10

TO: Board of Directors
FROM: Rebecca Boyles, Director of Customer Care & Marketing
SUBJECT: Quarterly Customer Participation Update (Information)
DATE: February 13, 2025

RECOMMENDATION

Receive the attached quarterly Customer Participation update reflecting the time period of October 1, 2024 through December 31, 2024 (Quarter 4 2024).

Attachment: Quarterly Report - Customer Participation update

Item 10 – Customer Participation Update

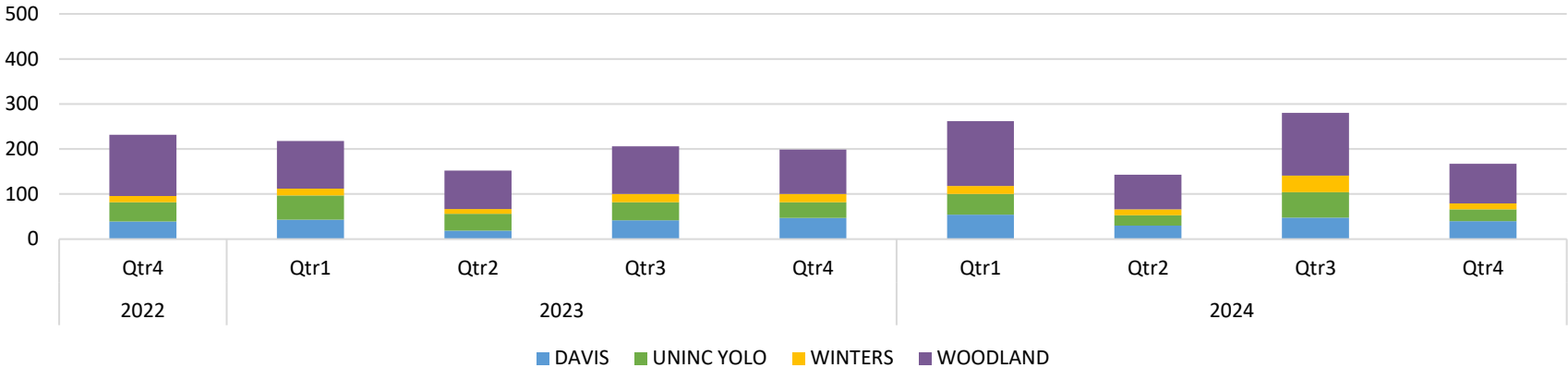
	Davis	Woodland	Winters	Yolo Co	Total	Residential	Commercial	Industrial	Ag	NEM	Non-NEM
VCEA customers	28,436	20,474	2,627	10,783	62,320	54,359	6,032	11	1,918	14,411	47,909
Eligible customers	29,891	24,092	3,097	12,459	69,539	60,637	6,726	11	2,165	16,292	53,247
Participation Rate	95%	85%	85%	87%	90%	90%	90%	100%	89%	88%	90%

% of Load Opted Out

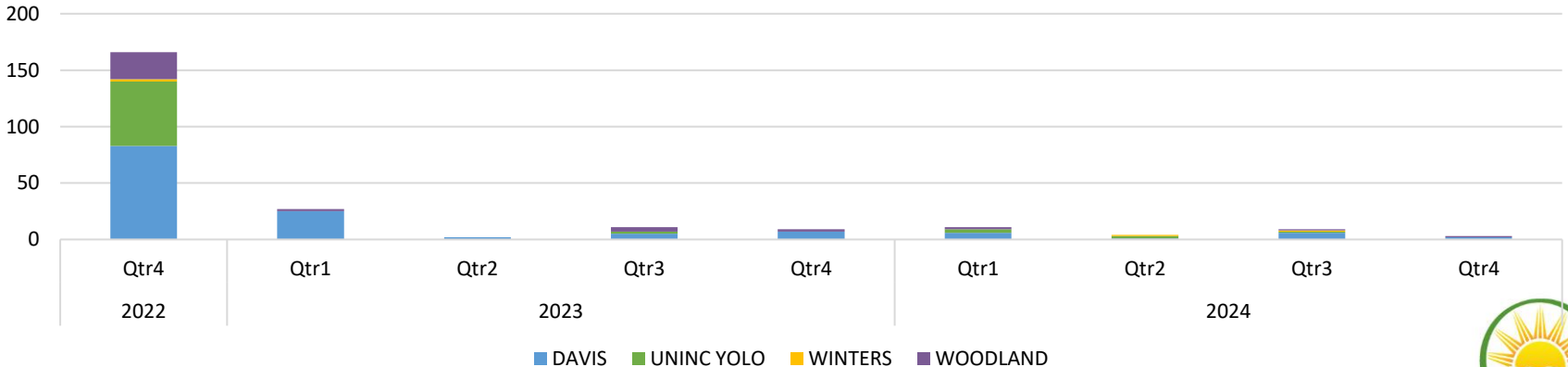
	Davis	Woodland	Winters	Yolo Co	Total	Residential	Commercial	Industrial	Ag	Total
% of Load Opted Out	7%	11%	13%	11%	10%	10%	10%	0%	11%	10%
% of Load Opted Up	3%	1%	0%	1%	1%	1%	3%	0%	0%	1%

Item 10 – Customer Participation Update

Quarterly Opt-Outs



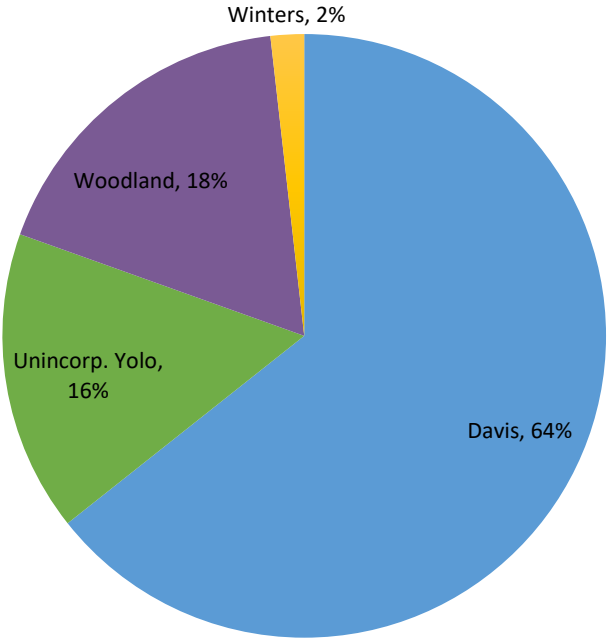
Quarterly Opt-Ups



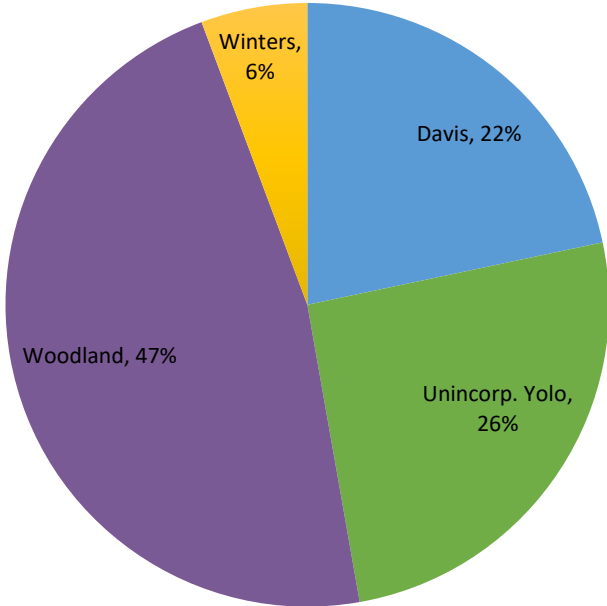
VALLEY
CLEAN ENERGY

Item 10 – Customer Participation Update

558 Opt-Ups



12,299 Opt-Outs



These pie charts are based on total opt-ups and opt-outs since launch. The percentages in the charts are the percentages of those opt-ups and opt-outs by TOT (town or territory).



VALLEY
CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 11

TO: Board of Directors

FROM: Rebecca Boyles, Director of Customer Care and Marketing

SUBJECT: Amendment 4 Letter to Automate Mailing Services Agreement extending agreement one (1) year and updating Exhibit D

DATE: February 13, 2025

RECOMMENDATION

Receive copy of Fourth Amendment Letter between Automate Mailing Services and VCE agreeing to extend the consultant agreement one (1) year expiring December 31, 2025 and replacing Exhibit D – Budget, Payment, Rates with no increase to the not to exceed amount.

BACKGROUND & DISCUSSION

VCE and other CCAs print and send various mailings to customers for both regulatory and general communication purposes (e.g. Enrollment notices). Since October 2018, VCE has contracted with Automate Mailing Services for these services. After requesting informal proposals from various mailing house vendors, in October 2018, the VCE Board authorized the Executive Officer to execute a two-year agreement with Automate for a not to exceed amount of \$100,000. In November 2020 the Board approved Amendment One (1) to the agreement extending it to through June 30, 2022 and increasing the not to exceed amount to \$140,000. On June 9, 2022, the Board approved Amendment Two (2) which extended the term through December 31, 2023, increased the not to exceed amount to \$191,750, and replaced Exhibit D with updated costs. Attached is a copy of Fourth Amendment to the Agreement Letter extending the term through December 31, 2025 and replacing Exhibit D Agreement with the not to exceed amount remaining at \$191,750.

The Automate agreement provides for printing, mailing, and processing services for VCE's notices, letters and other bulk mailings. These services are time-sensitive in nature and mission critical to the organization. Automate has provided prompt service, competitive market rates for contracted services, and has met or exceeded contract provisions.

After consultation with legal counsel and in accordance with the Agreement, both parties agreed to exercise the option to extend the term and replace Exhibit D with updated costs. There are no changes to the not to exceed amount. Attached is a copy of the Fourth Amendment Letter to the Agreement extending the Agreement term through December 31, 2025 and replacing Exhibit D.

FISCAL IMPACT

The costs associated with providing mailing services are included in VCE's CY2025 operating budget.

ATTACHMENT

1. Fourth Amendment Letter dated December 30, 2024 to Automate Mailing Service



December 30, 2024

Via Email Only

Phillip Keely
Automate Mailing Service
3526 La Grande Blvd.
Sacramento, CA 95823

**Fourth Amendment to Agreement Between
Valley Clean Energy Alliance and Automate Mailing Service
for Mailing and/or Printing Services**

Dear Phillip:

The Agreement between the Valley Clean Energy Alliance (“VCE”) and Automate Mailing Service (“Consultant”) for mailing and/or printing services (“Agreement”) became effective on December 7, 2018 for a two year period. On November 12, 2020 Amendment One (1) extended the Agreement through June 30, 2022, replaced Exhibits A – Scope of Services, C – Schedule of Services, and D – Budget, Payment, Rates of the Agreement, and increased the not to exceed amount to \$140,000; on June 9, 2022 Amendment Two (2) extended the term of the Agreement through December 31, 2023, updated Exhibits A, C, and D of the Agreement, and increased the not to exceed amount to \$191,750; and, on January 1, 2024 Amendment Three (3) extended the Agreement term set to expire December 31, 2024, replaced Exhibit D - Budget, Payment, Rates of the Agreement, and did not change the not to exceed amount. VCE and Consultant now wish to extend the Agreement term six (6) months, update Exhibit D – Budget, Payment, Rates of the Agreement through this Fourth (4th) Amendment with the not to exceed amount to remain at \$191,750 and all other provisions of the Agreement will remain in full force and effect. The parties acknowledge and agree to the following:

Section 1.4 – Term of Amendment Three of this Agreement states the term shall begin on December 7, 2018 and shall end on December 31, 2024, unless amended as provided in this Agreement, or when terminated as provided in Article 5. Section 6.10 provides that if the parties wish to modify the Agreement, they must mutually agree to do so in writing.

Consultant and VCE agree to extend the term one (1) year, effective January 1, 2025, with an expiration date of December 31, 2025; replace Exhibit D – Budget, Payment, Rates of the Agreement to reflect the updated costs and the new expiration date; and that all

other provisions of the Agreement, including the not to exceed amount of \$191,750, will remain unchanged and in full effect.

If these terms are acceptable, please sign below and return the copy to me.

Thank you for all of your services.

Sincerely,
VALLEY CLEAN ENERGY,
on behalf of Chief Executive Officer Mitch Sears

By: 


Edward Burnham
Director of Finance and Internal Operations

ACCEPTANCE

Automate Mailing Services accepts this Fourth Amendment to the agreement.

Dated: 1/2/2025

AUTOMATE MAILING SERVICE

By: 

Name: Phillip Keely
Its: President

Attachment: Exhibit D – Budget, Payment, Rates

EXHIBIT D

BUDGET, PAYMENT, RATES

BUDGET: \$191,750 total not to exceed for mailing and/or printing needs covering through December 31, 2025.

The following rates can be used as guidelines for costs for future mailings and/or printing needs. Please note that these rates are subject to change.

STANDARD PRINT COSTS

8.5X5.5" POSTCARDS 4/4 ON 100# VELVET COVER 10% PCW

QTY 5,000 - \$1000

QTY 10,000 - \$1250

QTY 25,000 - \$1750

QTY 50,000 - \$2650

QTY 75,000 - \$3450

6 X11" POSTCARDS 4/4 ON 100# VELVET COVER 10% PCW

QTY 5,000 - \$1125

QTY 10,000 - \$1450

QTY 25,000 - \$2050

QTY 50,000 - \$3350

QTY 75,000 - \$4350

2 PMS COLOR #10 REGULAR ENVELOPES ON 24# WHITE WOVE

QTY 5,000 - \$600

QTY 10,000 - \$900

QTY 25,000 - \$1650

QTY 50,000 - \$3200

QTY 75,000 - \$4600

FULL COLOR #10 REGULAR ENVELOPES ON 24# WHITE WOVE

QTY 5,000 - \$700

QTY 10,000 - \$1125

QTY 25,000 - \$2750

QTY 50,000 - \$4750

QTY 75,000 - \$6750

8.5X11 LETTERS 4/4 ON 60 OR 70 LB OFFSET

QTY 5,000 - \$625

QTY 10,000 - \$1025

QTY 25,000 - \$2225

QTY 50,000 - \$4125

QTY 75,000 - \$6125

STANDARD MAILING COSTS:

MINIMUMS SET AT 1,000

SETUP PRODUCTION - \$25

SETUP DATA - \$25

NCOA - \$55

LETTER FOLDING - \$15/THOUSAND

VARIABLE LETTER FOLDING - \$20/THOUSAND

MACHINE INSERTING - \$32/THOUSAND

APPLYING LIVE STAMPS - \$10/THOUSAND

ADDRESS AND DELIVER LESS THAN 5000 PIECES - \$35/THOUSAND

ADDRESS AND DELIVER MORE THAN 5000 PIECES - \$25/THOUSAND

STANDARD POSTAGE RATES:

FIRST CLASS LETTERS - \$.55-\$.62 PER PIECE (IF WEIGHS 1 OZ. OR LESS)

THIRD CLASS LETTERS - \$.32-\$.40 PER PIECE

FIRST CLASS FLATS - \$.87-\$1.36 PER PIECE (IF WEIGHS 1 OZ. OR LESS)

THIRD CLASS FLATS - \$.62-\$.97 PER PIECE

LETTER DIMENSIONS	MINIMUM	MAXIMUM
HEIGHT	3 ½ INCHES	6 1/8 INCHES
LENGTH	5 INCHES	11 ½ INCHES

FLAT DIMENSIONS	MINIMUM	MAXIMUM
HEIGHT	6 1/8 INCHES	12 INCHES
LENGTH	11 ½ INCHES	15 INCHES

NOTES:

- **PRESORTED ("BULK") 1ST CLASS MAILINGS NEED MINIMUM OF 500 RECORDS/ADDRESSES**
- **PRESORTED 3RD CLASS NEEDS MINIMUM OF 200 RECORDS/ADDRESSES**

VALLEY CLEAN ENERGY ALLIANCE
Staff Report – Item 12

TO: Board of Directors

FROM: Mitch Sears, Chief Executive Officer
Edward Burnham, Director of Finance & Internal Operations

SUBJECT: Update to Valley Clean Energy Employee Handbook (February 2025)

DATE: February 13, 2025

Recommendation

1. Adopt a resolution for updates to the VCE Handbook, as highlighted below and detailed in Attachment 1 - Employee Handbook (February 2025) Redline.

Background & Discussion

VCE's Employee Handbook includes policies and guidelines for human resources and benefits offered to employees. The VCE Employee Handbook is maintained to comply with the latest practices and remain competitive with compensation packages provided by other CCAs.

The Board adopted an Employee Handbook in January 2018 with an initial update in January 2019. The Handbook was updated on July 11, 2019, in coordination with legal counsel to maintain consistency with new laws and personnel requirements. Additional updates to the Employee Handbook were made annually to remain current.

Attachment 1 - Employee Handbook (February 2025) includes the following key updates (shown in redline highlights in the attachment):

- Jury Duty or Witness Leave (PG 41) grants regular employees paid leave for the ability to fulfill your civic responsibilities by serving on a jury or as a witness as required by law.
- Education and Professional Development Assistance (PG 29) provides professional development and educational advancement reimbursement for up to \$5,000 per year.
- Medical contribution (PG 35-36) amounts to remain competitive and parity to market rates from \$2,376.00 to \$2,479.00 for insurance benefits.

Staff requests that the Board approve these changes detailed in the attached Employee Handbook (February 2025) redline to maintain best human resources practices and a competitive benefits package. The 2025 budget included an increased medical benefit to maintain employee medical coverage. VCE's legal counsel Richards Watson Gershon has reviewed and approved all changes in the attached updated Employee Handbook.

Attachments

1. Employee Handbook (February 2025) Redline
2. Employee Handbook (February 2025) Clean
3. Resolution 2025-XXX



Employee Handbook

Updated in
~~January-February~~ 2024

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Welcome To Valley Clean Energy Alliance

DATE

Dear VCEA Employee:

INSERT COVER LETTER HERE

Sincerely,

Mitch Sears
Chief Executive Officer

Introductory Policies

Introduction & Future Revisions

We hope you will find your employment with Valley Clean Energy Alliance (“VCEA” or “Agency”) to be both rewarding and challenging. Our staff are key to VCEA’s success and we carefully select our new employees. This handbook is not a contract, express or implied, nor does it guarantee employment for any specific length of time.

The policies included in this handbook are guidelines only and are subject to change as VCEA deems appropriate. From time to time you may receive notice of new or modified policies, procedures, benefits, or programs. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

Our Working Relationship

VCEA does not offer tenure or any other form of guaranteed employment. Either VCEA or the employee can terminate the employment relationship at any time, with or without cause, with or without notice. This is called Employment At Will. This employment at will relationship exists regardless of any other written statements or policies contained in this handbook or any other Agency documents or any verbal statement to the contrary.

No one except VCEA’s Chief Executive Officer (CEO) can enter into any kind of employment relationship or agreement that is contrary to the previous statement. To be enforceable, such relationship or agreement must be in writing, signed by the CEO, approved by the VCEA Board.

Open Communication Policy

At VCEA, courtesy, tact and consideration should guide each employee in relationships with fellow workers and the public. It is mandatory that each employee show maximum respect to every other person in the organization. The purpose of communication should be to help others and to make our business run as effectively as possible, thereby gaining the respect of our colleagues and customers.

Equal Employment Opportunity

VCEA is an equal opportunity employer and makes employment decisions on the basis of merit and business need. VCEA’s policies prohibit unlawful discrimination based on race, color, religious creed, gender, pregnancy (or related medical condition), genetic information, genetic characteristics, gender identity, gender expression, religion, marital status, military or veteran status, age, national origin or ancestry, physical or mental disability, medical condition, sexual orientation, or any other consideration made unlawful by federal, state or local laws. All such discrimination is contrary to VCEA policy.

Reasonable Accommodation.

When necessary under the California Fair Employment and Housing Act and the Americans with Disabilities Act, VCEA will reasonably accommodate an employee or applicant with a disability if the employee or applicant is otherwise qualified to safely perform all of the essential functions of the position.

We will make reasonable accommodations when requested to comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability. VCEA will engage in a timely, good-faith, interactive process to determine a reasonable accommodation, if any, in response to a request for reasonable accommodation by an employee or applicant with a known physical or mental disability or known medical condition. VCEA will consider all requests for accommodation, but retains discretion to determine what, if any, accommodation to provide.

Unlawful Harassment

VCEA intends to provide a work environment that is pleasant, professional, and free from intimidation, hostility or other offenses which might interfere with work performance. Harassment of any sort - verbal, physical, or visual - will not be tolerated. This includes both sexual harassment as well as harassment based on an employee's status in a protected class. These classes include, but are not necessarily limited to race, color, religion, age, gender, genetic information, genetic characteristics, gender identity, gender expression, sexual orientation, pregnancy (or related medical condition), national origin or ancestry, disability, medical condition, marital status, veteran status, military status, or any other protected status defined by law. This policy also prohibits unlawful harassment based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. This policy extends to unlawful harassment of VCEA employees by any other VCEA employees, vendors, independent contractors, customers, or others with whom employees may come into contact with during their work for VCEA.

Our workplace is not limited to our facilities, but may also include customer and vendor facilities, as well as anywhere a business-related function, or social function sponsored by VCEA, is taking place.

What Is Workplace Harassment?

Workplace harassment can take many forms. It may be, but is not limited to, words, signs, offensive jokes, cartoons, pictures, posters, e-mail jokes, social media communication, messages or statements, pranks, intimidation, physical assaults or contact, or violence. It may also take the form of other vocal activity including derogatory statements not directed to the targeted individual but taking place within their hearing. Other prohibited conduct includes written material such as notes, photographs, cartoons, articles of a harassing or offensive nature, and taking retaliatory action against an employee for discussing or making a harassment complaint. In addition, this policy protects employees against conduct from all individuals in the workplace, such as fellow employees, supervisors, outside customers, vendors, independent contractors, or other non-employees who conduct business with our agency.

What Is Sexual Harassment?

Sexual harassment may include unwelcome sexual advances, requests for sexual favors, or other verbal or physical contact of a sexual nature. When this conduct creates an offensive, hostile and intimidating working environment, it may prevent an individual from effectively performing the duties of their position. It also encompasses such conduct when it is made a term or condition of employment or compensation, either implied or stated and when an employment decision is based on an individual's acceptance or rejection of such conduct.

It is important to note that harassment crosses age and gender boundaries and cannot be stereotyped. Among other perceived unconventional situations, sexual harassment may involve two women or two men. Harassment

may exist on a continuum of behavior. For instance, one example of harassment may be that of an employee showing offensive pictures to another employee.

Generally, two categories of harassment exist. The first, "quid pro quo," may be defined as the demand for sexual favors in exchange for improvement or continuance in your working conditions and/or compensation. The second category, "hostile, intimidating, offensive working environment," can be described as a situation in which unwelcome sexual advances, requests for sexual favors, or verbal or other conduct creates an intimidating or offensive environment. Examples of a hostile, intimidating, and offensive working environment include, but are not limited to, pictures, cartoons, symbols, or items found to be offensive. An employee may have a claim of harassment even if he or she has not lost a job or other economic benefit.

Responsibility

All VCEA employees, and particularly supervisors, have a responsibility for keeping our work environment free of harassment. Any employee who becomes aware of an incident of harassment, whether by witnessing the incident or being told of it, must report it to their immediate supervisor, the CEO or a management representative with whom they feel comfortable. When supervisors become aware of the existence of conduct that could violate this policy, they are obligated to take prompt and appropriate action, whether or not the recipient of the harassment wants VCEA to do so.

Reporting

If you believe you have been harassed by any agency employee, customer, contractor, or other business contact, you are required to report it to your supervisor or any other member of management. While we encourage you to communicate directly with the alleged harasser, and make it clear that the harasser's behavior is unacceptable, it is not required that you do so. It is essential, however, to notify a member of management immediately even if you are not sure the offending behavior is considered harassment. Any incidents of harassment must be immediately reported. At any time if you feel that you are in immediate harm and do not have time to contact either the CEO or your supervisor, seek assistance from any management representative.

Appropriate investigation and disciplinary action will be taken. All reports will be promptly investigated. However, confidentiality cannot be guaranteed. Any employee found to have harassed any employee will be subject to severe disciplinary action up to and including termination. VCEA will also take any additional action necessary to appropriately remedy the situation. Retaliation of any sort will not be permitted. No adverse employment action will be taken for any employee making a good faith report of alleged harassment.

All employees must report any incidents immediately so that complaints can be quickly and fairly resolved. The California Department of Fair Employment and Housing ("DFEH") investigates and may prosecute complaints of harassment. Whenever an employee thinks he or she has been harassed or that he or she has been retaliated against for resisting or complaining, that employee may file a complaint with the DFEH. The nearest DFEH office is listed in the telephone book or on-line.

Harassment and Retaliation Prohibited

VCEA prohibits any form of harassment on a protected basis that impairs an employee's working ability or emotional well-being at work. VCEA also prohibits any employee from retaliating in any way against anyone who has raised any concern about harassment or discrimination against another individual. We will investigate

any complaint of harassment, discrimination, and retaliation and will take immediate and appropriate disciplinary action if any such conduct has been found within the workplace.

Employment Policies and Practices

Classification of Employees

A new hire will be classified as either “exempt” or “non-exempt.”

Non-exempt employees are entitled to overtime pay for hours worked in excess of forty (40) hours per workweek.

Exempt employees are those employees whose duties and responsibilities allow them to be “exempt” from provisions as provided by the Federal Fair Labor Standards Act (FLSA) and any applicable state laws. If you are an exempt employee, you will be advised that you are in this classification at the time you are hired, transferred, or promoted. Participation in VCEA’s benefits programs may be affected by your employment status or classification.

All employees of VCEA whether exempt, non-exempt, full-time, part-time, or temporary are employed at-will.

1. The EXEMPT status applies to certain administrative, professional, and executive staff. Exempt employees qualify for exemption from overtime regulations under state and federal law and their salaries already take into account that they may work long hours.
2. The NON-EXEMPT status applies to all other regular employees. Non-exempt employees receive extra pay for overtime work (as described in the overtime section of this employee handbook). Employees working in non-exempt positions are compensated for the actual amount of time spent on their job and are entitled to receive time and one-half (1 ½) their regular rate of pay for each hour worked in excess of forty (40) hours in a work week.
3. FULL-TIME employees work on a regular basis for at least 40 hours per week. Full-time employees may or may not be EXEMPT. They are eligible for all benefits available through work at VCEA, so long as they meet the applicable requirements, such as length of service.
4. PART-TIME employees are regularly scheduled to work fewer than 40.0 hours per week. Part-time employees who are regularly scheduled to work a minimum of 30 hours per week are entitled to all benefits as explained later in this employee handbook according to a prorated formula based on their average hours worked compared to a standard 40.0 hour workweek. Part-time employees who are regularly scheduled to work less than 30 hours per week are not eligible for benefits covered in this employee handbook, other than those required by law or as stipulated in writing signed by the CEO.
5. TEMPORARY EMPLOYEES are hired with the understanding that their employment will not continue beyond a stated date or beyond completion of a specified project or projects. Temporary employees will generally not be employed for more than 6 months. Temporary employees are not eligible for benefits covered in this employee handbook, other than those required by law or as stipulated in writing signed by the CEO.

6. INTERNS are employees who are gaining supervised practical experience in a professional field. Interns may be paid, but are not eligible for any benefits listed in this employee handbook except as required by law.

Recruitment

VCEA will conduct an appropriate recruitment, depending on the needs of the organization and the position involved. Open positions may or may not be posted to solicit outside candidates. If you are aware of a vacancy and are interested in being considered for the position, you should discuss the matter with your current supervisor.

Rehired/Converted Employees

If you meet eligibility requirements for rehire at the time of your separation from VCEA, you may apply for any open position for which you are qualified. Former employees will be considered along with all other applicants, and have no greater chance of being selected for employment than all other applicants.

If you are rehired by VCEA or convert from part-time to full-time status, your length of service with VCEA for all purposes will be calculated from the rehire date or the date of conversion to full-time status.

Employees who are involuntarily terminated for performance reasons or for violation of agency policy are ineligible for rehire. In addition, employees who voluntarily resign may still be ineligible for re-hire if VCEA learns of circumstances that would have justified termination for performance-based reasons regardless of when that information is acquired.

Job Duties

Your supervisor will explain your job responsibilities and the performance standards expected of you. Your job responsibilities may change at any time during your employment; for example you may be asked to work on special projects or to assist with other work necessary or important to the operation of VCEA. It is expected that VCEA will have your cooperation and assistance in performing such additional work.

VCEA also may, at any time, with or without notice, alter or change your job responsibilities, reassign or transfer your position, or assign you additional job responsibilities depending on business needs.

Work Schedules

VCEA's normal business hours are 8:00 a.m. through 5:00 p.m., Monday through Friday. Your supervisor will assign your individual work schedule, and you are expected to be ready to perform your work at the start of your scheduled shift. Flexible work schedules and telecommuting may be accommodated with the approval of your supervisor. Alternative work arrangements are not an entitlement or employee benefit. A supervisor may end the arrangement at any time for any reason or without cause. All changes to normal working hours, flexible work schedules, and telecommuting arrangements should be documented with your supervisor and HR representative.

On occasion, work schedules may fluctuate with customer demand and business needs. If a change in your work schedule is required, your supervisor will notify you at the earliest opportunity. You may be required to work

overtime or hours other than those normally scheduled. Exempt employees are required to work as many hours as are necessary to complete the responsibilities of their positions.

Personnel Records

A personnel file will be confidentially maintained for each VCEA employee. You may review your personnel file during regular business hours upon making a request to the CEO. An appointment will be made for the purpose of allowing the review.

VCEA will treat your personnel records as confidential and private. However, there are certain times when information may be given to a person outside VCEA. These include:

1. In response to a subpoena, court order, or order of an administrative agency;
2. To a governmental agency as part of an investigation by that agency of VCEA's compliance with applicable law;
3. In a lawsuit, administrative proceeding, grievance, or arbitration in which you and VCEA are parties;
4. In a workers' compensation proceeding;
5. To administer employee health benefit plans;
6. To a health care provider, when necessary;
7. To a first aid or safety personnel, when necessary; and
8. Information will be disclosed to prospective employers in accordance with the section on Employment Verification and References.

Please promptly notify the CEO of any changes in your personal data. Keeping your file up-to-date can be important with regard to pay, deductions, benefits and other matters. Coverage or benefits that you and your family may receive under VCEA's benefits package could be negatively affected if the information in your personnel file is incorrect.

Inspection of Payroll Records

Employees and former employees have the right to inspect and obtain copies of their own payroll records as required by applicable law. All requests must be submitted in writing to VCEA's CEO. Responses will be provided as required by law. Individuals who make a request may be asked to provide identification and may be required to pay for the cost of making the copies.

Layoffs and Work Reductions

VCEA may implement layoffs. Employees will be selected for layoff at VCEA's discretion based on a combination of factors, including, but not necessarily limited to: business needs, employee performance and productivity, qualifications, attendance, attitude, ability and willingness to work the required days and hours, and the ability to work cooperatively with others in the affected work unit.

The weight given to the above factors may vary depending upon the particular needs of the affected work unit and VCEA as a whole at the time of the layoff.

Employment Termination

VCEA strives to ensure a smooth transition for employees leaving VCEA.

VCEA and its employees have an employment relationship that is known as “employment at will.” This means that employees are not required to work for VCEA for any set period of time nor is VCEA required to employ individuals for any specific length of time. **The statements made in this policy do not alter, modify or limit the employment at will relationship.** An “at-will” employee is subject to termination of employment at any time VCEA concludes it appropriate to do so.

Involuntary separation from service means that the termination action is being initiated by VCEA, rather than by the employee. In general, employees who are discharged by VCEA are not eligible for rehire. However, employees who are terminated due to layoff or restructuring may be eligible for rehire or recall at VCEA’s discretion.

VCEA will consider you to have voluntarily terminated your employment if you do any of the following:

1. Resign from VCEA;
2. Fail to return from an approved leave of absence on the date specified by VCEA, or;
3. Fail to report to work or call in for 3 consecutive work days

In the event that you resign voluntarily, we ask – but do not require – that you provide two weeks’ notice to allow for a smooth transition and training of any replacement personnel.

All agency property such as office equipment, credit cards, keys, manuals, computer equipment, and cell phones must be returned on or prior to the last day of employment. You should return these items to your immediate supervisor.

Final wages for time worked, plus any pay for unused but accrued PTO, will normally be paid on your last day of employment, but no later than the next regularly scheduled payday.

Employment Verification and References

When VCEA receives a request for references or employment verification, VCEA will disclose only the dates of employment and the title of the last position held. VCEA will provide a prospective employer with your last earned wage or salary only at your written request. VCEA will release additional information only with a signed authorization and waiver of liability in a form acceptable to VCEA.

Only the CEO is authorized to respond to requests for employee references and verification of employment. No other supervisor or employee is authorized to provide references for current or former employees.

As an employee of VCEA, all requests for information regarding another employee must be forwarded to the CEO.

Timekeeping and Attendance

Punctuality and Attendance

Regular attendance and punctuality are “essential functions” of your job. You are expected to maintain regular attendance during all scheduled work hours, report to work on a timely basis, and work through the end of your

regularly scheduled workday. Chronic absenteeism or lateness will not be tolerated and will result in discipline, up to and including termination. In the event of an unscheduled absence, please abide by the following:

- You must personally call your supervisor prior to the start of your shift if you are unable to report to work, or will be late to work, on any particular day.
- You are expected to advise another management representative of your absence if you are not able to reach your supervisor and leave a telephone number where you can be reached.
- You may not have a relative or friend call in to report your absence, unless you are unable to call yourself due to a medical or other emergency.
- If you call after the start of your shift you will be considered tardy for that day.
- You are expected to provide your supervisor with explanation of your absence or tardiness and inform your supervisor of the expected duration of the absence. If you are absent for medical reasons, you do not need to disclose the underlying medical condition.
- With the exception of certain extenuating circumstances, you must call in each day you are scheduled to work and will not report to work.

Repeated absenteeism or tardiness (whether excused or not) is not tolerated. Continuing patterns of absences, early departures, or tardiness - regardless of the exact number of days—may warrant disciplinary action, up to and including termination of employment. Emergency or extraordinary circumstances concerning an absence or tardiness will be considered, and we reserve the right to make an exception to this policy if, at our discretion, an exception is warranted. Repeated car failures, missing the bus, consistently failing to arrange back-up childcare or oversleeping do not constitute emergency or extraordinary circumstances. We reserve the right to determine what is considered excessive absenteeism. In all cases, we will make accommodations for qualified employees with disabilities where required by law.

If you fail to report for work for three (3) consecutive days without any notification to your supervisor, we will consider that you have abandoned your employment, and have resigned your position.

Timekeeping Requirements for Non-Exempt Staff

Applicable law requires VCEA to keep an accurate record of time worked. Employee time records are official VCEA records and must be accurately maintained. You must input your own time at the start and at the end of each workday, and at the start and end of each lunch hour. Completing another employee's time record or intentionally falsifying a time record is a serious violation and may result in immediate termination of employment. If a time record needs to be corrected, both you and your supervisor must initial the change in the time record to verify its accuracy.

Meal and Rest Periods for Non-Exempt Staff

Employees will generally be provided with at least a 30-minute lunch break per day, which can be scheduled by your supervisor to best accommodate the workday.

Overtime Time Provisions for Non-Exempt Staff

As necessary, you may be asked to work overtime. Only actual hours worked in a given workday or workweek will be counted in determining which hours constitute overtime. We will attempt to distribute overtime evenly

and accommodate individual schedules. A supervisor must previously authorize all overtime work. Any overtime worked without prior authorization may be grounds for discipline. We provide compensation for all overtime hours worked by non-exempt employees as follows: All hours worked in excess of forty (40) hours in one workweek will be treated as overtime.

Hours worked for purposes of overtime do not include an unpaid meal period, or hours away from work due to PTO, sickness, holiday, jury duty, or other absences from work. No overtime compensation will be paid to exempt employees. Exempt employees may have to work hours beyond their normal schedules, as work demands require.

Make-Up Time for Non-Exempt Staff

Make-Up time is defined as when a non-exempt employee asks his or her supervisor for additional time off to attend to personal matters. If the request is granted, this time off will be without pay. If you wish to make up this missed time, you may submit a "Make-Up Time Request Form" to your supervisor before the make-up time is worked. It is within the supervisor's discretion to grant the request. Make-Up time must be worked in the same workweek as the missed time (including prior to the missed time) in order not to incur overtime. You may not work over forty (40) hours total in the week including make-up time.

Exempt Employee Time Off

Exempt employees of VCEA are paid a salary, which compensates them for working as many hours as required to complete their job duties. Exempt employees do not receive overtime pay. We realize, however, that in instances of extraordinary additional pressure or increased work hours, it may be appropriate for supervisors to recognize the exempt employee's efforts by granting the employee extra time-off separate from and in addition to the employee's accrued PTO time. In order to achieve consistency among supervisors and fairness to the exempt employees, supervisors should use the following guidelines when exercising their discretion to grant additional time off:

1. Limit the amount of additional time-off to no more than two days;
2. Require the employee to take the time-off in the week immediately following the increased hours whenever possible and;
3. Do not allow employees to accumulate any granted but unused time-off

Lactation Accommodation

VCEA will provide a reasonable amount of break time to accommodate an employee desiring to express breast milk for the employee's infant child. The break time shall, if possible, run concurrently with any break time already provided to the employee. VCEA shall provide the employee with the use of a room or other location, other than a toilet stall, in close proximity to the employee's work area, for the employee to express milk in private. If special arrangements are made to provide a non-exempt employee extra time beyond her normal rest period, the time will be unpaid.

Payment of Wages

Paydays are semi-monthly, the 15th and last day of the month. There are 24 pay periods in a year. The workday (a 24-hour, consecutive period) begins at 12:01 a.m. and ends at midnight. The workweek begins on Sunday and ends on Saturday.

If a regular payday falls on a weekend or holiday, you will be paid on the first day of work prior to the regularly scheduled payday. If there is an error on your check, please report it immediately to your supervisor.

For your convenience, we offer a direct deposit option.

Advances

We do not permit advances against paychecks or against unaccrued PTO.

Payroll Deductions, Wage Attachments and Garnishments

VCEA makes certain deductions from every employee's paycheck. Among these are applicable federal, state, and local income taxes, social security and Medicare taxes, state disability insurance contributions, and paid family leave contributions. By law, VCEA is also required to honor legal attachments and garnishments of an employee's wages or salaries. If your wages are attached, we will withhold the specified amount to satisfy the terms of the attachment.

Reporting Time Pay

Reporting time pay will be paid under the following conditions:

1. Reporting time pay to non-exempt is owed when you report to work at your regularly scheduled time, but you are given less than half the usual or scheduled day's work. In this case, you will be paid for at least half of the hours you were scheduled to work, but never less than two hours pay, and never more than four hours pay.
2. Reporting time pay is also owed if you are required to report to work a second time in any one (1) workday and are given less than two (2) hours work on the second reporting. In this case you will receive at least two (2) hours pay for the second appearance.

These provisions do not apply if you are on a paid "standby" or "on call" status. In some instances, you may not receive reporting time pay. Reporting time pay does not apply if public utilities fail, such as water, gas, electricity, or sewer and/or when work is interrupted by an "act of God" or other causes not within VCEA's control.

Payment for Hours Worked During Business Travel for Non-Exempt Staff

Whenever possible, non-exempt employees traveling on agency business are expected to do so during normal working hours. In the very rare instance where your travel time constitutes overtime, you will be paid overtime as required by law. Non-exempt employees will be paid for all hours worked, including out of town travel time, at regular and overtime pay rates according to the law. Pay for travel time may be at a rate of pay that is less than the employee's normal rate of pay.

If you are non-exempt and traveling on business, you will not be paid for time between work assignments; e.g., if you stay the night in a hotel, pay begins when you begin to work, or are in transit. Travel is to be scheduled in advance, in writing by your supervisor, with the knowledge of the CEO.

Non-exempt travel may be approved on an as-needed basis, but only with prior authorization from your supervisor.

Pay for Mandatory Meetings for Non-Exempt Staff

VCEA will pay you for your attendance at meetings, lectures and training programs if all of the following conditions are met:

1. Attendance is mandatory (i.e. required by VCEA).
2. The meeting, course, or lecture is directly related to your job.
3. You are notified of the necessity for such meetings, lectures, or training programs by your supervisor (i.e. pre-approval by management is required)

If you meet the above conditions, you will be compensated at your regular rate of pay. If you are required to travel, then travel pay will be provided. You will not receive compensation for voluntary attendance in courses that are conducted outside of normal business hours and/or that are not directly related to your current job.

Standards of Conduct

Professional Business Conduct and Ethics

By accepting employment with VCEA, you have a responsibility to VCEA and to your fellow employees to adhere to certain codes of behavior and conduct. The purpose of these rules is to ensure that you understand what conduct is expected and necessary. When each person is aware that he or she can fully depend upon fellow workers to follow the rules of conduct, then our agency will be a better place for everyone to work.

Generally speaking, we expect you to act in a mature and responsible way at all times. VCEA values honesty in communication and personal responsibility. To avoid any possible confusion, some of the more obvious unacceptable activities are noted below. If you have any questions concerning any work or safety rule, or any of the unacceptable activities listed, please ask for an explanation.

Occurrences of any of the following violations, because of their seriousness, may result in disciplinary action up to and including immediate suspension or termination:

Unacceptable Activities:

1. Generally, conduct which is disloyal, disruptive, or damaging to VCEA.
2. Falsification of timekeeping records.
3. Dishonesty; falsification or misrepresentation on your application for employment or other work records; lying about sick or personal leave; falsifying reason for a leave of absence or other data requested by VCEA; alteration of agency records or other agency documents.
4. Working under the influence of alcohol or illegal drugs, including marijuana.
5. Theft or inappropriate removal or possession of agency property or the property of fellow employees; unauthorized use of agency equipment and/or property for personal reasons.
6. Possession, distribution, solicitation, sale, transfer, or use of alcohol or illegal drugs, including marijuana, in the workplace, while on duty, or while operating agency-owned vehicles or equipment.
7. Fighting, threatening, or coercing fellow employees on agency property or during working hours, for any purpose.

8. Boisterous or disruptive activity in the workplace.
9. Negligence or any careless action leading to damage of agency-owned or customer-owned property or which endangers the life or safety of another person.
10. Obscene or abusive language toward any supervisor, employee or customer; indifference or rudeness towards a customer or fellow employee; any disorderly/antagonistic conduct on agency premises.
11. Insubordination or other disrespectful conduct; refusing to obey instructions properly issued by your supervisor pertaining to your work; refusal to help out on a special assignment.
12. Violation of security or safety rules or failure to observe safety rules and/or practices; failure to wear required safety equipment; tampering with VCEA equipment or safety equipment.
13. Creating or contributing to unsanitary conditions in the workplace.
14. Smoking in prohibited areas.
15. Any act of harassment, sexual, racial or other; telling sexist or racist jokes; making racial or ethnic slurs.
16. Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace.
17. Excessive absenteeism; failure to report an absence or late arrival.
18. Unauthorized absence from work station during the workday; sleeping or loitering during working hours.
19. Unauthorized use of telephones, mail system, or other agency-owned equipment.
20. Originating, spreading, or taking part in malicious gossip or rumors about employees of VCEA.
21. Unauthorized disclosure of business "secrets" or confidential information; giving confidential or proprietary information to competitors or other organizations or to unauthorized VCEA employees; breach of confidentiality of personnel or agency information.
22. Violation of agency rules or policies; any action that is detrimental to VCEA's efforts to operate profitably.
23. Unsatisfactory or careless work; failure to meet production or quality standards as explained to you by your supervisor.
24. Soliciting during working hours and/or in working areas; selling merchandise or collecting funds of any kind for charities or others without authorization during business hours, or at a time or place that interferes with the work of another employee on agency premises.
25. Gambling on agency property.
26. Failure to immediately report any damage or accident involving agency equipment or vehicles.
27. Failure or refusal to comply with the work schedule, including mandatory overtime.
28. Using, removing, or borrowing agency equipment or property without prior authorization.
29. The use of abusive or threatening language or actions toward anyone.

This list is not exhaustive. Rather, we ask that you keep in mind at all times the need to conduct yourself with reasonable and proper regard for the welfare and rights of all our employees and for the best interests of the agency. This statement of prohibited conduct does not alter VCEA's policy of at-will employment. Either you or VCEA remains free to terminate the employment relationship at any time, with or without reason or advance notice.

Performance Evaluations

VCEA encourages an open dialogue between an employee and his or her supervisor on an informal, regular basis. We believe this type of interaction increases job satisfaction for both the employee and VCEA.

Formal performance evaluations will be conducted annually or with frequency dependent on length of service, job position, past performance, changes in job duties, or recurring performance problems. After the review, you will be asked to sign the evaluation report to acknowledge that it has been presented to you and discussed with you by your supervisor, and that you are aware of its contents.

Positive performance evaluations do not guarantee increases in salary, bonuses, or promotions. Salary increases, bonuses, and promotions are solely within the discretion of VCEA, and depend upon many factors in addition to performance. Having your compensation reviewed does not necessarily mean that you will be given an increase.

VCEA uses a discretionary pay-for-performance compensation model to support the highest levels of organizational performance. The intent is to reward individual employee effort and results commensurate with their contributions and impact toward achieving the goals and objectives of the agency. The primary form of a performance reward is a merit increase. These base pay increases move an employee through their salary range and support the agency's retention goals by ensuring employee pay remains competitive with similar roles in the market. Employees who meet or exceed their goals and objectives, as evidenced by the employee receiving an overall rating of 2.0 (Effective) or higher on their year-end Performance Check-in, may be eligible to receive a merit increase (an adjustment in base salary) based on that performance. In limited cases, and with written justification from the supervisor, manager, and Director, an employee with an overall performance rating of less than 2.0 (Effective), may be considered for a reduced base salary.

Performance bonuses also may be used to reward employees when superior performance, as defined below, has been demonstrated in achieving goals and objectives. In most cases, performance bonuses are used to supplement merit increases, or instead of merit increases, when an employee is at or close to the top of their salary range. "Superior performance" is evidenced by an employee receiving a rating of 3.0 (Highly Effective) on one or more goals that, in total, represent at least 25% of the employee's assigned work during the year. "Superior performance" also may be evidenced by an employee receiving an overall rating of 2.5 or higher on their year-end Performance Check-in. Recommendations for performance bonuses must be justified in writing by the supervisor and/or manager and fully describe the efforts put forth by the employee that demonstrates superior performance.

The written justification, and approval of the bonus, are retained. Funding for performance bonuses is included in the annual budget or a budget amendment and approved by the Board of Directors. Performance bonuses are not guaranteed and may not be available due to budget constraints or other business reasons.

Compensation Equity

A pay equity increase may be granted to an employee under certain circumstances, such as the following: a significant lag in salary exists relative to market conditions or between employees with comparable job functions who have similar levels of experience, skills and knowledge, and demonstrated performance; an employee's assigned functions or work tasks increase the scope of the position but do not warrant reclassification; salary compression exists between supervisors and their employees; in order to address retention of employees with highly specialized skills or due to competitive job markets. In addition, a discretionary agency-wide pay equity

adjustment for inflation in accordance with the U.S. Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) may be made at the option of the Board of Directors.

Recommendations for pay equity increases are prepared by the Director of Finance and Internal Operations and must be approved by the CEO. Employees approved for a pay equity increase will be notified, and adjustments may be paid retroactively to the first pay period of the current calendar year. Funding for pay equity increases is included in the compensation identified in the annual budget and approved by the Board of Directors. Pay equity increases are discretionary and may not be available due to budget constraints or other business reasons

Problem Resolution

At some time, you may have a complaint or question about your job, your working conditions, or the treatment you are receiving. Your good-faith complaints and questions are of concern to us. We ask that you take your concerns first to your supervisor, following these steps:

1. Bring the situation to the attention of your immediate supervisor who will then review your concern and provide a solution or explanation.
2. If the problem remains unresolved, you may present it in writing to the CEO who will work towards a resolution.

This procedure, which we believe is important for both you and us, cannot result in every problem being resolved to your satisfaction. However, we value your input and you should feel free to raise issues of concern, in good faith, without the fear of retaliation.

Alcoholic Beverage Consumption

Due to the high risk and liability involved, VCEA will not provide alcoholic beverages at social gatherings to VCEA employees. This policy applies to the following:

1. Birthday parties;
2. Office parties;
3. Office picnics; and
4. Recreational activities (i.e. organized team sports)

Drug and Alcohol Abuse and Testing

VCEA is concerned about the use of alcohol, illegal drugs, or controlled substances as it affects the workplace. We comply with state and federal drug abuse regulations, including the Drug-Free Workplace Act of 1988. Use of these illegal substances (whether illegal under California or federal law) whether on or off the job can adversely affect your work performance, efficiency, and safety and health. The use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees, and exposes VCEA to the risks of property loss or damage, or injury to other persons. Furthermore, the use of prescription drugs and/or over-the-counter drugs also may affect your job performance and seriously impair your value to us. Any employee who is using prescription or over-the-counter drugs that may impair your ability to safely perform the job, or affect the safety or well-being of others, must notify a supervisor of such use immediately

before starting or resuming work. All precautions necessary to preserve your privacy will be taken. You must adhere to the rules stated in this policy as a condition of employment. Failure to comply with this policy may result in discipline, including termination. The CEO has been designated to administer this policy, monitor the program and make reports as required by law.

If there is ever a reasonable basis to suspect you of violating the drug and alcohol policy and being under the influence during working hours, you will be requested to immediately submit to a drug and/or alcohol test. Suspicion will be based on objective symptoms, such as factors related to your appearance, behavior and speech. A reasonable basis may also exist if you are found to be in possession of illegal drugs, alcohol or paraphernalia connected with the use of an illegal drug. Possession of illegal drugs or alcohol is prohibited even if you have not used these substances.

The following rules and standards of conduct apply to all employees either on agency property, or during the workday (including meals and rest periods). The following are strictly prohibited by VCEA:

1. Possession or use of alcohol or illegal drugs, including marijuana, or being under the influence of alcohol or illegal drugs while on agency premises or at any time on duty.
2. Driving an agency vehicle or driving for agency business in a private vehicle while under the influence of alcohol or illegal drugs, including marijuana.
3. Distribution, sale, or purchase of an illegal or controlled substance while on agency premises or at any time on duty.
4. Possession or use of an illegal or controlled substance, or being under the influence of an illegal or controlled substance while on agency premises or at any time while working.
5. Any drug or alcohol statute conviction. You must notify VCEA within 5 days of such conviction.

In order to enforce this policy, we reserve the right to conduct searches of agency property and to implement measures necessary to deter and detect abuse of this policy.

In the event of suspicion of use in connection with an on the job accident, you may be asked to provide body substance samples (such as urine and/or blood) to determine the illicit or illegal use of drugs and alcohol. VCEA will test for alcohol, cannabinoids, (THC), Opiates, i.e. codeine and morphine, Cocaine metabolites, Amphetamines, i.e. amphetamine and metamorphines, adulterants low creatine levels and Phencyclidine. VCEA assures that any information concerning your drug and/or alcohol use will remain confidential. Refusal to submit to drug testing may result in disciplinary action, up to and including termination of employment.

If the results of your drug and/or alcohol test are positive, VCEA will take disciplinary action which may include suspension or immediate termination. The disciplinary action will be based on the seriousness of the offense and your past performance. If you return to work after testing positive for drugs and/or alcohol, you may be required to consent to unannounced tests for drugs and/or alcohol for a specified period as a condition of continued employment. In the event that you test positive, you may request a second test to be performed by a reliable drug testing agency, at your expense.

Any conviction you receive on a charge of illegal sale or possession of any controlled substance will not be tolerated. In addition, we must keep people who use, sell, or possess controlled substances off VCEA's premises in order to keep the controlled substances themselves off the premises.

Violation of the above rules and standards of conduct will not be tolerated. VCEA may bring the matter to the attention of appropriate law enforcement authorities.

VCEA's policy on drug and alcohol in no way limits or alters the at-will employment relationship.

Customer and Public Relations

The success of VCEA depends upon the quality of the relationships between VCEA, our employees, and our customers, suppliers and the general public. Our customers' impression of VCEA and their interest and willingness to do business with us are formed by how you serve them.

The opinions and attitudes that customers have toward our agency can be affected for a long period of time by the actions of just one employee. It is sometimes easy to take a customer for granted, but when we do, we run the risk of not only losing that customer, but their associates, friends or family who also may be customers or prospective customers.

Here are several things you can do to help give customers a good impression of VCEA:

1. Customers are to be treated courteously and given proper attention at all times. Never regard a customer's questions or concerns as an interruption or an annoyance. Customer inquiries, whether in person or by telephone, must be addressed promptly and professionally.
2. Never place a telephone caller on hold for an extended period of time. Direct incoming calls to the appropriate person and make sure that the call is answered.
3. Act competently and deal with customers in a courteous and respectful manner. Through your conduct, show your desire to assist the customer in obtaining the help that he or she needs. If you are unable to help a customer, find someone who can.
4. All correspondence and documents, whether to customers or others, must be neatly prepared and error-free. Attention to accuracy and detail in all paperwork demonstrates your commitment to those with whom we do business.
5. Never argue with a customer. If a problem develops or if a customer remains dissatisfied, ask your supervisor to intervene.
6. Communicate pleasantly and respectfully with other employees at all times.

These are the building blocks for your and VCEA's continued success.

Confidentiality

It is your responsibility to safeguard confidential information obtained during your employment with us, including financial information obtained from customers and private information about other employees.

You may in no way reveal or divulge any such information unless it is necessary for you to do so in the performance of your duties. Access to confidential information should be on a "need-to-know" basis and must be authorized by your supervisor.

If you are questioned by someone outside VCEA or your department and you are concerned about the appropriateness of giving them certain information, you are not required to answer. Instead, as politely as possible, refer the request to your supervisor or the CEO.

It is also important to remember that you may not disclose or use proprietary or confidential information except as your job requires. You may not keep or retain any originals or copies of reports, notes, proposals, customer lists or other confidential and proprietary documents, equipment, supplies, or property belonging to VCEA. Any and all copies or originals of reports, and notes belong to VCEA and must be turned over to VCEA within twenty-four (24) hours of termination of employment.

You are not permitted to remove or make copies of any VCEA records, reports or documents without prior management approval. Do not post confidential information about VCEA, customers, employees, or affiliates on any social media. Disclosure of confidential information could lead to termination, as well as other possible legal action.

Conflict of Interest

As an employee of VCEA, you must avoid actual or potential conflicts of interest with VCEA. If you are found to have a conflict of interest, you may be subject to discipline, including termination. You should contact your supervisor with any questions about this policy. Prohibited activities include, but are not limited to:

1. Having a direct or indirect financial relationship with a VCEA customer, vendor, or supplier; however, no conflict will exist in the case of ownership of less than 1 percent of a publicly traded corporation.
2. Engaging in any other employment or personal activity during work hours, or using VCEA's name, logo, equipment or property, including stationery, office supplies, computers, telephones, fax machines, postage, and office machines, for personal purposes.
3. Soliciting agency employees, suppliers, or customers to purchase goods or services of any kind for non-agency purposes, or to make contributions to any organizations or in support of any causes.
4. Soliciting or entering into any business or financial transaction with another employee whom the soliciting employee supervises, either directly or indirectly, such as hiring the employee to perform personal services or soliciting the employee to enter into an investment.

Solicitation

You are not permitted to solicit or distribute literature during working time. Working time includes both your working time and the working time of the employee to whom the solicitation or distribution is directed. Similarly, distribution of written solicitation material in working areas is prohibited at all times. If you wish to distribute fundraising items such as cookies, candy, and coupon books for sale, you may place them without solicitation in your workstation or VCEA break rooms.

Media Contact

If you are contacted by a news organization regarding VCEA business, please direct all media inquiries to your supervisor, the CEO, or the Director of Marketing.

Employment of Friends or Relatives

The employment of friends and relatives in the same area of an organization may cause conflicts of interest and appearances of impropriety. In addition, personal conflicts may impact the working relationship of the parties. Although VCEA does not prohibit the hiring of friends and relatives of existing employees, VCEA is committed to monitoring situations in which friends or relatives work in the same area. In the event of an actual or potential problem, VCEA's response may include reassignment or termination of one or both of the individuals involved. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with an employee is similar to that of persons who are related by blood or marriage, or one who is a domestic partner.

Personal Relationships in the Workplace

VCEA desires to avoid misunderstandings, complaints of favoritism, claims of sexual harassment, and employee dissension that may result from personal or social relationships amongst employees. Therefore, VCEA asks that if you become romantically involved with another employee that you disclose your relationship to a supervisor with whom you feel comfortable. This information will be kept as confidential as possible. For purposes of this provision, "romantically involved" will be interpreted broadly. VCEA reserves the right to take necessary and appropriate action to resolve any potential conflict of interest arising out of romantic involvement among employees. Depending on the facts of the situation, such action may include reassignment or termination of one or both of the employees involved.

VCEA is committed to maintaining a professional work environment where supervisors treat all employees fairly and impartially. Accordingly, supervisors are not allowed to date, or become romantically or intimately involved with, employees who report to them directly or indirectly. Also, spouses and immediate family members are prohibited from working in positions where they directly report to, or are reported to, by their spouses or family members. Personal relationships very often cause problems in the workplace, such as a lack of objectivity towards the subordinate's job performance, the perception of favoritism by other employees (whether justified or not), and potential sexual harassment complaints.

For purposes of this policy, "immediate family" includes significant others (such as unmarried couples who live together), domestic partners, step-parent and step-child relationships, in-law relationships, grandparents and cousins (including analogous relationships with the parents and children of an employee's significant other). This policy covers all family-like relationships, regardless of blood or legal relationships.

Employees who are currently dating one another, or employees who are married or related and report to or supervise each other, may request to be transferred in order to comply with this policy. When possible, VCEA will attempt to accommodate such requests. Please understand, however, that VCEA reserves the right not to transfer employees based on conflicting business considerations.

Unprofessional behavior in the workplace, such as sexually related conversations, inappropriate touching (i.e., kissing, hugging, massaging, sitting on laps) another employee, and any other behavior of a sexual nature, is prohibited.

If two employees marry or become related, causing actual or potential problems such as those described, only one of the employees will be retained with VCEA unless reasonable accommodations can be made to eliminate

the actual or potential conflict. The employees will have 30 days to decide which relative will stay with VCEA. If this decision is not made in the time allowed the CEO will make the decision, taking the employment history and job performance of both employees as well as the business needs of VCEA into account. Supervisors who have any questions about the application of this policy to an employee or applicant should contact the CEO.

Dress Policy

You are expected to dress and groom yourself in accordance with accepted social and business standards, particularly if your job involves dealing with customers or visitors in person. A neat, tasteful appearance contributes to the positive impression you make on our customers.

Business casual dress is generally expected which should include nice shoes, slacks, pantsuits, dresses, skirts, and shirts (and possibly suits and ties when appropriate). Violating dress code standards may subject you to appropriate disciplinary action.

Day-to-Day Operations

Employer and Employee Property

Routine inspections of agency property might result in the discovery of an employee's personal possessions. You are encouraged not to bring into the workplace any item of personal property which you do not want to reveal to VCEA.

All desks, lockers, offices, work spaces, credenzas, cabinets, electronic mail (e-mail), telephone systems, office systems, computer systems, any and all electronically issued technology, agency vehicles and other areas or items belonging to VCEA are open to VCEA and its employees. **YOU SHOULD HAVE NO EXPECTATION OF PRIVACY IN ANY OF THESE AREAS.** Personal items and messages or information that you consider private should not be placed or kept in any of these places or areas belonging to VCEA.

Storage areas, work areas, file cabinets, credenzas, computer systems and software, office telephones, cellular telephones, any and all electronically issued technology, modems, facsimile machines, copy and scanner machines, tools, equipment, desks, voice mail, and electronic mail are the property of VCEA, and need to be maintained according to agency rules and regulations.

Desks and work areas must be kept clean, and are to be used for work-related purposes. VCEA's property is subject to inspection at any time, with or without prior notice. Prior authorization must be obtained before any of VCEA's property may be removed from the premises.

For security reasons, you should not leave personal belongings of value in the workplace. Personal items, lockers and desks are subject to inspection and search, with or without notice, and with or without your prior consent.

Terminated employees should remove any personal items at the time of separation. Personal items left in the workplace by previous employees are subject to disposal if not claimed at the time of your termination.

Electronic Systems and Privacy

Access to VCEA's electronic systems is provided for work-related purposes. There should be NO expectation of privacy in connection with the use of electronic systems, including stored e-mail/voice mail/text messages or any messages sent electronically. All messages created, sent, received or stored in these systems are and remain the property of VCEA. VCEA reserves the right to retrieve and review any message composed, sent or received via the system. Please note that even when a message is deleted or erased, it is still possible to recreate the message; therefore, the ultimate privacy of messages cannot be ensured to anyone.

To safeguard and protect the proprietary, confidential and business-sensitive information of VCEA, and to ensure that the use of all electronic systems and equipment is consistent with VCEA's legitimate business interests, authorized representatives of VCEA may monitor the use of such systems from time to time without notice, which may include printing and reading materials, files on the system, list servers, and equipment.

You should be aware that e-mail messages, like VCEA correspondence, and any and all messages sent electronically may be read by other VCEA employees and outsiders under certain circumstances. While it is impossible to list all of the circumstances, some examples are the following: (1) during system maintenance of the e-mail system, (2) when VCEA has business needs to access the employee's mailbox, (3) when VCEA receives a legal request that requires disclosure of e-mail messages, or (4) when VCEA has reason to believe the employee is using e-mail in violation of VCEA policies.

Social Media Guidelines

VCEA understands that various forms of communication occur through social media, such as Facebook, Twitter, LinkedIn, blogs, and multimedia host sites such as YouTube. Such communications occur in social networking, blogs, and video sharing and similar media. It should be remembered that social media sites do not provide a private setting. Employees who communicate information through social media therefore should not expect that such information is private

Employees must remember that all existing policies apply to information disseminated through social media. These guidelines are intended to help employees understand some of the unintended outcomes of sharing information through social media.

Application of Policies

The employer's policies and standards apply to conduct that occurs in the workplace and while employees are on duty, wherever they happen to be. They also apply to activities that occur during an employee's own time, outside of work, if the activities have an actual or potential impact on the employee's performance, the performance of coworkers, or the employer. Employees should therefore understand that they are responsible for certain activities that occur off the employer's premises or on their own time both to the employer and third parties. Nothing in this policy prevents employees from exercising their broad rights to discuss the terms and conditions of employment with others, to take action with others to improve your working conditions, or to otherwise exercise their rights to engage in protected concerted activity.

General Policies

VCEA's policies regarding workplace conduct and interpersonal interactions are embodied in a number of policies, including policies that protect VCEA's legal interests and confidential information.

The policies also prohibit unlawful harassment and discrimination and require employees to use work time in an appropriate manner.

The principles set forth in VCEA's policies apply equally to social media, even when the policies do not refer specifically to social media. Violations of any policy through social media or networking will be appropriately addressed when brought to management's attention.

Illustrations of some of the relevant policies and how they may apply to social media are provided below. The following guidelines apply to all employees when they are at work and away from work.

General expectations

- Employees may not post or transmit any material or information that includes confidential, proprietary or trade secret information, or information that is untrue, defamatory, obscene, profane, threatening, harassing, abusive, hateful or humiliating to another person or entity. This includes, but is not limited to, comments regarding VCEA or its employees or customers. Employees should ask their supervisors and refer to agency policies if they have any questions about what is appropriate to include in communications involving social media.

Harassment

- VCEA will not tolerate intimidation, bullying or threats of violence among co-workers and such acts, even if occurring outside of work, will result in serious consequences, including termination.
- VCEA maintains a strict policy prohibiting harassment of any kind. Harassment is inappropriate and contrary to VCEA policy if it is based upon any legally protected characteristic. It includes unwelcome verbal, physical, or visual conduct that creates an intimidating, offensive, or hostile work environment or unreasonably interferes with work performance.

Reputation

- Employees should act responsibly and remember that untrue or defamatory postings can have serious consequences. Do not create fake blogs or false reviews of VCEA or its customers.

Acceptable Use Guidelines

- E-mail and Internet access is provided to support VCEA's business operations. Incidental use of e-mail and internet for personal reasons is permissible during non-working periods during the workday, provided it is not excessive and provided it does not interfere with VCEA business. Any use that includes tapping into electronic social media should be consistent with VCEA's values, policies and applicable laws.
- Participation in social media sites should be limited during work time; incidental use during break time is not prohibited by this policy. Under no circumstances may employees access social media sites while performing safety-sensitive functions such as driving.

Opinions

- Employees should not speak on behalf of VCEA without proper authorization to do so. Employees should at all times make it clear that their opinions do not represent those of VCEA. They should include

disclaimers in online communications advising that they are not speaking officially or unofficially on behalf of the organization.

- Employees may not use VCEA's logo or proprietary graphics to imply that you are speaking on behalf of VCEA.

Questions

- Employees who have concerns regarding workplace conduct or inappropriate behavior or comments are encouraged to contact the CEO for further guidance.

Additional Guidance and Information

While VCEA's policies offer very clear direction on some issues, there are other areas where common sense must prevail. When in doubt about posting, employees should consider the following:

- There is no expectation of privacy when engaging in social media networking activities. You may know everyone in the room when you have a conversation in person. This will not apply with social networking applications. You may not have full control over how your comments are perceived or shared.
- These are public forums. As a practical matter, it may be impossible to delete information that is shared. Comments may be publicly available for years.
- Even when you do not identify your employer by name in the communication or posting, some readers are likely to know where you work. Keep this in mind when you consider posting or transmitting comments that may be work-related. This should also be considered when creating your profile.
- Do not state or imply that the opinions you express are those of VCEA, its management, or other employees. Include a disclaimer to this effect.

Telephone Usage

You may use agency telephones for local or personal calls within reason. You are not to charge long distance personal telephone calls to VCEA. You are expected to limit personal calls so they do not become excessive or disruptive to your work or work area.

Cell Phone Usage

VCEA realizes that in our fast-paced business environment, meeting our goals and staying in touch with our customers and co-workers is a necessary process in working efficiently. But, first and foremost, we want to preserve the safety of our employees and those in the community. California law limits the use of cell phones while driving to those having hands-free operation.

This law provides that, it is illegal to drive a motor vehicle while using a wireless telephone, unless that telephone is designed and configured to allow hands-free listening and talking operation, and is used in that manner while driving.

Additionally, writing, sending, or reading text-based communications on your cell phone while driving is also prohibited under California law. This includes text messaging, instant messaging, and e-mail. You will be responsible for any tickets you receive if you violate this law.

Use of a hands-free cell phone is required while driving for agency business. An option is that you pull over while driving to place or receive calls on your cellular phones. There is a great potential for harm to you and to others if this policy is violated.

Personal cell phone use is not needed or required for work purposes and should not be used for work.

Workplace Monitoring

Workplace monitoring, both human and electronic, may be conducted by VCEA to ensure quality control, employee safety, compliance with VCEA policies, security, and customer satisfaction.

Customer sites may also utilize video surveillance of non-private workplace areas. Video monitoring is used to identify safety concerns, maintain quality control, detect theft and misconduct, and discourage or prevent acts of harassment and workplace violence.

Because VCEA is sensitive to your legitimate privacy rights, every effort will be made to see that workplace monitoring is done in an ethical and respectful manner.

Travel Expense Policy

VCEA will reimburse you for work-related travel expenses such as transportation, overnight accommodations and meals. You should have your supervisor's approval before incurring travel expenses. All requests for reimbursement must be submitted to the CEO for approval along with supporting documents or original invoices.

Non-exempt employees will be paid for time spent traveling and in conference sessions. If you are required to use your personal automobile on work-related business, VCEA will reimburse you for mileage at the current IRS reimbursement rate and for parking expenses. You should submit the appropriate expense form to the CEO for approval and then forward it to accounting for payment once per month. If you use your personal vehicle for work-related travel you are expected to maintain at least the minimum insurance required by law.

Education and Professional Development Assistance

VCEA will support the professional development, educational advancement, and career growth of employees. As a result, the VCEA will benefit from improved employee performance, higher levels of workforce engagement, and increased numbers of qualified internal candidates for promotional opportunities. The availability of funding for the assistance is subject to the annual budget process. All regular full-time employees who have served a minimum of six months with the agency must pay for any expense upfront and will receive reimbursement of approved and eligible expenses upon successful completion of coursework. The employee must repay the entire amount of the reimbursement benefit paid to them if they voluntarily separate from the agency within 12 months of receiving the benefit. Employees may be reimbursed for up to \$5,000 per year to offset the cost of coursework.

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Agency Property and Equipment

Equipment essential to accomplishing job duties is often expensive and may be difficult to replace. When using agency property, you are expected to exercise care, arrange for required maintenance, and follow all operating instructions, safety standards, and guidelines.

VCEA requires that all equipment be in proper working order and safe to work with at all times. If any equipment appears to be damaged, defective, or in need of repair, do not use it until a qualified technician certifies that it is repaired and safe. Never try to fix broken equipment yourself. Please notify your supervisor of any equipment breakdown as soon as it happens. If the breakdown requires emergency repairs, your supervisor will help you deal with the emergency situation as soon as possible. Prompt reporting of damages, defects, and the need for repairs could prevent possible personal injury and deterioration of equipment. Please ask your supervisor if you have any questions about your responsibility for maintenance and care of equipment used on the job.

If you are authorized to operate an agency vehicle in the course of your assigned work, or if you operate your own vehicle in performing your job, you must adhere to the following rules:

1. You must be a licensed California driver and must maintain at least the minimum insurance required by law.
2. You must maintain weekly mileage reports.
3. You are responsible for following all the manufacturer's recommended maintenance schedules so as to maintain valid warranties, and for following the manufacturer's recommended oil change schedule.
4. VCEA provides insurance on agency vehicles. However, you will be considered completely responsible for any accidents, fines, moving or parking violations.
5. If involved in an accident do not admit fault, only provide required insurance and personal DMV information.
6. You must keep VCEA vehicle clean at all times.
7. Persons not authorized or employed by VCEA cannot operate or ride in an agency vehicle.
8. Prior to operation of any agency vehicle, your supervisor will train you on the appropriate steps to take if you are involved in an accident, such as filling out the accident report, getting names and phone numbers of witnesses and so on.

If you are required to drive an agency vehicle or your own vehicle for agency business, you will also be required to show proof of a current, valid driver's license and current effective auto insurance coverage prior to the first day of employment.

If you drive your own vehicles on agency business you will be reimbursed at the current IRS reimbursement rate.

You are responsible for all agency property, materials, or written information issued to you or in your possession. You may be asked to sign an acknowledgment of receipt of agency property issued to you. All agency property must be returned on or before your last day of work. You may be responsible for the replacement cost of agency property not returned.

Agency cars are for agency business only, and only authorized employees may drive agency cars. Employee spouses, children, friends or anyone other than the employee may not operate these vehicles, unless an emergency arises. A violation of these rules, or excessive or avoidable traffic and parking violations may result in disciplinary action, up to and including termination.

Personal Use of Agency Property

You are not allowed to use agency owned property for personal use. The definition of “agency owned” assets includes, but is not limited to, facilities, computers, and their related equipment, labelers, copy machines, postage meter, any type of supplies including office supplies, tools, vehicles, credit cards, etc. These assets are provided to you for agency related business only.

Please also remember that all desks, lockers, cabinets, computers and vehicles that belong to VCEA will be open to all agency employees. Personal items, messages or information that you consider private should not be placed or kept in telephone systems, office systems, agency computer systems, office work spaces, desks, and credenzas or file cabinets.

If you are issued an agency credit card you are responsible for the use of that card. Under no circumstances will VCEA allow you to sign an agency credit card unless the card being signed is issued in your name. Signing another employee’s credit card will result in liability for the expense and may subject you to immediate termination. If you hold an agency credit card you may only give permission to another employee to make an authorized business purchase or reservation using your card with prior approval from the CEO of VCEA. Any holders of agency credit cards or authorized users who transact a non-business related charge may be subject to immediate termination. Receipts for all credit card transactions must be given to the Finance Director along with an explanation of the purchase.

Driving Record and Insurance

As a condition of employment, we require you to maintain an acceptable driving record if you drive for agency business. Any accidents or traffic violations must be reported to a supervisor immediately if they occur during the course of your duties. You will be responsible for any tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle. Failure to report an on-the-job motor vehicle accident, no matter how minor, will lead to disciplinary action, up to and including termination. Additionally, you are required to maintain the level of insurance required by the state of California. A copy of your insurance card must be on file before you will be allowed to drive for agency business.

Health and Safety

Safety is everybody's business. Safety is to be given primary importance in every aspect of planning and performing all VCEA activities. We want to protect you against injury and illness, as well as minimize the potential loss of production. To achieve our goal of maintaining a safe workplace, everyone must be safety conscious at all times. In compliance with California law, and to promote the concept of a safe workplace, we maintain an Injury and Illness Prevention Plan (IIPP). The IIPP is available for your review from the Director of Finance & Internal Operations. The Director of Finance & Internal Operations has responsibility for implementing, administering, monitoring, and evaluating the safety program. Its success depends on the alertness and personal commitment of all.

You will receive a copy of VCEA’s general safety rules and will receive health and safety training as part of this program. A complete copy of the Safety Program is kept by the CEO and is available for your review.

Smoking Policies

Smoking, use of e-cigarettes or vapor products is not allowed in any enclosed area of the building, or within 25 feet of any entrance of the building or in any agency vehicle. In fairness to those who do not smoke, smoking is allowed only during breaks and lunch and only outside of the office or building.

Security

To provide for the safety and security of you, our customers and our facilities, only authorized visitors are allowed in the work areas. To ensure the safety of our guests, we encourage family and friends to check in when visiting you at the workplace.

The following security procedures should always be followed to ensure your safety and the safety of your fellow employees, and to ensure the confidentiality of VCEA's information. At no time should unauthorized persons be allowed to roam unescorted through VCEA's office. It is a matter of courtesy to accompany customers and guests to and from the exits and other office to which they may be destined. If strangers are encountered in our office who do not satisfactorily identify themselves or the person with whom they will be meeting, escort them to the front of the office. If they resist, contact your supervisor immediately.

Be aware of persons loitering for no apparent reason in other non-office areas (e.g., in parking areas, walkways, entrances/exits and service areas). Report any suspicious persons or activities to your supervisor. Secure your desk at the end of the day or when called away from your work area for an extended length of time and do not leave valuable and/or personal articles in or around your workstation that may be accessible. Please report any lost facility keys to your supervisor immediately.

Workplace Violence

VCEA recognizes that violence in the workplace is a growing nationwide problem necessitating a firm, careful response by all employers. The costs of workplace violence are great, both in human and financial terms.

VCEA has adopted the following policies to ensure the safety of its employees and to provide guidance on dealing with violence in the workplace. If qualified, you may provide first aid to injured persons. You are required to:

1. Immediately report all indirect and direct threats of violence to a supervisor.
2. Immediately report all suspicious individuals or activities to a supervisor.
3. Never put yourself or others in peril.
4. Immediately call 911 and seek shelter if you hear a violent commotion near your workstation.
5. Cooperate fully with security, law enforcement, and medical personnel who respond to a call for help.
6. Direct all inquiries from the media about violence on VCEA premises to your supervisor or the CEO.

The CEO of VCEA will make the sole determination of whether, and to what extent, threats or acts of violence will be acted upon by the agency. In making this determination, we may undertake a case-by-case analysis in order to ascertain whether there is a reasonable basis to believe that workplace violence has occurred. No provision of this policy shall alter the at-will nature of employment at VCEA.

Off-Duty Use of Facilities

You are prohibited from being on agency premises, or making use of agency facilities, while not on duty. You are expressly prohibited from using agency facilities, agency property or agency equipment for personal use.

Parking

You are encouraged to use the parking areas designated for our employees. Remember to lock your car every day and park within the specified areas.

Courtesy and common sense in parking will help eliminate accidents, personal injuries, and damage to your vehicle and to the vehicles of other employees. If you should damage another car while parking or leaving, immediately report the incident, along with the license numbers of both vehicles and any other pertinent information you may have, to your supervisor. VCEA cannot be and is not responsible for any loss, theft or damage to your vehicle or any of its contents. You will be responsible for any parking tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle.

Employee Suggestion Program

We encourage you to bring forward your suggestions and good ideas about how our agency can be made a better place to work and our service to customers enhanced. When you see an opportunity for improvement, please talk it over with your supervisors. All suggestions are valued and listened to.

Employee Benefits

Benefits

VCEA has developed and invested in an employee benefit program to supplement your regular wages. VCEA will continue these benefits as agency resources allow; however, we reserve the right to change or eliminate any benefit program at any time (including increasing the employee's share of the cost).

Our benefit program consists of programs which may include health, dental, and vision coverage, life insurance, paid time off (PTO) and holiday pay. In addition, there are a number of programs available to employees through other sources such as State Disability, Paid Family Leave, Unemployment Insurance, Social Security and Workers' Compensation. Eligibility to participate in some of these programs is determined by your employee classification and length of continued service with VCEA.

Official Health Plan Documents

The employee handbook contains a number of brief summaries of the benefit programs that the employer provides for eligible employees. The purpose of these summaries is simply to acquaint you with the general provisions of the applicable plans; they do not contain full statements of all of the terms, conditions, and limitations of the plans. If there are any real or apparent conflicts between the brief information in the handbook and the terms, conditions and limitations of the official plan documents, the provisions of the official plan documents will be considered accurate. You are encouraged to review all plan documents carefully to familiarize yourself with all of the provisions of the plans.

Paid Time Off (PTO)

Eligibility

Paid Time Off (PTO) is an all purpose time-off policy for eligible employees to use for the following: vacation; the diagnosis, care, treatment of an existing health condition; preventative care of an employee or family member; for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance; illness or injury; and personal business. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status). Personal business also includes time spent for jury duty, bereavement, and time off to vote. Regular full-time employees are eligible to earn and use PTO as described in this policy.

PTO begins accruing upon your date of hire. Employees may begin using PTO upon your 90th day of employment. At that time, you can request the use of earned PTO including that accrued during the waiting period.

Accrual

Regular, full-time employees accrue 6.67 hours of PTO per pay period (24 pay periods per year) in your first year of eligibility – 160 hours. After your first anniversary, and thereafter, you will receive an additional eight (8) hours per year, which will accrue at an additional rate of .34 hours per pay period. Once you have worked for the agency for ten (10) years, you will not accrue any additional PTO.

The length of eligible service is calculated on the basis of a "benefit year." This is the 12-month period that begins when you start to earn PTO. You will not earn PTO while you are out on an unpaid leave of absence. Therefore, your benefit year may be extended if you go out on a leave of absence other than a military leave of absence. Military leave has no effect on this calculation. (See individual leave of absence policies for more information.)

Scheduling PTO

PTO can be used in minimum increments of one (1) hour for non-exempt employees. Exempt employees may use PTO in ½ day or 1 full day increments. If you have an unexpected need to be absent from work you should notify your direct supervisor before the scheduled start of your workday, if possible. Your direct supervisor must also be contacted on each additional day of unexpected absence.

To schedule planned PTO, you need to request advance approval from your supervisor. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.

PTO is paid at your base pay rate at the time of absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

PTO will be used to supplement any payments that you are eligible to receive from state disability insurance, or workers' compensation. The combination of any such disability payments and PTO cannot exceed your normal weekly earnings.

PTO Payout

The CEO may, in his or her sole discretion, authorize a cash payout of up to 60 hours of PTO annually to an employee who meets the following criteria: (a) the employee used an equal or greater amount of hours in the preceding 12 months; and (b) the employee will maintain a minimum PTO balance of 120 hours after the payout. Such requests will be granted at the sole discretion of the CEO in the interest of work program effectiveness and subject to VCEA's fiscal capability.

PTO Caps

Employee can accumulate PTO up to a balance of twice the annual PTO for which they are entitled. Once that limit is reached, employee will no longer accrue PTO until time is taken, and the employee's accrual falls below the cap.

Upon termination of employment, you will be paid for unused PTO that has been earned through your last day of work.

Sick Leave

Employees will earn sick leave in accordance with this policy.

Sick leave is a form of insurance that is accumulated in order to provide a cushion for incapacitation due to illness. It is to be used only for the diagnosis, care, treatment of an existing health condition or preventative care of an employee, family member or for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status).

On the employee's hire date, all employees will receive 24 hours of paid sick leave. Regular, full-time employees accrue 3.34 hours (10 days annually) of PTO per pay period (24 pay periods per year) and these employees can use their PTO for paid sick leave. Regular, full-time employees can accumulate PTO up to a balance of 160 (20 days). Employees who are not eligible for the PTO policy as outlined above will be credited with 24 hours of paid sick leave at the commencement of each employment year up to 40 hours. Employees will also accrue 1 hour of paid sick leave per every 30 hours worked until the employee has accrued the equivalent of 5 days or 40 hours of paid sick leave, whichever is greater. Any unused sick leave is not paid out on separation of employment.

Employees may begin using sick leave upon their 90th day of employment.

When wishing to use sick leave, you should personally call your supervisor prior to the start of your shift on the day you are scheduled to work. Sick leave is not to be taken in less than two (2) hour increments and does not accrue when you are out on sick leave.

A paid absence is not counted as a basis for computing overtime.

If you are receiving State Disability Insurance (SDI) or Workers' Compensation payments, then you can integrate sick pay (meaning that you can supplement your wage replacement benefits with a portion of your sick leave to equal your full wage). Under no circumstances can you receive more than your customary wage.

Sick leave is not granted for the purpose of accompanying or taking pets to procure medical attention.

Unused sick leave has no cash value and will not be paid at termination.

Holidays

We observe the following paid holidays for full-time employees:

- New Year's Day
- Martin Luther King Jr.'s Birthday
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Thanksgiving
- Day after Thanksgiving
- Christmas Day
- Floating Holiday (2)

Eligibility for holiday pay begins upon date of hire. You must also be regularly scheduled to work on the day on which the holiday is observed, and must work your regularly scheduled working days immediately preceding and immediately following the holiday, unless an absence on either day is approved in advance by your supervisor.

When a holiday falls on a Saturday or Sunday, it is usually observed on the preceding Friday or the following Monday. Holiday observance will be announced in advance.

If you are on a paid absence due to PTO when a holiday occurs, you will receive holiday pay. Non-exempt employees who work on holidays, due to customer job requirements, will receive regular earned wages. Part-time employees and interns are not eligible for holiday pay.

Insurance Benefits

Medical, Dental and Vision Insurance: We provide access to medical, dental & vision insurance plans for eligible employees and their dependents. You may be required to provide adequate proof of the dependent relationship in order to add the dependents to VCEA's insurance policies. Typically, proof of the relationship may be established through a copy of a birth certificate, adoption documents, marriage license, or certificate of registered domestic partnership. We cannot guarantee your domestic partner relationship will be kept confidential.

Full-time employees and part-time employees who are regularly scheduled to work a minimum of 30 hours per week are eligible for VCEA's medical, dental, and vision insurance coverage. Each employee becomes eligible on

the first of the month after the employee has started employment with VCEA. VCEA will contribute up to \$2,376.479 per month per employee towards VCEA's medical, dental and vision insurance for a full-time employee and dependents coverage. VCEA will contribute a prorated amount for part-time employees based on the average hours worked (for example, if the part-time employee is regularly scheduled to work 30 hours per week, VCEA's contribution toward the cost of VCEA's medical, dental and vision insurance coverage for the part time employee and his/her eligible dependents would be prorated to 75% of the full-time equivalent, i.e., \$1,782.859). The employee is responsible for any premiums due for VCEA coverage(s) that are in excess of the VCEA contribution amount. Deductions from the employee's paycheck will be made to cover this cost. Information describing medical, dental and vision insurance benefits will be given to you when you become eligible to participate in the program. Eligible employees who elect not to receive medical insurance coverage from VCEA must provide proof of adequate medical coverage from an alternate source within 30 days of becoming eligible through VCEA for the benefit. Such election will be effective as of the employee's eligibility date and will remain in effect until the start of the next open enrollment period. Employees who have declined VCEA medical insurance coverage and want to continue to decline coverage must provide proof of adequate medical coverage once per year, no later than 30 days prior to VCEA's open enrollment period. Full time employees who decline to accept VCEA medical, dental, and vision insurance benefits shall receive a payment of \$550 per month in lieu of coverage; part -time employees who are eligible for VCEA medical, dental and vision insurance and decline to accept VCEA medical, dental, and vision insurance shall receive a prorated payout based on the employee's regularly scheduled hours (i.e., an employee who is regularly scheduled to work 30 hours per week will receive 75% of the full-time equivalent, or \$412.5.)

During any leave of absence such as personal leave, Workers' Compensation leave or other disability leave, VCEA-provided health benefits will continue through the end of the month during which leave commenced. At that point, the employee will be provided with the option to continue coverage at the employee's own expense pursuant to Cal-COBRA. For the duration of any pregnancy disability leave of absence, health and life insurance benefits will be continued for the duration of your approved pregnancy disability leave as required by applicable law.

Please direct any questions you have regarding your medical, dental and/or vision insurance to the CEO.

Retirement Plan: We provide a 401(A) and 457B defined contribution retirement plans for eligible employees in order to assist in planning for your retirement. Eligible employees may enroll following 6 months of employment. Retirement plan participants can participate in loan programs permitted under the plan guidelines. For more information regarding eligibility, contributions, benefits and tax status, contact the CEO. All eligible participants will receive a summary plan description.

Disability Insurance: VCEA furnishes private long-term disability policies. For more information, contact the CEO.

Life and Accidental Death and Dismemberment Insurance: If you are a regular full-time employee of VCEA, you will be provided our group life insurance coverage paid for by the organization. This insurance is payable in the event of your death, in accordance with the policy, while you are insured. You may change your beneficiary whenever you wish by submitting the appropriate documents to the Human Resources Consultant. Refer to the literature provided by our insurance agency for details on your life insurance coverage.

Paid Family Leave (PFL) Insurance: All employees who take time off to care for a seriously ill family member (child, parent, grandparent, grandchildren, in-laws, spouse or registered domestic partner) or bond with a new child may be eligible to receive replacement wages for up to six weeks during any 12-month period, under California's Paid Family Leave program. This program is funded with employee contributions through the State Disability Insurance (SDI) Program. Such contributions are deducted from each employee's paycheck. Even though employees may be eligible to receive Paid Family Leave insurance benefits, a leave of absence must still be requested and approved as defined in our leave policies. Please understand that this leave does not mandate any guarantee that your job will be available when you are ready to return.

State Disability Insurance: If you are unable to work due to a non-work related medical condition or injury you may be entitled to State Disability Insurance (SDI). SDI benefits are paid by the state and are financed from mandatory payroll tax deductions from all employees' wages. Questions regarding SDI benefits should be directed to the CEO or the state's Employment Development Department.

Unemployment Compensation: We contribute each year to the California Unemployment Insurance Fund on behalf of our employees.

Social Security: Social Security is an important part of every employee's retirement benefit. We pay a matching contribution to each employee's Social Security taxes.

Workers' Compensation: VCEA purchases a workers' compensation insurance policy to protect you while you are employed by us. The policy covers you in case of occupational injury or illness. It is your responsibility to notify a member of management immediately if injured. Please refer to the Workers' Compensation policy for additional information.

We provide workers' compensation insurance for our employees as required by state law. The insurance provides important protection for employees who suffer a work-related injury. We encourage you to report all workplace injuries immediately and to take advantage of the benefits provided by our workers' compensation insurance if you are injured on the job.

Workers' compensation insurance provides important protection for employees who suffer an injury at work. Unfortunately, we understand that some employees are encouraged to file fraudulent workers' compensation claims. For your own protection, you should know that the California Insurance Frauds Protection Act provides that it is unlawful for any person to:

"Make or cause to be made any knowingly false or fraudulent material statement or material representation for the purpose of obtaining . . . compensation . . . and shall be punished by imprisonment in county jail for one year, or in the state prison for two, three or five years, or by a fine not exceeding Fifty Thousand Dollars (\$50,000.00) . . . or by both imprisonment and fine."

Our policy is to investigate all questionable workers' compensation claims. If they appear to be fraudulent, they are referred to the Bureau of Fraudulent Claims and the District Attorney's office.

Section 125 (Cafeteria Plan): Through the flexible spending account or the health savings account, you may designate an annual dollar amount of your before-tax income to pay for certain eligible expenses. Particular care should be taken to assure that the funds required in the flexible spending account are not over estimated as unused funds cannot be returned to the participant at the end of the plan year. Please refer to the booklets for information about the program. If you need additional information or change forms, please speak with the CEO.

Domestic Partners

VCEA believes that basic medical/dental/vision coverage should be available to employees and their dependents. To recognize non-traditional family arrangements and to demonstrate our commitment to our community of employees and their families, VCEA has instituted a Domestic Partners Policy. This policy gives you the opportunity to cover a long-term, significant same sex partner under our benefits plans, as well as opposite sex partners for employees over 62 years of age. VCEA wishes to make it clear that it cannot guarantee confidentiality of the relationship once a domestic partner is covered under our policy. See the CEO for more information.

Cal-COBRA

The California Continuation Benefits Replacement Act (Cal-COBRA) gives qualified employees and their dependents the opportunity to continue health insurance coverage under VCEA's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements. Under Cal-COBRA, you or the beneficiary pays the full cost of coverage at VCEA's group rates. In addition, you or the beneficiary may be required to pay an administration fee. Our plan administrator will provide you with a written notice describing rights granted under Cal-COBRA when you become eligible for coverage under our plan. The notice contains important information about your rights and obligations.

Recreational Activities and Programs

VCEA or its insurer will not be liable for payment of workers' compensation benefits for any injury that arises out of your voluntary participation in any off-duty recreational, social, or athletic activity that is not part of your work-related duties.

Leaves of Absence

Occasionally, for medical, personal, or other reasons, you may need to be temporarily released from the duties of your job with VCEA. It is the policy of VCEA to allow its eligible employees to apply for and be considered for certain specific leaves of absence.

All requests for leaves of absence shall be submitted in writing to your supervisor. Each request shall provide sufficient detail such as the reason for the leave, the expected duration of the leave, and the relationship of family members, if applicable. When you become aware of your need for leave, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCEA's customary notice and procedural requirements for requesting leave. Failure to return to work as scheduled from an approved leave of absence or to inform your supervisor of an acceptable reason for not returning as scheduled will be considered a voluntary resignation of employment. While on a leave of absence you may not obtain other

employment or apply for unemployment insurance. If either of these instances occurs, you may be viewed as having voluntarily resigned from VCEA.

You will not accrue PTO while you are on an unpaid leave of absence. There are several types of leaves for which you may be eligible.

Medical Leaves of Absence

A medical leave of absence may be granted for non-work related temporary medical disabilities (other than pregnancy, childbirth and related medical conditions) until the end of the month in which the leave began with a doctor's written certificate of disability (unless leave of a longer duration is required by law). Requests for leave should be made in writing as far in advance as possible, but, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCEA's customary notice and procedural requirements for requesting leave. If you are granted a medical leave, you are required to use any accrued sick pay. You also may use any PTO previously accrued.

A medical leave begins on the first day your doctor certifies that you are unable to work and ends when your doctor certifies that you are able to return to work. Your supervisor will supply you with a form for your doctor to complete, showing the date you were disabled and the estimated date you will be able to return to work. Upon your return, you must present a doctor's certificate showing fitness to return to work. If you need a medical-related leave longer than VCEA can, consistent with business necessity and reasonable accommodation, approve, you will be advised.

For the duration of any leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued until the last day of the month in which the leave begins. For the duration of a pregnancy disability leave, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

If you wish to continue these benefits you may do so by electing to continue the benefit through the CAL-COBRA provisions, and by paying the applicable premiums.

You will not accrue PTO while you are on an unpaid medical leave of absence.

If returning from a non-work related medical leave, you will be offered the same position held at the time of leaving, if available. However, we cannot guarantee that your job or a similar job will be available upon your return. If VCEA is unable to provide a job for you at the end of your leave, we will end your employment, but you will be eligible to apply for any opening that may arise for which you are qualified.

Bereavement Leave

VCEA provides regular full-time and regular part-time employees up to three (3) days' paid bereavement leave in the event of a death in your immediate family. For purposes of this policy, "immediate family" includes your

spouse, parent, child, sibling; your spouse's parent, child, or sibling; your long- time companion or domestic partner; and your grandparents or grandchildren. If you need to take time off due to the death of an immediate family member you should contact your supervisor. Your supervisor may approve additional unpaid time off.

Bone Marrow and Organ Donation Leave

Employees who are donating an organ to another person may take a leave of absence not exceeding 30 business days (and which may be taken in one or more periods) in any one-year. Employees who are donating their bone marrow to another person may take a leave of absence not exceeding 5 business days (and which may be taken in one or more periods) in any one year.

Requests for leave should be made in writing as far in advance as possible. You must provide a written medical certification from your health care provider to VCEA that shows that you are a bone marrow or organ donor and that there is a medical necessity for the donation.

Bone Marrow and Organ Donation leave is a paid leave; however, you are required to use up to 5 days of accrued but unused sick or PTO leave for bone marrow donation, and up to 2 weeks of accrued but unused sick or PTO leave for organ donation.

For the duration of a Bone Marrow or Organ Donation leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued until the last day of the month in which the leave begins. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

When you are ready to return to work after a Bone Marrow or Organ Donation leave, you must provide certification from your medical care provider that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. Except as otherwise allowed by law, you are entitled, upon return from leave, to be reinstated in the position you held before the Bone Marrow or Organ Donation leave, or to be placed in a comparable position with comparable benefits, pay, and terms and conditions of employment.

Civil Air Patrol Leave

Employees who volunteer for the California Wing of the Civil Air Patrol are allowed up to ten days of unpaid leave each year. This leave covers employees who are needed to respond to an emergency operational mission who have been employed by VCEA for at least 90 days immediately preceding the requested leave. VCEA reserves the right to verify the need for the leave with the Air Patrol.

Domestic Violence and Sexual Assault Victim Leave

VCEA takes threats and actions of domestic abuse and sexual assault against our employees very seriously, and wants employees to feel free to obtain services to keep themselves and their dependents safe.

If at any time you need to be absent from work because you have been a victim of domestic violence or sexual assault, and you need to take time off to ensure your safety, seek medical treatment, or receive counseling as a

result of domestic violence or sexual assault, please let your supervisor or the CEO know immediately. Your privacy will be protected to the greatest extent possible. You may use accrued PTO or sick leave in lieu of unpaid time off for these purposes.

Jury Duty or Witness Leave

You may want to fulfill your civic responsibilities by serving on a jury or as a witness as required by law. Absences from work due to jury or witness services may be taken as PTO, or you may request unpaid leave for the length of absence, ~~unless the leave of absence is taken as PTO.~~ ~~We~~ VCEA will comply with all federal and state requirements for jury and witness ~~on~~ pay for exempt employees. You may be requested to provide written verification from the court clerk of having served as a juror or witness.

Prior to taking jury duty or witness leave, you must ~~show~~ provide the jury duty or witness summons to your supervisor. You must provide the summons as soon as possible so that arrangements can be made to cover your absence. ~~Of course,~~ you are expected to report for work whenever the court schedule permits, including reporting for half- or partial work days. If you are called for jury duty during a particularly busy time, ~~we~~ VCEA may ask you to request the court ~~to~~ postpone the your mandatory jury duty to a more convenient time for ~~us~~ VCEA. You may receive fees and transportation reimbursement from the court for appearing as a juror or witness. You will retain all fees paid for appearing as a juror or witness, plus any transportation reimbursements received, ~~if any~~.

Military Leave

If you wish to serve in the military and take military leave you should contact the CEO for information about your rights before and after such leave. You are entitled to reinstatement upon completion of military service provided you return or apply for reinstatement within the time allowed by law.

Pregnancy Disability Leave

Eligibility and Terms of Leave

Female employees are entitled to an unpaid Pregnancy Disability Leave (PDL) during the time they are disabled due to pregnancy, childbirth, or related medical conditions. This leave will be for the period of disability, up to four months or 17 1/3 workweeks. You are “disabled by pregnancy” if you are unable because of pregnancy to work at all, are unable to perform the essential functions of your job, or to perform these functions without undue risk to successful completion of your pregnancy, or to other persons.

Leave may be taken intermittently or on a reduced work schedule when medically advisable, as determined by your medical care provider. Medical certification is required, and the length of Pregnancy Disability Leave will depend on the medical necessity for the leave. If you need intermittent leave or leave on a reduced schedule, VCEA may require you to transfer, during the period of the intermittent or reduced schedule leave, to an available alternative position for which you are qualified and which better accommodates your recurring periods of leave. Transfer to an alternative position may include altering an existing job to better accommodate your need for intermittent leave or a reduced work schedule.

Applying For Leave

If possible, you should give at least 30 days' notice requesting a pregnancy-related leave. This notice must provide and include the expected date on which the leave will begin, written certification from your medical care provider stating the anticipated delivery date and the duration of the leave.

Return to Work

Before returning to work, you must provide a release from your medical care provider certifying that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. VCEA will reinstate you to your position unless:

1. Your job has ceased to exist for legitimate business reasons;
2. Your job could not be kept open or filled by a temporary employee without substantially undermining VCEA's ability to operate safely and efficiently;
3. You have directly or indirectly indicated your intention not to return;
4. You are no longer able to perform the essential functions of the job with or without reasonable accommodation;
5. You have exceeded the length of the approved leave; or
6. You are no longer qualified for the job.

If VCEA cannot reinstate you to the position you held before the pregnancy disability leave began, VCEA will offer you a comparable position, provided that a comparable position exists and is available, and provided that filling the available position would not substantially undermine VCEA's ability to operate safely and efficiently.

Integration With Other Benefits

A pregnancy disability leave is unpaid, but you are required to use your accrued sick leave during the leave. In addition, you may elect to use accrued PTO during the leave. Sick leave and PTO will supplement any State Disability Insurance benefits. VCEA will maintain group medical benefits during a pregnancy disability leave as required by law. No additional PTO, sick leave or holiday pay will accrue during the leave (except during the time period you are using sick leave or PTO). You may also, however, be eligible for short term disability benefits.

Continuation of Medical Benefits

For the duration of your PDL leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected. If you fail to return to work at the conclusion of PDL leave and wish to continue these benefits, you may do so by electing to continue the benefit through the Cal-COBRA provisions, and by paying the applicable premiums.

School Appearance Leave

If you are the parent or guardian of a child who has been suspended from school and you receive a notice from your child's school requesting that you attend a portion of a school day in the child's classroom, you may take

unpaid time to appear at the school, unless you use accrued PTO. Before your planned absence, you must give reasonable notice to your supervisor that you have been requested to appear by your child's school.

Time Off for Victims of a Violent or Serious Crime

Under certain circumstances, employees who are victims of serious crimes may take time off work to participate in judicial proceedings. Qualified family members of such crime victims may also be eligible to take time off from work to participate in judicial proceedings. The law defines a serious crime to include violent or serious felonies, such as felonies involving theft or embezzlement, crimes involving vehicular manslaughter while intoxicated, child abuse, physical abuse of an elder or dependent adult, stalking, solicitation for murder, hit-and-run causing death or injury, driving under the influence causing injury, and sexual assault. When possible, you must provide us with advance notice of the need for the time off. Your privacy will be protected to the greatest extent possible. Time away from work for non-exempt employees will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

Time Off To Vote

If you do not have sufficient time outside of working hours to vote in a statewide election, you may, without loss of pay, take off up to two hours of working time to vote. Such time must be at the beginning or end of the regular working shift, whichever allows the most free time for voting and the least time off from working, unless otherwise mutually agreed. You must notify us at least two working days in advance to arrange a voting time.

Volunteer Emergency Duty Leave

VCEA will allow unpaid time off to employees who perform emergency duty as a volunteer firefighter, reserve peace officer, emergency rescue personnel, an officer, employee, or member of a disaster medical response entity sponsored or requested by the state. If you are a volunteer firefighter, or perform other emergency personnel duties, please alert your supervisor so that he or she may be aware of the fact that you may have to take time off for emergency duty. When possible, you must provide us with advance notice of the need for the time off. Time away from work will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

Workers' Compensation

We, in accordance with state law, provide insurance coverage for employees in case of a work related injury. To ensure that you receive any workers' compensation benefits to which you may be entitled, you will need to:

1. Immediately report any work-related injury to your supervisor.
2. Seek medical treatment and follow-up care if required.
3. Complete a written Employee's Claim Form (DWC Form 1) and return it to your supervisor.

Provide us with certification from your health care provider regarding the need for workers' compensation disability leave and your ability to return to work from the leave.

Return to Work Policy

VCEA is committed to returning injured employees to modified or alternative work as soon after a work related injury as possible. Temporarily modifying your job or providing you with an alternative position will do this. Your

medical condition along with any limitations or restrictions given by the attending physician will be considered as a priority when identifying the modified/alternative position.

The program is intended to provide our employees with an opportunity to continue as valuable members of our team while recovering from a work related injury. We want to minimize any adverse effects of an ongoing disability on our employees. This program is intended to promote speedy recovery, while keeping the employees' work patterns and income consistent. At the same time, we benefit from having our employees providing a service and contributing to the overall productivity of our business. VCEA retains discretion to decide whether to provide modified duty.

Receipt and Acknowledgment of VCEA Employee Handbook

I have received my copy of VCEA's employee handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook.

At-Will Employment

I further understand that my employment is at-will, and neither VCEA nor I have entered into a contract regarding the duration of my employment. I am free to terminate my employment with VCEA at any time, with or without cause. Likewise, VCEA has the right to terminate my employment with or without cause, at the discretion of VCEA. No employee of VCEA can enter into an employment contract for a specified period of time, or make any agreement contrary to this policy without the written approval from the CEO.

Future Revisions

We reserve the right to revise, modify, delete or add to any and all policies, procedures, work rules or benefits stated in this employee handbook or in any other document, except for the policy of at-will employment. Any written changes to this employee handbook will be distributed to all employees so that you will be aware of the new policies or procedures. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

Receipt and Acknowledgement of VCEA Handouts

Illness and Injury Prevention Plan

I acknowledge that I have read and understand the VCEA's Illness & Injury Prevention Plan and that I agree to abide by these policies.

Drug and Alcohol Abuse Policy

I certify that I have read VCEA's Drug and Alcohol Abuse Policy and agree to abide fully by its terms. I understand that as a condition of my employment, I may be subjected to drug testing and that my privacy rights are thereby limited. I also understand that I must notify VCEA of any conviction for a drug violation that occurs within five days after such a conviction. I understand that any violation of the policy may result in serious disciplinary action, including immediate termination.

Employee's Printed Name _____ Position _____

Employee's Signature _____ Date _____

Receipt and Acknowledgement of VCEA Handouts

Sexual Harassment Prevention Handout

I acknowledge that I have read and understand the enclosed pamphlet on sexual harassment prevention in the workplace and reporting procedures in the event that harassment occurs.

State Disability Insurance, Paid Family Leave and Unemployment Handouts

I acknowledge that I have received the enclosed pamphlets on state disability insurance, paid family leave and unemployment insurance as provided by the Employment Development Department.

Workers' Compensation Handout

I acknowledge that I have received the enclosed pamphlet on workers' compensation benefits as provided by the California Chamber of Commerce.

Employee's Printed Name _____ Position _____

Employee's Signature _____ Date _____



VALLEY
CLEAN ENERGY

Employee Handbook

Updated in
February 2025

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Welcome To Valley Clean Energy Alliance

DATE

Dear VCEA Employee:

INSERT COVER LETTER HERE

Sincerely,

Mitch Sears
Chief Executive Officer

Introductory Policies

Introduction & Future Revisions

We hope you will find your employment with Valley Clean Energy Alliance (“VCEA” or “Agency”) to be both rewarding and challenging. Our staff are key to VCEA’s success and we carefully select our new employees. This handbook is not a contract, express or implied, nor does it guarantee employment for any specific length of time.

The policies included in this handbook are guidelines only and are subject to change as VCEA deems appropriate. From time to time you may receive notice of new or modified policies, procedures, benefits, or programs. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

Our Working Relationship

VCEA does not offer tenure or any other form of guaranteed employment. Either VCEA or the employee can terminate the employment relationship at any time, with or without cause, with or without notice. This is called Employment At Will. This employment at will relationship exists regardless of any other written statements or policies contained in this handbook or any other Agency documents or any verbal statement to the contrary.

No one except VCEA’s Chief Executive Officer (CEO) can enter into any kind of employment relationship or agreement that is contrary to the previous statement. To be enforceable, such relationship or agreement must be in writing, signed by the CEO, approved by the VCEA Board.

Open Communication Policy

At VCEA, courtesy, tact and consideration should guide each employee in relationships with fellow workers and the public. It is mandatory that each employee show maximum respect to every other person in the organization. The purpose of communication should be to help others and to make our business run as effectively as possible, thereby gaining the respect of our colleagues and customers.

Equal Employment Opportunity

VCEA is an equal opportunity employer and makes employment decisions on the basis of merit and business need. VCEA’s policies prohibit unlawful discrimination based on race, color, religious creed, gender, pregnancy (or related medical condition), genetic information, genetic characteristics, gender identity, gender expression, religion, marital status, military or veteran status, age, national origin or ancestry, physical or mental disability, medical condition, sexual orientation, or any other consideration made unlawful by federal, state or local laws. All such discrimination is contrary to VCEA policy.

Reasonable Accommodation.

When necessary under the California Fair Employment and Housing Act and the Americans with Disabilities Act, VCEA will reasonably accommodate an employee or applicant with a disability if the employee or applicant is otherwise qualified to safely perform all of the essential functions of the position.

We will make reasonable accommodations when requested to comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability. VCEA will engage in a timely, good-faith, interactive process to determine a reasonable accommodation, if any, in response to a request for reasonable accommodation by an employee or applicant with a known physical or mental disability or known medical condition. VCEA will consider all requests for accommodation, but retains discretion to determine what, if any, accommodation to provide.

Unlawful Harassment

VCEA intends to provide a work environment that is pleasant, professional, and free from intimidation, hostility or other offenses which might interfere with work performance. Harassment of any sort - verbal, physical, or visual - will not be tolerated. This includes both sexual harassment as well as harassment based on an employee's status in a protected class. These classes include, but are not necessarily limited to race, color, religion, age, gender, genetic information, genetic characteristics, gender identity, gender expression, sexual orientation, pregnancy (or related medical condition), national origin or ancestry, disability, medical condition, marital status, veteran status, military status, or any other protected status defined by law. This policy also prohibits unlawful harassment based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics. This policy extends to unlawful harassment of VCEA employees by any other VCEA employees, vendors, independent contractors, customers, or others with whom employees may come into contact with during their work for VCEA.

Our workplace is not limited to our facilities, but may also include customer and vendor facilities, as well as anywhere a business-related function, or social function sponsored by VCEA, is taking place.

What Is Workplace Harassment?

Workplace harassment can take many forms. It may be, but is not limited to, words, signs, offensive jokes, cartoons, pictures, posters, e-mail jokes, social media communication, messages or statements, pranks, intimidation, physical assaults or contact, or violence. It may also take the form of other vocal activity including derogatory statements not directed to the targeted individual but taking place within their hearing. Other prohibited conduct includes written material such as notes, photographs, cartoons, articles of a harassing or offensive nature, and taking retaliatory action against an employee for discussing or making a harassment complaint. In addition, this policy protects employees against conduct from all individuals in the workplace, such as fellow employees, supervisors, outside customers, vendors, independent contractors, or other non-employees who conduct business with our agency.

What Is Sexual Harassment?

Sexual harassment may include unwelcome sexual advances, requests for sexual favors, or other verbal or physical contact of a sexual nature. When this conduct creates an offensive, hostile and intimidating working environment, it may prevent an individual from effectively performing the duties of their position. It also encompasses such conduct when it is made a term or condition of employment or compensation, either implied or stated and when an employment decision is based on an individual's acceptance or rejection of such conduct.

It is important to note that harassment crosses age and gender boundaries and cannot be stereotyped. Among other perceived unconventional situations, sexual harassment may involve two women or two men. Harassment

may exist on a continuum of behavior. For instance, one example of harassment may be that of an employee showing offensive pictures to another employee.

Generally, two categories of harassment exist. The first, "quid pro quo," may be defined as the demand for sexual favors in exchange for improvement or continuance in your working conditions and/or compensation. The second category, "hostile, intimidating, offensive working environment," can be described as a situation in which unwelcome sexual advances, requests for sexual favors, or verbal or other conduct creates an intimidating or offensive environment. Examples of a hostile, intimidating, and offensive working environment include, but are not limited to, pictures, cartoons, symbols, or items found to be offensive. An employee may have a claim of harassment even if he or she has not lost a job or other economic benefit.

Responsibility

All VCEA employees, and particularly supervisors, have a responsibility for keeping our work environment free of harassment. Any employee who becomes aware of an incident of harassment, whether by witnessing the incident or being told of it, must report it to their immediate supervisor, the CEO or a management representative with whom they feel comfortable. When supervisors become aware of the existence of conduct that could violate this policy, they are obligated to take prompt and appropriate action, whether or not the recipient of the harassment wants VCEA to do so.

Reporting

If you believe you have been harassed by any agency employee, customer, contractor, or other business contact, you are required to report it to your supervisor or any other member of management. While we encourage you to communicate directly with the alleged harasser, and make it clear that the harasser's behavior is unacceptable, it is not required that you do so. It is essential, however, to notify a member of management immediately even if you are not sure the offending behavior is considered harassment. Any incidents of harassment must be immediately reported. At any time if you feel that you are in immediate harm and do not have time to contact either the CEO or your supervisor, seek assistance from any management representative.

Appropriate investigation and disciplinary action will be taken. All reports will be promptly investigated. However, confidentiality cannot be guaranteed. Any employee found to have harassed any employee will be subject to severe disciplinary action up to and including termination. VCEA will also take any additional action necessary to appropriately remedy the situation. Retaliation of any sort will not be permitted. No adverse employment action will be taken for any employee making a good faith report of alleged harassment.

All employees must report any incidents immediately so that complaints can be quickly and fairly resolved. The California Department of Fair Employment and Housing ("DFEH") investigates and may prosecute complaints of harassment. Whenever an employee thinks he or she has been harassed or that he or she has been retaliated against for resisting or complaining, that employee may file a complaint with the DFEH. The nearest DFEH office is listed in the telephone book or on-line.

Harassment and Retaliation Prohibited

VCEA prohibits any form of harassment on a protected basis that impairs an employee's working ability or emotional well-being at work. VCEA also prohibits any employee from retaliating in any way against anyone who has raised any concern about harassment or discrimination against another individual. We will investigate

any complaint of harassment, discrimination, and retaliation and will take immediate and appropriate disciplinary action if any such conduct has been found within the workplace.

Employment Policies and Practices

Classification of Employees

A new hire will be classified as either “exempt” or “non-exempt.”

Non-exempt employees are entitled to overtime pay for hours worked in excess of forty (40) hours per workweek.

Exempt employees are those employees whose duties and responsibilities allow them to be “exempt” from provisions as provided by the Federal Fair Labor Standards Act (FLSA) and any applicable state laws. If you are an exempt employee, you will be advised that you are in this classification at the time you are hired, transferred, or promoted. Participation in VCEA’s benefits programs may be affected by your employment status or classification.

All employees of VCEA whether exempt, non-exempt, full-time, part-time, or temporary are employed at-will.

1. The EXEMPT status applies to certain administrative, professional, and executive staff. Exempt employees qualify for exemption from overtime regulations under state and federal law and their salaries already take into account that they may work long hours.
2. The NON-EXEMPT status applies to all other regular employees. Non-exempt employees receive extra pay for overtime work (as described in the overtime section of this employee handbook). Employees working in non-exempt positions are compensated for the actual amount of time spent on their job and are entitled to receive time and one-half (1 ½) their regular rate of pay for each hour worked in excess of forty (40) hours in a work week.
3. FULL-TIME employees work on a regular basis for at least 40 hours per week. Full-time employees may or may not be EXEMPT. They are eligible for all benefits available through work at VCEA, so long as they meet the applicable requirements, such as length of service.
4. PART-TIME employees are regularly scheduled to work fewer than 40.0 hours per week. Part-time employees who are regularly scheduled to work a minimum of 30 hours per week are entitled to all benefits as explained later in this employee handbook according to a prorated formula based on their average hours worked compared to a standard 40.0 hour workweek. Part-time employees who are regularly scheduled to work less than 30 hours per week are not eligible for benefits covered in this employee handbook, other than those required by law or as stipulated in writing signed by the CEO.
5. TEMPORARY EMPLOYEES are hired with the understanding that their employment will not continue beyond a stated date or beyond completion of a specified project or projects. Temporary employees will generally not be employed for more than 6 months. Temporary employees are not eligible for benefits covered in this employee handbook, other than those required by law or as stipulated in writing signed by the CEO.

6. INTERNS are employees who are gaining supervised practical experience in a professional field. Interns may be paid, but are not eligible for any benefits listed in this employee handbook except as required by law.

Recruitment

VCEA will conduct an appropriate recruitment, depending on the needs of the organization and the position involved. Open positions may or may not be posted to solicit outside candidates. If you are aware of a vacancy and are interested in being considered for the position, you should discuss the matter with your current supervisor.

Rehired/Converted Employees

If you meet eligibility requirements for rehire at the time of your separation from VCEA, you may apply for any open position for which you are qualified. Former employees will be considered along with all other applicants, and have no greater chance of being selected for employment than all other applicants.

If you are rehired by VCEA or convert from part-time to full-time status, your length of service with VCEA for all purposes will be calculated from the rehire date or the date of conversion to full-time status.

Employees who are involuntarily terminated for performance reasons or for violation of agency policy are ineligible for rehire. In addition, employees who voluntarily resign may still be ineligible for re-hire if VCEA learns of circumstances that would have justified termination for performance-based reasons regardless of when that information is acquired.

Job Duties

Your supervisor will explain your job responsibilities and the performance standards expected of you. Your job responsibilities may change at any time during your employment; for example you may be asked to work on special projects or to assist with other work necessary or important to the operation of VCEA. It is expected that VCEA will have your cooperation and assistance in performing such additional work.

VCEA also may, at any time, with or without notice, alter or change your job responsibilities, reassign or transfer your position, or assign you additional job responsibilities depending on business needs.

Work Schedules

VCEA's normal business hours are 8:00 a.m. through 5:00 p.m., Monday through Friday. Your supervisor will assign your individual work schedule, and you are expected to be ready to perform your work at the start of your scheduled shift. Flexible work schedules and telecommuting may be accommodated with the approval of your supervisor. Alternative work arrangements are not an entitlement or employee benefit. A supervisor may end the arrangement at any time for any reason or without cause. All changes to normal working hours, flexible work schedules, and telecommuting arrangements should be documented with your supervisor and HR representative.

On occasion, work schedules may fluctuate with customer demand and business needs. If a change in your work schedule is required, your supervisor will notify you at the earliest opportunity. You may be required to work

overtime or hours other than those normally scheduled. Exempt employees are required to work as many hours as are necessary to complete the responsibilities of their positions.

Personnel Records

A personnel file will be confidentially maintained for each VCEA employee. You may review your personnel file during regular business hours upon making a request to the CEO. An appointment will be made for the purpose of allowing the review.

VCEA will treat your personnel records as confidential and private. However, there are certain times when information may be given to a person outside VCEA. These include:

1. In response to a subpoena, court order, or order of an administrative agency;
2. To a governmental agency as part of an investigation by that agency of VCEA's compliance with applicable law;
3. In a lawsuit, administrative proceeding, grievance, or arbitration in which you and VCEA are parties;
4. In a workers' compensation proceeding;
5. To administer employee health benefit plans;
6. To a health care provider, when necessary;
7. To a first aid or safety personnel, when necessary; and
8. Information will be disclosed to prospective employers in accordance with the section on Employment Verification and References.

Please promptly notify the CEO of any changes in your personal data. Keeping your file up-to-date can be important with regard to pay, deductions, benefits and other matters. Coverage or benefits that you and your family may receive under VCEA's benefits package could be negatively affected if the information in your personnel file is incorrect.

Inspection of Payroll Records

Employees and former employees have the right to inspect and obtain copies of their own payroll records as required by applicable law. All requests must be submitted in writing to VCEA's CEO. Responses will be provided as required by law. Individuals who make a request may be asked to provide identification and may be required to pay for the cost of making the copies.

Layoffs and Work Reductions

VCEA may implement layoffs. Employees will be selected for layoff at VCEA's discretion based on a combination of factors, including, but not necessarily limited to: business needs, employee performance and productivity, qualifications, attendance, attitude, ability and willingness to work the required days and hours, and the ability to work cooperatively with others in the affected work unit.

The weight given to the above factors may vary depending upon the particular needs of the affected work unit and VCEA as a whole at the time of the layoff.

Employment Termination

VCEA strives to ensure a smooth transition for employees leaving VCEA.

VCEA and its employees have an employment relationship that is known as “employment at will.” This means that employees are not required to work for VCEA for any set period of time nor is VCEA required to employ individuals for any specific length of time. **The statements made in this policy do not alter, modify or limit the employment at will relationship.** An “at-will” employee is subject to termination of employment at any time VCEA concludes it appropriate to do so.

Involuntary separation from service means that the termination action is being initiated by VCEA, rather than by the employee. In general, employees who are discharged by VCEA are not eligible for rehire. However, employees who are terminated due to layoff or restructuring may be eligible for rehire or recall at VCEA’s discretion.

VCEA will consider you to have voluntarily terminated your employment if you do any of the following:

1. Resign from VCEA;
2. Fail to return from an approved leave of absence on the date specified by VCEA, or;
3. Fail to report to work or call in for 3 consecutive work days

In the event that you resign voluntarily, we ask – but do not require – that you provide two weeks’ notice to allow for a smooth transition and training of any replacement personnel.

All agency property such as office equipment, credit cards, keys, manuals, computer equipment, and cell phones must be returned on or prior to the last day of employment. You should return these items to your immediate supervisor.

Final wages for time worked, plus any pay for unused but accrued PTO, will normally be paid on your last day of employment, but no later than the next regularly scheduled payday.

Employment Verification and References

When VCEA receives a request for references or employment verification, VCEA will disclose only the dates of employment and the title of the last position held. VCEA will provide a prospective employer with your last earned wage or salary only at your written request. VCEA will release additional information only with a signed authorization and waiver of liability in a form acceptable to VCEA.

Only the CEO is authorized to respond to requests for employee references and verification of employment. No other supervisor or employee is authorized to provide references for current or former employees.

As an employee of VCEA, all requests for information regarding another employee must be forwarded to the CEO.

Timekeeping and Attendance

Punctuality and Attendance

Regular attendance and punctuality are “essential functions” of your job. You are expected to maintain regular attendance during all scheduled work hours, report to work on a timely basis, and work through the end of your

regularly scheduled workday. Chronic absenteeism or lateness will not be tolerated and will result in discipline, up to and including termination. In the event of an unscheduled absence, please abide by the following:

- You must personally call your supervisor prior to the start of your shift if you are unable to report to work, or will be late to work, on any particular day.
- You are expected to advise another management representative of your absence if you are not able to reach your supervisor and leave a telephone number where you can be reached.
- You may not have a relative or friend call in to report your absence, unless you are unable to call yourself due to a medical or other emergency.
- If you call after the start of your shift you will be considered tardy for that day.
- You are expected to provide your supervisor with explanation of your absence or tardiness and inform your supervisor of the expected duration of the absence. If you are absent for medical reasons, you do not need to disclose the underlying medical condition.
- With the exception of certain extenuating circumstances, you must call in each day you are scheduled to work and will not report to work.

Repeated absenteeism or tardiness (whether excused or not) is not tolerated. Continuing patterns of absences, early departures, or tardiness - regardless of the exact number of days—may warrant disciplinary action, up to and including termination of employment. Emergency or extraordinary circumstances concerning an absence or tardiness will be considered, and we reserve the right to make an exception to this policy if, at our discretion, an exception is warranted. Repeated car failures, missing the bus, consistently failing to arrange back-up childcare or oversleeping do not constitute emergency or extraordinary circumstances. We reserve the right to determine what is considered excessive absenteeism. In all cases, we will make accommodations for qualified employees with disabilities where required by law.

If you fail to report for work for three (3) consecutive days without any notification to your supervisor, we will consider that you have abandoned your employment, and have resigned your position.

Timekeeping Requirements for Non-Exempt Staff

Applicable law requires VCEA to keep an accurate record of time worked. Employee time records are official VCEA records and must be accurately maintained. You must input your own time at the start and at the end of each workday, and at the start and end of each lunch hour. Completing another employee's time record or intentionally falsifying a time record is a serious violation and may result in immediate termination of employment. If a time record needs to be corrected, both you and your supervisor must initial the change in the time record to verify its accuracy.

Meal and Rest Periods for Non-Exempt Staff

Employees will generally be provided with at least a 30-minute lunch break per day, which can be scheduled by your supervisor to best accommodate the workday.

Overtime Time Provisions for Non-Exempt Staff

As necessary, you may be asked to work overtime. Only actual hours worked in a given workday or workweek will be counted in determining which hours constitute overtime. We will attempt to distribute overtime evenly

and accommodate individual schedules. A supervisor must previously authorize all overtime work. Any overtime worked without prior authorization may be grounds for discipline. We provide compensation for all overtime hours worked by non-exempt employees as follows: All hours worked in excess of forty (40) hours in one workweek will be treated as overtime.

Hours worked for purposes of overtime do not include an unpaid meal period, or hours away from work due to PTO, sickness, holiday, jury duty, or other absences from work. No overtime compensation will be paid to exempt employees. Exempt employees may have to work hours beyond their normal schedules, as work demands require.

Make-Up Time for Non-Exempt Staff

Make-Up time is defined as when a non-exempt employee asks his or her supervisor for additional time off to attend to personal matters. If the request is granted, this time off will be without pay. If you wish to make up this missed time, you may submit a "Make-Up Time Request Form" to your supervisor before the make-up time is worked. It is within the supervisor's discretion to grant the request. Make-Up time must be worked in the same workweek as the missed time (including prior to the missed time) in order not to incur overtime. You may not work over forty (40) hours total in the week including make-up time.

Exempt Employee Time Off

Exempt employees of VCEA are paid a salary, which compensates them for working as many hours as required to complete their job duties. Exempt employees do not receive overtime pay. We realize, however, that in instances of extraordinary additional pressure or increased work hours, it may be appropriate for supervisors to recognize the exempt employee's efforts by granting the employee extra time-off separate from and in addition to the employee's accrued PTO time. In order to achieve consistency among supervisors and fairness to the exempt employees, supervisors should use the following guidelines when exercising their discretion to grant additional time off:

1. Limit the amount of additional time-off to no more than two days;
2. Require the employee to take the time-off in the week immediately following the increased hours whenever possible and;
3. Do not allow employees to accumulate any granted but unused time-off

Lactation Accommodation

VCEA will provide a reasonable amount of break time to accommodate an employee desiring to express breast milk for the employee's infant child. The break time shall, if possible, run concurrently with any break time already provided to the employee. VCEA shall provide the employee with the use of a room or other location, other than a toilet stall, in close proximity to the employee's work area, for the employee to express milk in private. If special arrangements are made to provide a non-exempt employee extra time beyond her normal rest period, the time will be unpaid.

Payment of Wages

Paydays are semi-monthly, the 15th and last day of the month. There are 24 pay periods in a year. The workday (a 24-hour, consecutive period) begins at 12:01 a.m. and ends at midnight. The workweek begins on Sunday and ends on Saturday.

If a regular payday falls on a weekend or holiday, you will be paid on the first day of work prior to the regularly scheduled payday. If there is an error on your check, please report it immediately to your supervisor.

For your convenience, we offer a direct deposit option.

Advances

We do not permit advances against paychecks or against unaccrued PTO.

Payroll Deductions, Wage Attachments and Garnishments

VCEA makes certain deductions from every employee's paycheck. Among these are applicable federal, state, and local income taxes, social security and Medicare taxes, state disability insurance contributions, and paid family leave contributions. By law, VCEA is also required to honor legal attachments and garnishments of an employee's wages or salaries. If your wages are attached, we will withhold the specified amount to satisfy the terms of the attachment.

Reporting Time Pay

Reporting time pay will be paid under the following conditions:

1. Reporting time pay to non-exempt is owed when you report to work at your regularly scheduled time, but you are given less than half the usual or scheduled day's work. In this case, you will be paid for at least half of the hours you were scheduled to work, but never less than two hours pay, and never more than four hours pay.
2. Reporting time pay is also owed if you are required to report to work a second time in any one (1) workday and are given less than two (2) hours work on the second reporting. In this case you will receive at least two (2) hours pay for the second appearance.

These provisions do not apply if you are on a paid "standby" or "on call" status. In some instances, you may not receive reporting time pay. Reporting time pay does not apply if public utilities fail, such as water, gas, electricity, or sewer and/or when work is interrupted by an "act of God" or other causes not within VCEA's control.

Payment for Hours Worked During Business Travel for Non-Exempt Staff

Whenever possible, non-exempt employees traveling on agency business are expected to do so during normal working hours. In the very rare instance where your travel time constitutes overtime, you will be paid overtime as required by law. Non-exempt employees will be paid for all hours worked, including out of town travel time, at regular and overtime pay rates according to the law. Pay for travel time may be at a rate of pay that is less than the employee's normal rate of pay.

If you are non-exempt and traveling on business, you will not be paid for time between work assignments; e.g., if you stay the night in a hotel, pay begins when you begin to work, or are in transit. Travel is to be scheduled in advance, in writing by your supervisor, with the knowledge of the CEO.

Non-exempt travel may be approved on an as-needed basis, but only with prior authorization from your supervisor.

Pay for Mandatory Meetings for Non-Exempt Staff

VCEA will pay you for your attendance at meetings, lectures and training programs if all of the following conditions are met:

1. Attendance is mandatory (i.e. required by VCEA).
2. The meeting, course, or lecture is directly related to your job.
3. You are notified of the necessity for such meetings, lectures, or training programs by your supervisor (i.e. pre-approval by management is required)

If you meet the above conditions, you will be compensated at your regular rate of pay. If you are required to travel, then travel pay will be provided. You will not receive compensation for voluntary attendance in courses that are conducted outside of normal business hours and/or that are not directly related to your current job.

Standards of Conduct

Professional Business Conduct and Ethics

By accepting employment with VCEA, you have a responsibility to VCEA and to your fellow employees to adhere to certain codes of behavior and conduct. The purpose of these rules is to ensure that you understand what conduct is expected and necessary. When each person is aware that he or she can fully depend upon fellow workers to follow the rules of conduct, then our agency will be a better place for everyone to work.

Generally speaking, we expect you to act in a mature and responsible way at all times. VCEA values honesty in communication and personal responsibility. To avoid any possible confusion, some of the more obvious unacceptable activities are noted below. If you have any questions concerning any work or safety rule, or any of the unacceptable activities listed, please ask for an explanation.

Occurrences of any of the following violations, because of their seriousness, may result in disciplinary action up to and including immediate suspension or termination:

Unacceptable Activities:

1. Generally, conduct which is disloyal, disruptive, or damaging to VCEA.
2. Falsification of timekeeping records.
3. Dishonesty; falsification or misrepresentation on your application for employment or other work records; lying about sick or personal leave; falsifying reason for a leave of absence or other data requested by VCEA; alteration of agency records or other agency documents.
4. Working under the influence of alcohol or illegal drugs, including marijuana.
5. Theft or inappropriate removal or possession of agency property or the property of fellow employees; unauthorized use of agency equipment and/or property for personal reasons.
6. Possession, distribution, solicitation, sale, transfer, or use of alcohol or illegal drugs, including marijuana, in the workplace, while on duty, or while operating agency-owned vehicles or equipment.
7. Fighting, threatening, or coercing fellow employees on agency property or during working hours, for any purpose.

8. Boisterous or disruptive activity in the workplace.
9. Negligence or any careless action leading to damage of agency-owned or customer-owned property or which endangers the life or safety of another person.
10. Obscene or abusive language toward any supervisor, employee or customer; indifference or rudeness towards a customer or fellow employee; any disorderly/antagonistic conduct on agency premises.
11. Insubordination or other disrespectful conduct; refusing to obey instructions properly issued by your supervisor pertaining to your work; refusal to help out on a special assignment.
12. Violation of security or safety rules or failure to observe safety rules and/or practices; failure to wear required safety equipment; tampering with VCEA equipment or safety equipment.
13. Creating or contributing to unsanitary conditions in the workplace.
14. Smoking in prohibited areas.
15. Any act of harassment, sexual, racial or other; telling sexist or racist jokes; making racial or ethnic slurs.
16. Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace.
17. Excessive absenteeism; failure to report an absence or late arrival.
18. Unauthorized absence from work station during the workday; sleeping or loitering during working hours.
19. Unauthorized use of telephones, mail system, or other agency-owned equipment.
20. Originating, spreading, or taking part in malicious gossip or rumors about employees of VCEA.
21. Unauthorized disclosure of business "secrets" or confidential information; giving confidential or proprietary information to competitors or other organizations or to unauthorized VCEA employees; breach of confidentiality of personnel or agency information.
22. Violation of agency rules or policies; any action that is detrimental to VCEA's efforts to operate profitably.
23. Unsatisfactory or careless work; failure to meet production or quality standards as explained to you by your supervisor.
24. Soliciting during working hours and/or in working areas; selling merchandise or collecting funds of any kind for charities or others without authorization during business hours, or at a time or place that interferes with the work of another employee on agency premises.
25. Gambling on agency property.
26. Failure to immediately report any damage or accident involving agency equipment or vehicles.
27. Failure or refusal to comply with the work schedule, including mandatory overtime.
28. Using, removing, or borrowing agency equipment or property without prior authorization.
29. The use of abusive or threatening language or actions toward anyone.

This list is not exhaustive. Rather, we ask that you keep in mind at all times the need to conduct yourself with reasonable and proper regard for the welfare and rights of all our employees and for the best interests of the agency. This statement of prohibited conduct does not alter VCEA's policy of at-will employment. Either you or VCEA remains free to terminate the employment relationship at any time, with or without reason or advance notice.

Performance Evaluations

VCEA encourages an open dialogue between an employee and his or her supervisor on an informal, regular basis. We believe this type of interaction increases job satisfaction for both the employee and VCEA.

Formal performance evaluations will be conducted annually or with frequency dependent on length of service, job position, past performance, changes in job duties, or recurring performance problems. After the review, you will be asked to sign the evaluation report to acknowledge that it has been presented to you and discussed with you by your supervisor, and that you are aware of its contents.

Positive performance evaluations do not guarantee increases in salary, bonuses, or promotions. Salary increases, bonuses, and promotions are solely within the discretion of VCEA, and depend upon many factors in addition to performance. Having your compensation reviewed does not necessarily mean that you will be given an increase.

VCEA uses a discretionary pay-for-performance compensation model to support the highest levels of organizational performance. The intent is to reward individual employee effort and results commensurate with their contributions and impact toward achieving the goals and objectives of the agency. The primary form of a performance reward is a merit increase. These base pay increases move an employee through their salary range and support the agency's retention goals by ensuring employee pay remains competitive with similar roles in the market. Employees who meet or exceed their goals and objectives, as evidenced by the employee receiving an overall rating of 2.0 (Effective) or higher on their year-end Performance Check-in, may be eligible to receive a merit increase (an adjustment in base salary) based on that performance. In limited cases, and with written justification from the supervisor, manager, and Director, an employee with an overall performance rating of less than 2.0 (Effective), may be considered for a reduced base salary.

Performance bonuses also may be used to reward employees when superior performance, as defined below, has been demonstrated in achieving goals and objectives. In most cases, performance bonuses are used to supplement merit increases, or instead of merit increases, when an employee is at or close to the top of their salary range. "Superior performance" is evidenced by an employee receiving a rating of 3.0 (Highly Effective) on one or more goals that, in total, represent at least 25% of the employee's assigned work during the year. "Superior performance" also may be evidenced by an employee receiving an overall rating of 2.5 or higher on their year-end Performance Check-in. Recommendations for performance bonuses must be justified in writing by the supervisor and/or manager and fully describe the efforts put forth by the employee that demonstrates superior performance.

The written justification, and approval of the bonus, are retained. Funding for performance bonuses is included in the annual budget or a budget amendment and approved by the Board of Directors. Performance bonuses are not guaranteed and may not be available due to budget constraints or other business reasons.

Compensation Equity

A pay equity increase may be granted to an employee under certain circumstances, such as the following: a significant lag in salary exists relative to market conditions or between employees with comparable job functions who have similar levels of experience, skills and knowledge, and demonstrated performance; an employee's assigned functions or work tasks increase the scope of the position but do not warrant reclassification; salary compression exists between supervisors and their employees; in order to address retention of employees with highly specialized skills or due to competitive job markets. In addition, a discretionary agency-wide pay equity

adjustment for inflation in accordance with the U.S. Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) may be made at the option of the Board of Directors.

Recommendations for pay equity increases are prepared by the Director of Finance and Internal Operations and must be approved by the CEO. Employees approved for a pay equity increase will be notified, and adjustments may be paid retroactively to the first pay period of the current calendar year. Funding for pay equity increases is included in the compensation identified in the annual budget and approved by the Board of Directors. Pay equity increases are discretionary and may not be available due to budget constraints or other business reasons

Problem Resolution

At some time, you may have a complaint or question about your job, your working conditions, or the treatment you are receiving. Your good-faith complaints and questions are of concern to us. We ask that you take your concerns first to your supervisor, following these steps:

1. Bring the situation to the attention of your immediate supervisor who will then review your concern and provide a solution or explanation.
2. If the problem remains unresolved, you may present it in writing to the CEO who will work towards a resolution.

This procedure, which we believe is important for both you and us, cannot result in every problem being resolved to your satisfaction. However, we value your input and you should feel free to raise issues of concern, in good faith, without the fear of retaliation.

Alcoholic Beverage Consumption

Due to the high risk and liability involved, VCEA will not provide alcoholic beverages at social gatherings to VCEA employees. This policy applies to the following:

1. Birthday parties;
2. Office parties;
3. Office picnics; and
4. Recreational activities (i.e. organized team sports)

Drug and Alcohol Abuse and Testing

VCEA is concerned about the use of alcohol, illegal drugs, or controlled substances as it affects the workplace. We comply with state and federal drug abuse regulations, including the Drug-Free Workplace Act of 1988. Use of these illegal substances (whether illegal under California or federal law) whether on or off the job can adversely affect your work performance, efficiency, and safety and health. The use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees, and exposes VCEA to the risks of property loss or damage, or injury to other persons. Furthermore, the use of prescription drugs and/or over-the-counter drugs also may affect your job performance and seriously impair your value to us. Any employee who is using prescription or over-the-counter drugs that may impair your ability to safely perform the job, or affect the safety or well-being of others, must notify a supervisor of such use immediately

before starting or resuming work. All precautions necessary to preserve your privacy will be taken. You must adhere to the rules stated in this policy as a condition of employment. Failure to comply with this policy may result in discipline, including termination. The CEO has been designated to administer this policy, monitor the program and make reports as required by law.

If there is ever a reasonable basis to suspect you of violating the drug and alcohol policy and being under the influence during working hours, you will be requested to immediately submit to a drug and/or alcohol test. Suspicion will be based on objective symptoms, such as factors related to your appearance, behavior and speech. A reasonable basis may also exist if you are found to be in possession of illegal drugs, alcohol or paraphernalia connected with the use of an illegal drug. Possession of illegal drugs or alcohol is prohibited even if you have not used these substances.

The following rules and standards of conduct apply to all employees either on agency property, or during the workday (including meals and rest periods). The following are strictly prohibited by VCEA:

1. Possession or use of alcohol or illegal drugs, including marijuana, or being under the influence of alcohol or illegal drugs while on agency premises or at any time on duty.
2. Driving an agency vehicle or driving for agency business in a private vehicle while under the influence of alcohol or illegal drugs, including marijuana.
3. Distribution, sale, or purchase of an illegal or controlled substance while on agency premises or at any time on duty.
4. Possession or use of an illegal or controlled substance, or being under the influence of an illegal or controlled substance while on agency premises or at any time while working.
5. Any drug or alcohol statute conviction. You must notify VCEA within 5 days of such conviction.

In order to enforce this policy, we reserve the right to conduct searches of agency property and to implement measures necessary to deter and detect abuse of this policy.

In the event of suspicion of use in connection with an on the job accident, you may be asked to provide body substance samples (such as urine and/or blood) to determine the illicit or illegal use of drugs and alcohol. VCEA will test for alcohol, cannabinoids, (THC), Opiates, i.e. codeine and morphine, Cocaine metabolites, Amphetamines, i.e. amphetamine and metamorphines, adulterants low creatine levels and Phencyclidine. VCEA assures that any information concerning your drug and/or alcohol use will remain confidential. Refusal to submit to drug testing may result in disciplinary action, up to and including termination of employment.

If the results of your drug and/or alcohol test are positive, VCEA will take disciplinary action which may include suspension or immediate termination. The disciplinary action will be based on the seriousness of the offense and your past performance. If you return to work after testing positive for drugs and/or alcohol, you may be required to consent to unannounced tests for drugs and/or alcohol for a specified period as a condition of continued employment. In the event that you test positive, you may request a second test to be performed by a reliable drug testing agency, at your expense.

Any conviction you receive on a charge of illegal sale or possession of any controlled substance will not be tolerated. In addition, we must keep people who use, sell, or possess controlled substances off VCEA's premises in order to keep the controlled substances themselves off the premises.

Violation of the above rules and standards of conduct will not be tolerated. VCEA may bring the matter to the attention of appropriate law enforcement authorities.

VCEA's policy on drug and alcohol in no way limits or alters the at-will employment relationship.

Customer and Public Relations

The success of VCEA depends upon the quality of the relationships between VCEA, our employees, and our customers, suppliers and the general public. Our customers' impression of VCEA and their interest and willingness to do business with us are formed by how you serve them.

The opinions and attitudes that customers have toward our agency can be affected for a long period of time by the actions of just one employee. It is sometimes easy to take a customer for granted, but when we do, we run the risk of not only losing that customer, but their associates, friends or family who also may be customers or prospective customers.

Here are several things you can do to help give customers a good impression of VCEA:

1. Customers are to be treated courteously and given proper attention at all times. Never regard a customer's questions or concerns as an interruption or an annoyance. Customer inquiries, whether in person or by telephone, must be addressed promptly and professionally.
2. Never place a telephone caller on hold for an extended period of time. Direct incoming calls to the appropriate person and make sure that the call is answered.
3. Act competently and deal with customers in a courteous and respectful manner. Through your conduct, show your desire to assist the customer in obtaining the help that he or she needs. If you are unable to help a customer, find someone who can.
4. All correspondence and documents, whether to customers or others, must be neatly prepared and error-free. Attention to accuracy and detail in all paperwork demonstrates your commitment to those with whom we do business.
5. Never argue with a customer. If a problem develops or if a customer remains dissatisfied, ask your supervisor to intervene.
6. Communicate pleasantly and respectfully with other employees at all times.

These are the building blocks for your and VCEA's continued success.

Confidentiality

It is your responsibility to safeguard confidential information obtained during your employment with us, including financial information obtained from customers and private information about other employees.

You may in no way reveal or divulge any such information unless it is necessary for you to do so in the performance of your duties. Access to confidential information should be on a "need-to-know" basis and must be authorized by your supervisor.

If you are questioned by someone outside VCEA or your department and you are concerned about the appropriateness of giving them certain information, you are not required to answer. Instead, as politely as possible, refer the request to your supervisor or the CEO.

It is also important to remember that you may not disclose or use proprietary or confidential information except as your job requires. You may not keep or retain any originals or copies of reports, notes, proposals, customer lists or other confidential and proprietary documents, equipment, supplies, or property belonging to VCEA. Any and all copies or originals of reports, and notes belong to VCEA and must be turned over to VCEA within twenty-four (24) hours of termination of employment.

You are not permitted to remove or make copies of any VCEA records, reports or documents without prior management approval. Do not post confidential information about VCEA, customers, employees, or affiliates on any social media. Disclosure of confidential information could lead to termination, as well as other possible legal action.

Conflict of Interest

As an employee of VCEA, you must avoid actual or potential conflicts of interest with VCEA. If you are found to have a conflict of interest, you may be subject to discipline, including termination. You should contact your supervisor with any questions about this policy. Prohibited activities include, but are not limited to:

1. Having a direct or indirect financial relationship with a VCEA customer, vendor, or supplier; however, no conflict will exist in the case of ownership of less than 1 percent of a publicly traded corporation.
2. Engaging in any other employment or personal activity during work hours, or using VCEA's name, logo, equipment or property, including stationery, office supplies, computers, telephones, fax machines, postage, and office machines, for personal purposes.
3. Soliciting agency employees, suppliers, or customers to purchase goods or services of any kind for non-agency purposes, or to make contributions to any organizations or in support of any causes.
4. Soliciting or entering into any business or financial transaction with another employee whom the soliciting employee supervises, either directly or indirectly, such as hiring the employee to perform personal services or soliciting the employee to enter into an investment.

Solicitation

You are not permitted to solicit or distribute literature during working time. Working time includes both your working time and the working time of the employee to whom the solicitation or distribution is directed. Similarly, distribution of written solicitation material in working areas is prohibited at all times. If you wish to distribute fundraising items such as cookies, candy, and coupon books for sale, you may place them without solicitation in your workstation or VCEA break rooms.

Media Contact

If you are contacted by a news organization regarding VCEA business, please direct all media inquiries to your supervisor, the CEO, or the Director of Marketing.

Employment of Friends or Relatives

The employment of friends and relatives in the same area of an organization may cause conflicts of interest and appearances of impropriety. In addition, personal conflicts may impact the working relationship of the parties. Although VCEA does not prohibit the hiring of friends and relatives of existing employees, VCEA is committed to monitoring situations in which friends or relatives work in the same area. In the event of an actual or potential problem, VCEA's response may include reassignment or termination of one or both of the individuals involved. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with an employee is similar to that of persons who are related by blood or marriage, or one who is a domestic partner.

Personal Relationships in the Workplace

VCEA desires to avoid misunderstandings, complaints of favoritism, claims of sexual harassment, and employee dissension that may result from personal or social relationships amongst employees. Therefore, VCEA asks that if you become romantically involved with another employee that you disclose your relationship to a supervisor with whom you feel comfortable. This information will be kept as confidential as possible. For purposes of this provision, "romantically involved" will be interpreted broadly. VCEA reserves the right to take necessary and appropriate action to resolve any potential conflict of interest arising out of romantic involvement among employees. Depending on the facts of the situation, such action may include reassignment or termination of one or both of the employees involved.

VCEA is committed to maintaining a professional work environment where supervisors treat all employees fairly and impartially. Accordingly, supervisors are not allowed to date, or become romantically or intimately involved with, employees who report to them directly or indirectly. Also, spouses and immediate family members are prohibited from working in positions where they directly report to, or are reported to, by their spouses or family members. Personal relationships very often cause problems in the workplace, such as a lack of objectivity towards the subordinate's job performance, the perception of favoritism by other employees (whether justified or not), and potential sexual harassment complaints.

For purposes of this policy, "immediate family" includes significant others (such as unmarried couples who live together), domestic partners, step-parent and step-child relationships, in-law relationships, grandparents and cousins (including analogous relationships with the parents and children of an employee's significant other). This policy covers all family-like relationships, regardless of blood or legal relationships.

Employees who are currently dating one another, or employees who are married or related and report to or supervise each other, may request to be transferred in order to comply with this policy. When possible, VCEA will attempt to accommodate such requests. Please understand, however, that VCEA reserves the right not to transfer employees based on conflicting business considerations.

Unprofessional behavior in the workplace, such as sexually related conversations, inappropriate touching (i.e., kissing, hugging, massaging, sitting on laps) another employee, and any other behavior of a sexual nature, is prohibited.

If two employees marry or become related, causing actual or potential problems such as those described, only one of the employees will be retained with VCEA unless reasonable accommodations can be made to eliminate

the actual or potential conflict. The employees will have 30 days to decide which relative will stay with VCEA. If this decision is not made in the time allowed the CEO will make the decision, taking the employment history and job performance of both employees as well as the business needs of VCEA into account. Supervisors who have any questions about the application of this policy to an employee or applicant should contact the CEO.

Dress Policy

You are expected to dress and groom yourself in accordance with accepted social and business standards, particularly if your job involves dealing with customers or visitors in person. A neat, tasteful appearance contributes to the positive impression you make on our customers.

Business casual dress is generally expected which should include nice shoes, slacks, pantsuits, dresses, skirts, and shirts (and possibly suits and ties when appropriate). Violating dress code standards may subject you to appropriate disciplinary action.

Day-to-Day Operations

Employer and Employee Property

Routine inspections of agency property might result in the discovery of an employee's personal possessions. You are encouraged not to bring into the workplace any item of personal property which you do not want to reveal to VCEA.

All desks, lockers, offices, work spaces, credenzas, cabinets, electronic mail (e-mail), telephone systems, office systems, computer systems, any and all electronically issued technology, agency vehicles and other areas or items belonging to VCEA are open to VCEA and its employees. **YOU SHOULD HAVE NO EXPECTATION OF PRIVACY IN ANY OF THESE AREAS.** Personal items and messages or information that you consider private should not be placed or kept in any of these places or areas belonging to VCEA.

Storage areas, work areas, file cabinets, credenzas, computer systems and software, office telephones, cellular telephones, any and all electronically issued technology, modems, facsimile machines, copy and scanner machines, tools, equipment, desks, voice mail, and electronic mail are the property of VCEA, and need to be maintained according to agency rules and regulations.

Desks and work areas must be kept clean, and are to be used for work-related purposes. VCEA's property is subject to inspection at any time, with or without prior notice. Prior authorization must be obtained before any of VCEA's property may be removed from the premises.

For security reasons, you should not leave personal belongings of value in the workplace. Personal items, lockers and desks are subject to inspection and search, with or without notice, and with or without your prior consent.

Terminated employees should remove any personal items at the time of separation. Personal items left in the workplace by previous employees are subject to disposal if not claimed at the time of your termination.

Electronic Systems and Privacy

Access to VCEA's electronic systems is provided for work-related purposes. There should be NO expectation of privacy in connection with the use of electronic systems, including stored e-mail/voice mail/text messages or any messages sent electronically. All messages created, sent, received or stored in these systems are and remain the property of VCEA. VCEA reserves the right to retrieve and review any message composed, sent or received via the system. Please note that even when a message is deleted or erased, it is still possible to recreate the message; therefore, the ultimate privacy of messages cannot be ensured to anyone.

To safeguard and protect the proprietary, confidential and business-sensitive information of VCEA, and to ensure that the use of all electronic systems and equipment is consistent with VCEA's legitimate business interests, authorized representatives of VCEA may monitor the use of such systems from time to time without notice, which may include printing and reading materials, files on the system, list servers, and equipment.

You should be aware that e-mail messages, like VCEA correspondence, and any and all messages sent electronically may be read by other VCEA employees and outsiders under certain circumstances. While it is impossible to list all of the circumstances, some examples are the following: (1) during system maintenance of the e-mail system, (2) when VCEA has business needs to access the employee's mailbox, (3) when VCEA receives a legal request that requires disclosure of e-mail messages, or (4) when VCEA has reason to believe the employee is using e-mail in violation of VCEA policies.

Social Media Guidelines

VCEA understands that various forms of communication occur through social media, such as Facebook, Twitter, LinkedIn, blogs, and multimedia host sites such as YouTube. Such communications occur in social networking, blogs, and video sharing and similar media. It should be remembered that social media sites do not provide a private setting. Employees who communicate information through social media therefore should not expect that such information is private

Employees must remember that all existing policies apply to information disseminated through social media. These guidelines are intended to help employees understand some of the unintended outcomes of sharing information through social media.

Application of Policies

The employer's policies and standards apply to conduct that occurs in the workplace and while employees are on duty, wherever they happen to be. They also apply to activities that occur during an employee's own time, outside of work, if the activities have an actual or potential impact on the employee's performance, the performance of coworkers, or the employer. Employees should therefore understand that they are responsible for certain activities that occur off the employer's premises or on their own time both to the employer and third parties. Nothing in this policy prevents employees from exercising their broad rights to discuss the terms and conditions of employment with others, to take action with others to improve your working conditions, or to otherwise exercise their rights to engage in protected concerted activity.

General Policies

VCEA's policies regarding workplace conduct and interpersonal interactions are embodied in a number of policies, including policies that protect VCEA's legal interests and confidential information.

The policies also prohibit unlawful harassment and discrimination and require employees to use work time in an appropriate manner.

The principles set forth in VCEA's policies apply equally to social media, even when the policies do not refer specifically to social media. Violations of any policy through social media or networking will be appropriately addressed when brought to management's attention.

Illustrations of some of the relevant policies and how they may apply to social media are provided below. The following guidelines apply to all employees when they are at work and away from work.

General expectations

- Employees may not post or transmit any material or information that includes confidential, proprietary or trade secret information, or information that is untrue, defamatory, obscene, profane, threatening, harassing, abusive, hateful or humiliating to another person or entity. This includes, but is not limited to, comments regarding VCEA or its employees or customers. Employees should ask their supervisors and refer to agency policies if they have any questions about what is appropriate to include in communications involving social media.

Harassment

- VCEA will not tolerate intimidation, bullying or threats of violence among co-workers and such acts, even if occurring outside of work, will result in serious consequences, including termination.
- VCEA maintains a strict policy prohibiting harassment of any kind. Harassment is inappropriate and contrary to VCEA policy if it is based upon any legally protected characteristic. It includes unwelcome verbal, physical, or visual conduct that creates an intimidating, offensive, or hostile work environment or unreasonably interferes with work performance.

Reputation

- Employees should act responsibly and remember that untrue or defamatory postings can have serious consequences. Do not create fake blogs or false reviews of VCEA or its customers.

Acceptable Use Guidelines

- E-mail and Internet access is provided to support VCEA's business operations. Incidental use of e-mail and internet for personal reasons is permissible during non-working periods during the workday, provided it is not excessive and provided it does not interfere with VCEA business. Any use that includes tapping into electronic social media should be consistent with VCEA's values, policies and applicable laws.
- Participation in social media sites should be limited during work time; incidental use during break time is not prohibited by this policy. Under no circumstances may employees access social media sites while performing safety-sensitive functions such as driving.

Opinions

- Employees should not speak on behalf of VCEA without proper authorization to do so. Employees should at all times make it clear that their opinions do not represent those of VCEA. They should include

disclaimers in online communications advising that they are not speaking officially or unofficially on behalf of the organization.

- Employees may not use VCEA's logo or proprietary graphics to imply that you are speaking on behalf of VCEA.

Questions

- Employees who have concerns regarding workplace conduct or inappropriate behavior or comments are encouraged to contact the CEO for further guidance.

Additional Guidance and Information

While VCEA's policies offer very clear direction on some issues, there are other areas where common sense must prevail. When in doubt about posting, employees should consider the following:

- There is no expectation of privacy when engaging in social media networking activities. You may know everyone in the room when you have a conversation in person. This will not apply with social networking applications. You may not have full control over how your comments are perceived or shared.
- These are public forums. As a practical matter, it may be impossible to delete information that is shared. Comments may be publicly available for years.
- Even when you do not identify your employer by name in the communication or posting, some readers are likely to know where you work. Keep this in mind when you consider posting or transmitting comments that may be work-related. This should also be considered when creating your profile.
- Do not state or imply that the opinions you express are those of VCEA, its management, or other employees. Include a disclaimer to this effect.

Telephone Usage

You may use agency telephones for local or personal calls within reason. You are not to charge long distance personal telephone calls to VCEA. You are expected to limit personal calls so they do not become excessive or disruptive to your work or work area.

Cell Phone Usage

VCEA realizes that in our fast-paced business environment, meeting our goals and staying in touch with our customers and co-workers is a necessary process in working efficiently. But, first and foremost, we want to preserve the safety of our employees and those in the community. California law limits the use of cell phones while driving to those having hands-free operation.

This law provides that, it is illegal to drive a motor vehicle while using a wireless telephone, unless that telephone is designed and configured to allow hands-free listening and talking operation, and is used in that manner while driving.

Additionally, writing, sending, or reading text-based communications on your cell phone while driving is also prohibited under California law. This includes text messaging, instant messaging, and e-mail. You will be responsible for any tickets you receive if you violate this law.

Use of a hands-free cell phone is required while driving for agency business. An option is that you pull over while driving to place or receive calls on your cellular phones. There is a great potential for harm to you and to others if this policy is violated.

Personal cell phone use is not needed or required for work purposes and should not be used for work.

Workplace Monitoring

Workplace monitoring, both human and electronic, may be conducted by VCEA to ensure quality control, employee safety, compliance with VCEA policies, security, and customer satisfaction.

Customer sites may also utilize video surveillance of non-private workplace areas. Video monitoring is used to identify safety concerns, maintain quality control, detect theft and misconduct, and discourage or prevent acts of harassment and workplace violence.

Because VCEA is sensitive to your legitimate privacy rights, every effort will be made to see that workplace monitoring is done in an ethical and respectful manner.

Travel Expense Policy

VCEA will reimburse you for work-related travel expenses such as transportation, overnight accommodations and meals. You should have your supervisor's approval before incurring travel expenses. All requests for reimbursement must be submitted to the CEO for approval along with supporting documents or original invoices.

Non-exempt employees will be paid for time spent traveling and in conference sessions. If you are required to use your personal automobile on work-related business, VCEA will reimburse you for mileage at the current IRS reimbursement rate and for parking expenses. You should submit the appropriate expense form to the CEO for approval and then forward it to accounting for payment once per month. If you use your personal vehicle for work-related travel you are expected to maintain at least the minimum insurance required by law.

Education and Professional Development Assistance

VCEA will support the professional development, educational advancement, and career growth of employees. As a result, the VCEA will benefit from improved employee performance, higher levels of workforce engagement, and increased numbers of qualified internal candidates for promotional opportunities. The availability of funding for the assistance is subject to the annual budget process. All regular full-time employees who have served a minimum of six months with the agency must pay for any expense upfront and will receive reimbursement of approved and eligible expenses upon successful completion of coursework. The employee must repay the entire amount of the reimbursement benefit paid to them if they voluntarily separate from the agency within 12 months of receiving the benefit. Employees may be reimbursed for up to \$5,000 per year to offset the cost of coursework.

Agency Property and Equipment

Equipment essential to accomplishing job duties is often expensive and may be difficult to replace. When using agency property, you are expected to exercise care, arrange for required maintenance, and follow all operating instructions, safety standards, and guidelines.

VCEA requires that all equipment be in proper working order and safe to work with at all times. If any equipment appears to be damaged, defective, or in need of repair, do not use it until a qualified technician certifies that it is repaired and safe. Never try to fix broken equipment yourself. Please notify your supervisor of any equipment breakdown as soon as it happens. If the breakdown requires emergency repairs, your supervisor will help you deal with the emergency situation as soon as possible. Prompt reporting of damages, defects, and the need for repairs could prevent possible personal injury and deterioration of equipment. Please ask your supervisor if you have any questions about your responsibility for maintenance and care of equipment used on the job.

If you are authorized to operate an agency vehicle in the course of your assigned work, or if you operate your own vehicle in performing your job, you must adhere to the following rules:

1. You must be a licensed California driver and must maintain at least the minimum insurance required by law.
2. You must maintain weekly mileage reports.
3. You are responsible for following all the manufacturer's recommended maintenance schedules so as to maintain valid warranties, and for following the manufacturer's recommended oil change schedule.
4. VCEA provides insurance on agency vehicles. However, you will be considered completely responsible for any accidents, fines, moving or parking violations.
5. If involved in an accident do not admit fault, only provide required insurance and personal DMV information.
6. You must keep VCEA vehicle clean at all times.
7. Persons not authorized or employed by VCEA cannot operate or ride in an agency vehicle.
8. Prior to operation of any agency vehicle, your supervisor will train you on the appropriate steps to take if you are involved in an accident, such as filling out the accident report, getting names and phone numbers of witnesses and so on.

If you are required to drive an agency vehicle or your own vehicle for agency business, you will also be required to show proof of a current, valid driver's license and current effective auto insurance coverage prior to the first day of employment.

If you drive your own vehicles on agency business you will be reimbursed at the current IRS reimbursement rate.

You are responsible for all agency property, materials, or written information issued to you or in your possession. You may be asked to sign an acknowledgment of receipt of agency property issued to you. All agency property must be returned on or before your last day of work. You may be responsible for the replacement cost of agency property not returned.

Agency cars are for agency business only, and only authorized employees may drive agency cars. Employee spouses, children, friends or anyone other than the employee may not operate these vehicles, unless an emergency arises. A violation of these rules, or excessive or avoidable traffic and parking violations may result in disciplinary action, up to and including termination.

Personal Use of Agency Property

You are not allowed to use agency owned property for personal use. The definition of “agency owned” assets includes, but is not limited to, facilities, computers, and their related equipment, labelers, copy machines, postage meter, any type of supplies including office supplies, tools, vehicles, credit cards, etc. These assets are provided to you for agency related business only.

Please also remember that all desks, lockers, cabinets, computers and vehicles that belong to VCEA will be open to all agency employees. Personal items, messages or information that you consider private should not be placed or kept in telephone systems, office systems, agency computer systems, office work spaces, desks, and credenzas or file cabinets.

If you are issued an agency credit card you are responsible for the use of that card. Under no circumstances will VCEA allow you to sign an agency credit card unless the card being signed is issued in your name. Signing another employee’s credit card will result in liability for the expense and may subject you to immediate termination. If you hold an agency credit card you may only give permission to another employee to make an authorized business purchase or reservation using your card with prior approval from the CEO of VCEA. Any holders of agency credit cards or authorized users who transact a non-business related charge may be subject to immediate termination. Receipts for all credit card transactions must be given to the Finance Director along with an explanation of the purchase.

Driving Record and Insurance

As a condition of employment, we require you to maintain an acceptable driving record if you drive for agency business. Any accidents or traffic violations must be reported to a supervisor immediately if they occur during the course of your duties. You will be responsible for any tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle. Failure to report an on-the-job motor vehicle accident, no matter how minor, will lead to disciplinary action, up to and including termination. Additionally, you are required to maintain the level of insurance required by the state of California. A copy of your insurance card must be on file before you will be allowed to drive for agency business.

Health and Safety

Safety is everybody's business. Safety is to be given primary importance in every aspect of planning and performing all VCEA activities. We want to protect you against injury and illness, as well as minimize the potential loss of production. To achieve our goal of maintaining a safe workplace, everyone must be safety conscious at all times. In compliance with California law, and to promote the concept of a safe workplace, we maintain an Injury and Illness Prevention Plan (IIPP). The IIPP is available for your review from the Director of Finance & Internal Operations. The Director of Finance & Internal Operations has responsibility for implementing, administering, monitoring, and evaluating the safety program. Its success depends on the alertness and personal commitment of all.

You will receive a copy of VCEA’s general safety rules and will receive health and safety training as part of this program. A complete copy of the Safety Program is kept by the CEO and is available for your review.

Smoking Policies

Smoking, use of e-cigarettes or vapor products is not allowed in any enclosed area of the building, or within 25 feet of any entrance of the building or in any agency vehicle. In fairness to those who do not smoke, smoking is allowed only during breaks and lunch and only outside of the office or building.

Security

To provide for the safety and security of you, our customers and our facilities, only authorized visitors are allowed in the work areas. To ensure the safety of our guests, we encourage family and friends to check in when visiting you at the workplace.

The following security procedures should always be followed to ensure your safety and the safety of your fellow employees, and to ensure the confidentiality of VCEA's information. At no time should unauthorized persons be allowed to roam unescorted through VCEA's office. It is a matter of courtesy to accompany customers and guests to and from the exits and other office to which they may be destined. If strangers are encountered in our office who do not satisfactorily identify themselves or the person with whom they will be meeting, escort them to the front of the office. If they resist, contact your supervisor immediately.

Be aware of persons loitering for no apparent reason in other non-office areas (e.g., in parking areas, walkways, entrances/exits and service areas). Report any suspicious persons or activities to your supervisor. Secure your desk at the end of the day or when called away from your work area for an extended length of time and do not leave valuable and/or personal articles in or around your workstation that may be accessible. Please report any lost facility keys to your supervisor immediately.

Workplace Violence

VCEA recognizes that violence in the workplace is a growing nationwide problem necessitating a firm, careful response by all employers. The costs of workplace violence are great, both in human and financial terms.

VCEA has adopted the following policies to ensure the safety of its employees and to provide guidance on dealing with violence in the workplace. If qualified, you may provide first aid to injured persons. You are required to:

1. Immediately report all indirect and direct threats of violence to a supervisor.
2. Immediately report all suspicious individuals or activities to a supervisor.
3. Never put yourself or others in peril.
4. Immediately call 911 and seek shelter if you hear a violent commotion near your workstation.
5. Cooperate fully with security, law enforcement, and medical personnel who respond to a call for help.
6. Direct all inquiries from the media about violence on VCEA premises to your supervisor or the CEO.

The CEO of VCEA will make the sole determination of whether, and to what extent, threats or acts of violence will be acted upon by the agency. In making this determination, we may undertake a case-by-case analysis in order to ascertain whether there is a reasonable basis to believe that workplace violence has occurred. No provision of this policy shall alter the at-will nature of employment at VCEA.

Off-Duty Use of Facilities

You are prohibited from being on agency premises, or making use of agency facilities, while not on duty. You are expressly prohibited from using agency facilities, agency property or agency equipment for personal use.

Parking

You are encouraged to use the parking areas designated for our employees. Remember to lock your car every day and park within the specified areas.

Courtesy and common sense in parking will help eliminate accidents, personal injuries, and damage to your vehicle and to the vehicles of other employees. If you should damage another car while parking or leaving, immediately report the incident, along with the license numbers of both vehicles and any other pertinent information you may have, to your supervisor. VCEA cannot be and is not responsible for any loss, theft or damage to your vehicle or any of its contents. You will be responsible for any parking tickets you receive while driving on agency business whether in an agency vehicle or your own personal vehicle.

Employee Suggestion Program

We encourage you to bring forward your suggestions and good ideas about how our agency can be made a better place to work and our service to customers enhanced. When you see an opportunity for improvement, please talk it over with your supervisors. All suggestions are valued and listened to.

Employee Benefits

Benefits

VCEA has developed and invested in an employee benefit program to supplement your regular wages. VCEA will continue these benefits as agency resources allow; however, we reserve the right to change or eliminate any benefit program at any time (including increasing the employee's share of the cost).

Our benefit program consists of programs which may include health, dental, and vision coverage, life insurance, paid time off (PTO) and holiday pay. In addition, there are a number of programs available to employees through other sources such as State Disability, Paid Family Leave, Unemployment Insurance, Social Security and Workers' Compensation. Eligibility to participate in some of these programs is determined by your employee classification and length of continued service with VCEA.

Official Health Plan Documents

The employee handbook contains a number of brief summaries of the benefit programs that the employer provides for eligible employees. The purpose of these summaries is simply to acquaint you with the general provisions of the applicable plans; they do not contain full statements of all of the terms, conditions, and limitations of the plans. If there are any real or apparent conflicts between the brief information in the handbook and the terms, conditions and limitations of the official plan documents, the provisions of the official plan documents will be considered accurate. You are encouraged to review all plan documents carefully to familiarize yourself with all of the provisions of the plans.

Paid Time Off (PTO)

Eligibility

Paid Time Off (PTO) is an all purpose time-off policy for eligible employees to use for the following: vacation; the diagnosis, care, treatment of an existing health condition; preventative care of an employee or family member; for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance; illness or injury; and personal business. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status). Personal business also includes time spent for jury duty, bereavement, and time off to vote. Regular full-time employees are eligible to earn and use PTO as described in this policy.

PTO begins accruing upon your date of hire. Employees may begin using PTO upon your 90th day of employment. At that time, you can request the use of earned PTO including that accrued during the waiting period.

Accrual

Regular, full-time employees accrue 6.67 hours of PTO per pay period (24 pay periods per year) in your first year of eligibility – 160 hours. After your first anniversary, and thereafter, you will receive an additional eight (8) hours per year, which will accrue at an additional rate of .34 hours per pay period. Once you have worked for the agency for ten (10) years, you will not accrue any additional PTO.

The length of eligible service is calculated on the basis of a "benefit year." This is the 12-month period that begins when you start to earn PTO. You will not earn PTO while you are out on an unpaid leave of absence. Therefore, your benefit year may be extended if you go out on a leave of absence other than a military leave of absence. Military leave has no effect on this calculation. (See individual leave of absence policies for more information.)

Scheduling PTO

PTO can be used in minimum increments of one (1) hour for non-exempt employees. Exempt employees may use PTO in ½ day or 1 full day increments. If you have an unexpected need to be absent from work you should notify your direct supervisor before the scheduled start of your workday, if possible. Your direct supervisor must also be contacted on each additional day of unexpected absence.

To schedule planned PTO, you need to request advance approval from your supervisor. Requests will be reviewed based on a number of factors, including business needs and staffing requirements.

PTO is paid at your base pay rate at the time of absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

PTO will be used to supplement any payments that you are eligible to receive from state disability insurance, or workers' compensation. The combination of any such disability payments and PTO cannot exceed your normal weekly earnings.

PTO Payout

The CEO may, in his or her sole discretion, authorize a cash payout of up to 60 hours of PTO annually to an employee who meets the following criteria: (a) the employee used an equal or greater amount of hours in the preceding 12 months; and (b) the employee will maintain a minimum PTO balance of 120 hours after the payout. Such requests will be granted at the sole discretion of the CEO in the interest of work program effectiveness and subject to VCEA's fiscal capability.

PTO Caps

Employee can accumulate PTO up to a balance of twice the annual PTO for which they are entitled. Once that limit is reached, employee will no longer accrue PTO until time is taken, and the employee's accrual falls below the cap.

Upon termination of employment, you will be paid for unused PTO that has been earned through your last day of work.

Sick Leave

Employees will earn sick leave in accordance with this policy.

Sick leave is a form of insurance that is accumulated in order to provide a cushion for incapacitation due to illness. It is to be used only for the diagnosis, care, treatment of an existing health condition or preventative care of an employee, family member or for employees who are victims of domestic violence, sexual assault or stalking to seek aid, treatment, or related assistance. A family member is defined as a spouse, registered domestic partner (RDP), grandparent, grandchild, sibling, in-law, parent, step-parent, legal guardian, or child (regardless of age or dependency status).

On the employee's hire date, all employees will receive 24 hours of paid sick leave. Regular, full-time employees accrue 3.34 hours (10 days annually) of PTO per pay period (24 pay periods per year) and these employees can use their PTO for paid sick leave. Regular, full-time employees can accumulate PTO up to a balance of 160 (20 days). Employees who are not eligible for the PTO policy as outlined above will be credited with 24 hours of paid sick leave at the commencement of each employment year up to 40 hours. Employees will also accrue 1 hour of paid sick leave per every 30 hours worked until the employee has accrued the equivalent of 5 days or 40 hours of paid sick leave, whichever is greater. Any unused sick leave is not paid out on separation of employment.

Employees may begin using sick leave upon their 90th day of employment.

When wishing to use sick leave, you should personally call your supervisor prior to the start of your shift on the day you are scheduled to work. Sick leave is not to be taken in less than two (2) hour increments and does not accrue when you are out on sick leave.

A paid absence is not counted as a basis for computing overtime.

If you are receiving State Disability Insurance (SDI) or Workers' Compensation payments, then you can integrate sick pay (meaning that you can supplement your wage replacement benefits with a portion of your sick leave to equal your full wage). Under no circumstances can you receive more than your customary wage.

Sick leave is not granted for the purpose of accompanying or taking pets to procure medical attention.

Unused sick leave has no cash value and will not be paid at termination.

Holidays

We observe the following paid holidays for full-time employees:

- New Year's Day
- Martin Luther King Jr.'s Birthday
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Thanksgiving
- Day after Thanksgiving
- Christmas Day
- Floating Holiday (2)

Eligibility for holiday pay begins upon date of hire. You must also be regularly scheduled to work on the day on which the holiday is observed, and must work your regularly scheduled working days immediately preceding and immediately following the holiday, unless an absence on either day is approved in advance by your supervisor.

When a holiday falls on a Saturday or Sunday, it is usually observed on the preceding Friday or the following Monday. Holiday observance will be announced in advance.

If you are on a paid absence due to PTO when a holiday occurs, you will receive holiday pay. Non-exempt employees who work on holidays, due to customer job requirements, will receive regular earned wages. Part-time employees and interns are not eligible for holiday pay.

Insurance Benefits

Medical, Dental and Vision Insurance: We provide access to medical, dental & vision insurance plans for eligible employees and their dependents. You may be required to provide adequate proof of the dependent relationship in order to add the dependents to VCEA's insurance policies. Typically, proof of the relationship may be established through a copy of a birth certificate, adoption documents, marriage license, or certificate of registered domestic partnership. We cannot guarantee your domestic partner relationship will be kept confidential.

Full-time employees and part-time employees who are regularly scheduled to work a minimum of 30 hours per week are eligible for VCEA's medical, dental, and vision insurance coverage. Each employee becomes eligible on

the first of the month after the employee has started employment with VCEA. VCEA will contribute up to \$2,479 per month per employee towards VCEA's medical, dental and vision insurance for a full-time employee and dependents coverage. VCEA will contribute a prorated amount for part-time employees based on the average hours worked (for example, if the part-time employee is regularly scheduled to work 30 hours per week, VCEA's contribution toward the cost of VCEA's medical, dental and vision insurance coverage for the part time employee and his/her eligible dependents would be prorated to 75% of the full-time equivalent, i.e., \$1,859). The employee is responsible for any premiums due for VCEA coverage(s) that are in excess of the VCEA contribution amount. Deductions from the employee's paycheck will be made to cover this cost. Information describing medical, dental and vision insurance benefits will be given to you when you become eligible to participate in the program. Eligible employees who elect not to receive medical insurance coverage from VCEA must provide proof of adequate medical coverage from an alternate source within 30 days of becoming eligible through VCEA for the benefit. Such election will be effective as of the employee's eligibility date and will remain in effect until the start of the next open enrollment period. Employees who have declined VCEA medical insurance coverage and want to continue to decline coverage must provide proof of adequate medical coverage once per year, no later than 30 days prior to VCEA's open enrollment period. Full time employees who decline to accept VCEA medical, dental, and vision insurance benefits shall receive a payment of \$550 per month in lieu of coverage; part -time employees who are eligible for VCEA medical, dental and vision insurance and decline to accept VCEA medical, dental, and vision insurance shall receive a prorated payout based on the employee's regularly scheduled hours (i.e., an employee who is regularly scheduled to work 30 hours per week will receive 75% of the full-time equivalent, or \$412.5.)

During any leave of absence such as personal leave, Workers' Compensation leave or other disability leave, VCEA-provided health benefits will continue through the end of the month during which leave commenced. At that point, the employee will be provided with the option to continue coverage at the employee's own expense pursuant to Cal-COBRA. For the duration of any pregnancy disability leave of absence, health and life insurance benefits will be continued for the duration of your approved pregnancy disability leave as required by applicable law.

Please direct any questions you have regarding your medical, dental and/or vision insurance to the CEO.

Retirement Plan: We provide a 401(A) and 457B defined contribution retirement plans for eligible employees in order to assist in planning for your retirement. Eligible employees may enroll following 6 months of employment. Retirement plan participants can participate in loan programs permitted under the plan guidelines. For more information regarding eligibility, contributions, benefits and tax status, contact the CEO. All eligible participants will receive a summary plan description.

Disability Insurance: VCEA furnishes private long-term disability policies. For more information, contact the CEO.

Life and Accidental Death and Dismemberment Insurance: If you are a regular full-time employee of VCEA, you will be provided our group life insurance coverage paid for by the organization. This insurance is payable in the event of your death, in accordance with the policy, while you are insured. You may change your beneficiary whenever you wish by submitting the appropriate documents to the Human Resources Consultant. Refer to the literature provided by our insurance agency for details on your life insurance coverage.

Paid Family Leave (PFL) Insurance: All employees who take time off to care for a seriously ill family member (child, parent, grandparent, grandchildren, in-laws, spouse or registered domestic partner) or bond with a new child may be eligible to receive replacement wages for up to six weeks during any 12-month period, under California's Paid Family Leave program. This program is funded with employee contributions through the State Disability Insurance (SDI) Program. Such contributions are deducted from each employee's paycheck. Even though employees may be eligible to receive Paid Family Leave insurance benefits, a leave of absence must still be requested and approved as defined in our leave policies. Please understand that this leave does not mandate any guarantee that your job will be available when you are ready to return.

State Disability Insurance: If you are unable to work due to a non-work related medical condition or injury you may be entitled to State Disability Insurance (SDI). SDI benefits are paid by the state and are financed from mandatory payroll tax deductions from all employees' wages. Questions regarding SDI benefits should be directed to the CEO or the state's Employment Development Department.

Unemployment Compensation: We contribute each year to the California Unemployment Insurance Fund on behalf of our employees.

Social Security: Social Security is an important part of every employee's retirement benefit. We pay a matching contribution to each employee's Social Security taxes.

Workers' Compensation: VCEA purchases a workers' compensation insurance policy to protect you while you are employed by us. The policy covers you in case of occupational injury or illness. It is your responsibility to notify a member of management immediately if injured. Please refer to the Workers' Compensation policy for additional information.

We provide workers' compensation insurance for our employees as required by state law. The insurance provides important protection for employees who suffer a work-related injury. We encourage you to report all workplace injuries immediately and to take advantage of the benefits provided by our workers' compensation insurance if you are injured on the job.

Workers' compensation insurance provides important protection for employees who suffer an injury at work. Unfortunately, we understand that some employees are encouraged to file fraudulent workers' compensation claims. For your own protection, you should know that the California Insurance Frauds Protection Act provides that it is unlawful for any person to:

"Make or cause to be made any knowingly false or fraudulent material statement or material representation for the purpose of obtaining . . . compensation . . . and shall be punished by imprisonment in county jail for one year, or in the state prison for two, three or five years, or by a fine not exceeding Fifty Thousand Dollars (\$50,000.00) . . . or by both imprisonment and fine."

Our policy is to investigate all questionable workers' compensation claims. If they appear to be fraudulent, they are referred to the Bureau of Fraudulent Claims and the District Attorney's office.

Section 125 (Cafeteria Plan): Through the flexible spending account or the health savings account, you may designate an annual dollar amount of your before-tax income to pay for certain eligible expenses. Particular care should be taken to assure that the funds required in the flexible spending account are not over estimated as unused funds cannot be returned to the participant at the end of the plan year. Please refer to the booklets for information about the program. If you need additional information or change forms, please speak with the CEO.

Domestic Partners

VCEA believes that basic medical/dental/vision coverage should be available to employees and their dependents. To recognize non-traditional family arrangements and to demonstrate our commitment to our community of employees and their families, VCEA has instituted a Domestic Partners Policy. This policy gives you the opportunity to cover a long-term, significant same sex partner under our benefits plans, as well as opposite sex partners for employees over 62 years of age. VCEA wishes to make it clear that it cannot guarantee confidentiality of the relationship once a domestic partner is covered under our policy. See the CEO for more information.

Cal-COBRA

The California Continuation Benefits Replacement Act (Cal-COBRA) gives qualified employees and their dependents the opportunity to continue health insurance coverage under VCEA's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements. Under Cal-COBRA, you or the beneficiary pays the full cost of coverage at VCEA's group rates. In addition, you or the beneficiary may be required to pay an administration fee. Our plan administrator will provide you with a written notice describing rights granted under Cal-COBRA when you become eligible for coverage under our plan. The notice contains important information about your rights and obligations.

Recreational Activities and Programs

VCEA or its insurer will not be liable for payment of workers' compensation benefits for any injury that arises out of your voluntary participation in any off-duty recreational, social, or athletic activity that is not part of your work-related duties.

Leaves of Absence

Occasionally, for medical, personal, or other reasons, you may need to be temporarily released from the duties of your job with VCEA. It is the policy of VCEA to allow its eligible employees to apply for and be considered for certain specific leaves of absence.

All requests for leaves of absence shall be submitted in writing to your supervisor. Each request shall provide sufficient detail such as the reason for the leave, the expected duration of the leave, and the relationship of family members, if applicable. When you become aware of your need for leave, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCEA's customary notice and procedural requirements for requesting leave. Failure to return to work as scheduled from an approved leave of absence or to inform your supervisor of an acceptable reason for not returning as scheduled will be considered a voluntary resignation of employment. While on a leave of absence you may not obtain other

employment or apply for unemployment insurance. If either of these instances occurs, you may be viewed as having voluntarily resigned from VCEA.

You will not accrue PTO while you are on an unpaid leave of absence. There are several types of leaves for which you may be eligible.

Medical Leaves of Absence

A medical leave of absence may be granted for non-work related temporary medical disabilities (other than pregnancy, childbirth and related medical conditions) until the end of the month in which the leave began with a doctor's written certificate of disability (unless leave of a longer duration is required by law). Requests for leave should be made in writing as far in advance as possible, but, requests should be provided at least 30 days in advance. If your need for leave is not foreseeable, you should follow VCEA's customary notice and procedural requirements for requesting leave. If you are granted a medical leave, you are required to use any accrued sick pay. You also may use any PTO previously accrued.

A medical leave begins on the first day your doctor certifies that you are unable to work and ends when your doctor certifies that you are able to return to work. Your supervisor will supply you with a form for your doctor to complete, showing the date you were disabled and the estimated date you will be able to return to work. Upon your return, you must present a doctor's certificate showing fitness to return to work. If you need a medical-related leave longer than VCEA can, consistent with business necessity and reasonable accommodation, approve, you will be advised.

For the duration of any leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued until the last day of the month in which the leave begins. For the duration of a pregnancy disability leave, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

If you wish to continue these benefits you may do so by electing to continue the benefit through the CAL-COBRA provisions, and by paying the applicable premiums.

You will not accrue PTO while you are on an unpaid medical leave of absence.

If returning from a non-work related medical leave, you will be offered the same position held at the time of leaving, if available. However, we cannot guarantee that your job or a similar job will be available upon your return. If VCEA is unable to provide a job for you at the end of your leave, we will end your employment, but you will be eligible to apply for any opening that may arise for which you are qualified.

Bereavement Leave

VCEA provides regular full-time and regular part-time employees up to three (3) days' paid bereavement leave in the event of a death in your immediate family. For purposes of this policy, "immediate family" includes your

spouse, parent, child, sibling; your spouse's parent, child, or sibling; your long- time companion or domestic partner; and your grandparents or grandchildren. If you need to take time off due to the death of an immediate family member you should contact your supervisor. Your supervisor may approve additional unpaid time off.

Bone Marrow and Organ Donation Leave

Employees who are donating an organ to another person may take a leave of absence not exceeding 30 business days (and which may be taken in one or more periods) in any one-year. Employees who are donating their bone marrow to another person may take a leave of absence not exceeding 5 business days (and which may be taken in one or more periods) in any one year.

Requests for leave should be made in writing as far in advance as possible. You must provide a written medical certification from your health care provider to VCEA that shows that you are a bone marrow or organ donor and that there is a medical necessity for the donation.

Bone Marrow and Organ Donation leave is a paid leave; however, you are required to use up to 5 days of accrued but unused sick or PTO leave for bone marrow donation, and up to 2 weeks of accrued but unused sick or PTO leave for organ donation.

For the duration of a Bone Marrow or Organ Donation leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued until the last day of the month in which the leave begins. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected.

When you are ready to return to work after a Bone Marrow or Organ Donation leave, you must provide certification from your medical care provider that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. Except as otherwise allowed by law, you are entitled, upon return from leave, to be reinstated in the position you held before the Bone Marrow or Organ Donation leave, or to be placed in a comparable position with comparable benefits, pay, and terms and conditions of employment.

Civil Air Patrol Leave

Employees who volunteer for the California Wing of the Civil Air Patrol are allowed up to ten days of unpaid leave each year. This leave covers employees who are needed to respond to an emergency operational mission who have been employed by VCEA for at least 90 days immediately preceding the requested leave. VCEA reserves the right to verify the need for the leave with the Air Patrol.

Domestic Violence and Sexual Assault Victim Leave

VCEA takes threats and actions of domestic abuse and sexual assault against our employees very seriously, and wants employees to feel free to obtain services to keep themselves and their dependents safe.

If at any time you need to be absent from work because you have been a victim of domestic violence or sexual assault, and you need to take time off to ensure your safety, seek medical treatment, or receive counseling as a

result of domestic violence or sexual assault, please let your supervisor or the CEO know immediately. Your privacy will be protected to the greatest extent possible. You may use accrued PTO or sick leave in lieu of unpaid time off for these purposes.

Jury Duty or Witness Leave

You may want to fulfill your civic responsibilities by serving on a jury or as a witness as required by law. Absences from work due to jury or witness services may be taken as PTO, or you may request unpaid leave for the length of absence. VCEA will comply with all federal and state requirements for jury and witness pay for exempt employees. You may be requested to provide written verification from the court clerk of having served as a juror or witness.

Prior to taking jury duty or witness leave, you must provide the jury duty or witness summons to your supervisor. You must provide the summons as soon as possible so that arrangements can be made to cover your absence. You are expected to report for work whenever the court schedule permits, including reporting for half- or partial work days. If you are called for jury duty during a particularly busy time, VCEA may ask you to request the court postpone your mandatory jury duty to a more convenient time for VCEA. You may receive fees and transportation reimbursement from the court for appearing as a juror or witness. You will retain all fees paid for appearing as a juror or witness, plus any transportation reimbursements received.

Military Leave

If you wish to serve in the military and take military leave you should contact the CEO for information about your rights before and after such leave. You are entitled to reinstatement upon completion of military service provided you return or apply for reinstatement within the time allowed by law.

Pregnancy Disability Leave

Eligibility and Terms of Leave

Female employees are entitled to an unpaid Pregnancy Disability Leave (PDL) during the time they are disabled due to pregnancy, childbirth, or related medical conditions. This leave will be for the period of disability, up to four months or 17 1/3 workweeks. You are “disabled by pregnancy” if you are unable because of pregnancy to work at all, are unable to perform the essential functions of your job, or to perform these functions without undue risk to successful completion of your pregnancy, or to other persons.

Leave may be taken intermittently or on a reduced work schedule when medically advisable, as determined by your medical care provider. Medical certification is required, and the length of Pregnancy Disability Leave will depend on the medical necessity for the leave. If you need intermittent leave or leave on a reduced schedule, VCEA may require you to transfer, during the period of the intermittent or reduced schedule leave, to an available alternative position for which you are qualified and which better accommodates your recurring periods of leave. Transfer to an alternative position may include altering an existing job to better accommodate your need for intermittent leave or a reduced work schedule.

Applying For Leave

If possible, you should give at least 30 days’ notice requesting a pregnancy-related leave. This notice must

provide and include the expected date on which the leave will begin, written certification from your medical care provider stating the anticipated delivery date and the duration of the leave.

Return to Work

Before returning to work, you must provide a release from your medical care provider certifying that you are able to safely perform all of the essential functions of your position with or without reasonable accommodation. VCEA will reinstate you to your position unless:

1. Your job has ceased to exist for legitimate business reasons;
2. Your job could not be kept open or filled by a temporary employee without substantially undermining VCEA's ability to operate safely and efficiently;
3. You have directly or indirectly indicated your intention not to return;
4. You are no longer able to perform the essential functions of the job with or without reasonable accommodation;
5. You have exceeded the length of the approved leave; or
6. You are no longer qualified for the job.

If VCEA cannot reinstate you to the position you held before the pregnancy disability leave began, VCEA will offer you a comparable position, provided that a comparable position exists and is available, and provided that filling the available position would not substantially undermine VCEA's ability to operate safely and efficiently.

Integration With Other Benefits

A pregnancy disability leave is unpaid, but you are required to use your accrued sick leave during the leave. In addition, you may elect to use accrued PTO during the leave. Sick leave and PTO will supplement any State Disability Insurance benefits. VCEA will maintain group medical benefits during a pregnancy disability leave as required by law. No additional PTO, sick leave or holiday pay will accrue during the leave (except during the time period you are using sick leave or PTO). You may also, however, be eligible for short term disability benefits.

Continuation of Medical Benefits

For the duration of your PDL leave of absence, health and life insurance benefits ordinarily provided by VCEA, and for which you are otherwise eligible, will be continued for the duration of your pregnancy disability leave. During this time, you will be required to contribute your portion of the premium on the same basis as you would have been required during your normal working relationship, including payment of any premium for the dependent coverage you have elected. If you fail to return to work at the conclusion of PDL leave and wish to continue these benefits, you may do so by electing to continue the benefit through the Cal-COBRA provisions, and by paying the applicable premiums.

School Appearance Leave

If you are the parent or guardian of a child who has been suspended from school and you receive a notice from your child's school requesting that you attend a portion of a school day in the child's classroom, you may take unpaid time to appear at the school, unless you use accrued PTO. Before your planned absence, you must give reasonable notice to your supervisor that you have been requested to appear by your child's school.

Time Off for Victims of a Violent or Serious Crime

Under certain circumstances, employees who are victims of serious crimes may take time off work to participate in judicial proceedings. Qualified family members of such crime victims may also be eligible to take time off from work to participate in judicial proceedings. The law defines a serious crime to include violent or serious felonies, such as felonies involving theft or embezzlement, crimes involving vehicular manslaughter while intoxicated, child abuse, physical abuse of an elder or dependent adult, stalking, solicitation for murder, hit-and-run causing death or injury, driving under the influence causing injury, and sexual assault. When possible, you must provide us with advance notice of the need for the time off. Your privacy will be protected to the greatest extent possible. Time away from work for non-exempt employees will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

Time Off To Vote

If you do not have sufficient time outside of working hours to vote in a statewide election, you may, without loss of pay, take off up to two hours of working time to vote. Such time must be at the beginning or end of the regular working shift, whichever allows the most free time for voting and the least time off from working, unless otherwise mutually agreed. You must notify us at least two working days in advance to arrange a voting time.

Volunteer Emergency Duty Leave

VCEA will allow unpaid time off to employees who perform emergency duty as a volunteer firefighter, reserve peace officer, emergency rescue personnel, an officer, employee, or member of a disaster medical response entity sponsored or requested by the state. If you are a volunteer firefighter, or perform other emergency personnel duties, please alert your supervisor so that he or she may be aware of the fact that you may have to take time off for emergency duty. When possible, you must provide us with advance notice of the need for the time off. Time away from work will be without pay, unless you wish to use your accrued PTO or sick leave to cover the period of absence.

Workers' Compensation

We, in accordance with state law, provide insurance coverage for employees in case of a work related injury. To ensure that you receive any workers' compensation benefits to which you may be entitled, you will need to:

1. Immediately report any work-related injury to your supervisor.
2. Seek medical treatment and follow-up care if required.
3. Complete a written Employee's Claim Form (DWC Form 1) and return it to your supervisor.

Provide us with certification from your health care provider regarding the need for workers' compensation disability leave and your ability to return to work from the leave.

Return to Work Policy

VCEA is committed to returning injured employees to modified or alternative work as soon after a work related injury as possible. Temporarily modifying your job or providing you with an alternative position will do this. Your medical condition along with any limitations or restrictions given by the attending physician will be considered as a priority when identifying the modified/alternative position.

The program is intended to provide our employees with an opportunity to continue as valuable members of our team while recovering from a work related injury. We want to minimize any adverse effects of an ongoing disability on our employees. This program is intended to promote speedy recovery, while keeping the employees' work patterns and income consistent. At the same time, we benefit from having our employees providing a service and contributing to the overall productivity of our business. VCEA retains discretion to decide whether to provide modified duty.

Receipt and Acknowledgment of VCEA Employee Handbook

I have received my copy of VCEA's employee handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook.

At-Will Employment

I further understand that my employment is at-will, and neither VCEA nor I have entered into a contract regarding the duration of my employment. I am free to terminate my employment with VCEA at any time, with or without cause. Likewise, VCEA has the right to terminate my employment with or without cause, at the discretion of VCEA. No employee of VCEA can enter into an employment contract for a specified period of time, or make any agreement contrary to this policy without the written approval from the CEO.

Future Revisions

We reserve the right to revise, modify, delete or add to any and all policies, procedures, work rules or benefits stated in this employee handbook or in any other document, except for the policy of at-will employment. Any written changes to this employee handbook will be distributed to all employees so that you will be aware of the new policies or procedures. No oral statements or representations can in any way change or alter the provisions of this employee handbook.

Receipt and Acknowledgement of VCEA Handouts

Illness and Injury Prevention Plan

I acknowledge that I have read and understand the VCEA's Illness & Injury Prevention Plan and that I agree to abide by these policies.

Drug and Alcohol Abuse Policy

I certify that I have read VCEA's Drug and Alcohol Abuse Policy and agree to abide fully by its terms. I understand that as a condition of my employment, I may be subjected to drug testing and that my privacy rights are thereby limited. I also understand that I must notify VCEA of any conviction for a drug violation that occurs within five days after such a conviction. I understand that any violation of the policy may result in serious disciplinary action, including immediate termination.

Employee's Printed Name _____ Position _____

Employee's Signature _____ Date _____

Receipt and Acknowledgement of VCEA Handouts

Sexual Harassment Prevention Handout

I acknowledge that I have read and understand the enclosed pamphlet on sexual harassment prevention in the workplace and reporting procedures in the event that harassment occurs.

State Disability Insurance, Paid Family Leave and Unemployment Handouts

I acknowledge that I have received the enclosed pamphlets on state disability insurance, paid family leave and unemployment insurance as provided by the Employment Development Department.

Workers' Compensation Handout

I acknowledge that I have received the enclosed pamphlet on workers' compensation benefits as provided by the California Chamber of Commerce.

Employee's Printed Name _____

Position _____

Employee's Signature _____

Date _____

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2025-___

**RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE APPROVING
UPDATES TO THE EMPLOYEE HANDBOOK**

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;

WHEREAS, on January 18, 2018, the Valley Clean Energy Employee Handbook was adopted;

WHEREAS, on January 23, 2019, the Board approved updates to the employment regulations and edits to payroll operational procedures to the Employee Handbook;

WHEREAS, on July 11, 2019, the Board approved updates to the Employee Handbook incorporating new laws and personnel requirements;

WHEREAS, on February 13, 2020 the Board approved updates to the Employee Handbook to reflect benefits eligibility date; and,

WHEREAS, on February 11, 2021, the Board approved updates to the Employee Handbook to adjust medical contributions amounts.

WHEREAS, on April 14, 2022, the Board approved updates to the Employee Handbook to update the General Manager to Executive Officer, working schedules, discretionary pay for performance, compensation equity adjustments, paid time off payout, retirement loan programs, and annual adjustment to medical contributions to maintain parity to costs.

WHEREAS, on February 9, 2023, the Board approved updates to the Employee Handbook to adjust medical contributions amounts.

WHEREAS, on January 11, 2024, the Board approved updates to the employee handbook to grant employees Sick Leave, additional (2) floating annual holidays for a total of 12 holidays days annually, and the annual adjustment to medical contributions to maintain parity to costs.

///

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

1. Adopt changes to the Employee Handbook to update the jury duty or witness leave section to grant regular employees the ability to fulfill your civic responsibilities, grant education and professional development assistance up to \$5,000 per year, and the annual adjustment to medical contributions to maintain parity to costs as detailed in the attached February 2025 redline employee handbook.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ___ day of _____ 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____, VCE Chair

Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

TO: Board of Directors

FROM: Edward Burnham, Finance and Operations Director
Mitch Sears, Chief Executive Officer

SUBJECT: Authorize the CEO to Pursue a Credit Rating from S&P Global Inc. (“S&P”) on behalf of VCE.

DATE: February 13, 2025

RECOMMENDATION:

Authorize the Chief Executive Officer to pursue an initial investment grade credit rating with S&P Global Inc. (“S&P”) and to approve related agreements on behalf of VCE.

BACKGROUND

A key financial objective included in VCE’s Strategic Plan is the pursuit of an investment grade credit rating. The Strategic Plan calls for the establishment of a solid financial base and active examination and assessment of risk to help earn a high credit rating and establishment of a healthy financial position from which to deliver customer and community value.

- Strategic Plan Goal 1: Maintain and grow a strong financial foundation and manage costs to achieve long-term organizational health.
 - 1.2. Objective: Achieve an investment grade credit rating by end of 2028.

Peer CCA’s

As of January 30, 2025, many of VCE’s Community Choice Aggregation (CCA) peers maintain a public credit rating from S&P. Retaining an investment grade credit rating from S&P has helped other CCA’s negotiate better terms with its counterparties when signing new Power Purchase Agreements (“PPAs”), meet advisory financial measures from regulators, and demonstrate financial stability to various counter parties. An investment grade credit rating from S&P is characterized as anything above BBB-. The table below includes S&P’s credit rating for VCE’s peers.

Issuer	S&P Rating
Central Coast Community Energy	A (Stable)
Silicon Valley Clean Energy	A (Stable)
Ava Community Energy	A (Stable)
Marin Clean Energy	A (Stable)
Sonoma Clean Power Authority	A (Stable)
Peninsula Clean Energy Authority	A- (Stable)
Clean Power Alliance of Southern California	A- (Stable)
Pioneer Community Energy	A- (Stable)
Desert Community Energy	BBB (Stable)
San Jose Clean Energy	A (Stable)

DISCUSSION & ANALYSIS

Over the past several years, VCE has taken a disciplined fiscal approach and built a solid long-term renewable energy portfolio which has positioned it well to offer competitive rates and low carbon content energy while maintaining regulatory compliance. As its peer CCA's have done, VCE will initially pursue a Rating Evaluation Service ("RES") from S&P. A RES is a confidential opinion, expressed in both written and verbal form, of the credit quality of an issuer or a given debt instrument based on a hypothetical scenario. In this case, a reasonable hypothetical scenario could include the basic question of: "What would the Issuer Credit Rating be for VCE?" If VCE agrees with S&P's assessment, then the RES would convert to a public credit rating. The RES will cost \$37,500 and the conversion to a public credit rating will cost an additional \$20,000, for a total cost of \$57,500. VCE will also retain PFM Financial Advisors ("PFM") for the purposes of this exercise with a not to exceed contract of \$25,000.

Timeline

Based on the current timeline, VCE will engage S&P in March with a rating meeting scheduled in April following final 2024 audited financial results. It is expected that a public rating would be published in April assuming VCE concurs with S&P's assessment.

CONCLUSION

Establishment of an investment grade credit rating can assist VCE in reducing power costs in the future by receiving more advantageous terms on new PPAs. Staff is recommend pursuit of the credit rating.

ATTACHMENT

- 1) Resolution 2025-XXX

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2025-____

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE (VCE) AUTHORIZING THE CHIEF EXECUTIVE OFFICER IN CONSULTATION WITH LEGAL COUNSEL TO APPROVE INITIAL INVESTMENT GRADE CREDIT RATING AGREEMENTS WITH S&P GLOBAL INC.

WHEREAS, 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, a key financial objective included in VCE’s Strategic Plan is the pursuit of an investment grade credit rating; and

WHEREAS, the Strategic Plan calls for the establishment of a solid financial base and active examination and assessment of risk to help establish a healthy financial position from which to deliver customer and community value; and

WHEREAS, achievement of an investment grade credit rating will assist VCE in negotiations with its counterparties when signing new Power Purchase Agreements (“PPAs”), meet advisory financial measures from regulators, and demonstrate financial stability to various counter parties, thereby helping VCE deliver customer and community value.

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

1. The Chief Executive Officer, in consultation with legal counsel, is authorized to execute Initial Investment Grade Credit Rating Agreements with S&P Global Inc.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of Valley Clean Energy Alliance, held on the ____ day of _____ 2025, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

_____, VCE Chair

Alisa M. Lembke, VCE Board Secretary

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 14

TO: Board of Directors

FROM: Mitch Sears, Chief Executive Officer
Edward Burnham, Director of Finance & Internal Operations
Rebecca Boyles, Director of Customer Care and Marketing

SUBJECT: Approve Amendment 2 to SMUD Agreement Task Order 8 (Consulting Services) for customer program support services

DATE: February 13, 2025

RECOMMENDATIONS

Approve Task Order Amendment (2) with Sacramento Municipal Utilities District (SMUD) for implementation and support of the customer program services in an amount not to exceed \$207,036.

BACKGROUND

On April 13, 2023 the VCE Board approved [Item 11](#) for the 5-year extension of VCE's Master Services Agreement with the Sacramento Municipal Utilities District (SMUD).

The support services provided by SMUD, including customer support and billing services, are extremely important for VCE's operations, customer retention, and receivables management. The partnership VCE has established with SMUD through the Master Services Agreement has been instrumental in VCE's current and future success. This amendment is to expand SMUD's scope of services using the customer relationship management (CRM) software (Salesforce) for an integrated platform to include support for VCE in implementing customer programs in areas such as program processes and documentation, third-party engagement, training personnel, reporting, customer marketing and outreach.

FISCAL IMPACT

The requested Customer Program Support services expenditures are accounted for in VCE's 2025 budget. Future VCE programs and program expansions that require these support services will be approved individually and include any required budget amendments.

ATTACHMENTS

1. Resolution 2025-XXX
2. Amendment 2 to SMUD Task Order 8

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2025 - ____

A RESOLUTION OF VALLEY CLEAN ENERGY ALLIANCE APPROVING AMENDMENT 2 TO TASK ORDER 8 – CONSULTING SERVICES OF THE SACRAMENTO MUNICIPAL UTILITIES DISTRICT PROFESSIONAL SERVICES AGREEMENT AND AUTHORIZING THE EXECUTIVE OFFICER IN CONSULTATION WITH LEGAL COUNSEL TO FINALIZE AND EXECUTE AMENDMENT 2 TO TASK ORDER 8.

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, on August 31, 2017, the VCE Board considered a proposal by the Sacramento Municipal Utilities District (“SMUD”) to provide program launch and operational services and subsequently directed VCE staff to negotiate a services agreement between VCEA and SMUD for consideration and action by the VCEA Board; and,

WHEREAS, on September 21, 2017, the SMUD Board of Directors authorized its CEO to enter into a contract with VCE to provide Community Choice Aggregate (CCA) support services; and,

WHEREAS, on April 13, 2023, the VCE Board approved Amendment 1 to the Master Services Agreement (MSA) extending the term of the MSA through December 31, 2028; approved Amendment 32 to Task Order 3 (Wholesale Energy Services) reducing the scope of work; and, approved Task Order 7 (Data Management and Customer Call Center Services), Task Order 8 (Consulting Services); and Task Order 9 (Debt Collection Services) with an expiration date of December 31, 2028; and,

WHEREAS, on April 11, 2024, the Board approved Amendment 1 to Task Order 8 (Consulting Services) providing Concierge Service to assist with enhanced customer service offerings for customer electrification support through December 31, 2025, with a not-to-exceed amount of \$184,234; and.

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

1. Approve Amendment 2 to Task Order 8 (Consulting Services) to assist with enhanced customer service offerings for customer programs support service, with a not-to-exceed amount of \$207,037; and,

2. Authorize the Chief Executive Officer in consultation with legal counsel to finalize and execute Amendment 2 to Task Order 8 (Consulting Services) for customer program support service.

PASSED, APPROVED AND ADOPTED, at a special meeting of the Valley Clean Energy Alliance, held on the _____ day of _____ 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment:

1. Amendment 2 to SMUD MSA Task Order 8 (Consulting Services) for customer program support service.

AMENDMENT 2 TO EXHIBIT A: SCOPE OF SERVICES Task Order 8 – Consulting Services

Concierge Service

The Sacramento Municipal Utility District (SMUD) and Valley Clean Energy (VCE) agree to the following services, terms and conditions described in this Amendment 2 to Task Order 8 the provisions of which are subject to the terms and conditions of the Master Service Agreement (MSA) between the Parties. If any specific provisions of this Amendment 2 to Task Order 8 conflict with any general provisions in the MSA, Task Order 8, or any preceding Amendments to Task Order 8, the provisions of this Amendment to Task Order 8 shall take precedence. Capitalized terms used in this Amendment which are not defined in this Amendment will have the respective meanings ascribed to them in the MSA.

The Effective Date of this Task Order 8 is the date of last signature below.

Section 1, SCOPE OF WORK is amended to include:

1.1 Perform the following services:

Task	Hours	2025 Rate	Sum
Create program documentation	50.5		
Develop business rules	4	\$ 183.46	\$ 733.85
Develop participant journey map	4	\$ 183.46	\$ 733.85
Develop participant application form	4	\$ 183.46	\$ 733.85
Develop participant agreement	4	\$ 183.46	\$ 733.85
Develop participant claim form	4	\$ 183.46	\$ 733.85
Develop qualifying equipment	4	\$ 183.46	\$ 733.85
Develop equipment specifications	4	\$ 183.46	\$ 733.85
Develop incentive levels	4	\$ 183.46	\$ 733.85
Develop low-income eligibility criteria	4	\$ 183.46	\$ 733.85
Develop participant email templates	4	\$ 183.46	\$ 733.85
Develop participant survey	4	\$ 183.46	\$ 733.85
Send documentation	0.5	\$ 183.46	\$ 91.73
Adjust documentation	4	\$ 183.46	\$ 733.85
Finalize documentation	2	\$ 183.46	\$ 366.93
Create MF and Com documentation	36.5		
Develop business rules	4	\$ 183.46	\$ 733.85
Develop participant application form	4	\$ 183.46	\$ 733.85
Develop participant agreement	4	\$ 183.46	\$ 733.85
Develop participant claim form	4	\$ 183.46	\$ 733.85
Develop qualifying equipment	4	\$ 183.46	\$ 733.85
Develop equipment specifications	4	\$ 183.46	\$ 733.85

VCE-SMUD Task Order 8 Amendment 2

Develop incentive levels	2	\$ 183.46	\$ 366.93
Develop participant survey	4	\$ 183.46	\$ 733.85
Send documentation	0.5	\$ 183.46	\$ 91.73
Adjust documentation	4	\$ 183.46	\$ 733.85
Finalize documentation	2	\$ 183.46	\$ 366.93
Create processes	52.5		
Create eligibility verification process	4	\$ 183.46	\$ 733.85
Program application form	4	\$ 183.46	\$ 733.85
Program claim form	4	\$ 183.46	\$ 733.85
Set up email box	4	\$ 183.46	\$ 733.85
Set up phone number	8	\$ 183.46	\$ 1,467.71
Set up payment account	4	\$ 183.46	\$ 733.85
Set up payment processing	8	\$ 183.46	\$ 1,467.71
Set up VCE billing	4	\$ 183.46	\$ 733.85
Create processes flow map	8	\$ 183.46	\$ 1,467.71
Send process flow map	0.5	\$ 183.46	\$ 91.73
Adjust process flow map	2	\$ 183.46	\$ 366.93
Finalize process flow map	2	\$ 183.46	\$ 366.93
Develop dealership engagement	116		
Determine dealership targets	8	\$ 183.46	\$ 1,467.71
Develop engagement plan	8	\$ 183.46	\$ 1,467.71
Draft email copy	4	\$ 183.46	\$ 733.85
Develop email templates	4	\$ 183.46	\$ 733.85
Develop training plan	8	\$ 183.46	\$ 1,467.71
Develop training materials	8	\$ 183.46	\$ 1,467.71
Develop dealership application	4	\$ 183.46	\$ 733.85
Draft dealership participation agreement	4	\$ 183.46	\$ 733.85
Develop dealership claim form	4	\$ 183.46	\$ 733.85
Draft dealership survey	4	\$ 183.46	\$ 733.85
Develop dealership webpage	4	\$ 183.46	\$ 733.85
Develop a dealership journey map	4	\$ 183.46	\$ 733.85
Train dealerships (10)	40	\$ 183.46	\$ 7,338.54
Develop address lookup tool	8	\$ 183.46	\$ 1,467.71
Develop program database	4	\$ 183.46	\$ 733.85
Train personnel	52.5		
Develop training plan	8	\$ 183.46	\$ 1,467.71
Send training plan	0.5	\$ 183.46	\$ 91.73
Adjust training plan	2	\$ 183.46	\$ 366.93
Finalize training plan	2	\$ 183.46	\$ 366.93

VCE-SMUD Task Order 8 Amendment 2

Develop training materials	24	\$ 183.46	\$ 4,403.13
Deliver training (staff and VCE)	16	\$ 183.46	\$ 2,935.42
Develop reporting	12.5		
Develop weekly report and dashboard format	8	\$ 183.46	\$ 1,467.71
Send report formats	0.5	\$ 183.46	\$ 91.73
Adjust report formats	2	\$ 183.46	\$ 366.93
Finalize report formats	2	\$ 183.46	\$ 366.93
Develop marketing plan	58		
Develop marketing plan and metrics	24	\$ 183.46	\$ 4,403.13
Send marketing plan	0.5	\$ 183.46	\$ 91.73
Adjust marketing plan	4	\$ 183.46	\$ 733.85
Finalize marketing plan	2	\$ 183.46	\$ 366.93
Develop web copy	16	\$ 183.46	\$ 2,935.42
Translate web copy	8	\$ 183.46	\$ 1,467.71
Send web copy	0.5	\$ 183.46	\$ 91.73
Adjust web copy	2	\$ 183.46	\$ 366.93
Finalize web copy	1	\$ 183.46	\$ 183.46
Manage program	99.3		
Manage customer inquiries (5 min @ 52)	4.3	\$ 183.46	\$ 795.01
Process customer surveys (10 min @ 52)	8.7	\$ 183.46	\$ 1,590.02
Manage dealership inquiries (5 min @ 20)	1.7	\$ 183.46	\$ 305.77
Engage dealerships bi-monthly (15 min @ 5)	1.3	\$ 183.46	\$ 229.33
Process applications (15 min @ 75)	18.8	\$ 183.46	\$ 3,439.94
Process claims (15 min @ 52)	13.0	\$ 183.46	\$ 2,385.03
Process dealership surveys (10 min @ 10)	1.7	\$ 183.46	\$ 305.77
Produce reports weekly	26	\$ 183.46	\$ 4,770.05
Update program documentation 1 hr	1	\$ 183.46	\$ 183.46
Provide program recommendations 1 hr	1	\$ 183.46	\$ 183.46
Perform other tasks as assigned 10 hrs	10	\$ 183.46	\$ 1,834.64
Meet with SVCE staff monthly	12	\$ 183.46	\$ 2,201.56
Design, Development, Admin Total	441.3		\$87,665.02
Design and manage two additional programs	650.7		\$ 119,371.31

Section 4.2, Optional Service Fees, is added to include:

Task #	Task Title	Hours	Total
1	Create program documentation	50.5	\$9,264.91
2	Create MF and Com documentation	36.5	\$6,696.42
3	Create processes	52.5	\$9,631.84
4	Develop dealership engagement	116	\$21,281.78
5	Train personnel	52.5	\$9,631.84
6	Develop reporting	12.5	\$2,293.30
7	Develop marketing plan	58	\$10,640.89
8	Manage program	99.3	\$18,224.05
9	Develop and manage two additional programs	650.7	\$ 119,371.31
	Total	1128.5	\$ 207,036.33

[Signature Page follows]


SIGNATURES

The Parties have executed this Task Order 8 Amendment 2, and it is effective as of the date of last signature below.

Valley Clean Energy

By _____
Name _____
Title _____
Date _____
Approved As To Form N/A

Sacramento Municipal Utility District

By  _____
Name Tracy Carlson
Title Director Community Energy Services
Date 1.29.2025
Approved As To Form _____

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 15

TO: Board of Directors

FROM: Edward Burnham, Director of Finance and Internal Operations
Mitch Sears, Chief Executive Officer

SUBJECT: Approval of the Execution and Delivery of a Clean Energy Purchase Contract and Certain Other Documents in Connection with the Issuance of California Community Choice Financing Authority (“CCCFA”) Clean Energy Project Revenue Bonds

DATE: February 13, 2025

RECOMMENDATION:

Approve the Execution and Delivery of a Clean Energy Purchase Contract and Certain Other Documents in Connection with the Issuance of California Community Choice Financing Authority (“CCCFA”) Clean Energy Project Revenue Bonds:

1. Clean Energy Purchase Contract with California Community Choice Finance Authority (CCCFA)
2. Form of Limited Assignment Agreement (LAA)
3. Letter Agreement regarding LAAs
4. PPA Custodial Agreement
5. Operational Services Agreement
6. MOU with CCCFA
7. Appendix A to the POS

Overview

The adoption of the Resolution by the VCE Board of Directors (Board) and the execution of the above documents will enable the CCCFA Board of Directors to approve the transaction, further enabling the issuance of tax-exempt municipal bonds required to initiate the Prepay transaction.

The approvals provided shall be subject to the following parameters:

- I. the municipal bonds will not be obligations of VCE, but will be limited obligations of CCCFA;
- II. the aggregate principal amount of the municipal bonds issued to fund the Prepay shall not exceed \$600 million;

- III. the annual energy savings to VCE under the Clean Energy Purchase Contract shall be at least 8%; and
- IV. the cost of issuing the municipal bonds will not exceed 1% of the bonds.

BACKGROUND

On June 13, 2024 the Board received an overview presentation from VCE’s Financial Advisor, PFM (Item 13) regarding energy prepayment transactions. On July 11, 2024, the Board received a presentation [Item 12](#), regarding the energy prepayment transaction and the conduit issuer, California Community Choice Financing Authority (“CCCFA”). At this meeting the Board also authorized the Executive Officer to approve Energy Prepayment Counsel and Energy Prepayment Counter Party (“Underwriter”) Agreements. Following a request for proposals process, VCE had engaged Goldman Sachs as Underwriter and Orrick, Herrington & Sutcliffe as Counsel for the Prepay transaction. At the September 12, 2024 Board meeting, the Board approved VCE to join CCCFA as an associate member to pursue the proposed transaction.

DISCUSSION & ANALYSIS

The financial markets continue to favor renewable prepay transactions. As a reminder, the savings are based mainly on the spread between taxable and tax-exempt interest rates, which continue to remain relatively large. Over the past four years, there have been 18 Prepay transactions for California CCAs for a total amount of \$17.76B. The CCAs that have completed Prepay transactions are Marin Clean Energy, Ava Community Energy, Silicon Valley Clean Energy, Pioneer Community Energy, Clean Power Alliance, Central Coast Community Energy, San Jose Clean Energy, Peninsula Clean Energy, Sonoma Clean Power, and San Diego Community Power. The execution of 10+ prepay transactions by fellow CCA’s has built confidence in the use of familiar public financing tools thereby derisking these types of transactions.

Utilizing these non-taxable public financing tools, participating CCA’s have saved over \$100M/yr for their customers.

The annual savings from VCE’s initial Prepay transaction are currently estimated to be approximately \$2-3 million, representing approximately 8-12% savings on the annual energy procurement costs of the four selected PPAs included in the transaction. Importantly, staff will continue to monitor the financial markets and only launch a transaction if a minimum discount of 8% can be realized, representing annual savings of approximately \$2 million.

Below is a summary of the documents needed to execute the Prepay transaction.

Clean Energy Purchase Contract

- Function: 30-year agreement under which VCE will purchase discounted electricity from CCCFA
- Signed by: VCE and CCCFA

Form of Limited Assignment Agreement

- Function: Governs the assignment of electricity and green attributes from selected PPAs into the Prepay
- Signed by: VCE, PPA counterparties, and J. Aron (Goldman Sachs subsidiary)

Letter Agreement to LAA

- Function: Agreement on management of the PPA portfolio assigned into the Prepay
- Signed by: VCE and J. Aron

PPA Custodial Agreement

- Function: Creates a custody account at US Bank for the receipt of payments from VCE and J. Aron to settle monthly invoices
- Signed by: VCE, J. Aron and US Bank

LLC Agreement

- Function: VCE representative to be one of three directors of LLC setup specifically for this Prepay
- Signed by: VCE, J. Aron and independent director

Operational Services Agreement

- Function: Sets out terms for VCE to act on behalf of CCCFA
- Signed by: VCE and CCCFA

MOU with CCCFA

- Function: VCE is responsible for rating agency and Green Bonds verification fees (paid from bond proceeds at closing)
- Signed by: VCE and CCCFA

Preliminary Offering Statement (POS)

- Function: Public offering document for bonds issued by CCCFA which describes in Appendix A VCE's organization and operations; used to market the bonds
- Signed by: Not a signed document; VCE Board to approve Appendix A of POS

Staff recognizes the importance of affordability and the opportunity for the prepay transaction to contribute to reducing power costs. Through a PPA prepayment transaction, VCE can more easily set rates to meet costs/build cash reserves, offer customer choices, maintain cost competitiveness, and improve its ability to execute local programs.

CONCLUSION

Based on current market conditions and assumptions, an initial VCE Prepay transaction will save approximately \$2-3 million in annual energy procurement costs. Actual savings are unknown until the

time of the transaction. Board Approval of the Execution and Delivery of a Clean Energy Purchase Contract and Certain Other Documents in Connection with the Issuance of California Community Choice Financing Authority (“CCCFA”) Clean Energy Project Revenue Bonds will enable VCE to take the next step in the process of the Prepay transaction.

ATTACHMENTS

- 1) Resolution 2025-XXX
- 2) Clean Energy Purchase Contract with California Community Choice Finance Authority (CCCFA)
- 3) Form of Limited Assignment Agreement (LAA)
- 4) Letter Agreement regarding LAAs
- 5) PPA Custodial Agreement
- 6) Operational Services Agreement
- 7) MOU with CCCFA
- 8) Appendix A to the POS

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2025-___

**RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE
AUTHORIZING THE EXECUTION AND DELIVERY OF A CLEAN ENERGY PURCHASE CONTRACT
AND CERTAIN OTHER DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF CALIFORNIA
COMMUNITY CHOICE FINANCING AUTHORITY CLEAN ENERGY PROJECT REVENUE BONDS AND
CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

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;

WHEREAS, VCE is duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California, is duly authorized to transact business, having obtained all necessary and legally required filings, governmental licenses, and approvals in the State of California, and has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage;

WHEREAS, VCE is a community choice aggregator (as defined in Section 331.1 of the California Public Utilities Code), and is a public agency (as defined in the Act) that has implemented a community choice aggregation program pursuant to Section 366.2 of the California Public Utilities Code, and possesses the power to purchase and sell electric energy and associated capacity and environmental attributes and enter into contracts for such purposes;

WHEREAS, VCE, acting pursuant to the Act, may enter into a joint exercise of powers agreement with one or more other public agencies pursuant to which such contracting parties may jointly exercise any power common to them and exercise certain additional powers provided in the Act;

WHEREAS, pursuant to the provisions of the Act, VCE and certain other California community choice aggregators have entered into a joint powers agreement (the “**Joint Powers Agreement**”) pursuant to which the California Community Choice Financing Authority (the “**Issuer**”) was organized for the purpose, among other things, of entering into contracts and issuing bonds to assist community choice aggregators, including VCE, in financing the acquisition of supplies of clean electric energy and associated capacity and environmental attributes;

WHEREAS, the Issuer is authorized by the Joint Powers Agreement to acquire supplies of clean electric energy and associated capacity and environmental attributes and to issue revenue

bonds to finance the cost of such transactions, and is vested with all powers necessary to accomplish the purposes for which it was created;

WHEREAS, VCE has determined that it is desirable to acquire a long-term supply of clean electrical energy from the Issuer pursuant to a clean energy prepayment transaction;

WHEREAS, VCE has determined to authorize pursuant to this Resolution the undertaking of a clean energy prepayment transaction with the Prepaid Supplier (defined below);

WHEREAS, in connection with the foregoing, VCE is requesting the Issuer to agree to purchase on a prepaid basis certain quantities of clean electrical energy from Aron Energy Prepay 44 LLC (the “**Prepaid Supplier**”) and to sell such clean electrical energy to VCE, as contemplated herein (the “**Project**”);

WHEREAS, VCE is requesting that the Issuer finance the costs of the Project with the proceeds of one or more series of its clean energy project revenue bonds, with such designations determined by the Issuer (the “**Bonds**”);

WHEREAS, VCE has determined to authorize the representatives of VCE to take all necessary action to accomplish the purchase of clean electrical energy from the Issuer and to assist the Issuer in the issuance, sale, and delivery of the Bonds;

WHEREAS, there have been made available to the Board of Directors of VCE (the “**Board of Directors**”) the following documents and agreements (collectively, the “**VCE Documents**”):

1. A proposed form of Clean Energy Purchase Contract, between VCE and the Issuer;
2. A proposed form of PPA Custodial Agreement, among VCE, the Issuer, J. Aron & Company LLC, a New York limited liability company (“**J. Aron**”) and U.S. Bank Trust Company, National Association, as custodian, or other custodian named therein;
3. A proposed form of Limited Assignment Agreement, among VCE, J. Aron and certain sellers of electricity (collectively, the “**PPA Sellers**”) under one or more power purchase and sale agreements between VCE and the respective PPA Sellers (collectively, the “**Assigned PPAs**”);
4. A proposed form of Letter Agreement, between VCE and J. Aron;
5. A proposed form of Clean Energy Project Operational Services Agreement relating to the Project, between VCE and the Issuer; and
6. A proposed form of Memorandum of Understanding, between VCE and the Issuer indemnifying the Issuer against certain fees; and

WHEREAS, there has also been made available to the Board of Directors the following additional document relating to the Project:

1. A proposed form of Appendix A to the Preliminary Official Statement to be used in connection with the offering and sale of the Bonds;

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance hereby finds, declares, and resolves as follows:

- Section 1.** The above recitals are true and correct.
- Section 2.** The proposed forms of the VCE Documents, as made available to the Board of Directors for this meeting, are hereby approved. The proposed form of Limited Assignment Agreement may be used, in a substantially similar form, for assignments of the initial or any additional Assigned PPAs, as needed to maintain the transactions approved hereby, and any such Limited Assignment Agreements shall be included in the VCE Documents approved hereby. Subject to the parameters set forth in Section 5 of this Resolution, any of the Chair of the Board of Directors, the Vice Chair of the Board of Directors, the Chief Executive Officer of VCE, the Chief Operating Officer of VCE or the Director of Finance & Internal Operations of VCE (each, including the designees thereof, an “**Authorized Representative**”) is hereby authorized and directed, for and on behalf of VCE, to execute and deliver the VCE Documents in substantially said form, with such changes and insertions therein as the Authorized Representative executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.
- Section 3.** Appendix A to the Preliminary Official Statement is hereby approved. Any Authorized Representative is hereby authorized and directed, for and on behalf of VCE, to execute and deliver a certificate as to the information regarding VCE contained in such Appendix A, with such changes and insertions therein as the Authorized Representative approving the same may deem necessary or appropriate. VCE hereby authorizes the inclusion of such Appendix A in the Preliminary Official Statement and the final Official Statement, in each case with such changes as may be approved as aforesaid.
- Section 4.** The Authorized Representatives, each acting alone, are hereby authorized and directed, for and in the name and on behalf of VCE, to execute and deliver any and all documents, including, without limitation, any tax certificates or agreements relating to the Bonds, any continuing disclosure certificates or agreements relating to the Bonds, and any and all closing documents and certificates to be executed in connection with the Bonds, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which VCE has approved in this Resolution, for the issuance, sale and delivery of the Bonds, and to consummate by VCE the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given under or in accordance with such documents.

Section 5. The approvals provided for herein shall be subject to the following parameters:

(a) the Bonds will not be obligations of VCE, but will be limited obligations of the Issuer payable solely from the revenues and other amounts pledged thereto, including amounts payable by VCE under the Clean Energy Purchase Contract;

(b) the aggregate principal amount of the Bonds shall not exceed \$600,000,000;

(c) the “Monthly Discount Percentage” as provided for in the Clean Energy Purchase Contract shall result in at least 8.0% savings on an annual basis during the initial reset period; and

(d) CCCFA total cost of issuance for the Bonds including all underwriting, legal and consultant fees will not exceed 1.0% of the proceeds of the Bonds. For the purpose of the limitations contained in this subparagraph (d), costs of issuance do not include any structuring charge payable by the Energy Supplier to J. Aron or any costs ultimately paid with additional proceeds or rounding amounts (howsoever such proceeds or amounts are designated in any pricing schedules relating to the Bonds).

Section 6. Execution and delivery of the VCE Documents by an Authorized Representative shall be conclusive evidence that the parameters set forth in Section 5 have been met, and all actions heretofore taken by the Authorized Representatives with respect to the transactions approved by this Resolution and the issuance of the Bonds are hereby ratified, confirmed, and approved.

Section 7. If Section 5 and Section 6 listed herein have been met, an Authorized Representative may direct CCCFA to make payments to vendors that provided professional services to VCE to complete the VCE Documents and ultimately the issuance of the Bonds. These professional services include legal counsel, bond counsel, tax counsel, municipal financial advisor, swap advisor, trustee and trustee counsel, underwriter of the bonds, underwriter’s counsel, and any other vendor required to complete the issuance of the Bonds. Payment to these vendors is considered a cost of issuance and will be paid by CCCFA out of the proceeds of the sale of the Bonds.

Section 8. The Board of Directors hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California

Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

Section 9. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Valley Clean Energy Alliance, held on the ____ day of _____ 2025, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____, VCE Chair

Alisa M. Lembke, VCE Board Secretary

CLEAN ENERGY PURCHASE CONTRACT

between

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY

and

VALLEY CLEAN ENERGY ALLIANCE

Dated as of [____], 2025

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CLEAN ENERGY PURCHASE CONTRACT

This Clean Energy Purchase Contract (this “Agreement”) is made and entered into as of [____], 2025 (the “Execution Date”), by and between California Community Choice Financing Authority, a joint powers authority and a public entity of the State of California established pursuant to the provisions of the Joint Exercise of Powers Act (Article 1, Chapter 5, Division 7, Title 1, Section 6500 et seq. of the California Government Code, as amended) (“Issuer”) and Valley Clean Energy Alliance, a California joint powers authority (“Purchaser”).

WITNESSETH:

WHEREAS, Issuer has planned and developed a project to acquire long-term supplies of Product from Aron Energy Prepay 44 LLC, a Delaware limited liability company (“Prepay LLC”) and a wholly-owned subsidiary of The Goldman Sachs Group, Inc., pursuant to a Master Power Supply Agreement, dated as of [____], 2025 (the “Master Power Supply Agreement”), to meet a portion of the Product supply requirements of Purchaser through a discounted clean energy purchase product (the “Clean Energy Project”);

WHEREAS, Purchaser desires to enter into an agreement with Issuer for the purchase of Product acquired by the Issuer under the Clean Energy Project;

WHEREAS, Issuer will finance its payment for Product under, and the other costs of, the Clean Energy Project by issuing Bonds;

WHEREAS, Purchaser is a joint powers authority and a community choice aggregator, duly organized, validly existing and in good standing under the laws of the State of California and the rules, regulations and orders of the California Public Utilities Commission, and is qualified to conduct business in each jurisdiction of the Joint Powers Agreement members for the transmission, distribution, sale, and delivery of Product to retail electric consumers within its service area;

WHEREAS, Purchaser is agreeable to purchasing a portion of its Product requirements from Issuer under the terms and conditions set forth in this Agreement and Issuer is agreeable to selling to Purchaser such supplies of Product under the terms and conditions set forth in this Agreement;

WHEREAS, concurrently herewith, Purchaser has assigned to J. Aron (as defined below) certain Assigned Rights and Obligations (as defined below), including the right to receive Assigned Product (as defined below), which Assigned Product will be resold to Prepay LLC under the Electricity Sale and Service Agreement, then resold to Issuer under the Master Power Supply Agreement and then resold to Purchaser hereunder; and

WHEREAS, as a condition precedent to the effectiveness of the Parties’ obligations under this Agreement, Issuer shall have entered into the Master Power Supply Agreement and shall have issued the Bonds.

NOW, THEREFORE, in consideration of the premises above and the mutual covenants and agreements herein set forth, Issuer and Purchaser (the “Parties” hereto; each is a “Party”) agree as follows:

ARTICLE I.

DEFINITIONS

Section 1.1 Defined Terms. The following terms, when used in this Agreement (including the preamble or recitals to this Agreement) and identified by the capitalization of the first letter thereof, have the respective meanings set forth below, unless the context otherwise requires:

“Administrative Fee” means the amount per MWh specified as such in Exhibit H.

“Affiliate” means, with respect to either Party, any entity which is a direct or indirect parent or subsidiary of such Party or which directly or indirectly (i) owns or controls such Party, (ii) is owned or controlled by such Party, or (iii) is under common ownership or control with such Party. For purposes of this definition, “control” of an entity means the power, directly or indirectly, either to (a) vote 50% or more of the securities having ordinary voting power for the election of directors or Persons performing similar functions or (b) direct or cause the direction of the management and policies, whether by contract or otherwise.

“Agreement” has the meaning specified in the preamble and shall include exhibits, recitals and attachments referenced herein and attached hereto.

“Alternate Delivery Point” has the meaning specified in Section 5.1(a).

“Annual Refund” means the annual refund, if any, to be provided to the Purchaser and calculated pursuant to the procedures specified in Section 3.4.

“APC Contract Price” means (i) the fixed prices specified in Exhibit A-2 as of the date hereof with respect to the Initial Assigned Rights and Obligations and (ii) the Day-Ahead Average Price with respect to any Assignment Period outside of the Initial Assignment Periods.

“APC Party” has the meaning specified in Exhibit F.

“Applicable Project” has the meaning specified in Exhibit F.

“Assignable Power Contract” has the meaning specified in Section 6.1.

“Assigned Delivery Point” means, with respect to any Assigned Energy, the Assigned Delivery Point as set forth in the applicable Assignment Schedule for such Assigned Energy.

“Assigned Energy” means any Energy, including Energy associated with PCC1 Product and Long-Term PCC1 Product, to be delivered to J. Aron or any successor thereto pursuant to any Assigned Rights and Obligations.

“Assigned PAYGO Product” means, for any Month with respect to an Assigned PPA, the amount, if any, by which the total quantity of Assigned Product delivered under such Assigned PPA in such Month exceeds the Assigned Prepay Quantity for such Assigned PPA for such Month.

“Assigned PPA” means any power purchase agreement that is assigned pursuant to an Assignment Agreement in accordance with the terms of this Agreement.

“Assigned Prepay Quantity” has the meaning specified in Exhibit F.

“Assigned Prepay Value” means, for any Month and each Assignment Schedule, the Assigned Prepay Quantity for such Month multiplied by the applicable APC Contract Price.

“Assigned Product” means, as applicable, PCC1 Product, Long-Term PCC1 Product, Assigned Energy, Assigned RECs and any other Product included on an Assignment Schedule, subject to the limitations for such other Product set forth in Exhibit F.

“Assigned Quantity” means, with respect to each Assigned PPA and each Month during the Assignment Period therefor, the quantity of Assigned Energy delivered pursuant to such Assigned PPA consistent with the terms of the applicable Assigned Rights and Obligations in connection with the Assigned Product during such Month.

“Assigned RECs” means any RECs associated with PCC1 Product or Long-Term PCC1 Product to be delivered to J. Aron or any successor thereto pursuant to any Assigned Rights and Obligations.

“Assigned Rights and Obligations” has the meaning specified in Section 6.1.

“Assignment Agreement” means, for any Assigned Rights and Obligations, an agreement among Purchaser, J. Aron and the APC Party, approved by Issuer, in the form attached hereto as Annex II to Exhibit F (with such changes thereto as may be mutually agreed upon by Purchaser, J. Aron, the APC Party, and Issuer, each in its sole discretion).

“Assignment Period” for any Assigned Rights and Obligations has the meaning specified in the applicable Assignment Agreement.

“Assignment Schedule” has the meaning specified in Exhibit F.

“Available Discount Percentage” has the meaning specified in the Re-Pricing Agreement. For the avoidance of doubt, the “Available Discount Percentage” under the Re-Pricing Agreement includes the Monthly Discount Percentage, as well as additional discounting expected to be made available through the Annual Refund.

“Balancing Authority” has the meaning specified in the CAISO Tariff.

“Base Delivery Point” has the meaning specified in Section 5.1(a).

“Base Product” means Firm (LD) Energy delivered to the Base Delivery Point.

“Base Quantity” means, with respect to each Delivery Hour during the Delivery Period, the Base Unadjusted Quantity for such Delivery Hour less the Base Quantity Reduction for such Delivery Hour, each as set forth on Exhibit A-1, as Exhibit A-1 may be revised pursuant to Article VI.

“Base Quantity Reduction” means, with respect to each Delivery Hour during the Delivery Period, the “Base Quantity Reduction” of Base Product (in MWh) set forth for such Delivery Hour on Exhibit A-1, as Exhibit A-1 may be revised pursuant to Article VI.

“Base Unadjusted Quantity” means, with respect to each Delivery Hour during the Delivery Period, the “Base Unadjusted Quantity” (in MWh) set forth for such Delivery Hour on Exhibit A-1.

“Bond Closing Date” means the date on which Bonds are first issued pursuant to the Trust Indenture.

“Bonds” means the bonds issued pursuant to the Trust Indenture.

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a Federal Reserve Bank Holiday, (iii) any other day on which commercial banks generally in either New York, New York or the State of California are authorized or required by Law to close, or (iv) any day excluded from “Business Day” as therein defined, pursuant to the Trust Indenture.

“CAISO” means California Independent System Operator or its successor.

“CAISO Tariff” means CAISO’s FERC-approved tariff, as modified, amended or supplemented from time to time

“Calculation Agent” has the meaning specified in the Re-Pricing Agreement.

“California Long-Term Contracting Requirements” means the long-term contracting requirement set forth in the Clean Energy and Pollution Reduction Act of 2015 (SB 350), California Public Utilities Code Section 399.13(b), and CPUC Decision 17-06-026 and CPUC Decision 18-05-026, as may be modified by subsequent decision of the California Public Utilities Commission or by other Law.

“CEC” means California’s State Energy Resources Conservation and Development Commission, also known as the California Energy Commission, and any successor agency thereto.

“Claiming Party” has the meaning specified in Section 11.1.

“Claims” means all claims or actions, threatened or filed, that directly or indirectly relate to the indemnities provided herein, and the resulting losses, damages, expenses, attorneys’ fees, experts’ fees, and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

“Clean Energy Project” has the meaning specified in the recitals.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commercially Reasonable” or “Commercially Reasonable Efforts” means, with respect to any purchase or sale or other action required to be made, attempted or taken by a Party under this Agreement, such efforts as a reasonably prudent Person would undertake for the protection of its own interest under the conditions affecting such purchase or sale or other action, including without limitation, the amount of notice of the need to take such action, the duration and type of the purchase or sale or other action, the competitive environment in which such purchase or sale or other action occurs, and the risk to the Party required to take such action.

“Commodity Reference Price” means either (i) the Day-Ahead Market Price, or (ii) the Real-Time Market Price, as applicable.

“Contract Price” means (i) with respect to the Base Product and any Delivery Hour, (A) the Day-Ahead Market Price for such Delivery Hour at the Base Delivery Point less (B) the product of the Fixed Price for Base Quantities multiplied by the Monthly Discount Percentage, (ii) with respect to Assigned Prepay Quantities during the Initial Assignment Periods, (A) the applicable APC Contract Price(s) multiplied by (B) the result of 100% less the Monthly Discount Percentage, (iii) with respect to Assigned Prepay Quantities outside of the Initial Assignment Periods, (A) the APC Contract Price less (B) the product of the Fixed Price for Assigned Prepay Quantities outside of the Initial Assignment Periods multiplied by the Monthly Discount Percentage, and (iv) with respect to Assigned PAYGO Product, the APC Contract Price(s).

“Day” means each period of 24 consecutive Hours commencing at the Hour ending at 01:00 (LPT) through the Hour ending at 24:00 (LPT).

“Day-Ahead Average Price” means, for any Assigned Products after the Initial Assignment Periods, (x) the sum of the Day-Ahead Market Prices for each Pricing Interval in a Month divided by (y) the number of Pricing Intervals in such Month. As used in this definition, “Pricing Interval” means the unit of time for which CAISO establishes a separate price.

“Day-Ahead Market Price” has the meaning specified on Exhibit A-1 for the Primary Delivery Point.

“Default Rate” means, as of any date of determination, the lesser of (a) the sum of (i) the rate of interest per annum quoted in The Wall Street Journal (Eastern Edition) under the “Money Rates” section as the “Prime Rate” for such date of determination, plus (ii) one percent per annum, or (b) if a lower maximum rate is imposed by applicable Law, such maximum lawful rate.

“Delivery Hour” has the meaning specified in Exhibit A-1.

“Delivery Period” has the meaning specified in Exhibit H.

“Delivery Point” means the Base Delivery Point or an Assigned Delivery Point, as applicable.

“Disqualified Sale Proceeds” has the meaning specified in Section 7.6.

“Disqualified Sale Units” has the meaning specified in Section 7.6.

“Electricity Sale and Service Agreement” has the meaning specified in the Master Power Supply Agreement.

“Eligible Renewable Energy Resource” has the meaning set forth in California Public Utilities Code Section 399.12(e) and California Public Resources Code Section 25741(a), as either code provision is amended or supplemented from time to time.

“Energy” means three-phase, 60-cycle alternating current electric energy, expressed in megawatt hours.

“EPS” means California’s Emissions Performance Standards, as set forth in Sections 8340 and 8341 of the California Public Utilities Code, as implemented and amended from time to time, and any successor Law.

“EPS Compliant Energy” means Energy that Purchaser can contract for and purchase in compliance with EPS requirements that are applicable to Purchaser.

“EPS Energy Period” means any Assignment Period or J. Aron EPS Energy Period.

“Execution Date” has the meaning specified in the preamble.

“Federal Tax Certificate” means the executed Federal Tax Certificate delivered by Purchaser in the form attached as Exhibit D.

“FERC” means the Federal Energy Regulatory Commission or any successor thereto.

“Firm (LD)” means, with respect to a Party’s obligation to sell and deliver or purchase and receive, that such Party’s liability for the failure to meet such obligation shall only be excused to the extent that, and for the period during which, such performance is prevented by Force Majeure, and that in the absence of Force Majeure, the Party to which performance of such obligation is owed shall be entitled to receive from the Party which failed to deliver/receive an amount determined pursuant to Article IV.

“Fixed Price” means \$[____]/MWh with respect to Base Quantities and \$[____]/MWh with respect to Assigned Prepay Quantities outside of the Initial Assignment

Periods, which are the fixed prices under the Buyer Swap (as defined in the Master Power Supply Agreement).

“Force Majeure” means an event or circumstance which prevents one Party from performing its obligations under this Agreement, which event or circumstance was not anticipated as of the date this Agreement was executed, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided; provided that, for the avoidance of doubt, the declaration of “Force Majeure” by an APC Party under a PPA (as defined in an Assignment Agreement) shall constitute Force Majeure hereunder. Force Majeure shall include, provided the criteria in the first sentence are met, riot, insurrection, war, labor dispute, natural disaster, vandalism, terrorism, sabotage. Force Majeure shall not be based on (i) the loss of Purchaser’s markets; (ii) Purchaser’s inability economically to use or resell the Product purchased hereunder; (iii) the delay, loss or failure of Issuer’s supply; or (iv) Issuer’s ability to sell the Product at a higher price. Neither Party may raise a claim of Force Majeure based in whole or in part on curtailment by a Transmission Provider unless (x) such Party has contracted for firm transmission with a Transmission Provider for the Product to be delivered to or received at the applicable Delivery Point and (y) such curtailment is due to “force majeure” or “uncontrollable force” or a similar term as defined under the Transmission Provider’s tariff; provided, however, that existence of the foregoing factors shall not be sufficient to conclusively or presumptively prove the existence of a Force Majeure absent a showing of other facts and circumstances which in the aggregate with such factors establish that a Force Majeure as defined in the first sentence hereof has occurred. Force Majeure declared by Prepay LLC under the Master Power Supply Agreement shall constitute Force Majeure in respect of Issuer hereunder to the extent the conditions set forth above have been satisfied with respect to Prepay LLC. Notwithstanding the foregoing or anything to the contrary herein, to the extent that an Assignment Agreement is terminated early, such termination shall constitute Force Majeure with respect to Issuer hereunder until the earlier of (I) the commencement of an “Assignment Period” under a replacement Assignment Agreement, (II) the commencement of a J. Aron EPS Energy Period or (III) the end of the first Month following the Month in which such early termination occurs.

“Government Agency” means the United States of America, any state thereof, any municipality, or any local jurisdiction, or any political subdivision of any of the foregoing, including, but not limited to, courts, administrative bodies, departments, commissions, boards, bureaus, agencies, or instrumentalities.

“Governmental Approval” means any authorization, consent, approval, license, ruling, permit, exemption, variance, order, judgment, registration, filing, giving of notice to, decree, declaration of or regulation by any Government Agency relating to the valid execution, delivery or performance of this Agreement or the consummation of any of the transactions contemplated hereby.

“Hour” means the 60-minute period commencing at 00:00 (LPT) on first Day of the Delivery Period and ending at 01:00 (LPT) on the first Day of the Delivery Period, and each 60-minute interval thereafter.

“Initial Assigned Rights and Obligations” means the Assigned Rights and Obligations set forth in Exhibit A-2 hereto as of the date hereof.

“Initial Assignment Periods” means the Assignment Periods for the Initial Assigned Rights and Obligations specified in Exhibit A-2 hereto as of the date hereof.

“Initial Reset Period” has the meaning specified in Exhibit H.

“Interest Rate Period” has the meaning specified in the Trust Indenture.

“Issuer” has the meaning specified in the preamble.

“Issuer Default” has the meaning specified in Section 17.1.

“ISTs” has the meaning specified in Section 5.1(a).

“J. Aron” means J. Aron & Company LLC, a New York limited liability company, and its permitted successors and assigns under an Assignment Agreement.

“J. Aron EPS Energy Period” has the meaning specified in Section 6.1(c).

“J. Aron Fixed Payment” has the meaning specified in the PPA Custodial Agreement.

“J. Aron Prepay Payment” has the meaning specified in the PPA Custodial Agreement.

“Joint Powers Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.).

“Joint Powers Agreement” means that certain Joint Powers Agreement dated October 25, 2016, as amended from time to time, under which Purchaser is organized as a Joint Powers Authority in accordance with the Joint Powers Act.

“Law” means any statute, law, rule or regulation or any written judicial or administrative decision, ruling or interpretation with respect thereto or thereof having the effect of the foregoing enacted, promulgated, or issued by a Government Agency whether in effect as of the Execution Date or at any time during the term of this Agreement.

“Long-Term PCC1 Product” means bundled renewable energy and RECs meeting the requirements of Portfolio Content Category 1, and the California Long-Term Contracting Requirements, to be delivered to J. Aron or any successor thereto pursuant to any Assigned Rights and Obligations.

“LPT” means the local prevailing time then in effect in the State of California.

“Mandatory Purchase Date” has the meaning specified in the Trust Indenture.

“Master Power Supply Agreement” has the meaning specified in the recitals.

“Minimum Discount Percentage” has the meaning specified in Exhibit H.

“Month” means a period beginning on the first Day of a calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

“Monthly Discount Percentage” has the meaning specified in Exhibit H.

“Municipal Utility” means any Person that (i) is a “governmental person” as defined in the implementing regulations under Section 141 of the Code and any successor provision, (ii) owns either or both a gas distribution utility or an electric distribution utility (or provides natural gas or electricity at wholesale to, or that is sold to entities that provide natural gas or electricity at wholesale to, governmental Persons that own such utilities), and (iii) agrees in writing to use the gas or electricity purchased by it (or cause such gas or electricity to be used) for a qualifying use as defined in U.S. Treas. Reg. § 1.148-1(e)(2)(iii).

“MWh” means megawatt-hour.

“Non-Priority Products” means any Products that are not Priority Products.

“Party” has the meaning specified in the preamble.

“PCC1 Product” means bundled renewable energy and RECs meeting the requirements of Portfolio Content Category 1 to be delivered to J. Aron or any successor thereto pursuant to any Assigned Rights and Obligations.

“Person” means any individual, corporation, partnership, joint venture, trust, unincorporated organization, or Government Agency.

“Portfolio Content Category 1” or “PCC1” means any Renewable Energy Credit associated with the generation of electricity from an Eligible Renewable Energy Resource consisting of the portfolio content set forth in California Public Utilities Code Section 399.16(b)(1), as may be amended from time to time or as further defined or supplemented by Law.

“Potential Remarketing Event” has the meaning specified in Section 3.5(b).

“PPA Custodial Agreement” means that certain PPA Custodial Agreement, dated as of the Bond Closing Date, by and among Purchaser, Issuer, J. Aron and the PPA Custodian.

“PPA Custodian” means U.S. Bank Trust Company, National Association.

“Prepay LLC” has the meaning stated in the recitals.

“Primary Delivery Point” has the meaning specified in Section 5.1(a).

“Priority Products” means the Base Quantity and Assigned Products to be purchased by Purchaser under this Agreement, together with Products that (i) Purchaser is obligated to take under a long-term agreement, which Products either have been purchased by Purchaser or a joint action agency pursuant to a long-term prepaid power purchase agreement using the proceeds of bonds, notes, or other obligations, the interest on which is excluded from income for federal income tax purposes, or (ii) with respect to Energy, Energy that is generated using capacity that was constructed using the proceeds of bonds, notes, or other obligations, the interest on which is excluded from income for federal income tax purposes (provided that, for the avoidance of doubt, Priority Products shall not include Energy that is generated using capacity that was wholly or partially financed through the monetization of renewable tax credits, whether such monetization is accomplished through a tax equity investment or otherwise, or that is generated from federally owned and operated hydroelectric facilities, including through the United States Army Corps of Engineers and the United States Bureau of Reclamation, and marketed by the Bonneville Power Administration or the Western Area Power Administration).

“Product” means Energy and, to the extent included on an Assignment Schedule, associated RECs or other products related to the foregoing; *provided* that the inclusion of any Product on an Assignment Schedule is subject to the limitation set forth in Exhibit F.

“Purchaser” has the meaning specified in the preamble.

“Purchaser Default” has the meaning specified in Section 17.2.

“Qualifying Use Requirements” means, with respect to any Product delivered under this Agreement, such Product is used (i) for a “qualifying use” as defined in U.S. Treas. Reg. § 1.148-1(e)(2)(iii), (ii) in a manner that will not result in any “private business use” within the meaning of Section 141 of the Code, and (iii) in a manner that is consistent with the Federal Tax Certificate attached as Exhibit D.

“Re-Pricing Agreement” means the Re-Pricing Agreement, dated as of the Bond Closing Date (as defined in the Master Power Supply Agreement), by and between Prepay LLC and Issuer.

“Real-Time Market Price” has the meaning specified on Exhibit A-1 for each Delivery Point.

“Remarketing Election Deadline” means, for any Reset Period, the last date and time by which Purchaser may provide a Remarketing Election Notice, which shall be 4:00 p.m. LPT on the 10th day of the Month (or, if such day is not a Business Day, the next succeeding Business Day) prior to the first delivery Month of a Reset Period with respect to which a Potential Remarketing Event has occurred.

“Remarketing Election Notice” has the meaning specified in Section 3.5(b).

“Renewable Energy Credit” or “REC” has the meaning specified for “Renewable Energy Credit” in California Public Utilities Code Section 399.12(h), as may be amended from time to time or as further defined or supplemented by Law.

“Replacement Assigned Rights and Obligations” means any Assigned Rights and Obligations other than the Initial Assigned Rights and Obligations.

“Replacement Price” means, with respect to any Shortfall Quantity of Base Quantities, the price at which Purchaser, acting in a Commercially Reasonable manner, purchases at the applicable Delivery Point Replacement Product for such Shortfall Quantity, plus (i) costs reasonably incurred by Purchaser in purchasing Replacement Product, and (ii) additional transmission charges, if any, reasonably incurred by Purchaser to the applicable Delivery Point, or at Purchaser’s option, the market price at the Delivery Point for such Product not delivered as determined by Purchaser in a Commercially Reasonable manner. The Replacement Price for any Shortfall Quantity shall not include any administrative or other internal costs incurred by Purchaser and shall be limited to a price that is Commercially Reasonable with respect to the timing and manner of purchase. In no event shall the Replacement Price include any penalties, ratcheted demand or similar charges, nor shall Purchaser be required to utilize or change its utilization of its owned or controlled assets or market positions to minimize Issuer’s liability.

“Replacement Product” means any Energy purchased by Purchaser to replace any Shortfall Quantity at the Delivery Point where such Shortfall Quantity occurred; provided that such Energy is purchased for delivery in the Delivery Hour to which such Shortfall Quantity relates.

“Reset Period” means each “Reset Period” under the Re-Pricing Agreement.

“Reset Period Notice” has the meaning specified in Section 3.5(a).

“RPS Law” means the California Renewable Energy Resources Act, including the California Renewables Portfolio Standard Program, Article 16 of Chapter 2.3, Division 1 of the California Public Utilities Code, as implemented and amended from time to time, and any successor Law.

“Schedule”, “Scheduled” or “Scheduling” means the actions of Issuer, Purchaser and/or their designated representatives, including each Party’s Transmission Providers, if applicable, of notifying, requesting and confirming to each other the quantity and type of Product to be delivered during any given portion of the Delivery Period at a specified Delivery Point.

“Shortfall Quantity” has the meaning specified in Section 4.1(a).

“Transmission Provider” means any entity or entities transmitting or transporting the Product on behalf of Issuer or Purchaser to or from the Delivery Point.

“Trustee” means U.S. Bank Trust Company, National Association, and its successors as trustee under the Trust Indenture.

“Trust Indenture” means (i) the Trust Indenture to be entered into prior to the commencement of the Delivery Period between Issuer and the Trustee, and (ii) any trust indenture entered into in connection with the commencement of any Interest Rate Period after the initial Interest Rate Period between Issuer and the Trustee containing substantially the same terms as the indenture described in clause (i) and which is intended to replace the indenture described in clause (i) as of the commencement of such Interest Rate Period.

“Utility Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of Purchaser’s electric system, including, without limiting the generality of the foregoing, (1) all income, rents, rates, fees, charges, or other moneys derived by the Purchaser from the sale, furnishing and supplying of the electric capacity or energy or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Purchaser’s electric system, (2) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys to the extent that the use of such earnings and income is limited to Purchaser’s electric system by or pursuant to law, (3) deferred revenues and moneys maintained in the Purchaser’s operating reserve fund and (4) such other income, charges, revenue or moneys maintained in reserves as the Purchaser may specify in a written order of the Purchaser filed with the Issuer, but excluding (A) in all cases customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the Purchaser; and (B) such other income, charges, revenue or moneys as the Purchaser may specify in a written order of the Purchaser filed with the Issuer, provided that such written order of the Purchaser confirms that, following the filing of such written order of the Purchaser, (i) the requirements of Section 14.7 shall be satisfied; and (ii) the income, charges, revenue or moneys specified in such written order of the Purchaser shall be accounted for separately from the “Utility Revenues” as defined herein

“Voided Remarketing Election Notice” has the meaning specified in Section 3.5(b).

“Western EIM” has the meaning ascribed to “Energy Imbalance Market (EIM)” under the CAISO Tariff.

“WREGIS” means the Western Renewable Energy Generation Information System or its successor.

Section 1.2 Definitions; Interpretation. References to “Articles,” “Sections,” “Schedules” and “Exhibits” shall be to Articles, Sections, Schedules and Exhibits, as the case may be, of this Agreement unless otherwise specifically provided. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The use herein of the word “include” or “including”, when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest scope of such general statement, term or matter.

Except where expressly provided otherwise, any reference herein to any agreement or document includes all amendments, supplements or restatements to and of such agreement or document as may occur from time to time in accordance with its terms and the terms hereof, and any reference to a party to any such agreement includes all successors and assigns of such party thereunder permitted by the terms hereof and thereof.

ARTICLE II.

DELIVERY PERIOD; NATURE OF CLEAN ENERGY PROJECT; CONDITION PRECEDENT

Section 2.1 Delivery Period. Subject to Section 2.3, delivery of Product by Issuer to Purchaser shall commence at the beginning of the Delivery Period and, except for any Reset Period for which a Remarketing Election Notice is in effect as provided in Section 3.5(b), shall continue throughout the Delivery Period.

Section 2.2 Nature of Clean Energy Project. Purchaser acknowledges and agrees that Issuer will meet its obligations to provide Product to Purchaser under this Agreement exclusively through its purchase of Product from Prepay LLC pursuant to the Master Power Supply Agreement and that Issuer is financing its purchase of such supplies through the issuance of the Bonds.

Section 2.3 Condition Precedent. Notwithstanding anything to the contrary herein, commencement of deliveries and the rights and obligations of Issuer and Purchaser hereunder are subject to the condition precedent that Issuer shall have entered into the Master Power Supply Agreement and shall have issued the Bonds.

Section 2.4 Pledge of this Agreement. Purchaser acknowledges and agrees that Issuer will pledge its right, title and interest under this Agreement and the revenues to be received under this Agreement to secure Issuer's obligations under the Trust Indenture.

ARTICLE III.

SALE AND PURCHASE; PRICING

Section 3.1 Sale and Purchase of Product. Issuer shall sell and deliver or cause to be delivered to Purchaser, and Purchaser shall purchase and receive from Issuer, the applicable Product in the quantities and at the times and subject to the terms and conditions set forth in this Agreement. The quantities of Product to be sold and purchased and delivered and received pursuant to the terms and conditions set forth in this Agreement shall be equal to (a) the Base Quantity, if any, for each Delivery Hour and (b) the Assigned Quantity delivered to J. Aron in each Month of the Delivery Period pursuant to the Assignment Agreements.

Section 3.2 Payments.

(a) For each Month for which an EPS Energy Period is in effect at the start of such Month:

(i) Purchaser shall pay Issuer the Contract Price multiplied by the Assigned Prepay Quantities actually delivered for such Month, provided that Issuer shall owe a payment to Purchaser to the extent that the Contract Price for Assigned Prepay Quantities is negative; and

(ii) Pursuant to the terms of the PPA Custodial Agreement, Purchaser shall owe a separate VCE Gross Payment (as defined in the PPA Custodial Agreement) for each Assigned PPA consistent with the terms of the PPA Custodial Agreement, and, upon satisfying its obligations under the PPA Custodial Agreement in respect of such amount (after taking into consideration any PPA Seller Payment Obligation (as such term is defined in the PPA Custodial Agreement) credited to VCE in respect thereof), any portion of such amount attributable to Assigned PAYGO Product shall be deemed to be paid by Purchaser to the applicable APC Party on behalf of J. Aron and shall satisfy the obligations of the respective parties under each of the Electricity Sale and Service Agreement, the Master Power Supply Agreement, this Agreement and the applicable Assignment Agreement for such Assigned PAYGO Product.

(b) To the extent that Base Quantities are delivered hereunder in any Month, Purchaser shall pay Issuer the Contract Price multiplied by the Base Quantities actually delivered.

(c) The Contract Price for Assigned Energy is inclusive of any amounts due in respect of other Assigned Products.

Section 3.3 Limited Obligation to Take Base Quantities. Notwithstanding anything to the contrary in this Agreement, Purchaser shall not be required to purchase and receive any Base Quantities hereunder, and Issuer, with respect to any Base Quantities that otherwise would be delivered hereunder, shall cause Prepay LLC to remarket such Base Quantities pursuant to the provisions of Exhibit C to the Master Power Supply Agreement.

Section 3.4 Annual Refund. In addition to any Monthly Discount Percentage applied to Energy Scheduled hereunder, Issuer shall credit such Annual Refund to Purchaser as may be available for distribution by Issuer pursuant to Section 5.12 of the Trust Indenture, subject to the provisions of this Section 3.4. Such Annual Refund, if any, shall be credited to the next amount due from Purchaser following the release of funds for such purpose to Issuer under the terms of the Trust Indenture. In determining the amount of such Annual Refund, if any, to be credited to Purchaser, Issuer may reserve such funds (i) as may be required under the terms of the Trust Indenture or (ii) with the prior written consent of Purchaser (a) to fund or maintain the Minimum Discount Percentage for any future Reset Period, (b) to fund or maintain any rate stabilization or working capital reserve, (c) to reserve or account for unfunded liabilities and expenses or (d) for other costs of the Clean Energy Project.

Section 3.5 Reset Period Remarketing.

(a) Reset Period Notice. For each Reset Period, Issuer shall provide to Purchaser, at least ten (10) days prior to the Remarketing Election Deadline, written notice (a “Reset Period Notice”) setting forth (i) the duration of such Reset Period, (ii) the estimated Available Discount Percentage for such Reset Period, and (iii) the applicable Remarketing Election Deadline. Issuer may thereafter update such notice at any time prior to the Remarketing Election Deadline, provided that Issuer may extend the Remarketing Election Deadline only to the extent consented to in writing by J. Aron.

(b) Remarketing Election. If the Reset Period Notice (or any update thereto) for any Reset Period indicates that the estimated Available Discount Percentage specified in such notice is not at least equal to the Minimum Discount Percentage for such Reset Period, then: (i) a “Potential Remarketing Event” shall be deemed to exist, and (ii) Purchaser may, not later than the Remarketing Election Deadline, issue a written notice in the form attached hereto as Exhibit C (a “Remarketing Election Notice”) to Issuer, Prepay LLC and the Trustee electing the Assignment Agreements to be terminated and all Base Quantities with respect to such Reset Period to be remarketed; provided, however, if the actual Available Discount Percentage, as finally determined under the Re-Pricing Agreement, is equal to or greater than the Minimum Discount Percentage, then Issuer may, in its sole discretion, elect by written notice (a “Voided Remarketing Election Notice”) to Purchaser to treat such Remarketing Election Notice as void. If Purchaser issues a valid Remarketing Election Notice (other than a Voided Remarketing Election Notice) in accordance with this Section 3.5(b) for any Reset Period, then Purchaser shall have no rights or obligations to receive any Product hereunder during such Reset Period or to receive any Annual Refund attributable to such Reset Period and any rights and obligations assigned to Prepay LLC under an Assigned PPA including, without limitation, the right to receive Assigned Products, shall revert to Purchaser as of the end of the Initial Reset Period or the then-current Reset Period, as applicable.

(c) Final Determination of Available Discount Percentage. The Parties acknowledge and agree that the final Available Discount Percentage for any Reset Period following the Initial Reset Period will be determined on the Re-Pricing Date (as defined in the Re-Pricing Agreement) for such Reset Period, and that such Available Discount Percentage may differ from the estimate or estimates of such Available Discount Percentage last provided to Purchaser prior to the Remarketing Election Deadline for such Reset Period; provided that the Available Discount Percentage for any Reset Period will not be less than the lower of (i) the last estimated Available Discount Percentage set forth in the Reset Period Notice for such Reset Period (or any update thereof) sent to Purchaser by Issuer and (ii) the Minimum Discount Percentage for Reset Period.

(d) Obligations Following a Remarketing Election. Notwithstanding the issuance of any Remarketing Election Notice for a Reset Period, Purchaser shall not make any new commitment to purchase Priority Products during such Reset Period to the extent any such commitment could reasonably be expected to cause, during any portion of the Delivery Period after such Reset Period, Purchaser’s aggregate obligations to purchase Priority Products (including its obligation to purchase Priority Products hereunder) to exceed Purchaser’s expected aggregate requirements for Products that will be used (i) for a “qualifying use” as defined in U.S. Treas. Reg.

§ 1.148-1(e)(2)(iii) and (ii) in a manner that will not result in any “private business use” within the meaning of Section 141 of the Code. Unless Purchaser issues a new Remarketing Election Notice (other than a Voided Remarketing Election Notice) for any subsequent Reset Period in accordance with this Section 3.5, Purchaser and J. Aron will cooperate in good faith and exercise Commercially Reasonable Efforts to locate EPS Compliant Energy for redelivery hereunder in any such Reset Period.

ARTICLE IV.

FAILURE TO SCHEDULE PRODUCT

Section 4.1 Issuer’s Failure to Schedule Base Quantity (Not Due to Force Majeure).

(a) Shortfall Quantity. If, for any Delivery Hour during the Delivery Period, Issuer breaches its obligation to Schedule or deliver all or any portion of the Base Quantity, after giving effect to reductions for Assigned Energy at any Delivery Point pursuant to the terms of this Agreement, then the portion of the Base Quantity that Issuer failed to Schedule or deliver shall be a “Shortfall Quantity”.

(b) Issuer Cover Damage Payments. To the extent Purchaser actually purchases Replacement Product with respect to any Shortfall Quantity, then Issuer shall pay to Purchaser the result determined by the following formula:

$$P = Q \times (RP - CP + AF)$$

Where:

P = The amount payable by Issuer under this Section 4.1(b);

Q = The quantity of Replacement Product purchased;

RP = The Replacement Price;

CP = The Contract Price that would have applied to such Product; and

AF = The Administrative Fee.

(c) Purchaser Obligation to Mitigate. Purchaser shall exercise Commercially Reasonable Efforts to mitigate Issuer’s damages paid by Issuer hereunder.

Section 4.2 Purchaser’s Failure to Schedule or Take Base Quantities (Not Due to Force Majeure). If, for any Delivery Hour during the Delivery Period, Purchaser breaches its obligation to Schedule or take all or any portion of the Base Quantity at any Delivery Point pursuant to the terms of this Agreement, then Purchaser shall remain obligated to pay Issuer the Contract Price for such Base Quantity. Issuer shall credit to Purchaser’s account any net revenues Issuer may receive

from Prepay LLC under the Master Power Supply Agreement in connection with the ultimate sale of any such Product by Prepay LLC to Municipal Utilities or, if necessary, other purchasers, up to the Contract Price.

Section 4.3 Failure to Deliver or Take Due to Force Majeure. If with respect to all or any portion of Base Quantities or Assigned Prepay Quantities:

(a) Purchaser fails to take or Issuer fails to deliver all or any portion of such quantities at any Delivery Point pursuant to the terms of this Agreement; and

(b) such failure is due to Force Majeure claimed by either Party,

then the Parties shall have no payment obligations with respect to such quantities hereunder.

Section 4.4 Assigned Product. Notwithstanding anything herein to the contrary, neither Purchaser nor Issuer shall have any liability or other obligation to one another for any failure to Schedule, take, or deliver Assigned Product.

Section 4.5 Sole Remedies. Except with respect to the termination of this Agreement pursuant to Article XVII, the remedies set forth in this Article IV shall be each Party's sole and exclusive remedies for any failure by the other Party to Schedule, deliver or take Product, as applicable, pursuant to this Agreement.

ARTICLE V.

DELIVERY POINTS; SCHEDULING

Section 5.1 Delivery Points.

(a) Base Delivery Points. All Base Product delivered under this Agreement shall be Scheduled for delivery and receipt at (i) the Delivery Point set forth in Exhibit A-1 (the "Primary Delivery Point") or (ii) any other point (an "Alternate Delivery Point") that has been mutually agreed by Issuer, Purchaser and Prepay LLC (the Primary Delivery Point or, to the extent specified, any Alternate Delivery Point being the "Base Delivery Point"). Delivery of Energy to Purchaser at the Primary Delivery Point shall be facilitated through submission of Inter-SC Trades, as defined in the CAISO Tariff ("ISTs"). Purchaser shall designate a scheduling coordinator in the CAISO market for this purpose as specified in Exhibit G.

(b) Alternate Base Market Prices. The Day-Ahead Market Price and Real-Time Market Price for each Alternate Delivery Point, as applicable, shall be the price mutually agreed and identified by the Parties, or if no such price is identified for such Alternate Delivery Point, the Day-Ahead Market Price and Real-Time Market Price, as applicable, specified on Exhibit A-1 for the Primary Delivery Point from which quantities are being shifted to such Alternate Delivery Point.

(c) Assigned Energy Delivery Points. Assigned Energy delivered under this Agreement shall be Scheduled for delivery and receipt at the applicable Assigned Delivery Point specified in the applicable Assignment Schedule. All other Assigned Product shall be delivered consistent with the terms of the applicable Assignment Agreement

Section 5.2 Transmission and Scheduling. Issuer shall Schedule or arrange for Scheduling services with CAISO in accordance with the CAISO Tariff, to deliver the Base Product to the Base Delivery Point. Purchaser shall Schedule or arrange for Scheduling services with CAISO in accordance with CAISO Tariff, to receive the Base Product at the Base Delivery Point. If Prepay LLC Schedules or arranges for Scheduling services, to deliver Base Product to the Base Delivery Point, then Issuer's obligations under this Section shall be relieved pro tanto. Scheduling of Assigned Energy shall be in accordance with the applicable Assignment Schedule.

Section 5.3 Title and Risk of Loss. Title to and risk of loss of the Product delivered under this Agreement shall pass from Issuer to Purchaser at the applicable Delivery Point. The transfer of title and risk of loss for all Assigned Product shall be in accordance with the applicable Assignment Agreement; provided that all Assignment Agreements shall provide for the transfer of Renewable Energy Credits in accordance with WREGIS. [Subject to Section 18.1, each Party shall indemnify, defend and hold harmless the other Party from and against any Claims made by a third party arising from or out of any event, circumstance, act or incident related to the Product delivered hereunder first occurring or existing during the period when control and title to Base Product or Assigned Product is vested in the indemnifying Party as provided in this Section; provided that, notwithstanding the foregoing, (a) Issuer shall have no obligations to indemnify, defend or hold harmless Purchaser for any such Claims relating to replacement costs, cover damages or similar liabilities that are payable to any Person because of Purchaser's failure to deliver any Product to such Person and (b) no obligation to indemnify, defend or hold harmless shall supplant or control the provisions of this Agreement relating to Force Majeure. Notwithstanding anything to the contrary herein, no Party shall have any obligations to indemnify, defend or hold harmless the other Party in respect of any Claims relating to any Assigned Product.]

Section 5.4 PCC1 Product and Long-Term PCC1 Product. Notwithstanding any other provision of this Agreement to the contrary, to the extent that any Assigned Product is PCC1 Product or Long-Term PCC1 Product, the following provisions apply:

(a) Eligibility. Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that: (i) the Project qualifies and is certified by the CEC as an Eligible Renewable Energy Resource ("ERR") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. **[STC 6, Non-Modifiable. (Source: D.07-11-025, Attachment A.) D.08-04-009].**

(b) Transfer of Renewable Energy Credits. Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law. **[STC REC-1, Non-modifiable. D.11-01-025].**

(c) Tracking of RECs in WREGIS. Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract. **[STC REC-2, Non-modifiable. D.11-01-025].** With respect to Sections 5.4(a) through (c), “Seller” means “Issuer”, Buyer means “Purchaser”, and any other capitalized terms not otherwise defined therein shall have the meaning specified in the Assigned PPA.

(d) Governing Law. This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced, and performed in accordance with the laws of the state of California, without regard to principles of conflicts of law. To the extent enforceable at such time, each Party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement. **[STC 17, Non-Modifiable. (Source: D.07-11-025, Attachment A) D.08-04-009]**

(e) Issuer Representations and Warranties.

Issuer represents and warrants:

- (i) Issuer has the right to sell the Assigned Product from the Applicable Project;
- (ii) Issuer has not sold the Assigned Product or any REC or other attributes of the Assigned Product to be transferred to Purchaser to any other person or entity;
- (iii) The Energy component of the Assigned Product produced by the Applicable Project and purchased by Issuer for resale to Purchaser hereunder is not being sold by Issuer back to the Applicable Project or APC Party;
- (iv) Assigned Product to be purchased and sold pursuant to this Agreement has not been committed to another party;

- (v) The Assigned Product is free and clear of all liens or other encumbrances;
- (vi) Issuer will deliver to Purchaser all Assigned Energy and associated RECs generated by the Applicable Project for Long-Term PCC1 Product in compliance with the California Long-Term Contracting Requirements, if applicable;
- (vii) The Assigned Product supplied to Purchaser under this Agreement that is Long-Term PCC1 Product will be sourced solely from Applicable Projects that have an Assignment Period of ten years or more in length, or otherwise in compliance with the California Long Term Contracting Requirements; and
- (viii) Issuer will cooperate and work with Purchaser, the CEC, and/or the CPUC to provide any documentation required by the CPUC or CEC to support the Product's classification as a Portfolio Content Category 1 Product as set forth in California Public Utilities Code Section 399.16(b)(1) or, if applicable, or compliance with the California Long-Term Contracting Requirements.

Issuer further represents and warrants to Purchaser that, to the extent that the Product sold by Issuer is a resale of part or all of a contract between Issuer and one or more third parties, Issuer represents, warrants and covenants that the resale complies with the following conditions in (i) through (iv) below during the Assignment Period and throughout the generation period:

- (i) The original upstream third-party contract(s) meets the criteria of California Public Utilities Code Section 399.16(b)(1);
- (ii) This Agreement transfers only electricity and RECs that have not yet been generated prior to the Assignment Period;
- (iii) The electricity transferred by this Agreement is transferred to Purchaser in real time; and
- (iv) If the Applicable Project has an agreement to dynamically transfer electricity to a California balancing authority, the transactions implemented under this Agreement are not contrary to any condition imposed by a balancing authority participating in the dynamic transfer arrangement.

(f) Subsequent Changes in Law. In the event that the qualifications or requirements of the RPS program, PCC1 Product or the California Long-Term Contracting Requirements change, Issuer shall take commercially reasonable actions to meet the amended qualifications or requirements of the RPS Law, PCC1 Product or the California Long-Term Contracting Requirements but will not be required to incur any unreimbursed costs to comply with the RPS Law, PCC1 or the California Long- Term Contracting Requirements, collectively.

(g) Limitations. Notwithstanding anything to the contrary in this Agreement, the Parties acknowledge and agree as follows:

(i) Issuer has relied exclusively upon the representations and warranties of each respective APC Party set forth in the Assigned PPAs in making the representations and warranties set forth in this Section 5.4 and has not performed any independent investigation with respect thereto;

(ii) J. Aron has agreed pursuant to the Electricity Sale and Service Agreement to terminate the applicable Assignment Period in the event that any representation or warranty in this Section 5.4 proves to be incorrect in any respect; and

(iii) Purchaser agrees that its sole recourse for any breach of the provisions of this Section 5.4 shall be the termination of the applicable Assignment Period and Purchaser shall have no other recourse against Issuer or remedies under this Agreement.

Section 5.5 Communications Protocol. With respect to the Scheduling and delivery of Base Quantities, Issuer and Purchaser shall comply with the communications protocol set forth in Exhibit G. Scheduling and transmission of Assigned Energy shall be in accordance with the applicable Assignment Agreement pursuant to which the Purchaser shall act as scheduling agent for each of J. Aron, Prepay LLC and Issuer.

Section 5.6 Deliveries within CAISO or another Balancing Authority. The Parties acknowledge that Energy delivered by Issuer at a Delivery Point within CAISO or another Balancing Authority (including a Balancing Authority operating within the Western EIM) will be delivered in accordance with the CAISO Tariff and rules of the Balancing Authority as applicable. Scheduling such Energy in accordance with the requirements of the applicable Product into the applicable Balancing Authority shall constitute delivery of such Product to Purchaser hereunder, provided that any associated Renewable Energy Credits and other Assigned Product are also delivered to Purchaser.

Section 5.7 Assigned Products. Notwithstanding anything to the contrary herein, except as provided in Section 6.3, Issuer shall have no liability under this Article V with respect to any Assigned Products.

ARTICLE VI.

ASSIGNMENT OF POWER PURCHASE AGREEMENTS

Section 6.1 Assignments Generally.

(a) Initial Assigned Rights and Obligations. Prior to the commencement of the Delivery Period, Purchaser agrees to exercise Commercially Reasonable Efforts to assign the Initial Assigned Rights and Obligations to J. Aron.

(b) Assignments of Replacement Assigned Rights and Obligations. Commencing (i) one year prior to the expiration of any EPS Energy Period or (ii) otherwise immediately upon the early termination or anticipated early termination of a EPS Energy Period or a failure to assign any portion of the Initial Assigned Rights and Obligations, Purchaser shall exercise Commercially Reasonable Efforts and cooperate with J. Aron in good faith to assign a portion of Purchaser's rights and obligations (the "Assigned Rights and Obligations") under one or more power purchase agreements (each such agreement, an "Assignable Power Contract") pursuant to which Purchaser is purchasing EPS Compliant Energy, RECs and other products that may be assigned pursuant to Exhibit F. The Parties recognize that, in the case of such an assignment, J. Aron will be obligated to sell and deliver Assigned Product it receives under all Assigned Rights and Obligations to Prepay LLC under the terms of the Electricity Sale and Service Agreement, and Prepay LLC will be obligated to deliver such Product to Issuer under the terms of the Master Power Supply Agreement. To be effective hereunder, any assignment of Replacement Assigned Rights and Obligations must be proposed, agreed and consented to in accordance with Exhibit F and the Master Power Supply Agreement.

(c) J. Aron Procurement of EPS Compliant Energy. Under certain circumstances specified in Section 6.1(c) of the Electricity Sale and Service Agreement, J. Aron is obligated to exercise Commercially Reasonable Efforts to obtain EPS Compliant Energy for ultimate redelivery to Purchaser hereunder, and, in such case, Purchaser shall cooperate in good faith with J. Aron in connection therewith, provided that:

(i) J. Aron's procurement of any such EPS Compliant Energy for ultimate redelivery hereunder shall be subject to Purchaser's prior written consent, with such consent not to be unreasonably withheld, provided, for the avoidance of doubt, that it shall be reasonable for Purchaser to withhold its consent based on the requirements of the EPS or other regulatory requirements;

(ii) Issuer and Purchaser shall act in good faith and in a Commercially Reasonable manner to negotiate appropriate amendments to this Agreement to facilitate the delivery of such EPS Compliant Energy, including with respect to the Delivery Point, consequences of failing to deliver or receive and scheduling matters;

(iii) the period of delivery for any such EPS Compliant Energy (any such period, a "J. Aron EPS Energy Period") shall not exceed the length, as applicable, of (A) the then-current Reset Period if such EPS Compliant Energy is obtained for delivery for the remainder of a Reset Period and (B) the length of the next succeeding Reset Period if such EPS Compliant Energy is obtained for delivery commencing in such succeeding Reset Period; and

(iv) during a J. Aron EPS Energy Period, if requested by J. Aron, Purchaser shall continue to exercise Commercially Reasonable Efforts and cooperate with J. Aron in good faith to assign Assigned Rights and Obligations to J. Aron under an Assignable Power Contract.

(d) Amendments. Purchaser and Issuer agree to seek the written consent of J. Aron prior to any amendment to this Article VI or Exhibit F hereto.

Section 6.2 Failure to Obtain EPS Compliant Energy. To the extent an EPS Energy Period terminates or expires and Purchaser and J. Aron have been unable to obtain EPS Compliant Energy for delivery hereunder pursuant to the provisions of Section 6.1, then, until EPS Compliant Energy is obtained for delivery hereunder, Prepay LLC shall remarket Purchaser's Base Quantities pursuant to the provisions of Exhibit C to the Master Power Supply Agreement, subject to the following:

(a) Purchaser's and J. Aron's obligations set forth in Section 6.1 shall continue to apply; and

(b) Purchaser shall not make any new commitment to purchase Priority Products during such a remarketing.

Section 6.3 Adjustments to Base Quantities. The Base Quantity Reductions set forth on Exhibit A-1 hereto have been calculated as described in Exhibit F hereto. Effective upon the first day of the second Month following the early termination of an EPS Energy Period for any reason, Issuer shall revise Exhibits A-1 and A-2 to (a) update the Base Quantity Reductions as provided in Exhibit F to the extent a subsequent EPS Energy Period will commence on such date or (b) reverse such Base Quantity Reductions associated with the EPS Energy Period that terminated for all remaining Hours in the Delivery Period to the extent a replacement EPS Energy Period will not commence on such date. In the case of any other commencement of a subsequent EPS Energy Period, Issuer shall revise (i) the Base Quantity Reductions in Exhibit A-1 as provided by Exhibit F hereto and (ii) Exhibit A-2 to reflect the details for such EPS Energy Period.

Section 6.4 J. Aron Non-Payment to APC Party. To the extent that (a) J. Aron fails to pay when due any J. Aron Prepay Payment and (b) Purchaser makes a payment for such amounts to the applicable APC Party, Purchaser shall provide notice thereof to Issuer upon Purchaser's payment to the applicable APC Party and Issuer shall make a payment to Purchaser in the amount of such non-payment.

ARTICLE VII.

USE OF PRODUCT

Section 7.1 Tax Exempt Status of the Bonds. Purchaser acknowledges that the Bonds will be issued with the intention that the interest thereon will be exempt from federal taxes under Section 103 of the Code. Accordingly, Purchaser agrees that it will (a) provide such information with respect to its community choice aggregation program as may be requested by Issuer in order

to establish the tax-exempt status of the Bonds, and (b) act in accordance with such written instructions as Issuer may provide from time to time in order to maintain the tax-exempt status of the Bonds. Purchaser further agrees that it will not at any time take any action, or fail to take any action, that, if taken or omitted, respectively, would adversely affect the tax-exempt status of the Bonds.

Section 7.2 Priority Products. Purchaser agrees to purchase and receive the Products to be delivered under this Agreement (a) in priority over and in preference to all other Products available to Purchaser that are not Priority Products; and (b) on at least a pari passu and non-discriminatory basis with other Priority Products.

Section 7.3 Assistance with Sales to Third Parties. If (a) (i) a quantity of Assigned Product less than the Assigned Prepay Quantity is delivered hereunder in any Month during an Assignment Period for any reason other than Force Majeure or (ii) an Assigned PPA FM Remarketing Event has occurred and is in effect (as defined in Exhibit F to the Master Power Supply Agreement), (b) Issuer is required under Section 3.3 to cause Base Quantities that otherwise would be delivered hereunder to be remarketed or (c) notwithstanding Purchaser's compliance with Section 7.1, Purchaser does not require all or any portion of the Assigned Prepay Quantity to meet its requirements for Energy that it is obligated to purchase under this Agreement as a result of (i) insufficient demand by Purchaser's retail customers or (ii) a change in Law, Purchaser may, with reasonable notice issued in the form of a remarketing notice in accordance with Exhibit G, request (and, in the case of clauses (a) and (b), shall be deemed to request) that Prepay LLC, as permitted by the Master Power Supply Agreement, sell such portion of such Base Quantities or Assigned Product (I) to another Municipal Utility, or (II) if necessary, to another purchaser. Any remarketing notice issued under clause (c)(ii) above shall constitute a Structural Remarketing Notice (as defined in the Master Power Supply Agreement) and shall be subject to the requirements set forth in the Master Power Supply Agreement. If Prepay LLC makes such a sale under Exhibit C to the Master Power Supply Agreement, Issuer shall credit against the amount owed by Purchaser to Issuer hereunder the amount received by Issuer from Prepay LLC for such sales less all reasonable costs and expenses directly incurred by Issuer, including but not limited to remarketing administrative charges paid by it to Prepay LLC under the Master Power Supply Agreement, but in no event shall the amount of such credit be more than the Contract Price for the Energy so sold.

Section 7.4 Qualifying Use. Without limiting Purchaser's other obligations under this Article VII, Purchaser agrees that, subject to Section 7.5, it will use all of the Product purchased under this Agreement in compliance with the Qualifying Use Requirements. Purchaser agrees that it will provide such additional information, records and certificates as Issuer may reasonably request to confirm Purchaser's compliance with this Section 7.4.

Section 7.5 Remediation.

(a) The Parties acknowledge that Purchaser may at times inadvertently remarket Products received hereunder in a manner that does not comply with Qualifying Use Requirements due to daily and hourly fluctuations in Purchaser's Product needs. To the extent Purchaser does so, Purchaser shall (a) exercise

Commercially Reasonable Efforts to use any Disqualified Sale Proceeds of such remarketing to purchase Products (other than Priority Products) that Purchaser then uses in compliance with the Qualifying Use Requirements and (b) reserve funds in an amount equal to any Disqualified Sale Proceeds until such Disqualified Sale Proceeds are remediated or transferred to the Trustee pursuant to Section 7.6(b) below.

(b) To the extent that all or any portion of Assigned Quantities or Base Quantities are remarketed under Section 3.3 or under Section 7.3, as applicable, and any such remarketing results in a Ledger Entry (as defined in the Master Power Supply Agreement), Purchaser agrees that it shall (i) exercise Commercially Reasonable Efforts to use an amount equivalent to the remarketing proceeds associated with such any such Ledger Entry to purchase Non-Priority Products and use such Non-Priority Products in compliance with the Qualifying Use Requirements in order to remediate such Ledger Entries; and (ii) apply its purchases of Non-Priority Products to remediate any such proceeds under the Master Power Supply Agreement prior to remediating such proceeds under any other contract that provides for the purchase of Priority Products. To track compliance with Purchaser's obligations under this Section 7.5(b), Purchaser shall deliver a remediation certificate to Issuer and Prepay LLC by the tenth day of the Month subsequent to any relevant Non-Priority Products purchases (which may include purchases of Energy from CAISO to the extent such Energy is used in compliance with the Qualifying Use Requirements); provided that the Parties acknowledge and agree that any purchases of Assigned PAYGO Products (commencing with purchases of Assigned PAYGO Products in the Month in which any such Ledger Entry occurs) shall be applied to remediate any such Ledger Entries and no remediation certificate shall be required with respect to purchases of Assigned PAYGO Products. For Ledger Entries remediated under this Section 7.5(b) that have not otherwise been remediated by Prepay LLC pursuant to the remarketing provisions of the Master Power Supply Agreement, Issuer shall pay Purchaser any portion of the Monthly Discount Percentage associated with such Ledger Entries that is available under the Trust Indenture on or before the last Business Day of the Month in which Purchaser provides a certificate under this Section 7.5(b) evidencing such remediation.

Section 7.6 Remediation; Ledger Entries; Redemption.

(a) Remediation. To track compliance with the requirements of Section 7.5(a), Purchaser will provide a quarterly report to Issuer (delivered not later than the 15th day of each April, July, October and January until the end of the Delivery Period) ¹showing the following: the total quantity of proceeds from sales of Products received hereunder that (i) were sold by Purchaser

¹ NTD: Timeline for delivery of quarterly reports under VCE review.

to any Person in a transaction that does not comply with the Qualifying Use Requirements and (ii) have not been remediated by Purchaser by applying such proceeds to purchase Products that are used in compliance with the Qualifying Use Requirements (the quantities of Product producing such proceeds, “Disqualified Sale Units” and such proceeds received, “Disqualified Sale Proceeds”).

(b) Ledger Entries. Issuer shall report such unremediated Disqualified Sale Proceeds and the associated Disqualified Sale Units to Prepay LLC for addition to the remarketing ledgers maintained by Prepay LLC under the Master Power Supply Agreement, with the ledger entries to be dated as of the end of the first month of the relevant quarter.

(c) Transfers to Trustee. Purchaser shall transfer (to the extent such unremediated Disqualified Sales Proceeds and associated Disqualified Sale Units remain reflected on the remarketing ledger described under Section 7.6(b) at the time such transfer is required by this Section 7.6(c)) any such unremediated Disqualified Sale Proceeds and any other required funds (i.e., all additional funds necessary for redemption of the Bonds referred to in this Section 7.6(c)) to the Trustee at least 95 days prior to the second anniversary of the date on which such unremediated Disqualified Sale Proceeds and the associated Disqualified Sale Units were first reflected on the remarketing ledgers in accordance with Section 7.6(b), with such funds to be deposited in the Debt Service Account (as defined in the Trust Indenture) and applied to the redemption of Bonds as directed by Issuer and approved by Special Tax Counsel (as defined in the Trust Indenture) as preserving the tax-exempt status of the Bonds.

ARTICLE VIII.

REPRESENTATIONS AND WARRANTIES; ADDITIONAL COVENANTS

Section 8.1 Representations and Warranties. As a material inducement to entering into this Agreement, each Party, with respect to itself, hereby represents and warrants to the other Party as of the Execution Date as follows:

(a) it is a joint powers authority, duly organized and validly existing under the Laws of the State of California,

(b) it has all requisite power and authority, corporate or otherwise, to own its material properties, carry on its material business as now being conducted, enter into, deliver and to perform its obligations under this Agreement and to carry out the terms and conditions hereof and the transactions contemplated hereby;

(c) there is no litigation, action, suit, proceeding with service of process accomplished with respect to such Party or investigation pending or, to the best of such Party’s knowledge, threatened, in each case before or by any Government Agency and, in each case, which could reasonably be anticipated to materially and adversely affect such Party’s ability to perform its obligations under this Agreement or that questions the validity, binding effect or enforceability hereof, any action taken or to be taken by such Party pursuant hereto, or any of the transactions contemplated hereby;

(d) the execution, delivery and performance of this Agreement by such Party have been duly authorized by all necessary action on the part of such Party and its governing body and do not require any approval or consent of any security holder of such Party or any holder (or any trustee for any holder) of any indebtedness or other obligation of such Party;

(e) this Agreement has been duly executed and delivered on behalf of such Party by an appropriate officer or authorized Person of such Party and constitutes the legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally and by general principles of equity;

(f) the execution, delivery and performance of this Agreement by such Party shall not violate any provision of any Law, order, writ, judgment, decree or other legal or regulatory determination applicable to it;

(g) the execution, delivery and performance by such Party of this Agreement, and the consummation of the transactions contemplated hereby, including the incurrence by such Party of its financial obligations under this Agreement, shall not result in any violation of any term of any material contract or agreement applicable to it, or any of its charter or bylaws or of any license, permit, franchise, judgment, writ, injunction or regulation, decree, order, charter, Law, ordinance, rule or regulation applicable to it or any of its properties or to any obligations incurred by it or by which it or any of its properties or obligations are bound or affected, or of any determination or award of any arbitrator applicable to it, and shall not conflict with, or cause a breach of, or default under, any such term or result in the creation of any lien upon any of its properties or assets, except with respect to Issuer, the lien of the Trust Indenture;

(h) to the best of the knowledge and belief of such Party, no Governmental Approval is required in connection with the valid authorization, execution, delivery and performance by such Party of this Agreement or the consummation of any of the transactions contemplated hereby other than those Governmental Approvals that have been obtained; and

(i) it enters this Agreement as a bona-fide, arms-length transaction involving the mutual exchange of consideration and, once executed by both Parties, considers this Agreement a legally enforceable contract.

Section 8.2 Warranty of Title. Issuer warrants that it will deliver to Purchaser (a) all Base Product free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any Person arising prior to the Delivery Point, and (b) all Assigned Product free and clear of all liens, security interests, claims and encumbrances or any interest therein or thereto by any Person that are imposed on such Assigned Product solely as a result of Issuer's or Prepay LLC's actions.

Section 8.3 Disclaimer of Warranties. EXCEPT FOR THE WARRANTIES EXPRESSLY MADE BY ISSUER IN THIS Article VIII, ISSUER HEREBY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Section 8.4 Continuing Disclosure. Purchaser agrees to provide to Issuer: (a) such financial and operating information as may be requested by Issuer, including Purchaser's most recent audited financial statements, for use in Issuer's offering documents for the Bonds; and (b) annual updates to such information and statements to enable Issuer to comply with its undertakings to enable the underwriters of the offerings of the Bonds to comply with the continuing disclosure provisions of Rule 15(c)2-12 of the United States Securities and Exchange Commission. Failure by Purchaser to comply with its agreement to provide such annual updates shall not be a default under this Agreement, but any such failure shall entitle Issuer or an owner of the Bonds to take such actions and to initiate such proceedings as may be necessary and appropriate to cause Purchaser to comply with such agreement, including without limitation the remedies of mandamus and specific performance.

ARTICLE IX.

TAXES

As between Issuer and Purchaser, Issuer shall (i) be responsible for and pay or cause to be paid all ad valorem, excise, severance, production and other taxes assessed with respect to Product (other than any Assigned Product) delivered pursuant to this Agreement arising prior to the applicable Delivery Point and (ii) indemnify Purchaser and its Affiliates for any such taxes paid by Purchaser or its Affiliates. As between Issuer and Purchaser, Purchaser shall (i) be responsible for all taxes with respect to Product received pursuant to this Agreement assessed at or from the applicable Delivery Point, and (ii) indemnify Issuer and its Affiliates for any such taxes paid by Issuer or its Affiliates. Nothing shall obligate or cause a Party to pay or be liable for any tax for which it is exempt under Law.

ARTICLE X.

JURISDICTION; WAIVER OF JURY TRIAL

Section 10.1 Consent to Jurisdiction. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST EITHER PARTY ARISING OUT OF OR RELATING HERETO SHALL BE BROUGHT EXCLUSIVELY IN (A) THE COURTS OF THE STATE OF CALIFORNIA LOCATED IN THE CITY OF SAN FRANCISCO, (B) THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE NORTHERN DISTRICT OF CALIFORNIA SITTING IN THE CITY AND COUNTY OF SAN FRANCISCO. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH Article XVI; AND AGREES THAT SERVICE AS PROVIDED ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT.

Section 10.2 Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING UNDER THIS AGREEMENT. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS Section 10.2 AND EXECUTED BY EACH OF THE PARTIES), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY A COURT.

ARTICLE XI.

FORCE MAJEURE

Section 11.1 Applicability of Force Majeure. To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party (the "Claiming Party") gives notice and details of the Force Majeure to the other Party as soon as practicable, then the Claiming Party shall be excused from the performance of its obligations with respect to this Agreement (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure and as provided in Section 4.3). The Claiming Party shall remedy the Force Majeure with all reasonable dispatch. For the duration of the Claiming Party's non-performance (and only for such period), the non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

Section 11.2 Settlement of Labor Disputes. Notwithstanding anything to the contrary herein, the Parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the Party experiencing such disturbance, and the failure of a Party to settle such strikes, lockouts or other industrial disturbances shall not prevent the existence of Force Majeure or of reasonable dispatch to remedy the same.

ARTICLE XII.

GOVERNMENTAL RULES AND REGULATIONS

Section 12.1 Compliance with Laws. This Agreement shall be subject to all present and future Laws of any Government Agency having jurisdiction over this Agreement or the transactions to be undertaken hereunder, and neither Party has knowingly undertaken or will knowingly undertake or knowingly cause to be undertaken any activity that would conflict with such Laws; provided, however, that nothing herein shall be construed to restrict or limit either Party's right to object to or contest any such Law, or its application to this Agreement or the transactions undertaken hereunder, and neither acquiescence therein or compliance therewith for any period of time shall be construed as a waiver of such right.

Section 12.2 Contests. Excluding all matters involving a contractual dispute between the Parties, no Party shall contest, cause to be contested or in any way actively support the contest of the equity, fairness, reasonableness or lawfulness of any terms or conditions set forth or established pursuant to this Agreement, as those terms or conditions may be at issue before any Government Agency in any proceeding, if the successful result of such contest would be to preclude or excuse the performance by either Party of this Agreement or any provision hereunder.

Section 12.3 Defense of Agreement. Excluding all matters involving a contractual dispute between the Parties, each Party shall hereafter exercise Commercially Reasonable Efforts to defend and support this Agreement before any Government Agency in any proceeding, if the substance, validity or enforceability of all or any part of this Agreement is hereafter directly challenged or if any proposed changes in regulatory practices or procedures would have the effect of making this Agreement invalid or unenforceable or would subject either Party to any greater or different regulation or jurisdiction that materially affects the rights or obligations of the Parties under this Agreement.

ARTICLE XIII.

ASSIGNMENT

The terms and provisions of this Agreement shall extend to and be binding upon the Parties and their respective successors, assigns, and legal representatives; *provided*, however, that, subject to Section 18.14, neither Party may assign this Agreement or its rights and interests, in whole or in part, under this Agreement without the prior written consent of the other Party; *provided* furthermore that, for the avoidance of doubt, any applicable Assignment Agreement shall terminate concurrent with the assignment of this Agreement. Prior to assigning this Agreement, Purchaser shall deliver to Issuer written confirmation from each Rating Agency (as defined in the Trust Indenture) then rating the Bonds, *provided* that such agency has rated and continues to rate the Bonds, that the assignment will not result in a reduction, qualification, or withdrawal of the then-current ratings assigned by such Rating Agency to the Bonds. Whenever an assignment or a transfer of a Party's interest in this Agreement is requested to be made with the written consent of the other Party, the assigning or transferring Party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring Party. Upon the agreement of a Party to any such assignment or transfer, the assigning or transferring Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment or transfer and assumption of duties and obligations

ARTICLE XIV.

PAYMENTS

Section 14.1 Monthly Statements.

(a) Purchaser's Statements. No later than the 5th day of each Month during the Delivery Period (excluding the first Month of the Delivery Period) and the first Month following the end of the Delivery Period, Purchaser shall deliver to Issuer a statement (a "Purchaser's Statement") listing (i) in respect of the prior Month, if Base Quantities were required to be delivered in such Month and there is a Shortfall Quantity for such Month, the Replacement Price applicable to such Shortfall Quantity, and (ii) any other amounts due to Purchaser in connection with this Agreement with respect to prior Months.

(b) Billing Statements.

(i) No later than the 20th day of each Month during the Delivery Period (excluding the first Month of the Delivery Period) and the first Month following the end of the Delivery Period (the "Billing Date"), Issuer shall deliver a statement (a "Billing Statement") to Purchaser indicating (i) the total amount due to Issuer for Product delivered in the prior Month, (ii) any other amounts due to Issuer or Purchaser in connection with this Agreement with respect to the prior Months, and (iii) the net amount due to Issuer or Purchaser; provided that Prepay LLC's delivery of a Billing Statement to Issuer and Purchaser pursuant to and as defined in the Master Power Supply Agreement shall be deemed to satisfy Issuer's obligation to deliver a Billing Statement hereunder; provided furthermore that invoicing for all Assigned PAYGO Products shall occur under the PPA Custodial Agreement.

(ii) If a Monthly Statement (as defined in the PPA Custodial Agreement) for an Assigned PPA has not been delivered by the 15th day of the Month following deliveries, Issuer shall provisionally prepare or cause to be prepared a Billing Statement for this Agreement that assumes all of the Assigned Prepay Quantities were delivered under the applicable Assigned PPA for such Month. In such case, to the extent that a Monthly Statement subsequently delivered under the PPA Custodial Agreement reflects that less than the Assigned Prepay Quantities were actually delivered under any such Assigned PPA, then (A) the previously delivered Billing Statement shall be deemed to be updated in accordance with such Monthly Statement, (B) Prepay LLC shall be deemed under the remarketing provisions of the Master Power Supply Agreement to remarket and purchase such undelivered portion of the Assigned Prepay Quantities for its own account resulting in a Ledger Entry (as defined in the Master Power Supply Agreement) and (C) Issuer shall owe a resettlement payment to Purchaser in an amount equal to the product of (x) the applicable APC Contract Price multiplied by (y) the portion of the Assigned Prepay Quantities not delivered in such Month. The Parties acknowledge and agree that J. Aron shall have a separate resettlement

payment obligation with respect to the amounts described in the clause (C) of the preceding sentence under the Electricity Sale and Service Agreement, and J. Aron's payment of the J. Aron Resettlement Payment as defined in and pursuant to the PPA Custodial Agreement shall satisfy the corresponding obligations of the respective parties under each of the Electricity Sale and Service Agreement, the Master Power Supply Agreement and this Agreement.

(c) Supporting Documentation. Upon request by either Party, the other Party shall deliver such supporting documentation of the foregoing statements and information described in this Section 14.1 as such requesting Party may reasonably request.

Section 14.2 Payments.

(a) Payments Due. If the Billing Statement indicates an amount due from Purchaser, then Purchaser shall remit such amount to Issuer by wire transfer (pursuant to the Trustee's instructions), in immediately available funds, on or before the 23rd day of the Month following the most recent Month to which such Billing Statement relates, or if such day is not a Business Day, the preceding Business Day. If the Billing Statement indicates an amount due from Issuer, then Issuer shall remit such amount to Purchaser by wire transfer (pursuant to Purchaser's instructions), in immediately available funds, on or before the 28th day of the Month following the most recent Month to which such Billing Statement relates, or if such day is not a Business Day, the following Business Day. Notwithstanding the foregoing, payments due from Purchaser for Assigned PAYGO Product shall be satisfied by Purchaser's compliance with Section 3.2(a)(ii) in respect of such Assigned PAYGO Product.

(b) No Duty to Estimate. If Purchaser fails to issue a Purchaser's Statement with respect to any Month, Issuer shall not be required to estimate any amounts due to Purchaser for such Month, provided that Purchaser may include any such amount on subsequent Purchaser's Statements issued within the next sixty (60) days. The sixty (60)-day deadline in this subsection (b) replaces the two (2) year deadline in Section 14.5 with respect to any claim by any non-delivering Party of inaccuracy in any estimated invoice issued or payment made pursuant to this subsection (b).

Section 14.3 Payment of Disputed Amounts. If Purchaser disputes any amounts included in a Billing Statement, Purchaser shall (except in the case of manifest error) nonetheless pay any amount required by the Billing Statement in accordance with Section 14.2 without regard to any right of set-off, counterclaim, recoupment or other defenses to payment that Purchaser may have; *provided, however*, that Purchaser shall have the right, after payment, to dispute any amounts included in a Billing Statement or otherwise used to calculate payments due under this Agreement pursuant to Section 14.5. If Issuer disputes any amounts included in the Purchaser's Statement, Issuer may withhold payment to the extent of the disputed amount; *provided, however*, that interest shall be due at the Default Rate for any withheld amount later found to have been properly due.

Section 14.4 Late Payment. If Purchaser fails to remit within one Business Day the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at the Default Rate.

Section 14.5 Audit; Adjustments.

(a) Right to Audit. A Party shall have the right, at its own expense, upon reasonable notice to the other Party and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other Party to the extent reasonably necessary, but only to such extent, to verify the accuracy of any statement, charge, payment, or computation made under this Agreement. This right to examine, audit, and obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Agreement.

(b) Deadline for Objections. Each Purchaser's Statement and each Billing Statement shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such Purchaser's Statement or Billing Statement is objected to in writing, with adequate explanation and/or documentation, within two (2) years after the applicable Month of Product delivery.

(c) Payment of Adjustments. All retroactive adjustments shall be paid in full by the Party owing payment within 30 days of notice and substantiation of such inaccuracy. If the Parties are unable to agree upon any retroactive adjustments requested by either Party within the time period specified in Section 14.5(b), then either Party may pursue any remedies available with respect to such adjustments at law or in equity. Retroactive adjustments for payments made based on an incorrect Purchaser's Statement or Billing Statement shall bear interest at the Default Rate from the date such payment was made.

Section 14.6 Netting; No Set-Off. The Parties shall net all amounts due and owing, including any past due amounts (which, for the avoidance of doubt, shall include any accrued interest), arising under this Agreement such that the Party owing the greater amount shall make a single payment of the net amount to the other Party in accordance with this Article XIV. Notwithstanding the foregoing, no Party shall be entitled to net any amounts that are in dispute and payment for all amounts set forth in a Billing Statement provided to Purchaser shall be made without set-off or counterclaim of any kind.

Section 14.7 Rate Covenant. Purchaser agrees to make payments it is required to make under this Agreement from Utility Revenues, and only from such Utility Revenues, and as a charge against such Utility Revenues, as an operating expense of its electric system and a cost of purchased Product; provided, however, that Purchaser, in its discretion, may apply any legally available moneys to the payment of amounts due under this Agreement. Purchaser hereby covenants and agrees that it will establish, maintain, and set rates and charges for its electric system so as to provide Utility Revenues sufficient, together with all available electric system revenues, to enable Purchaser to pay to Issuer all amounts payable under this Agreement and to pay all other amounts payable from the revenues of Purchaser's electric system, and to maintain any reserves as required by the Purchaser's reserve policy. Purchaser further covenants and agrees that it shall not furnish or supply electric services free of charge to any person, firm, corporation association, or other entity, public or private, except any such service free of charge that Purchaser is supplying on the date hereof or such free service as required by order of the CPUC or the State of California, and that it shall promptly enforce the payment of any and all accounts owing to Purchaser for the

sale of electricity or the provision of transmission, distribution or other services to its customers. Purchaser further covenants and agrees that in any future bond issue, certificate of participation issue, interest rate swap agreement, commodity swap agreement or any other financing or financial transaction undertaken by, or on behalf of, Purchaser in connection with its electric system, Purchaser shall not pledge or encumber the Utility Revenues through a gross revenue pledge or in any other way which creates a prior or superior obligation to its obligation to make payments under this Agreement.

ARTICLE XV.

[RESERVED]

ARTICLE XVI.

NOTICES

Any notice, demand, statement, or request required or authorized by this Agreement to be given by one Party to the other Party (or to any third party) shall be in writing and shall either be sent by email transmission, courier, or personal delivery (including overnight delivery service) to each of the notice recipients and addresses specified in Exhibit B for the receiving Party. Any such notice, demand, or request shall be deemed to be given (i) when delivered by email transmission, or (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service). Each Party shall have the right, upon 10 days' prior written notice to the other Party, to change its list of notice recipients and addresses in Exhibit B. The Parties may mutually agree in writing at any time to deliver notices, demands or requests through alternate or additional methods, such as electronic mail. Notwithstanding the foregoing, either Party may at any time notify the other that any notice, demand, statement, or request to it must be provided by email transmission for a specified period of time or until further notice, and any communications delivered by means other than email transmission during the specified period of time shall be ineffective.

ARTICLE XVII.

DEFAULT; REMEDIES; TERMINATION

Section 17.1 Issuer Default. Each of the following events shall constitute a "Issuer Default" under this Agreement:

(a) any representation or warranty made by Issuer in this Agreement shall prove to have been incorrect in any material respect when made; or

(b) Issuer shall have failed to perform, observe, or comply with any covenant, agreement or term contained in this Agreement, and such failure continues for more than thirty (30) days following receipt by Issuer of written notice thereof.

Section 17.2 Purchaser Default. Each of the following events shall constitute a “Purchaser Default” under this Agreement:

(a) Purchaser fails to pay when due any amounts owed to Issuer pursuant to this Agreement and such failure continues for three Days following receipt by Purchaser of written notice thereof;

(b) Purchaser (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency Law or other similar Law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained, in each case within 30 days of the institution or presentation thereof; (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets; (vii) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its of assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (viii) causes or is subject to any event with respect to it which, under the applicable Laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) through (vii); or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts;

(c) any representation or warranty made by Purchaser in this Agreement proves to have been incorrect in any material respect when made, and such default is not remedied within thirty (30) days after receipt by Purchaser of written notice thereof;

(d) Purchaser shall have failed to perform, observe or comply with any material covenant, agreement or term contained in this Agreement, and such failure continues for more than 30 days following the earlier of receipt by Purchaser of notice thereof; or

(e) Purchaser shall have failed to establish, maintain, or collect rates or charges adequate to provide Utility Revenues sufficient to enable Purchaser to pay all amounts due to Issuer under this Agreement in accordance with Section 14.7 (Rate Covenant), and such failure continues for more than 30 days following the earlier of receipt by Purchaser of notice thereof.

Section 17.3 Remedies Upon Default.

(a) Termination. If at any time a Issuer Default or a Purchaser Default has occurred and is continuing, then the non-defaulting Party may do any or all of the following (i) by notice to the defaulting Party specifying the relevant Issuer Default or Purchaser Default, as applicable, terminate this Agreement effective as of a day not earlier than the day such notice is deemed given under Article XVI and/or (ii) declare all amounts due to the non-defaulting Party under this Agreement or any part thereof immediately due and payable, and the same shall thereupon become immediately due and payable, without notice, demand, presentment, notice of dishonor, notice of intent to demand, protest or other formalities of any kind, all of which are hereby expressly waived by the defaulting Party; *provided, however*, this Agreement shall automatically terminate and all amounts due to the non-defaulting Party hereunder shall immediately become due and payable as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition giving rise to a Purchaser Default specified in Section 17.2(b)(iv) or, to the extent analogous thereto, Section 17.2(b)(viii). In addition, during the existence of an Issuer Default or a Purchaser Default, as applicable, the non-defaulting Party may exercise all other rights and remedies available to it at Law or in equity, including without limitation mandamus, injunction and action for specific performance, to enforce any covenant, agreement or term of this Agreement.

(b) Additional Remedies. In addition to the remedies set forth in Section 17.3(a) (and without limiting any other provisions of this Agreement), during the existence of any Purchaser Default, Issuer may suspend its performance hereunder and discontinue the supply of all or any portion of the Product otherwise to be delivered to Purchaser by it under this Agreement. If Issuer exercises its right to suspend performance under this Section 17.3(b), Purchaser shall remain fully liable for payment of all amounts in default and shall not be relieved of any of its payment obligations under this Agreement. Deliveries of Product may only be reinstated, at a time to be determined by Issuer, upon (i) payment in full by Purchaser of all amounts then due and payable under this Agreement and (ii) unless otherwise agreed by Issuer, payment in advance by Purchaser at the beginning of each Month of amounts estimated by Issuer to be due to Issuer for the future delivery of Product under this Agreement for such Month. Issuer may continue to require payment in advance from Purchaser after the reinstatement of Issuer's supply services under this Agreement for such period of time as Issuer in its sole discretion may determine is appropriate. In addition, and without limiting any other provisions of or remedies available under this Agreement, if Purchaser fails to accept from Issuer any Product tendered for delivery under this Agreement, Issuer shall have the right to sell such Product to third parties on any terms that Issuer, in its sole discretion, determines are appropriate.

(c) Effect of Early Termination. As of the effectiveness of any termination date in accordance with clause (i) of Section 17.3(a), (i) the Delivery Period shall end, (ii) the obligation of Issuer to make any further sales and deliveries of Product to Purchaser under this Agreement shall terminate, and (iii) the obligation of Purchaser to purchase and receive deliveries of Product from Issuer under this Agreement will terminate. Neither this Agreement nor the Delivery Period may be terminated for any reason except as specified in this Article XVII. Without prejudice to any payment obligation in respect of periods prior to termination, no payments will be due from either Party in respect of periods occurring after the effective termination date of this Agreement.

Section 17.4 Termination of Master Power Supply Agreement. Purchaser acknowledges and agrees that (i) in the event the Master Power Supply Agreement terminates prior to the end of the primary term of this Agreement, this Agreement shall terminate on the effective date of early termination of the Master Power Supply Agreement (which date shall be the last date upon which deliveries are required thereunder, subject to all winding up arrangements), (ii) Issuer's obligation to deliver Product, and Purchaser's obligation to purchase and receive deliveries, under this Agreement shall terminate upon the termination of deliveries of Product to Issuer under the Master Power Supply Agreement and (iii) in either event described in clauses (i) or (ii), Purchaser shall exercise its right to terminate any Assignment Agreements in effect. Issuer shall provide notice to Purchaser of any early termination date of the Master Power Supply Agreement or any termination of deliveries of Product to Issuer under the Master Power Supply Agreement. The Parties recognize and agree that, in the event that the Master Power Supply Agreement terminates because of a Failed Remarketing (as defined in the Trust Indenture) of the Bonds that occurs in the first Month of a Reset Period, Issuer shall deliver Product under this Agreement for the remainder of such first Month, and, notwithstanding anything in this Agreement to the contrary, no Monthly Discount Percentage or Annual Refunds shall be associated with such deliveries and the Contract Price shall be adjusted accordingly.

Section 17.5 Limitation on Damages. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS HEREIN PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION, OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING WITHOUT LIMITATION THE NEGLIGENCE OF EITHER PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID UNDER THIS AGREEMENT ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT, AND THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. IN DETERMINING THE APPROPRIATE MEASURE OF DAMAGES THAT WOULD MAKE THE PARTIES WHOLE, THE PARTIES HAVE THOROUGHLY CONSIDERED, INTER ALIA, THE UNCERTAINTY OF FLUCTUATIONS IN PRODUCT PRICES, THE ABILITY AND INTENTION OF THE PARTIES TO HEDGE SUCH FLUCTUATIONS, THE BARGAINED-FOR ALLOCATION OF RISK, THE KNOWLEDGE, SOPHISTICATION AND EQUAL BARGAINING POWER OF THE PARTIES, THE ARMS-LENGTH NATURE OF THE NEGOTIATIONS, THE SPECIAL

CIRCUMSTANCES OF THIS TRANSACTION, THE ACCOUNTING AND TAX TREATMENT OF THE TRANSACTION BY THE PARTIES, AND THE ENTERING INTO OF OTHER TRANSACTIONS IN RELIANCE ON THE ENFORCEABILITY OF THE LIQUIDATED DAMAGES PROVISIONS CONTAINED HEREIN.

**ARTICLE XVIII.
MISCELLANEOUS**

Section 18.1 Indemnification Procedure. With respect to each indemnification included in this Agreement, the indemnity is given to the fullest extent permitted by applicable Law and the following provisions shall be applicable. The indemnified Party shall promptly notify the indemnifying Party in writing of any Claim and the indemnifying Party shall have the right to assume its investigation and defense, including employment of counsel, and shall be obligated to pay related court costs, attorneys' fees and experts' fees and to post any appeals bonds; *provided*, however, that the indemnified Party shall have the right to employ at its expense separate counsel and participate in the defense of any Claim. The indemnifying Party shall not be liable for any settlement of a Claim without its express written consent thereto. In order to prevent double recovery, the indemnified Party shall reimburse the indemnifying Party for payments or costs incurred in respect of an indemnity with the proceeds of any judgment, insurance, bond, surety or other recovery made by the indemnified Party with respect to a covered event.

Section 18.2 Deliveries. Contemporaneously with this Agreement (unless otherwise specified),

(a) each Party shall deliver to the other Party evidence reasonably satisfactory to it of (i) such Party's authority to execute, deliver and perform its obligations under this Agreement and (ii) the appropriate individuals who are authorized to sign this Agreement on behalf of such Party;

(b) on the Bond Closing Date, Purchaser shall deliver to Issuer a fully executed Federal Tax Certificate in substantially the form attached hereto as Exhibit D;

(c) on the Bond Closing Date, Purchaser shall deliver to Issuer an opinion or opinions of counsel to Purchaser covering the matters set forth in the form attached hereto as Exhibit E; and

(d) on the Bond Closing Date, Purchaser shall deliver to Issuer a Closing Certificate in substantially the form set forth hereto as Exhibit I.

Section 18.3 Entirety; Amendments. This Agreement, including the exhibits and attachments hereto, constitutes the entire agreement between the Parties and supersedes all prior discussions and agreements between the Parties with respect to the subject matter hereof. There are no prior or contemporaneous agreements or representations affecting the same subject matter other than those expressed herein. Except for any matters that, in accordance with the express provisions of this Agreement, may be resolved by oral agreement between the Parties, no

amendment, modification, supplement, or change hereto shall be enforceable unless reduced to writing and executed by both Parties.

Section 18.4 Governing Law. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO ANY CONFLICTS OF LAW PRINCIPLE THAT WOULD DIRECT THE APPLICATION OF ANOTHER JURISDICTION'S LAW.

Section 18.5 Non-Waiver. No waiver of any breach of any of the terms of this Agreement shall be effective unless such waiver is in writing and signed by the Party against whom such waiver is claimed. No waiver of any breach or breaches shall be deemed a waiver of any other subsequent breach.

Section 18.6 Severability. If any provision of this Agreement, or the application thereof, shall for any reason be invalid or unenforceable, then to the extent of such invalidity or unenforceability, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the maximum extent permissible under applicable Law, so long as the economic and legal substance of the transactions contemplated hereby is not affected in any materially adverse manner as to either Party.

Section 18.7 Exhibits. Any and all Exhibits and attachments referenced in this Agreement are hereby incorporated herein by reference and shall be deemed to be an integral part hereof.

Section 18.8 Winding Up Arrangements. All indemnity and confidentiality obligations, audit rights, and other provisions specifically providing for survival shall survive the expiration or termination of this Agreement. The expiration or termination of this Agreement shall not relieve either Party of (a) any unfulfilled obligation or undischarged liability of such Party on the date of such termination or (b) the consequences of any breach or default of any warranty or covenant contained in this Agreement. All obligations and liabilities described in the preceding sentence of this Section 18.8, and applicable provisions of this Agreement creating or relating to such obligations and liabilities, shall survive such expiration or termination.

Section 18.9 Relationship of Parties. The Parties shall not be deemed to be in a relationship of partners or joint venturers by virtue of this Agreement, nor shall either Party be an agent, representative, trustee or fiduciary of the other. Neither Party shall have any authority to bind the other to any agreement. This Agreement is intended to secure and provide for the services of each Party as an independent contractor.

Section 18.10 Immunity. Each Party represents and covenants to and agrees with the other Party that it is not entitled to and shall not assert the defense of sovereign immunity with respect to its obligations or any Claims under this Agreement.

Section 18.11 Rates and Indices. If the source of any publication used to determine the index or other price used in the Contract Price should cease to publish the relevant prices or should cease to be published entirely, an alternative index or other price will be used based on the determinations made by Issuer and Prepay LLC under Section 18.11 of the Master Power Supply Agreement. Issuer shall provide Purchaser the opportunity to provide its recommendations and other input to Issuer for Issuer's use in the process for selecting such alternative index or other price under Section 18.11 of the Master Power Supply Agreement.

Section 18.12 Limitation of Liability. Notwithstanding anything to the contrary herein, all obligations of Issuer under this Agreement, including without limitation all obligations to make payments of any kind whatsoever, are special, limited obligations of Issuer payable solely from Trust Estate (as such term is defined in the Trust Indenture) as and to the extent provided in the Trust Indenture, including with respect to Operating Expenses (as such term is defined in the Trust Indenture). Issuer shall not be required to advance any moneys derived from any source other than the Revenues (as such term is defined in the Trust Indenture) and other assets pledged under the Trust Indenture for any of the purposes in this Agreement mentioned. Neither the faith and credit of Issuer nor the taxing power of the State of California or any political subdivision thereof is pledged to payments pursuant to this Agreement. Issuer shall not be directly, indirectly, contingently or otherwise liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reasons of or in connection with this Agreement, except solely to the extent Revenues (as such term is defined in the Trust Indenture) are received for the payment thereof and may be applied therefor pursuant to the terms of the Trust Indenture.

Section 18.13 Counterparts; Electronic Signatures. This Agreement may be executed and acknowledged in multiple counterparts and by the Parties in separate counterparts, each of which shall be an original and all of which shall be and constitute one and the same instrument. Each of the Parties agrees that the transaction consisting of this Agreement may be conducted by electronic means. Each Party agrees, and acknowledges that it is such Party's intent, that if such Party signs this Agreement using an electronic signature, it is signing, adopting, and accepting this Agreement and that signing this Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Agreement on paper. Each Party acknowledges that it is being provided with an electronic or paper copy of this Agreement in a usable format.

Section 18.14 Third Party Beneficiaries; Rights of Trustee. Purchaser acknowledges and agrees that (a) Issuer will pledge and assign its rights, title and interest in this Agreement and the amounts payable by Purchaser under this Agreement to secure Issuer's obligations under the Trust Indenture, (b) the Trustee shall be a third-party beneficiary of this Agreement with the right to enforce Issuer's rights and Purchaser's obligations under this Agreement, (c) J. Aron shall be a third-party beneficiary of this Agreement with the right to enforce the provisions of Article VI and Exhibit F of this Agreement, (d) the Trustee or any receiver appointed under the Trust Indenture shall have the right to perform all obligations of Issuer under this Agreement, and (e) in the event of any Purchaser Default under Section 17.2(a), (i) Prepay LLC may, to the extent provided for in, and in accordance with, the Receivables Purchase Exhibit to the Master Power Supply Agreement, take assignment from Issuer of receivables owed by Purchaser to Issuer under this Agreement, and

Prepay LLC or any third party transferee who purchases and takes assignment of such receivables from Prepay LLC shall thereafter have all rights of collection with respect to such receivables (provided that, if at any time an insurance provider agrees to insure Purchaser's payment obligations hereunder, then such insurance provider shall have the same rights under this Section 18.14 as Prepay LLC), and (ii) if such receivables are not so assigned, the Swap Counterparty or Swap Counterparties (as defined in the Trust Indenture) shall have the right to pursue collection of such receivables to the extent any non-payment by Issuer to any Swap Counterparty was caused by Purchaser's payment default. Pursuant to the terms of the Trust Indenture, Issuer has irrevocably appointed the Trustee as its agent to issue notices and, as directed under the Trust Indenture, to take any other actions that Issuer is required or permitted to take under this Agreement. Purchaser may rely on notices or other actions taken by Issuer or the Trustee and Purchaser has the right to exclusively rely on any notices delivered by the Trustee, regardless of any conflicting notices that it may receive from Issuer.

Section 18.15 No Recourse to Members of Purchaser. Purchaser is organized as a Joint Powers Authority in accordance with the Joint Exercise of Powers Act of the State of California (Government Code Section 6500, et seq.) pursuant to its Joint Powers Agreement and is a public entity separate from its constituent members. Purchaser shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Issuer shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Purchaser's constituent members, or the employees, directors, officers, consultants or advisors of Purchaser or its constituent members, in connection with this Agreement.

Section 18.16 Waiver of Defenses. Each Party waives all rights to set-off, counterclaim, recoupment and any other defenses that might otherwise be available to it with regard to its obligations pursuant to the terms of this Agreement.

Section 18.17 Rate Changes.

(a) Standard of Review. Absent the agreement of the Parties to the proposed change, the standard of review for changes to any rate, charge, classification, term or condition of this Agreement, whether proposed by a Party (to the extent that any waiver in Section 18.17(b) below is unenforceable or ineffective as to such Party), a non-party or FERC acting *sua sponte*, shall solely be the "public interest" application of the "just and reasonable" standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) and clarified by Morgan Stanley Capital Group Inc. v. Public Util. Dist. No. 1 of Snohomish, 554 U.S. 527 (2008).

(b) Waiver. In addition, and notwithstanding Section 18.17(a), to the fullest extent permitted by applicable Law, each Party, for itself and its successors and assigns, hereby expressly and irrevocably waives any rights it can or may have, now or in the future, whether under Section 205 and/or 206 of the Federal Power Act or otherwise, to seek to obtain from FERC by any means, directly or indirectly (through complaint, investigation or otherwise), and each hereby covenants and agrees not at any time to seek to so obtain, an order from FERC changing any section of this Agreement specifying the rate, charge, classification, or other term or condition agreed to by the Parties, it being the express intent of the Parties that, to the fullest extent permitted

by applicable Law, neither Party shall unilaterally seek to obtain from FERC any relief changing the rate, charge, classification, or other term or condition of this Agreement, notwithstanding any subsequent changes in applicable Law or market conditions that may occur. In the event it were to be determined that applicable Law precludes the Parties from waiving their rights to seek changes from FERC to their market-based power sales contracts (including entering into covenants not to do so) then this Section 18.17(b) shall not apply, *provided* that, consistent with Section 18.17(a), neither Party shall seek any such changes except solely under the “public interest” application of the “just and reasonable” standard of review and otherwise as set forth in Section 18.17(a).

IN WITNESS WHEREOF, the Parties have caused this Clean Energy Purchase Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

[Separate Signature Page(s) Attached]

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY

By: _____
Name: _____
Title: _____

VALLEY CLEAN ENERGY ALLIANCE

By: _____
Name: _____
Title: _____

EXHIBIT A-1
BASE QUANTITIES; BASE DELIVERY POINTS; COMMODITY REFERENCE PRICES

[To be attached.]

EXHIBIT A-2
ASSIGNED RIGHTS AND OBLIGATIONS

[To be attached.]

EXHIBIT B

NOTICES

IF TO ISSUER: California Community Choice Financing Authority
1125 Tamalpais Avenue
San Rafael, CA 94901
Email: notices@cccfa.org and invoices@cccfa.org

IF TO PURCHASER: Valley Clean Energy Alliance
[]
[]
[]

EXHIBIT C

REMARKETING ELECTION NOTICE

California Community Choice Financing Authority
1125 Tamalpais Avenue
San Rafael, CA 94901
Email: notices@cccfa.org and invoices@cccfa.org

Aron Energy Prepay [] LLC
c/o J. Aron & Company LLC
200 West Street
New York, NY 10282

[Trustee]
[]
[]
[]

To the Addressees:

The undersigned, duly authorized representative of Valley Clean Energy Alliance (the "Purchaser"), is providing this notice (the "Remarketing Election Notice") pursuant to the Clean Energy Purchase Contract, dated as of [], 2025 (the "Clean Energy Purchase Contract"), between California Community Choice Financing Authority and Purchaser. Capitalized terms used herein shall have the meanings set forth in the Clean Energy Purchase Contract.

Pursuant to Section 3.5(b) of the Clean Energy Purchase Contract, the Purchaser has elected to have its Base Quantity, for each Hour of the Reset Period commencing _____ and extending to and including _____, remarketed beginning as of the commencement of such Reset Period. The resumption of deliveries of Base Quantities in any future Reset Period shall be in accordance with Section 3.5(d) of the Clean Energy Purchase Contract.

Given this [] day of [], 20[].

VALLEY CLEAN ENERGY ALLIANCE

By: _____
Printed Name:
Title:

EXHIBIT D²

FORM OF FEDERAL TAX CERTIFICATE

This Federal Tax Certificate is executed in connection with the Clean Energy Purchase Contract dated as of [____], 2025 (the “Clean Energy Purchase Contract”), by and between the California Community Choice Financing Authority (“Issuer”) and Valley Clean Energy Alliance, a California joint powers authority (“Purchaser”). Capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Clean Energy Purchase Contract, in the Tax Certificate and Agreement, or in the Trust Indenture.

WHEREAS Purchaser acknowledges that Issuer is issuing the Bonds to fund the prepayment price under the Master Power Supply Agreement; and

WHEREAS the Bonds are intended to qualify for tax exemption under Section 103 of the Internal Revenue Code of 1986, as amended; and

WHEREAS Purchaser’s use of Energy acquired pursuant to the Clean Energy Purchase Contract and certain funds and accounts of Purchaser will affect the Bonds’ qualification for such tax exemption.

NOW, THEREFORE, POWER PURCHASER HEREBY CERTIFIES AS FOLLOWS:

Purchaser is a joint powers authority and a community choice aggregator created and existing pursuant to the provisions of California law, organized under the laws of the State of California. As a community choice aggregator, the Purchaser is a load-serving entity providing electricity to customers within the boundaries of cities and/or counties that have elected to participate in Purchaser’s community choice aggregation program. For purposes of this Certificate, the term “service area” of the Purchaser means the boundaries of the cities and/or counties that have elected to participate in the Purchaser’s community choice aggregation program, as well as any other area recognized as the service area of the Purchaser under state or federal law.

Purchaser will resell all of the Energy acquired pursuant to the Clean Energy Purchase Contract to its retail Energy customers within its service area, with retail sales in all cases being made pursuant to regularly established and generally applicable tariffs.

From January 2019 to [____], the monthly average amount of Energy purchased (other than for resale) by customers of Purchaser who are located within the service area of Purchaser is at least [____] MWh. Over the term of the Clean Energy Purchase Contract, the Purchaser expects the monthly average amount of Energy purchased (other than for resale) by customers of the

² NTD: Under VCE and Orrick review.

Purchaser who are located within the service area of the Purchaser to be at least [____] MWh. The maximum monthly amount of Energy in any month being acquired pursuant to the Clean Energy Purchase Contract is [____] MWh.

The Purchaser has existing rights to acquire other energy (including rights to capacity to generate electricity, whether owned, leased or otherwise contracted for) over the term of the Clean Energy Purchase Contract. Over the term of the Clean Energy Purchase Contract, the sum of (a) the amount of Energy being acquired pursuant to the Clean Energy Purchase Contract in any month, and (b) the amount of Energy that Purchaser otherwise has a right to acquire (including rights to capacity to generate electricity, whether owned, leased or otherwise contracted for) for such month does not exceed (i) [____]% of the monthly amount of Energy expected to be purchased (other than for resale) by customers of Purchaser who are located within the service area of Purchaser in any month in calendar year [____], and (ii) does not exceed [____]% of the monthly amount of Energy expected to be purchased (other than for resale) by customers of Purchaser who are located within the service area of Purchaser in any month in later calendar years.

The Purchaser has assigned certain rights and obligations under power purchase agreements to J. Aron that, in addition to rights to Energy, include rights to capacity based on battery storage (the “Storage”) that will be charged from Energy produced at the same facilities and acquired pursuant to that same power purchase agreements. The Purchaser certifies that it will exercise its rights pursuant to such power purchase agreements to ensure that such Storage will only be charged from Energy produced at such facilities and acquired pursuant to such power purchase agreements.

In the event of the expiration or termination of an EPS Energy Period, Purchaser agrees to comply with its obligations in the Clean Energy Purchase Contract, including but not limited to its obligations to (a) exercise Commercially Reasonable Efforts to assign a portion of Purchaser’s rights and obligations under a power purchase agreement under which Purchaser is purchasing EPS Compliant Energy to J. Aron pursuant to an Assignment Agreement and (b) cooperate in good faith with Issuer and J. Aron with respect to any proposed assignments.

Purchaser expects to pay for Energy acquired pursuant to the Clean Energy Purchase Contract solely from funds derived from its power distribution operations. Purchaser expects to use current net revenues of its to pay for current Energy acquisitions. Neither the Purchaser nor any person who is a related party to the Purchaser will hold any funds or accounts in which monies are invested and which are reasonably expected to be used to pay for Energy acquired more than one year after such monies are set aside. No portion of the proceeds of the Bonds will be used directly or indirectly to replace funds of Purchaser or any persons who are related Persons to Purchaser that are or were intended to be used for the purpose for which the Bonds were issued.

_____, 2025

By: _____

[Name]

[Title]

EXHIBIT E³

OPINION OF COUNSEL

California Community Choice Financing Authority
San Rafael, CA

Aron Energy Prepay [__] LLC
New York, NY

Goldman Sachs & Co. LLC
New York, NY

[Trustee]
[City, State]

[Commodity Swap Counterparty]
[_____]

Re: Power Supply Contract between Valley Clean Energy Alliance and California Community Choice Financing Authority dated as of [_____], 2025

Ladies and Gentlemen:

We are Counsel to Valley Clean Energy Alliance (“Purchaser”). Purchaser is a Purchaser in the Energy Project undertaken by California Community Choice Financing Authority (“Issuer”). We are furnishing this opinion to you in connection with the Power Supply Contract between Issuer and Purchaser dated as of [_____], 2025 (the “Supply Contract”).

Unless otherwise specified herein, all terms used but not defined in this opinion shall have the same meaning as is ascribed to them in the Supply Contract.

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the following:

- (a) The Constitution and laws of the State of California (the “State”) including, as applicable, acts, ordinances, certificates, articles, charters, bylaws, and agreements pursuant to which Purchaser was created and by which it is governed;

³ NTD: Under VCE review.

(b) Resolution No. [___], duly adopted by Purchaser on [_____] (the “Resolution”) and certified as true and correct by certificate and seal, authorizing Purchaser to execute and deliver the Supply Contract;

(c) A copy of the Supply Contract executed by Purchaser; and

(d) All outstanding instruments relating to bonds, notes, or other indebtedness of or relating to Purchaser and Purchaser's CCA System (as defined in the Supply Contract).

We have also examined and relied upon originals or copies, certified or otherwise authenticated to our satisfaction, of such records, documents, certificates, and other instruments, and made such investigations of law, as in our judgment we have deemed necessary or appropriate to enable us to render the opinions expressed below.

Based upon the foregoing, we are of the opinion that:

1. Purchaser is a joint powers authority of the State, duly organized and validly existing as a community choice aggregator under the laws of the State, and has the power and authority to own its properties, to carry on its business as now being conducted, and to enter into and to perform its obligations under the Agreement.

2. The execution, delivery, and performance by Purchaser of the Supply Contract have been duly authorized by the governing body of Purchaser and do not and will not require, subsequent to the execution of the Supply Contract by Purchaser, any consent or approval of the governing body or any officers of Purchaser.

3. The Supply Contract is the legal, valid, and binding obligation of Purchaser, enforceable in accordance with its terms, except as such enforceability may be subject to (i) the exercise of judicial discretion in accordance with general principles of equity and (ii) bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable.

4. No approval, consent or authorization of any governmental or public agency, authority, commission or person, or, to our knowledge, of any holder of any outstanding bonds or other indebtedness of Purchaser, is required with respect to the execution, delivery and performance by Purchaser of the Supply Contract or Purchaser's participation in the transactions contemplated thereby other than those approvals, consents and/or authorizations that have already been obtained.

5. The authorization, execution and delivery of the Supply Contract and compliance with the provisions thereof (a) will not conflict with or constitute a breach of, or default under, (i) any instrument relating to the organization, existence or operation of Purchaser, (ii) any ruling, regulation, ordinance, judgment, order or decree to which Purchaser (or any of its officers in their respective capacities as such) is subject or (iii) any provision of the laws of the State relating to Purchaser and its affairs, and (b) to our knowledge will not result in, or require the creation or

imposition of, any lien on any of the properties or revenues of Purchaser pursuant to any of the foregoing.

6. Purchaser is not in breach of or default under any applicable constitutional provision or any law or administrative regulation of the State or the United States or any applicable judgment or decree or, to our knowledge, any loan or other agreement, resolution, indenture, bond, note, resolution, agreement or other instrument to which Purchaser is a party or to which Purchaser or any of its property or assets is otherwise subject, and to our knowledge no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument.

7. Payments to be made by Purchaser under the Supply Contract shall constitute operating expenses of Purchaser's CCA System payable solely from the revenues and other available funds of Purchaser's CCA System as a cost of purchased electricity. The application of the revenues and other available funds of Purchaser's CCA System to make such payments is not subject to any prior lien, encumbrance or other restriction.

8. As of the date of this opinion, to the best of our knowledge after due inquiry, there is no pending or threatened action or proceeding at law or in equity or by any court, government agency, public board or body affecting or questioning the existence of Purchaser or the titles of its officers to their respective offices or affecting or questioning the legality, validity, or enforceability of this Supply Contract nor to our knowledge is there any basis therefor.

This opinion is rendered solely for the use and benefit of the addressees listed above in connection with the Supply Contract and may not be relied upon other than in connection with the transactions contemplated by the Supply Contract, or by any other person or entity for any purpose whatsoever, nor may this opinion be quoted in whole or in part or otherwise referred to in any document or delivered to any other person or entity, without the prior written consent of the undersigned.

Very truly yours,

EXHIBIT F

ASSIGNMENT OF ASSIGNABLE POWER CONTRACTS

1. **General Requirements.** Assigned Rights and Obligations under an Assignable Power Contract may only be assigned under this Exhibit F if the following requirements are satisfied or waived by J. Aron and Issuer:
 - 1.1. The seller under such Assignable Power Contract (the “APC Party”) either (i) has a long-term senior unsecured credit rating that is “Baa3” or higher from Moody’s Investor’s Service, Inc. (or any successor to its credit rating service operation), “BBB-” or higher from Standard & Poor’s Global Ratings (or any successor to its credit rating service operation) or “BBB-” or higher from Fitch Ratings, Inc. (or any successor to its credit rating service operation), (ii) provides credit support that is reasonably satisfactory to J. Aron or (iii) otherwise provides evidence of its creditworthiness that is reasonably satisfactory to J. Aron (which, for the avoidance of doubt, may include credit support provided by such APC Party to Purchaser).
 - 1.2. The APC Party satisfies J. Aron’s internal requirements as they relate to “know your customer” rules, policies and procedures, anti-money laundering rules and regulations, Dodd-Frank Act, Commodity Exchange Act, Patriot Act and similar rules, regulations, requirements and corresponding policies.
 - 1.3. The APC Party is organized in the United States and in a jurisdiction that does not present adverse tax consequences to J. Aron or Issuer in connection with such proposed assignment.
 - 1.4. J. Aron, Purchaser, and Issuer have agreed on and executed an Assignment Schedule for such assignment.
 - 1.5. J. Aron, Purchaser, Issuer, and the applicable APC Party have agreed on and executed an Assignment Agreement for such assignment.
 - 1.6. If the Assignable Power Contract is unit-contingent or for an as-generated Product, then:
 - 1.6.1. J. Aron has determined with a high degree of certainty that the Applicable Project will be able to generate the Assigned Prepay Value in each Month during the proposed Assignment Period.
 - 1.6.2. The Applicable Project (as defined below) has generated the Assigned Prepay Value (as defined below) in each Month since commencing commercial operation.
2. **Proposed Assignment.** Purchaser may propose an assignment of Assigned Rights and Obligations under Article VI of the Clean Energy Purchase Contract by delivering the following items to Issuer and to J. Aron:
 - 2.1. A written notice of the proposed assignment signed by Purchaser.
 - 2.2. A true and complete copy of the Assignable Power Contract under which such Assigned Rights and Obligations would arise.

- 2.3. Evidence reasonably satisfactory to Issuer and J. Aron that all authorizations, consents, approvals, licenses, rulings, permits, exemptions, variances, orders, judgments, decrees, declarations of or regulations by any Government Agency necessary in connection with the transactions contemplated by the Assignable Power Contract and the assignment of the Assignable Power Contract to J. Aron have been obtained and are in full force and effect. Such evidence may be provided by a closing certificate with appropriate back-up materials.
- 2.4. Such additional information as Issuer and J. Aron may reasonably request regarding the Assignable Power Contract and the APC Party.
- 2.5. If the Assignable Power Contract is unit-contingent or for an as-generated Product, then:
 - 2.5.1. A description and information of the applicable project to which the Assignable Power Contract applies (the "Applicable Project"), including but not limited to information on the location, interconnection(s), and operating and compliance history of Applicable Project.
 - 2.5.2. Either (i) a report from a nationally recognized consultant in the energy industry that is reasonably acceptable to Issuer and J. Aron showing the "P99" forecasted generation ("P99 Generation") and "P50" forecasted generation ("P50 Generation") of the Applicable Project for the entire Assignment Period, as the terms P99 and P50 are commonly used in the renewable energy industry or (ii) monthly historical generation and meteorological data of the Applicable Project dating back to the commercial operation date.

Following Issuer's and J. Aron's receipt of such information, Purchaser and Issuer will and J. Aron has agreed in the Electricity Sale and Service Agreement to (i) negotiate in good faith with one another and exercise Commercially Reasonable Efforts to agree upon an Assignment Schedule, with the initial draft of such Assignment Schedule to be developed by J. Aron, and (ii) negotiate in good faith with one another and the APC Party regarding an Assignment Agreement, in each case related to the proposed assignment. If such Assignment Schedule and Assignment Agreement are agreed to by the representative parties thereto, the applicable parties will execute such Assignment Agreement and Assignment Schedule to be effective upon the assignment of the Assigned Rights and Obligations from Purchaser to J. Aron pursuant to the Assignment Agreement. J. Aron will act in good faith in considering proposed assignments that meet the criteria set forth in this Exhibit F, in accordance with the provisions set forth in the Electricity Sale and Service Agreement. For the avoidance of doubt, Purchaser acknowledges that J. Aron will not be required to execute any Assignment Agreement or Assignment Schedule, or otherwise accept any Assigned Rights and Obligations unless the APC Party (i) satisfies J. Aron's internal requirements as they relate to "know your customer" rules, policies and procedures, anti-money laundering rules and regulations, Dodd-Frank Act, Commodity Exchange Act, Patriot Act and similar rules, regulations, requirements and corresponding policies, (ii) is organized in the United States, and (iii) satisfies all other requirements in Section 1 of this Exhibit F.

3. **Assignment Schedule.** In connection with each assignment, an “Assignment Schedule” will be prepared in the form attached hereto as Annex I (with such changes as agreed by the Parties in their sole discretion), must be executed by Purchaser, Issuer and J. Aron, and must include each of the following:
- 3.1. The term of such Assigned Rights and Obligations (an “Assignment Period”) shall have the meaning specified in each applicable Assignment Agreement and shall (i) end not later than (a) the end of the delivery period under the Assignable Power Contract and (b) the end of the Delivery Period under this Agreement, (ii) not commence any earlier than sixty (60) days after Purchaser’s original notice under Section 2.1 above, and (iii) have a primary term that is not less than 18 Months in duration (provided, for the avoidance of doubt, the primary term references the term of the applicable Assignment Period and not the term of the Assignable Power Contract).
 - 3.2. If the Assignable Power Contract is unit-contingent or for an as-generated product, then a description of the Applicable Project.
 - 3.3. The “Assigned Prepay Quantity” means, for each Month of an Assignment Period and each Assignment Agreement, a quantity of Energy agreed upon by J. Aron, Issuer and Purchaser, which Assigned Prepay Quantity, if the Assignable Power Contract is unit contingent or for an as-generated Product, shall not exceed an amount that J. Aron has determined with a high degree of certainty that the Applicable Project will be able to generate in each Month during the Assignment Period; provided that the Assigned Prepay Quantity for each Month may not exceed the limit expressed in the proviso to Section 3.4 below. For the avoidance of doubt, the Assigned Rights and Obligations will include all of Purchaser’s rights to receive Energy under the Assignable Power Contract even if such rights to receive Energy may exceed the Assigned Prepay Quantity.
 - 3.4. The reduction in Base Quantity for each Delivery Hour during an Assignment Period after giving effect to an Assignment Agreement (each, a “Base Quantity Reduction”) shall be calculated in accordance with this Section 3.4. For the Initial Assignment Periods, the Base Quantity Reductions have been calculated as follows: the Base Quantity Reduction for each Delivery Hour of the Initial Assignment Periods equal (i) the Assigned Prepay Quantity for each such Delivery Hour (which will be determined by dividing the Assigned Prepay Quantity for the applicable Month by the number of Delivery Hours in such Month), multiplied by (ii) the result of (A) the APC Contract Price applicable for such Hour, divided by (B) the ***[NOTE: To list the result of the following formula as determined at pricing: Front End Fixed Price for Base Quantities + (Active Swap Fee – Standby Swap Fee).]*** For any Assignment Period other than the Initial Assignment Periods, the Base Quantity Reduction for each Delivery Hour of the relevant Assignment Period shall equal (i) the Assigned Prepay Quantity for each such Delivery Hour (which will be determined by dividing the Assigned Prepay Quantity for the applicable Month by the number of Delivery Hours in such Month), multiplied by (ii) the result of (A) Fixed Price for Assigned Prepay Quantities outside of the Initial Assignment Periods divided by (B) the Fixed Price for Base Quantities; provided that if the Base Quantity Reduction for any Delivery Hour would result in a Base Quantity of less than zero, then the Assigned Prepay Quantity for such Delivery Hour will be reduced to the closest whole MWh such that the Base Quantity is not reduced below zero.

- 3.5. Except for the Assignment Agreements for the Initial Assignment Periods, the APC Contract Price under the relevant Assignment Agreement shall be the Day-Ahead Average Price, unless Issuer, Purchaser and J. Aron agree to appropriate changes to the relevant documents to accommodate a different price.
- 3.6. The Assigned Delivery Point for all Assigned Energy.
- 3.7. The Assigned Product included in the Assigned Rights and Obligations, which Assigned Product may not include any Product other than (a) Energy, (b) associated RECs, and (c) other product included within the sale of Energy and not separately delivered from Energy, provided that the APC Contract Price must be inclusive of any amounts due in respect of all Assigned Product, provided furthermore that Assigned Product may not in any case include capacity.

ASSIGNMENT SCHEDULE

Assigned Product: [____]

Assigned Delivery Point: [____]

Assigned Prepay Quantity: As set forth in Appendix 2; provided that (i) all Assigned Products shall be delivered pursuant to the Limited Assignment Agreement during the Assignment Period as provided in Appendix 1 and (ii) the Assigned Prepay Quantity is defined for the convenience of PPA Buyer and J. Aron and shall have no impact on the obligations of the Parties under the Limited Assignment Agreement.

APC Contract Price: \$[____]

Assignment Period: [____]

FORM OF LIMITED ASSIGNMENT AGREEMENT

NOTE: Purchaser may include the form included in this Annex II as an exhibit to any PPA executed by Purchaser and include the following or similar language in the PPA: “[Seller] agrees that [Buyer] may assign a portion of its rights and obligations under this Agreement to J. Aron & Company LLC (“J. Aron”) at any time upon not less than [___] days’ notice by delivering a written request for such assignment, which request must include a proposed assignment agreement in the form attached hereto as [Exhibit ___], with the blanks in such form completed in [Buyer’s] sole discretion. Provided that [Buyer] delivers a proposed assignment agreement complying with the previous sentence, [Seller] agrees to (i) comply with J. Aron’s reasonable requests for know-your-customer and similar account opening information and documentation with respect to [Seller], including but not limited to information related to forecasted generation, credit rating, and compliance with anti-money laundering rules, the Dodd-Frank Act, the Commodity Exchange Act, the Patriot Act and similar rules, regulations, requirements and corresponding policies; and (ii) promptly execute such assignment agreement and implement such assignment as contemplated thereby, subject only to the countersignature of J. Aron and Company, LLC and [Buyer].”

LIMITED ASSIGNMENT AGREEMENT

This Limited Assignment Agreement (this “**Assignment Agreement**” or “**Agreement**”) is entered into as of [___], by and among [___], a [___] (“**PPA Seller**”), Valley Clean Energy Alliance, a California joint powers authority (“**PPA Buyer**”), and J. Aron & Company LLC, a New York limited liability company (“**J. Aron**”), and relates to that certain power purchase agreement (the “**PPA**”) between PPA Buyer and PPA Seller as described on Appendix 1. Unless the context otherwise specifies or requires, capitalized terms used but not defined in this Agreement have the meanings set forth in the PPA.

In consideration of the premises above and the mutual covenants and agreements herein set forth, PPA Seller, PPA Buyer and J. Aron (the “**Parties**” hereto; each is a “**Party**”) agree as follows:

1. Limited Assignment and Delegation.

- (a) PPA Buyer hereby assigns, transfers and conveys to J. Aron all right, title and interest in and to the rights of PPA Buyer under the PPA to receive delivery of the products described on Appendix 1 (the “**Assigned Products**”) during the Assignment Period (as defined in Appendix 1), as such rights may be limited or further described in the “Further Information” section on Appendix 1 (the “**Assigned Product Rights**”). All Assigned Products shall be delivered pursuant to the terms and conditions of this Agreement during the Assignment Period as provided in Appendix 1. All other rights of PPA Buyer under the PPA are expressly reserved for PPA Buyer.
- (b) PPA Buyer hereby delegates to J. Aron the obligation to pay for all Assigned Products that are actually delivered to J. Aron pursuant to the Assigned Product Rights during the Assignment Period (the “**Delivered Product Payment Obligation**” and together with the Assigned Product Rights, collectively the “**Assigned Rights and Obligations**”); provided that (i) all other obligations of PPA Buyer under the PPA are expressly retained by PPA Buyer and PPA Buyer shall be solely responsible for any amounts due to PPA Seller that are not directly related to Assigned Products; and (ii) the Parties acknowledge and agree that PPA Seller will only be obligated to deliver a single consolidated invoice during the Assignment Period (with a copy to J. Aron

consistent with Section 10 hereof). To the extent J. Aron fails to pay the Delivered Product Payment Obligation by the due date for payment set forth in the PPA, notwithstanding anything in this Agreement to the contrary, PPA Buyer agrees that it shall have the option to make such payment and that it will be an Event of Default pursuant to Section [] if PPA Buyer does not make such payment within five (5) Business Days of receiving Notice of such non-payment from PPA Seller, in which case PPA Buyer will exercise its reimbursement claim pursuant to Section 6.5 of the Clean Energy Purchase Contract, dated as of [], by and between PPA Buyer and California Community Choice Financing Authority (the "Clean Energy Purchase Contract").

- (c) J. Aron hereby accepts and PPA Seller hereby consents and agrees to the assignment, transfer, conveyance and delegation described in clauses (a) and (b) above.
- (d) All scheduling of Assigned Products and other communications related to the PPA shall take place pursuant to the terms of the PPA; provided that (i) title to Assigned Product will pass from PPA Seller to J. Aron upon delivery by PPA Seller of Assigned Product in accordance with the PPA; (ii) PPA Buyer will provide copies to J. Aron of any Notice of a Force Majeure Event or Event of Default or default, breach or other occurrence that, if not cured within the applicable grace period, could result in an Event of Default contemporaneously upon delivery thereof to PPA Seller and promptly after receipt thereof from PPA Seller; (iii) PPA Seller will provide copies to J. Aron of annual forecasts of Energy and monthly forecasts of available capacity and Energy provided pursuant to Section [] of the PPA; (iv) PPA Seller will provide copies to J. Aron of all invoices and supporting data provided to PPA Buyer pursuant to Section [], provided that any payment adjustments or subsequent reconciliations occurring after the date that is 10 days prior to the payment due date for a monthly invoice, including pursuant to Section [], will be resolved solely between PPA Buyer and PPA Seller and therefore PPA Seller will not be obligated to deliver copies of any communications relating thereto to J. Aron; and (v) PPA Buyer and PPA Seller, as applicable, will provide copies to J. Aron of any other information reasonably requested by J. Aron relating to Assigned Products.
- (e) PPA Seller acknowledges that (i) J. Aron intends to immediately transfer title to any Assigned Products received from PPA Seller through one or more intermediaries such that all Assigned Products will be re-delivered to PPA Buyer; and (ii) in the event that PPA Buyer fails to pay the relevant intermediary entity for any such Assigned Products, the receivables owed by PPA Buyer for such Assigned Products ("PPA Buyer Receivables") may be transferred to J. Aron. To the extent any such PPA Buyer Receivables are transferred to J. Aron, J. Aron may transfer such PPA Buyer Receivables to PPA Seller and apply the face amount thereof as a reduction to any Delivered Product Payment Obligation. Thereafter, PPA Seller shall be entitled to pursue collection on such PPA Buyer Receivables directly against PPA Buyer.
- (f) On or before the commencement of the Assignment Period, The Goldman Sachs Group ("Guarantor"), Inc. will issue, in favor of PPA Seller, a guaranty of J. Aron's payment obligations under this Assignment Agreement substantially in the form of Appendix 3 attached hereto ("Guaranty").
- (g) Notwithstanding any other provision of this Agreement, PPA Buyer shall be entitled to retain for its own account all CAISO revenues associated with delivery of the Assigned Product to CAISO, including where PPA Buyer is acting as Scheduling Coordinator for the Facility (as defined in the PPA) and through scheduling of ISTs. Nothing in this

Agreement modifies or amends any rights or obligations of PPA Buyer and PPA Seller under the PPA with respect to CAISO revenues and costs. As used in this clause (g), the following terms have the meanings specified below.

“**CAISO**” means California Independent System Operator or its successor.

“**CAISO Tariff**” means CAISO’s Federal Energy Regulatory Commission approved tariff, as modified, amended or supplemented from time to time.

“**Inter-SC Trade**” or “**IST**” has the meaning set forth in the CAISO Tariff.

“**Scheduling Coordinator**” means an entity certified by the CAISO as qualifying as a Scheduling Coordinator pursuant to the CAISO Tariff for the purposes of undertaking the functions specified in “Responsibilities of a Scheduling Coordinator,” of the CAISO.

- (h) The Assigned Prepay Quantity set forth in Appendix 2 relates to obligations by and between J. Aron and PPA Buyer and has no impact on PPA Seller’s rights and obligations under the PPA.

2. Assignment Early Termination.

- (a) The Assignment Period may be terminated early upon the occurrence of any of the following:
- (1) delivery of a written notice of termination specifying a termination date by either J. Aron or PPA Buyer to each of the other Parties;
 - (2) delivery of a written notice of termination specifying a termination date by PPA Seller to each of J. Aron and PPA Buyer following J. Aron’s failure to pay when due any amounts owed to PPA Seller in respect of any Delivered Product Payment Obligation and such payment is not made by J. Aron within five (5) business days following receipt by J. Aron and PPA Buyer of written notice;
 - (3) delivery of a written notice by PPA Seller if any of the events described in the definition of Bankrupt in the PPA occurs with respect to J. Aron; or
 - (4) delivery of a written notice by J. Aron if any of the events described in in the definition of Bankrupt in the PPA occurs with respect to PPA Seller.
- (b) The Assignment Period will end at the end of last delivery hour on the date specified in the termination notice provided pursuant to Section 2(a), which date shall not be earlier than the end of the last day of the calendar month in which such notice is delivered if termination is pursuant to clause 2(a)(1) or 2(a)(2) above. All Assigned Rights and Obligations shall revert from J. Aron to PPA Buyer upon the early termination of the Assignment Period, provided that (i) J. Aron shall remain responsible for the Delivered Product Payment Obligation with respect to any Assigned Product delivered to J. Aron prior to the end of the Assignment Period, and (ii) any legal restrictions on the effectiveness of such reversion (whether arising under bankruptcy law or otherwise) shall not affect the expiration or early termination of the Assignment Period
- (c) The Assignment Period will automatically terminate upon the expiration or early termination of the PPA. All Assigned Rights and Obligations shall revert from J. Aron to PPA Buyer upon the expiration of or early termination of the PPA, provided that

(i) J. Aron shall remain responsible for the Delivered Product Payment Obligation with respect to any Assigned Product delivered to J. Aron prior to the end of the Assignment Period, and (ii) any legal restrictions on the effectiveness of such reversion (whether arising under bankruptcy law or otherwise) shall not affect the expiration or early termination of the Assignment Period.

(d) The Assignment Period will automatically terminate upon delivery by Guarantor of a notice of termination of the Guaranty. All Assigned Rights and Obligations shall revert from J. Aron to PPA Buyer upon the termination of the Assignment Period, provided that (i) J. Aron shall remain responsible for the Delivered Product Payment Obligation with respect to any Assigned Product delivered to J. Aron prior to the end of the Assignment Period, and (ii) any legal restrictions on the effectiveness of such reversion (whether arising under bankruptcy law or otherwise) shall not affect the expiration or early termination of the Assignment Period.

3. Representations and Warranties. The PPA Seller and the PPA Buyer represent and warrant to J. Aron that (a) the PPA is in full force and effect; (b) no event or circumstance exists (or would exist with the passage of time or the giving of notice) that would give either of them the right to terminate the PPA or suspend performance thereunder; and (c) all of its obligations under the PPA required to be performed on or before the Assignment Period Start Date have been fulfilled.

4. Notices. Any notice, demand, or request required or authorized by this Assignment Agreement to be given by one Party to another Party shall be delivered in accordance with Article [] of the PPA and to the addresses of each of PPA Seller and PPA Buyer specified in the PPA. PPA Buyer agrees to notify J. Aron of any updates to such notice information, including any updates provided by PPA Seller to PPA Buyer. Notices to J. Aron shall be provided to the following address, as such address may be updated by J. Aron from time to time by notice to the other Parties:

J. Aron & Company LLC
200 West Street
New York, New York 10282-2198
Email: gs-prepay-notices@gs.com

5. Miscellaneous. Section [] (Buyer's Representations and Warranties), Article [] (Confidential Information), Sections [] (Severability), [] (Counterparts), [] (Amendments), [] (No Agency, Partnership, Joint Venture or Lease), [] (Mobile-Sierra), [] (Electronic Delivery), Section [] (Binding Effect) and [] (No Recourse to Members of Buyer) of the PPA are incorporated by reference into this Agreement, *mutatis mutandis*, as if fully set forth herein.

6. U.S. Resolution Stay Provisions.

(a) As between J. Aron and PPA Buyer, J. Aron and PPA Buyer hereby confirm that they are adherents to the ISDA 2018 U.S. Resolution Stay Protocol ("ISDA U.S. Stay Protocol"), the terms of the ISDA U.S. Stay Protocol are incorporated into and form a part of this Agreement, and for the purposes of such incorporation, (i) J. Aron shall be deemed to be a Regulated Entity, (ii) PPA Buyer shall be deemed to be an Adhering Party, and (iii) this Agreement shall be deemed a Protocol Covered Agreement. In the event of any inconsistencies between this Agreement and the ISDA U.S. Stay Protocol, the ISDA U.S. Stay Protocol will prevail.

(b) As between J. Aron and PPA Seller:

(i) In the event that J. Aron becomes subject to a proceeding under (A) the Federal Deposit Insurance Act and the regulations promulgated thereunder or (B) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder (a “U.S. Special Resolution Regime”) the transfer from J. Aron of this Agreement, and any interest and obligation in or under, and any property securing, this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any interest and obligation in or under, and any property securing, this Agreement were governed by the laws of the United States or a state of the United States.

(ii) In the event that J. Aron or an Affiliate becomes subject to a proceeding under a U.S. Special Resolution Regime, any Default Rights (as defined in 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable (“Default Right”)) under this Agreement that may be exercised against J. Aron are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

(iii) Limitation on Exercise of Certain Default Rights Related to an Affiliate’s Entry into Insolvency Proceedings. Notwithstanding anything to the contrary in this Agreement, J. Aron and PPA Seller expressly acknowledge and agree that:

(1) PPA Seller shall not be permitted to exercise any Default Right with respect to this Agreement or any Affiliate Credit Enhancement that is related, directly or indirectly, to an Affiliate of J. Aron becoming subject to receivership, insolvency, liquidation, resolution, or similar proceeding (an “Insolvency Proceeding”), except to the extent that the exercise of such Default Right would be permitted under the provisions of 12 C.F.R. 252.84, 12 C.F.R. 47.5 or 12 C.F.R. 382.4, as applicable; and

(2) Nothing in this Agreement shall prohibit the transfer of any Affiliate Credit Enhancement, any interest or obligation in or under such Affiliate Credit Enhancement, or any property securing such Affiliate Credit Enhancement, to a transferee upon or following an Affiliate of J. Aron becoming subject to an Insolvency Proceeding, unless the transfer would result in PPA Seller being the beneficiary of such Affiliate Credit Enhancement in violation of any law applicable to PPA Seller.

(iv) U.S. Protocol. If PPA Seller adheres to the ISDA U.S. Protocol, the terms of the ISDA U.S. Protocol will supersede and replace the terms of this Section 6(b).

(v) For purposes of this Section 6(b):

(1) “**Affiliate**” is defined in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k); and

(2) “**Credit Enhancement**” means any credit enhancement or credit support arrangement in support of the obligations of J. Aron under or with respect to this Agreement, including any guarantee, collateral arrangement (including any pledge, charge, mortgage or other security interest in collateral or title transfer arrangement), trust or similar arrangement, letter of credit, transfer of margin or any similar arrangement.

7. Governing Law, Jurisdiction, Waiver of Jury Trial.

- (a) **Governing Law.** This Assignment Agreement and the rights and duties of the parties under this Assignment Agreement will be governed by and construed, enforced and performed in accordance with the laws of the State of California, without reference to any conflicts of laws provisions that would direct the application of another jurisdiction's laws.
- (b) **Jurisdiction.** Each party submits to the exclusive jurisdiction of the federal courts of the United States of America for the Northern District of California sitting in the city and county of San Francisco.
- (c) **Waiver of Right to Trial by Jury.** Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this assignment agreement.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the Parties have executed this Assignment Agreement effective as of the date first set forth above.

[PPA SELLER]

By: _____

Name: _____

Title: _____

VALLEY CLEAN ENERGY ALLIANCE

By: _____

Name: _____

Title: _____

J. ARON & COMPANY LLC

By: _____

Name:

Title:

Execution and delivery of the foregoing Assignment Agreement is hereby approved.

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY

By: _____

Name:

Title:

Appendix 1

Assigned Rights and Obligations

PPA: “PPA” means that certain Power Purchase and Sale Agreement dated [____], by and between Valley Clean Energy Alliance and [____], as amended from time to time.

“**Assignment Period**” means the period beginning on [_____] and extending until [_____] provided that in no event shall the Assignment Period extend past the earlier of (i) the termination of the Assignment Period pursuant to Section 2 of the Assignment Agreement and (ii) the end of the Delivery Term under the PPA; provided that applicable provisions of this Agreement shall continue in effect after termination of the Assignment Period to the extent necessary to enforce or complete, duties, obligations or responsibilities of the Parties arising prior to the termination.

Assigned Product: “Assigned Products” include [____].

Further Information: PPA Seller shall continue to transfer the WREGIS Certificates associated with all Renewable Energy Credits corresponding to all Facility Energy under the PPA pursuant to Section [__] of the PPA, provided that the transferee of such WREGIS Certificates may be changed from time to time in accordance with the written instructions of both J. Aron and Valley Clean Energy Alliance upon twenty (20) Business Days’ notice, which change shall be effective as of the first day of the next calendar month, unless otherwise agreed. All Assigned Product delivered by PPA Seller to J. Aron shall be a sale made at wholesale, with J. Aron reselling all such Assigned Product.

Appendix 2

Assigned Prepay Quantity

[NOTE: To be set forth in a monthly volume schedule.]

Appendix 3

Form of GSG Guaranty

[Date]

NAME
ADDRESS

Attention:

Ladies and Gentlemen:

For value received, The Goldman Sachs Group, Inc. (the “Guarantor”), a corporation duly organized under the laws of the State of Delaware, hereby unconditionally guarantees the prompt and complete payment when due, whether by acceleration or otherwise, of all obligations and liabilities, whether now in existence or hereafter arising, of J. Aron & Company LLC, a subsidiary of the Guarantor and a limited liability company duly organized under the laws of the State of New York (the “Company”), to **COUNTERPARTY NAME** (the “Counterparty”) arising out of or under the Limited Assignment Agreement among the Company, the Counterparty and Valley Clean Energy Alliance dated as of [____]. This Guaranty is one of payment and not of collection.

The Guarantor hereby waives notice of acceptance of this Guaranty and notice of any obligation or liability to which it may apply, and waives presentment, demand for payment, protest, notice of dishonor or non-payment of any such obligation or liability, suit or the taking of other action by Counterparty against, and any other notice to, the Company, the Guarantor or others.

Counterparty may at any time and from time to time without notice to or consent of the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder: (1) agree with the Company to make any change in the terms of any obligation or liability of the Company to Counterparty, (2) take or fail to take any action of any kind in respect of any security for any obligation or liability of the Company to Counterparty, (3) exercise or refrain from exercising any rights against the Company or others, or (4) compromise or subordinate any obligation or liability of the Company to Counterparty including any security therefor. Any other suretyship defenses are hereby waived by the Guarantor.

This Guaranty shall continue in full force and effect until the opening of business on the fifth business day after Counterparty receives written notice of termination from the Guarantor. It is understood and agreed, however, that notwithstanding any such termination this Guaranty shall continue in full force and effect with respect to the obligations and liabilities set forth above which shall have been incurred prior to such termination.

The Guarantor may not assign its rights nor delegate its obligations under this Guaranty, in whole or in part, without prior written consent of the Counterparty, and any purported

assignment or delegation absent such consent is void, except for (i) an assignment and delegation of all of the Guarantor's rights and obligations hereunder in whatever form the Guarantor determines may be appropriate to a partnership, corporation, trust or other organization in whatever form that succeeds to all or substantially all of the Guarantor's assets and business and that assumes such obligations by contract, operation of law or otherwise, and (ii) the Guarantor may transfer this Guaranty or any interest or obligation of the Guarantor in or under this Guaranty, or any property securing this Guaranty, to another entity as transferee as part of the resolution, restructuring or reorganization of the Guarantor upon or following the Guarantor becoming subject to a receivership, insolvency, liquidation, resolution or similar proceeding. Upon any such delegation and assumption or transfer of obligations, the Guarantor shall be relieved of and fully discharged from all obligations hereunder, whether such obligations arose before or after such delegation and assumption or transfer.

THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW. GUARANTOR AGREES TO THE EXCLUSIVE JURISDICTION OF COURTS LOCATED IN THE STATE OF NEW YORK, UNITED STATES OF AMERICA, OVER ANY DISPUTES ARISING UNDER OR RELATING TO THIS GUARANTY.

In the event the Guarantor becomes subject to a proceeding under the Federal Deposit Insurance Act or Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together, the "U.S. Special Resolution Regimes"), the transfer of this Guaranty, and any interest and obligation in or under, and any property securing, this Guaranty, from the Guarantor will be effective to the same extent as the transfer would be effective under such U.S. Special Resolution Regime if this Guaranty, and any interest and obligation in or under this Guaranty, were governed by the laws of the United States or a state of the United States. In the event the Company or the Guarantor, or any of their affiliates, becomes subject to a U.S. Special Resolution Regime, default rights against the Company or the Guarantor with respect to this Guaranty are permitted to be exercised to no greater extent than such default rights could be exercised under such U.S. Special Resolution Regime if this Guaranty was governed by the laws of the United States or a state of the United States.

Very truly yours,

THE GOLDMAN SACHS GROUP, INC.

By: _____
Authorized Officer

EXHIBIT G⁴

COMMUNICATIONS PROTOCOL FOR BASE QUANTITIES

This Exhibit G (“Communications Protocol”) addresses the Scheduling of Base Quantities to be delivered and received at the Base Delivery Point. It is intended to be attached to both the Master Power Supply Agreement and the Clean Energy Purchase Contract, each as defined below.

1. ADDITIONAL DEFINED TERMS

In addition to the terms defined in Article I of this Agreement, the following terms used in this Communications Protocol shall have the following meanings:

- 1.1. “Agreement” means (i) when this Communications Protocol is attached to the Master Power Supply Agreement, the Master Power Supply Agreement and (ii) when this Communications Protocol is attached to the Clean Energy Purchase Contract, the Clean Energy Purchase Contract.
- 1.2. “Clean Energy Purchase Contract” means that certain Clean Energy Purchase Contract dated as of [____], 2025 by and between Issuer and Project Participant.
- 1.3. “Delivery Scheduling Entity” means Prepay LLC or a Person designated by Prepay LLC, as set forth in Attachment 4 hereto or in a subsequent written notice to Issuer and the Project Participant.
- 1.4. “Issuer” means California Community Choice Financing Authority, a joint powers authority and a public entity of the State of California established pursuant to the provisions of the Joint Exercise of Powers Act (Article 1, Chapter 5, Division 7, Title 1, Section 6500 et seq. of the California Government Code, as amended).
- 1.5. “Master Power Supply Agreement” means that certain Master Power Supply Agreement dated as of [____], 2025 by and between Prepay LLC and Issuer that is specified as relating to the Clean Energy Purchase Contract with Project Participant.
- 1.6. “Operational Nomination” has the meaning specified in Section 4.1.1.
- 1.7. “Prepay LLC” means Aron Energy Prepay [__] LLC, a Delaware limited liability company.

⁴ NTD: Under VCE review.

- 1.8. “Project Participant” means Valley Clean Energy Alliance, a California joint powers authority.
- 1.9. “Receipt Scheduling Entity” for any Delivery Point means the Project Participant, unless the Clean Energy Purchase Contract has been suspended or terminated, in which case the Receipt Scheduling Entity will be Issuer or a Person designated by Issuer for such Delivery Point in accordance with this Communications Protocol.
- 1.10. “Relevant Contract” means the Master Power Supply Agreement and the Clean Energy Purchase Contract.
- 1.11. “Relevant Party” means Issuer, Prepay LLC or the Project Participant.
- 1.12. “Relevant Third Party” means any Person that is (i) a Transmission Provider that will or is intended to transport Product to be delivered or received under the Agreement, (ii) an independent system operator or control area that coordinates the Scheduling of Product at the Base Delivery Point, (iii) Scheduling receipt of Product by Issuer or for the account of Issuer to the extent such Product has been delivered to Issuer or for the account of Issuer under the Master Power Supply Agreement, and (iv) delivering Product to Issuer or for the account of Issuer to the extent such Product is intended to be re-delivered ultimately to the Project Participant or for the account of the Project Participant under the Clean Energy Purchase Contract.
- 1.13. “Scheduling Entities” means the Receipt Scheduling Entity and the Delivery Scheduling Entity.

2. AGREEMENTS OF RELEVANT PARTIES

Each Relevant Party that is a party to Relevant Contract to which this Communications Protocol is attached acknowledges that this Communications Protocol sets forth certain obligations that may be delegated to other Relevant Parties that are not parties to such Relevant Contracts. In connection therewith:

- 2.1 ***Reliance on Scheduling Entity.*** Each Relevant Party shall be entitled to rely exclusively on any communications or directions given by a Delivery Scheduling Entity or Receipt Scheduling Entity, in each case to the extent such communications are permitted hereunder.
- 2.2 ***Performance of Communications Protocol.*** Each Relevant Party to a Relevant Contract shall cause its counterparty to each other Relevant Contract to comply with the provisions of this Communications Protocol as the provisions apply to such counterparty to the extent required to perform the obligations of the Relevant Party under the Relevant Contract.

- 2.3 ***Third Party Beneficiaries.*** To the extent this Communications Protocol purports to give any Relevant Party (a “Beneficiary”) rights vis-à-vis any other Relevant Party (a “Burdened Party”) with whom such Beneficiary does not have privity under a Relevant Contract, such Beneficiary shall be deemed to be a third party beneficiary of each Relevant Contract to which the Burdened Party is a party to the extent necessary or convenient to enforce the obligations of the Burdened Party under this Communications Protocol.
- 2.4 ***Amendment of Relevant Contracts.*** No Relevant Party shall amend, waive or otherwise modify any provision of any Relevant Contract to which it is a party without the consent of each other Relevant Party whose rights or obligations would be materially and adversely affected by such amendment, waiver or modification as it relates to this Communications Protocol.
- 2.5 ***Amendment of Communications Protocol.*** No Relevant Party shall amend any provision of this Communications Protocol in a Relevant Contract without the consent of each other Relevant Party.
- 2.6 ***Waiver of Communications Protocol.*** No Relevant Party shall waive any provision of this Communications Protocol in a Relevant Contract without the consent of each other Relevant Party whose rights or obligations would be materially and adversely affected by such waiver.

3 DESIGNATION AND REPLACEMENT OF SCHEDULING ENTITIES

- 3.1 ***Designation of Delivery Scheduling Entity.*** Prepay LLC may designate a new Delivery Scheduling Entity upon thirty (30) days written notice to Issuer substantially in the form of Attachment 4. Any Scheduling Entity designated in accordance with this Section 3.1 shall commence service at the beginning of a Month, unless mutually agreed in writing between Prepay LLC and Issuer.
- 3.2 ***Assumption by Receipt Scheduling Entity.*** If any Delivery Scheduling Entity (other than Prepay LLC) persistently fails to perform its obligations as contemplated under this Communications Protocol, the Receipt Scheduling Entity may, by notice to Prepay LLC, require that Prepay LLC deal directly with the Receipt Scheduling Entity until a new Delivery Scheduling Entity is designated in accordance with this Section 3.1.
- 3.3 ***Scheduling Coordinator.*** Project Participant shall designate a scheduling coordinator for the purposes of accepting Base Product delivery at the Base Delivery Point through the scheduling of ISTs.

4 INFORMATION EXCHANGE AND COMMUNICATION BETWEEN ISSUER AND PREPAY LLC

4.1 *Communication of Operational Nomination Details.*

- 4.1.1 Not later than three Days prior to each Day during which Base Product is required to be delivered under the Agreement, the Receipt Scheduling Entity for such Delivery Point may deliver an operational nomination in writing (the “Operational Nomination”) indicating any inability of a Project Participant to receive all of its Base Quantities during such Day, which Operational Nomination shall be without prejudice to any party’s rights under the Relevant Contracts for failure to receive Base Quantities. If no changes to Base Quantities are so submitted, the Operational Nomination shall be deemed to nominate the full Base Quantities required to be delivered on a Day.
- 4.1.2 Not later than three Days prior to each Day during which Base Product is required to be delivered under the Agreement, the Delivery Scheduling Entity for such Delivery Point may revise the Operational Nomination to indicate any inability of Prepay LLC to deliver all Base Quantities during such Day, which revised Operational Nomination shall be without prejudice to any party’s rights under the Relevant Contracts for failure to deliver Base Quantities.

4.2 *Event-specific Communications.*

- 4.2.1 Remarketing Notices issued by Issuer under the Master Power Supply Agreement shall be substantially in the form of Attachment 2 hereto. Any such notices to remarket must be delivered directly to Prepay LLC and the Delivery Scheduling Entity.
- 4.2.2 Each Scheduling Entity shall notify Prepay LLC, Issuer and the Project Participant as soon as practicable in the event of: (i) any deficiencies in Scheduling related to such Scheduling Entity; (ii) any deficiencies in Scheduling related to the other such Scheduling Entity; and (iii) any issues with Relevant Third Parties that that would reasonably be expected to create issues related to Product Scheduling under the Relevant Contract.

5 ACCESS AND INFORMATION

- 5.1 *Verification of Product Scheduled.* In addition to the delivery of and access to the records and data required pursuant to the Agreement, each Relevant Party agrees to provide relevant records from itself and other Relevant Third Parties necessary to document and verify Product Scheduled within and after the Month as needed to facilitate the Relevant Contracts.
- 5.2 *View Rights.* To the extent requested by a Delivery Scheduling Entity or Prepay LLC, the Receipt Scheduling Entities will use Commercially Reasonable Efforts to cooperate

with the Delivery Scheduling Entity and Prepay LLC to ensure that Delivery Scheduling Entity and Prepay LLC has sufficient agency view rights from each such Scheduling Entity to allow Prepay LLC to view Base Product Scheduling at the Base Delivery Point.

6 NOTICES

Any notice, demand, request or other communication required or authorized by this Communications Protocol to be given by one Relevant Party to another Relevant Party shall be in writing, except as otherwise expressly provided herein. It shall either be sent by facsimile (with receipt confirmed by telephone and electronic transmittal receipt), courier, or personally delivered (including overnight delivery service) to the representative of the other Relevant Party designated in Attachment 1 hereto. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone and electronic transmittal receipt or (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service). Each Relevant Party shall have the right, upon written notice to the other Relevant Parties, to change its address at any time, and to designate that copies of all such notices be directed to another Person at another address.

7 NO IMPACT ON CONTRACTUAL OBLIGATIONS

Except as expressly set forth herein or in an applicable Relevant Contract, nothing in this Communications Protocol nor any Relevant Party's actions or inactions hereunder shall have any impact on any Relevant Party's rights or obligations under the Relevant Contracts.

8 ATTACHMENTS

Attachment 1 - Key Personnel

Attachment 2 - Remarketing Notice Form

Attachment 3 - Designation of Alternate Base Delivery Points Form

Attachment 4 - Designation of Scheduling Entities Form

Attachment 1

Key Personnel

Prepay LLC Marketing Personnel:

Timothy Capuano
Sales and Trading
Telephone: (212) 357-2542
gs-prepay-notices@gs.com

Prepay LLC Scheduling Personnel:

Scheduling Team
Email: ficc-jaron-natgasops@ny.email.gs.com
Direct Phone: (212) 902-8148
Fax: 212.493.9847

Carly Norlander
ICE Chat: cnorlander1
Email: ficc-jaron-natgasops@ny.email.gs.com
Direct Phone: (403) 233-9299
Fax: (212) 493-9847

Other Prepay LLC Personnel:

Telephone: (212) 855-0880
ficc-struct-sett@gs.com

Andres E. Aguila
Telephone: (212) 855-6008
Fax: (212) 291-2124
andres.aguila@gs.com

Issuer Personnel:

notices@cccfa.org and invoices@cccfa.org

Project Participant Personnel:

[_____]

Attachment 2

Remarketing Notice Form

Date: [_____]

To: Prepay LLC Scheduling

From: Project Participant Scheduling

This notice is being delivered pursuant to that certain Master Power Supply Agreement (the “Master Power Supply Agreement”) dated as of [_____], 2025 by and between Aron Energy Prepay [__] LLC (“Prepay LLC”) and California Community Choice Financing Authority, a joint powers authority and a public entity of the State of California established pursuant to the provisions of the Joint Exercise of Powers Act (Article 1, Chapter 5, Division 7, Title 1, Section 6500 et seq. of the California Government Code, as amended) (“Issuer”) and relates to the Clean Energy Purchase Contract (the “Clean Energy Purchase Contract”) dated as of [_____], 2025 by and between Issuer and Valley Clean Energy Alliance (“Project Participant”). Capitalized terms not defined herein are defined in the Master Power Supply Agreement.

Check the box to indicate type of Remarketing Notice (*The numbers of the Primary (“P”) and Alternate (“A”) Delivery Points below correspond to those same Primary Delivery Points and Alternate Delivery Points set forth in Exhibit A-1 of the Agreement, or as may be designated by the Parties from time to time*):

Monthly Remarketing Notice:

Month(s) for which remarketing is requested: _____, 20__ through _____, 20__.

Pursuant to Section 3(b) of Exhibit C of the Clean Energy Purchase Contract, Project Participant requests that Prepay LLC remarket in such Month(s) the following Base Quantities of Product required to be delivered at the following Delivery Points:

Delivery Point (P/A, #)	MWh/ Hour for each Hour in the Month

Daily Remarketing Notice:

Hours for which remarketing is requested: _____, 20__ through _____, 20__.

Pursuant to Section 3(c) of Exhibit C of the Clean Energy Purchase Contract, Project Participant requests that Prepay LLC remarket for such Hours the following Base Quantities of Product required to be delivered at the following Delivery Point:

Delivery Point (P/A, #)	MWh/Hour

Submitted by Project Participant:
VALLEY CLEAN ENERGY ALLIANCE

By: _____
Name:
Title:

Attachment 3

Designation of Alternate Base Delivery Points Form

This designation is delivered pursuant to that certain Master Power Supply Agreement (the “Master Power Supply Agreement”) dated as of [____], 2025 by and between Aron Energy Prepay [__] LLC (“Prepay LLC”) and California Community Choice Financing Authority, a joint powers authority and a public entity of the State of California established pursuant to the provisions of the Joint Exercise of Powers Act (Article 1, Chapter 5, Division 7, Title 1, Section 6500 et seq. of the California Government Code, as amended) (“Issuer”) and the Clean Energy Purchase Contract (the “Clean Energy Purchase Contract”) dated as of [____], 2025 by and between Issuer and Valley Clean Energy Alliance (“Project Participant”). Capitalized terms not defined herein are defined in the Master Power Supply Agreement and the Clean Energy Purchase Contract. [Project Participant and/or Issuer] hereby proposes the following Alternate Delivery Points for deliveries of Energy that would otherwise be made at the specified Primary Delivery Point:

ALTERNATE DELIVERY POINT	PRIMARY DELIVERY POINT AFFECTED	COMMODITY REFERENCE PRICE PRICING POINT	ADDITIONAL RESTRICTIONS
1			[e.g.
2			Vol. Limit: ____
3			Time Limit:] ____
(etc.)			

Unless otherwise agreed among Prepay LLC, Issuer and Project Participant, an Alternate Delivery Point shall utilize the same Commodity Reference Price as the Primary Delivery Point it replaces or otherwise affects. Project Participant is not required to agree or accept this designation (or any change to the Commodity Reference Price) if it is being submitted by Issuer pursuant to the Master Power Supply Agreement only.

AGREED AND ACCEPTED BY PREPAY LLC:	(if required) AGREED TO AND ACCEPTED BY PROJECT PARTICIPANT:	(if required) AGREED TO AND ACCEPTED BY ISSUER:
By: Name: Title:	By: Name: Title:	By: Name: Title:

Attachment 4

Designation of Scheduling Entities Form

This designation is being delivered pursuant to that certain Master Power Supply Agreement (the “Master Power Supply Agreement”) dated as of [____], 2025 by and between J. Aron Energy Prepay [__] LLC (“Prepay LLC”) and California Community Choice Financing Authority, a joint powers authority and a public entity of the State of California established pursuant to the provisions of the Joint Exercise of Powers Act (Article 1, Chapter 5, Division 7, Title 1, Section 6500 et seq. of the California Government Code, as amended) (“Issuer”) and relates to the Clean Energy Purchase Contract (the “Clean Energy Purchase Contract”) dated as of [____], 2025 by and between Issuer and Valley Clean Energy Alliance (“Project Participant”). Capitalized terms not defined herein are defined in the Master Power Supply Agreement and Clean Energy Purchase Contract.

[If delivered by Project Participant:

Receipt Scheduling Entity:

Delivery Point: _____

Effective Date(s) of Service of Receipt Scheduling Entity (full Months only):
_____, _____ to _____, _____, if applicable

Notice Information for Receipt Scheduling Entity:

Name: _____
Attention: _____
Address: _____

Telephone: _____
Fax: _____]

[If delivered by Prepay LLC:

Delivery Scheduling Entity:

Delivery Point: _____

Effective Date(s) of Service of Delivery Scheduling Entity (full Months only):
_____, _____ to _____, _____, if applicable

Notice Information for Delivery Scheduling Entity:

Name: _____

Attention: _____

Address: _____

Telephone: _____

Fax: _____]

Submitted by:

[Project Participant or Prepay LLC]

By: _____

Name: _____

Title: _____

EXHIBIT H

PRICING AND OTHER TERMS

Administrative Fee:	\$0.50 perMWh
Delivery Period:	The period beginning on and including [____] and ending at the end of the Day before [____]; provided that the Delivery Period shall end immediately upon termination of deliveries of Product under the Master Power Supply Agreement pursuant to Article XVII thereof or early termination of the Clean Energy Purchase Contract pursuant to <u>Article XVII</u> hereof.
Initial Reset Period:	The period beginning at the beginning of the Day on [____] and ending at the end of the last Day of the Month preceding the last Month of the Initial Interest Rate Period (as defined in the Trust Indenture).
Minimum Discount Percentage:	An Available Discount Percentage as determined under the Re-Pricing Agreement of [____]%.
Monthly Discount Percentage:	For each Month of the Initial Reset Period, [____]%, and for each Month of any other Reset Period, the percentage determined by the Calculation Agent as defined in and pursuant to the Re-Pricing Agreement, exclusive of any Annual Refund.

EXHIBIT I
FORM OF CLOSING CERTIFICATE

CLOSING CERTIFICATE OF PURCHASER

_____, 2025

Re: California Community Choice Financing Authority
[Clean Energy Project Revenue Bonds]

The undersigned _____ of Valley Clean Energy Alliance (“*Purchaser*”) hereby certifies as follows in connection with the Power Supply Contract dated as of _____, 2025 (the “*Agreement*”) between the Purchaser and California Community Choice Financing Authority (“*Issuer*”) and the issuance and sale by Issuer of the above-referenced bonds (the “*Bonds*”) (capitalized terms used and not defined herein shall have the meanings given to them in the Agreement):

1. Purchaser is a joint powers authority, duly organized and validly existing and in good standing under the laws of the State of California (the “*State*”), and has the corporate power and authority to enter into and perform its obligations under the Agreement.

2. By all necessary official action on its part, Purchaser has duly authorized and approved the execution and delivery of, and the performance by Purchaser of the obligations on its part contained in, the Agreement, and such authorization and approval has not been amended, supplemented, rescinded or modified in any respect since the date thereof.

3. The Agreement constitutes the legal, valid and binding obligation of Purchaser.

4. The authorization, execution and delivery of the Agreement and compliance with the provisions on Purchaser's part contained therein (a) will not conflict with or constitute a breach of or default under (i) any instrument relating to the organization, existence or operation of Purchaser, (ii) any ruling, regulation, ordinance, judgment, order or decree to which Purchaser (or any of its officers in their respective capacities as such) is subject, or (iii) any provision of the laws of the State relating to Purchaser and its affairs, and (b) will not result in, or require the creation or imposition of, any lien on any of the properties or revenues of Purchaser pursuant to any of the foregoing.

5 Purchaser is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which Purchaser is a party or to which Purchaser or any of its property or assets are subject, and no event has occurred and is continuing which constitutes, or with the passage of time or the giving of notice, or both, would constitute, a default or event of default by Purchaser under any of the foregoing.

6. Payments to be made by Purchaser under the Agreement shall constitute operating expenses of Purchaser's power supply system payable solely from the revenues and other available funds of Purchaser's power supply system as a cost of purchased electricity.

7. No litigation, proceeding or tax challenge is pending or, to its knowledge, threatened, against Purchaser in any court or administrative body which would (a) contest the right of the officials of Purchaser to hold and exercise their respective positions, (b) contest the due organization and valid existence of Purchaser, (c) contest the validity, due authorization and execution of the Agreement, or (d) attempt to limit, enjoin or otherwise restrict or prevent Purchaser from executing, delivering and performing the Agreement, nor to the knowledge of Purchaser is there any basis therefor.

8. All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by Purchaser of its obligations under the Agreement have been duly obtained.

9. The representations and warranties of Purchaser contained in the Agreement were true, complete and correct on and as of the date thereof and are true, complete and correct on and as of the date hereof.

10. The statements and information with respect to Purchaser contained in the Preliminary Official Statement dated [____], 2025 and the Official Statement dated [____], 2025 with respect to the Bonds, including Appendix A thereto (together, the "*Official Statement*"), fairly and accurately describe and summarize the financial and operating position of Purchaser for the periods shown therein, and such statements and information did not as of the respective dates of the Official Statement and do not as of the date hereof contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements and information, in the light of the circumstances under which they were made, not misleading.

11. To Purchaser's knowledge, no event affecting Purchaser has occurred since the date of the Official Statement which should be disclosed therein in order to make the statements and

information with respect to Purchaser contained therein, in light of the circumstances under which they were made, not misleading in any material respect.

IN WITNESS WHEREOF the undersigned has executed this Certificate on and as of the date first written above.

VALLEY CLEAN ENERGY ALLIANCE

By _____

Name:

Title:

FORM OF ASSIGNMENT SCHEDULE

Assigned Product: [____]

Assigned Delivery Point: [____]

Assigned Prepay Quantity: As set forth in Appendix 2; provided that (i) all Assigned Products shall be delivered pursuant to this Limited Assignment Agreement during the Assignment Period as provided in Appendix 1 and (ii) the Assigned Prepay Quantity is defined for the convenience of PPA Buyer and J. Aron and shall have no impact on the obligations of the Parties under this Limited Assignment Agreement.

APC Contract Price: \$[____]/MWh

Assignment Period: [____]

FORM OF LIMITED ASSIGNMENT AGREEMENT

This Limited Assignment Agreement (this “**Assignment Agreement**” or “**Agreement**”) is entered into as of [____], by and among [____], a [____] (“**PPA Seller**”), Valley Clean Energy Alliance, a California joint powers authority (“**PPA Buyer**”), and J. Aron & Company LLC, a New York limited liability company (“**J. Aron**”), and relates to that certain power purchase agreement (the “**PPA**”) between PPA Buyer and PPA Seller as described on Appendix 1. Unless the context otherwise specifies or requires, capitalized terms used but not defined in this Agreement have the meanings set forth in the PPA.

In consideration of the premises above and the mutual covenants and agreements herein set forth, PPA Seller, PPA Buyer and J. Aron (the “**Parties**” hereto; each is a “**Party**”) agree as follows:

1. Limited Assignment and Delegation.

- (a) PPA Buyer hereby assigns, transfers and conveys to J. Aron all right, title and interest in and to the rights of PPA Buyer under the PPA to receive delivery of the products described on Appendix 1 (the “**Assigned Products**”) during the Assignment Period (as defined in Appendix 1), as such rights may be limited or further described in the “Further Information” section on Appendix 1 (the “**Assigned Product Rights**”). All Assigned Products shall be delivered pursuant to the terms and conditions of this Agreement during the Assignment Period as provided in Appendix 1. All other rights of PPA Buyer under the PPA are expressly reserved for PPA Buyer.
- (b) PPA Buyer hereby delegates to J. Aron the obligation to pay the APC Contract Price for all Assigned Products that are actually delivered to J. Aron pursuant to the Assigned Product Rights during the Assignment Period (the “**Delivered Product Payment Obligation**” and together with the Assigned Product Rights, collectively the “**Assigned Rights and Obligations**”); provided that (i) all other obligations of PPA Buyer under the PPA are expressly retained by PPA Buyer and PPA Buyer shall be solely responsible for any amounts due to PPA Seller that are not directly related to Assigned Products; and (ii) the Parties acknowledge and agree that PPA Seller will only be obligated to deliver a single consolidated invoice during the Assignment Period (with a copy to J. Aron consistent with Section 10 hereof). To the extent J. Aron fails to pay the Delivered Product Payment Obligation by the due date for payment set forth in the PPA, notwithstanding anything in this Agreement to the contrary, PPA Buyer agrees that it will remain responsible for such payment within five (5) Business Days (as defined in the PPA) of receiving notice of such non-payment from PPA Seller.
- (c) J. Aron hereby accepts and PPA Seller hereby consents and agrees to the assignment, transfer, conveyance and delegation described in clauses (a) and (b) above.
- (d) All scheduling of Assigned Products and other communications related to the PPA shall take place pursuant to the terms of the PPA; provided that (i) title to Assigned Product will pass from PPA Seller to J. Aron upon delivery by PPA Seller of Assigned Product in accordance with the PPA; (ii) PPA Buyer will provide copies to J. Aron of any Notice of a Force Majeure Event or Event of Default or default, breach or other occurrence that, if not cured within the applicable grace period, could result in an Event of Default contemporaneously upon delivery thereof to PPA Seller and promptly after receipt thereof from PPA Seller; (iii) PPA Seller will provide copies to J. Aron of annual forecasts of Energy and monthly forecasts of available capacity and Energy provided pursuant to Section [____] of the PPA; (iv) PPA Seller will provide copies to J. Aron of

all invoices and supporting data provided to PPA Buyer pursuant to Section [], provided that any payment adjustments or subsequent reconciliations occurring after the date that is 10 days prior to the payment due date for a monthly invoice, including pursuant to Section [], will be resolved solely between PPA Buyer and PPA Seller and therefore PPA Seller will not be obligated to deliver copies of any communications relating thereto to J. Aron; and (v) PPA Buyer and PPA Seller, as applicable, will provide copies to J. Aron of any other information reasonably requested by J. Aron relating to Assigned Products.

- (e) PPA Seller acknowledges that (i) J. Aron intends to immediately transfer title to any Assigned Products received from PPA Seller through one or more intermediaries such that all Assigned Products will be re-delivered to PPA Buyer; and (ii) in the event that PPA Buyer fails to pay the relevant intermediary entity for any such Assigned Products, the receivables owed by PPA Buyer for such Assigned Products (“PPA Buyer Receivables”) may be transferred to J. Aron. To the extent any such PPA Buyer Receivables are transferred to J. Aron, J. Aron may transfer such PPA Buyer Receivables to PPA Seller and apply the face amount thereof as a reduction to any Delivered Product Payment Obligation. Thereafter, PPA Seller shall be entitled to pursue collection on such PPA Buyer Receivables directly against PPA Buyer.
- (f) On or before the commencement of the Assignment Period, The Goldman Sachs Group, Inc. (“Guarantor”) will issue, in favor of PPA Seller, a guaranty of J. Aron’s payment obligations under this Assignment Agreement substantially in the form of Appendix 3 attached hereto (“Guaranty”).
- (g) Notwithstanding any other provision of this Agreement, PPA Buyer shall be entitled to retain for its own account all CAISO revenues associated with delivery of the Assigned Product to CAISO, including where PPA Buyer is acting as Scheduling Coordinator for the Facility (as defined in the PPA) and through scheduling of ISTs. Nothing in this Agreement modifies or amends any rights or obligations of PPA Buyer and PPA Seller under the PPA with respect to CAISO revenues and costs. As used in this clause (g), the following terms have the meanings specified below.

“**CAISO**” means California Independent System Operator or its successor.

“**CAISO Tariff**” means CAISO’s Federal Energy Regulatory Commission approved tariff, as modified, amended or supplemented from time to time.

“**Inter-SC Trade**” or “**IST**” has the meaning set forth in the CAISO Tariff.

“**Scheduling Coordinator**” means an entity certified by the CAISO as qualifying as a Scheduling Coordinator pursuant to the CAISO Tariff for the purposes of undertaking the functions specified in “Responsibilities of a Scheduling Coordinator,” of the CAISO.

- (h) The Assigned Prepay Quantity set forth in Appendix 2 relates to obligations by and between J. Aron and PPA Buyer and has no impact on PPA Seller’s rights and obligations under the PPA.

2. Assignment Early Termination.

- (a) The Assignment Period may be terminated early upon the occurrence of any of the following:

- (1) delivery of a written notice of termination specifying a termination date by either J. Aron or PPA Buyer to each of the other Parties;
 - (2) delivery of a written notice of termination specifying a termination date by PPA Seller to each of J. Aron and PPA Buyer following J. Aron's failure to pay when due any amounts owed to PPA Seller in respect of any Delivered Product Payment Obligation and such payment is not made by J. Aron within five (5) business days following receipt by J. Aron and PPA Buyer of written notice;
 - (3) delivery of a written notice by PPA Seller if any of the events described in the definition of Bankrupt in the PPA occurs with respect to J. Aron; or
 - (4) delivery of a written notice by J. Aron if any of the events described in in the definition of Bankrupt in the PPA occurs with respect to PPA Seller.
- (b) The Assignment Period will end at the end of last delivery hour on the date specified in the termination notice provided pursuant to Section 2(a), which date shall not be earlier than the end of the last day of the calendar month in which such notice is delivered if termination is pursuant to clause 2(a)(1) or 2(a)(2) above. All Assigned Rights and Obligations shall revert from J. Aron to PPA Buyer upon the early termination of the Assignment Period, provided that (i) J. Aron shall remain responsible for the Delivered Product Payment Obligation with respect to any Assigned Product delivered to J. Aron prior to the end of the Assignment Period, and (ii) any legal restrictions on the effectiveness of such reversion (whether arising under bankruptcy law or otherwise) shall not affect the expiration or early termination of the Assignment Period
- (c) The Assignment Period will automatically terminate upon the expiration or early termination of the PPA. All Assigned Rights and Obligations shall revert from J. Aron to PPA Buyer upon the expiration of or early termination of the PPA, provided that (i) J. Aron shall remain responsible for the Delivered Product Payment Obligation with respect to any Assigned Product delivered to J. Aron prior to the end of the Assignment Period, and (ii) any legal restrictions on the effectiveness of such reversion (whether arising under bankruptcy law or otherwise) shall not affect the expiration or early termination of the Assignment Period.
- (d) The Assignment Period will automatically terminate upon delivery by Guarantor of a notice of termination of the Guaranty. All Assigned Rights and Obligations shall revert from J. Aron to PPA Buyer upon the termination of the Assignment Period, provided that (i) J. Aron shall remain responsible for the Delivered Product Payment Obligation with respect to any Assigned Product delivered to J. Aron prior to the end of the Assignment Period, and (ii) any legal restrictions on the effectiveness of such reversion (whether arising under bankruptcy law or otherwise) shall not affect the expiration or early termination of the Assignment Period.

3. Representations and Warranties. The PPA Seller and the PPA Buyer represent and warrant to J. Aron that (a) the PPA is in full force and effect; (b) no event or circumstance exists (or would exist with the passage of time or the giving of notice) that would give either of them the right to terminate the PPA or suspend performance thereunder; and (c) all of its obligations under the PPA required to be performed on or before the Assignment Period Start Date have been fulfilled.

4. Notices. Any notice, demand, or request required or authorized by this Assignment Agreement to be given by one Party to another Party shall be delivered in accordance with Article [] of the PPA and to the addresses of each of PPA Seller and PPA Buyer specified in the PPA. PPA Buyer agrees to notify J. Aron of any updates to such notice information, including any updates provided by PPA Seller to PPA Buyer. Notices to J. Aron shall be provided to the following address, as such address may be updated by J. Aron from time to time by notice to the other Parties:

J. Aron & Company LLC
200 West Street
New York, New York 10282-2198
Email: gs-prepay-notices@gs.com

5. Miscellaneous. Section [] (Buyer's Representations and Warranties), Article [] (Confidential Information), Sections [] (Severability), [] (Counterparts), [] (Amendments), [] (No Agency, Partnership, Joint Venture or Lease), [] (Mobile-Sierra), [] (Electronic Delivery), Section [] (Binding Effect) and [] (No Recourse to Members of Buyer) of the PPA are incorporated by reference into this Agreement, *mutatis mutandis*, as if fully set forth herein.

6. U.S. Resolution Stay Provisions.

(a) As between J. Aron and PPA Buyer, J. Aron and PPA Buyer hereby confirm that they are adherents to the ISDA 2018 U.S. Resolution Stay Protocol ("ISDA U.S. Stay Protocol"), the terms of the ISDA U.S. Stay Protocol are incorporated into and form a part of this Assignment Agreement, and for the purposes of such incorporation, (i) J. Aron shall be deemed to be a Regulated Entity, (ii) PPA Buyer shall be deemed to be an Adhering Party, and (iii) this Assignment Agreement shall be deemed a Protocol Covered Agreement. In the event of any inconsistencies between this Assignment Agreement and the ISDA U.S. Stay Protocol, the ISDA U.S. Stay Protocol will prevail.

(b) As between J. Aron and PPA Seller:

(i) In the event that J. Aron becomes subject to a proceeding under (A) the Federal Deposit Insurance Act and the regulations promulgated thereunder or (B) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder (a "U.S. Special Resolution Regime") the transfer from J. Aron of this Agreement, and any interest and obligation in or under, and any property securing, this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any interest and obligation in or under, and any property securing, this Agreement were governed by the laws of the United States or a state of the United States.

(ii) In the event that J. Aron or an Affiliate becomes subject to a proceeding under a U.S. Special Resolution Regime, any Default Rights (as defined in 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable ("Default Right")) under this Agreement that may be exercised against J. Aron are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

(iii) Notwithstanding anything to the contrary in this Agreement, J. Aron and PPA Seller expressly acknowledge and agree that:

(1) PPA Seller shall not be permitted to exercise any Default Right with respect to this Agreement or any Affiliate Credit Enhancement that is related, directly or indirectly, to an Affiliate of J. Aron becoming subject to receivership, insolvency, liquidation, resolution, or similar proceeding (an “Insolvency Proceeding”), except to the extent that the exercise of such Default Right would be permitted under the provisions of 12 C.F.R. 252.84, 12 C.F.R. 47.5 or 12 C.F.R. 382.4, as applicable; and

(2) Nothing in this Agreement shall prohibit the transfer of any Affiliate Credit Enhancement, any interest or obligation in or under such Affiliate Credit Enhancement, or any property securing such Affiliate Credit Enhancement, to a transferee upon or following an Affiliate of J. Aron becoming subject to an Insolvency Proceeding, unless the transfer would result in PPA Seller being the beneficiary of such Affiliate Credit Enhancement in violation of any law applicable to PPA Seller.

(iv) If PPA Seller adheres to the ISDA U.S. Protocol, the terms of the ISDA U.S. Protocol will supersede and replace the terms of this Section 6(b).

(v) For purposes of this Section 6(b):

(1) “**Affiliate**” is defined in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k); and

(2) “**Credit Enhancement**” means any credit enhancement or credit support arrangement in support of the obligations of J. Aron under or with respect to this Agreement, including any guarantee, collateral arrangement (including any pledge, charge, mortgage or other security interest in collateral or title transfer arrangement), trust or similar arrangement, letter of credit, transfer of margin or any similar arrangement.

7. Governing Law, Jurisdiction, Waiver of Jury Trial.

- (a) **Governing Law.** This Assignment Agreement and the rights and duties of the parties under this Assignment Agreement will be governed by and construed, enforced and performed in accordance with the laws of the State of California, without reference to any conflicts of laws provisions that would direct the application of another jurisdiction’s laws.
- (b) **Jurisdiction.** Each Party submits to the exclusive jurisdiction of the federal courts of the United States of America for the Southern District of California sitting in the city and county of Los Angeles.
- (c) **Waiver of Right to Trial by Jury.** Each Party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this assignment agreement.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the Parties have executed this Assignment Agreement effective as of the date first set forth above.

[PPA SELLER]

By: _____

Name: _____

Title: _____

VALLEY CLEAN ENERGY ALLIANCE

By: _____

Name: _____

Title: _____

J. ARON & COMPANY LLC

By: _____

Name:

Title:

Execution and delivery of the foregoing Assignment Agreement is hereby approved.

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY

By: _____

Name:

Title:

Appendix 1

Assigned Rights and Obligations

PPA: “PPA” means that certain Power Purchase and Sale Agreement dated [____], by and between Valley Clean Energy Alliance and [____], as amended from time to time.

“**Assignment Period**” means the period beginning on [_____] and extending until [_____] provided that in no event shall the Assignment Period extend past the earlier of (i) the termination of the Assignment Period pursuant to Section 2 of the Assignment Agreement and (ii) the end of the Delivery Term under the PPA; provided that applicable provisions of this Agreement shall continue in effect after termination of the Assignment Period to the extent necessary to enforce or complete, duties, obligations or responsibilities of the Parties arising prior to the termination.

Assigned Product: “Assigned Products” include [____].

Custodial Account for Administration of Payments under Section 1(h):

[____]

[____]

[____]

Further Information: PPA Seller shall continue to transfer the WREGIS Certificates associated with all Renewable Energy Credits corresponding to all Facility Energy under the PPA pursuant to Section [__] of the PPA, provided that the transferee of such WREGIS Certificates may be changed from time to time in accordance with the written instructions of both J. Aron and PPA Buyer upon twenty (20) Business Days’ notice, which change shall be effective as of the first day of the next calendar month, unless otherwise agreed. All Assigned Product delivered by PPA Seller to J. Aron shall be a sale made at wholesale, with J. Aron reselling all such Assigned Product.

Appendix 2

Assigned Prepay Quantity

[NOTE: To be set forth in a monthly volume schedule.]

Appendix 3

Form of GSG Guaranty

[Date]

NAME
ADDRESS

Attention:

Ladies and Gentlemen:

For value received, The Goldman Sachs Group, Inc. (the “Guarantor”), a corporation duly organized under the laws of the State of Delaware, hereby unconditionally guarantees the prompt and complete payment when due, whether by acceleration or otherwise, of all obligations and liabilities, whether now in existence or hereafter arising, of J. Aron & Company LLC, a subsidiary of the Guarantor and a limited liability company duly organized under the laws of the State of New York (the “Company”), to **COUNTERPARTY NAME** (the “Counterparty”) arising out of or under the Limited Assignment Agreement among the Company, the Counterparty and Valley Clean Energy Alliance dated as of [____]. This Guaranty is one of payment and not of collection.

The Guarantor hereby waives notice of acceptance of this Guaranty and notice of any obligation or liability to which it may apply, and waives presentment, demand for payment, protest, notice of dishonor or non-payment of any such obligation or liability, suit or the taking of other action by Counterparty against, and any other notice to, the Company, the Guarantor or others.

Counterparty may at any time and from time to time without notice to or consent of the Guarantor and without impairing or releasing the obligations of the Guarantor hereunder: (1) agree with the Company to make any change in the terms of any obligation or liability of the Company to Counterparty, (2) take or fail to take any action of any kind in respect of any security for any obligation or liability of the Company to Counterparty, (3) exercise or refrain from exercising any rights against the Company or others, or (4) compromise or subordinate any obligation or liability of the Company to Counterparty including any security therefor. Any other suretyship defenses are hereby waived by the Guarantor.

This Guaranty shall continue in full force and effect until the opening of business on the fifth business day after Counterparty receives written notice of termination from the Guarantor. It is understood and agreed, however, that notwithstanding any such termination this Guaranty shall continue in full force and effect with respect to the obligations and liabilities set forth above which shall have been incurred prior to such termination.

The Guarantor may not assign its rights nor delegate its obligations under this Guaranty, in whole or in part, without prior written consent of the Counterparty, and any purported

assignment or delegation absent such consent is void, except for (i) an assignment and delegation of all of the Guarantor's rights and obligations hereunder in whatever form the Guarantor determines may be appropriate to a partnership, corporation, trust or other organization in whatever form that succeeds to all or substantially all of the Guarantor's assets and business and that assumes such obligations by contract, operation of law or otherwise, and (ii) the Guarantor may transfer this Guaranty or any interest or obligation of the Guarantor in or under this Guaranty, or any property securing this Guaranty, to another entity as transferee as part of the resolution, restructuring or reorganization of the Guarantor upon or following the Guarantor becoming subject to a receivership, insolvency, liquidation, resolution or similar proceeding. Upon any such delegation and assumption or transfer of obligations, the Guarantor shall be relieved of and fully discharged from all obligations hereunder, whether such obligations arose before or after such delegation and assumption or transfer.

THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW. GUARANTOR AGREES TO THE EXCLUSIVE JURISDICTION OF COURTS LOCATED IN THE STATE OF NEW YORK, UNITED STATES OF AMERICA, OVER ANY DISPUTES ARISING UNDER OR RELATING TO THIS GUARANTY.

In the event the Guarantor becomes subject to a proceeding under the Federal Deposit Insurance Act or Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together, the "U.S. Special Resolution Regimes"), the transfer of this Guaranty, and any interest and obligation in or under, and any property securing, this Guaranty, from the Guarantor will be effective to the same extent as the transfer would be effective under such U.S. Special Resolution Regime if this Guaranty, and any interest and obligation in or under this Guaranty, were governed by the laws of the United States or a state of the United States. In the event the Company or the Guarantor, or any of their affiliates, becomes subject to a U.S. Special Resolution Regime, default rights against the Company or the Guarantor with respect to this Guaranty are permitted to be exercised to no greater extent than such default rights could be exercised under such U.S. Special Resolution Regime if this Guaranty was governed by the laws of the United States or a state of the United States.

Very truly yours,

THE GOLDMAN SACHS GROUP, INC.

By: _____
Authorized Officer

LETTER AGREEMENT

[____], 2025

Valley Clean Energy Alliance

[____]

[____]

Re: Prepay Limited Assignment Agreements

Ladies and Gentlemen:

This Letter Agreement (this “Letter Agreement”) confirms our mutual agreement with respect to the matters set forth below and relates to those certain Limited Assignment Agreements listed on Exhibit A (the “Assignment Agreements”, which definitions shall include any new Assignment Agreements identified by J. Aron’s delivery of an updated Exhibit A consistent with Section 2), with each of the PPA Sellers identified in Exhibit A (each, individually, a “PPA Seller” and collectively the “PPA Sellers”, and which definitions shall include any new PPA Seller identified by J. Aron’s delivery of an updated Exhibit A consistent with Section 2). Any capitalized term used in this Letter Agreement and not otherwise defined herein shall have the meaning assigned to such term in the Clean Energy Purchase Contract. In consideration of each party’s execution of the Assignment Agreements, as well as the premises above and the mutual covenants and agreements set forth herein, J. Aron & Company LLC (“J. Aron”) and Valley Clean Energy Alliance (“VCE” and together with J. Aron, collectively the “Parties”) agree as follows:

1. **Assignment Early Termination.** Each of the Parties agrees that it shall only exercise its right to deliver a written notice of termination of an Assignment Period under an Assignment Agreement consistent with the following:

(a) Either Party may deliver a notice of termination in the event of (i) the suspension, expiration, or termination of performance of a PPA by either VCE or the applicable PPA Seller; or (ii) the termination or suspension of deliveries for any reason other than force majeure under (A) that certain Clean Energy Purchase Contract (the “Clean Energy Purchase Contract”), dated as of [____], 2025 by and between VCE and California Community Choice Financing Authority (including, for the avoidance of doubt, due to a “Remarketing Election” by VCE under the Clean Energy Purchase Contract) or (B) that certain Electricity Purchase, Sale and Service Agreement, dated as of [____], 2025 by and between J. Aron and Aron Energy Prepay 44 LLC (the “Electricity Sale and Service Agreement”);

(b) VCE shall deliver a notice of termination contemporaneous with any assignment by VCE of its interest in the Clean Energy Purchase Contract, provided that J. Aron in any event shall be entitled to deliver a notice of termination to the extent VCE fails to do so in connection with the assignment of VCE’s interest under the Clean Energy Purchase Contract;

(c) J. Aron may deliver a notice of termination if (i) PPA Seller delivers less than the Assigned Prepay Quantity for any five months in the aggregate during a twelve month period, (ii) any event or circumstance occurs that would give either VCE or a PPA Seller the right to terminate

or suspend performance under a PPA (regardless of whether VCE or the applicable PPA Seller exercises such right) or (iii) VCE requests remarketing of the Assigned Quantities under an Assigned PPA pursuant to the terms Section 7.3(c) of the Clean Energy Purchase Contract;

(d) either Party may deliver a notice of termination to the extent that the Parties have mutually agreed upon an assignment of Replacement Assigned Rights and Obligations (as defined in the Clean Energy Purchase Contract) that will replace the Assigned Rights and Obligations under the applicable Assignment Agreement immediately following the termination thereof; and

(e) either Party may deliver a notice of termination under the applicable Assignment Agreement to the extent that:

(i) any of the representations and warranties set forth in Sections 5.4 of the Electricity Sale and Service Agreement and the Clean Energy Purchase Contract, respectively, ceases to be true with respect to an Assigned PPA;

(ii) the Assigned Energy being delivered pursuant to an Assignment Agreement ceases to be EPS Compliant Energy; or

(iii) any Assigned Product that constituted PCC1 Product or Long-Term PCC1 Product while being delivered directly to VCE under an Assigned PPA ceases to qualify as PCC1 Product or Long-Term PCC1 Product when being redelivered through the Electricity Sale and Service Agreement, Master Power Supply Agreement and Clean Energy Purchase Contract.

For the avoidance of doubt, each of the Parties agrees that it shall not terminate an Assignment Agreement pursuant to the at will termination provision thereof except in the circumstances set forth immediately above. The at will termination provision referenced in the immediately preceding sentence (x) is set forth in Section 2(a)(1) of the form of Assignment Agreement attached to the Clean Energy Purchase Contract (y) shall refer to any such provision forth in an Assignment Agreement entered into by the Parties consistent with the terms of the Clean Energy Purchase Contract and the Electricity Sale and Service Agreement.

2. **Exhibit A.** Promptly following execution of the Assignment Agreements with respect to the Initial Assigned Rights and Obligations, J. Aron shall deliver an Exhibit A that lists such Assignment Agreements. J. Aron shall deliver an updated Exhibit A to this Agreement to reflect any changes to the information set forth therein in connection with the termination, expiration or replacement of an Assignment Agreement consistent with the terms of the Clean Energy Purchase Contract.

3. **Representations, Warranties and Covenants.**

(a) VCE agrees that it shall provide a true, complete, and correct copy to J. Aron of any PPA to be assigned pursuant to an Assignment Agreement.

(b) Each Party represents to the other:

- (i) **Status.** It is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing.
- (ii) **Powers.** It has the power to execute, deliver and perform its obligations under this Letter Agreement and any other documentation to which it is a party relating to this Letter Agreement, and it has taken all necessary action to authorize such execution, delivery and performance.
- (iii) **No Violation or Conflict.** Such execution, delivery and performance of this Letter Agreement and the consummation of the transactions contemplated hereby and thereby, including the incurrence by such Party of its obligations under this Letter Agreement, will not result in any violation of, or conflict with; (i) any term of any material contract or agreement applicable to it; (ii) any of its charter, bylaws, or other constitutional documents; (iii) any determination or award of any arbitrator applicable to it or (iv) any license, permit, franchise, judgment, writ, injunction or regulation, decree, order, charter, law, ordinance, rule or regulation of any government agency, applicable to it or any of its assets or properties or to any obligations incurred by it or by which it or any of its assets or properties or obligations are bound or affected, and shall not cause a breach of, or default under, any such term or result in the creation of any lien upon any of its properties or assets.
- (iv) **Consents.** All consents, approvals, orders or authorizations of; registrations, declarations, filings or giving of notice to; obtaining of any licenses or permits from; or taking of any other action with respect to, any Person or Government Agency, that are required to have been obtained or made by such Party with respect to this Letter Agreement and the transactions contemplated hereby, including the due authorization of such Party and its governing body and any approval or consent of any security holder of such Party or any holder (or any trustee for any holder) of any indebtedness or other obligation of such Party, have been obtained and are in full force and effect and all conditions of any such consents have been complied with.
- (v) **Obligations Binding.** Its obligations under this Agreement constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).
- (vi) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other Parties as investment advice or as a recommendation

to enter into this Agreement; it being understood that information and explanations related to the terms and conditions of this Agreement shall not be considered investment advice or a recommendation to enter into this Agreement. It is entering into this Agreement as a bona-fide, arm's-length transaction involving the mutual exchange of consideration and, once executed by the applicable parties, considers this Agreement to be legally enforceable contracts. No communication (written or oral) received from any of the other Parties shall be deemed to be an assurance or guarantee as to the expected results of this Agreement.

- (vii) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of this Agreement and the Assignment Agreement. It is also capable of assuming, and assumes, the risks of this Agreement.
- (viii) **Status of Parties.** Neither of Parties is acting as a fiduciary for or an adviser to the other in respect of this Agreement.

4. **Governing Law, Jurisdiction, Waiver of Jury Trial**

(a) **Governing Law.** This Letter Agreement and the rights and duties of the parties under this Letter Agreement will be governed by and construed, enforced and performed in accordance with the laws of the State of New York, without reference to any conflicts of laws provisions that would direct the application of another jurisdiction's laws; provided, however, that the authority of VCE to enter into and perform its obligations under this Letter Agreement shall be determined in accordance with the laws of the State of California.

(b) **Jurisdiction.** Each party submits to the exclusive jurisdiction of the federal courts of the United States of America for the Northern District of California sitting in the city and county of San Francisco.

(c) **Waiver of Right to Trial by Jury.** Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Letter Agreement.

[Signature Pages to Follow]

Very truly yours,

J. ARON

J. ARON & COMPANY LLC

By: _____

Name: _____

Title: _____

ACKNOWLEDGED, ACCEPTED AND AGREED TO as of the date first set forth above:

VCE

VALLEY CLEAN ENERGY ALLIANCE

By: _____

Name: _____

Title: _____

Exhibit A

Assignment Agreements

[To come.]

PPA CUSTODIAL AGREEMENT

This PPA Custodial Agreement (this “Agreement”) is made and entered into as of [____], 2025, by and among Valley Clean Energy Alliance, a California joint powers authority (“VCE”), J. Aron & Company LLC, a New York limited liability company (“J. Aron”), California Community Choice Financing Authority, a joint powers authority and a public entity of the State of California established pursuant to the provisions of the Joint Exercise of Powers Act (Article 1, Chapter 5, Division 7, Title 1, Section 6500 et seq. of the California Government Code, as amended) (defined below) (the “Issuer”) and U.S. Bank Trust Company, National Association, (the “Custodian” and together with VCE, J. Aron and Issuer, the “Parties”).

RECITALS:

WHEREAS, in connection with the issuance of one or more series of bonds by Issuer, J. Aron, Issuer and VCE will enter into Assignment Agreements (the “Assignment Agreements”, which definition shall include any new Assignment Agreement identified by J. Aron’s delivery of an updated Exhibit A consistent with Section 3(b)) with the sellers under certain power purchase agreements (each, individually, a “PPA Seller” and collectively the “PPA Sellers”, which definitions shall include any new PPA Seller identified by J. Aron’s delivery of an updated Exhibit A consistent with Section 3(b)), pursuant to which VCE will partially assign its rights and obligations under its Power Supply Agreements (“Assigned PPAs”) to J. Aron for redelivery under the Prepay Contract Chains; and

WHEREAS, the Parties propose to enter into this Agreement in order to administer payments to be received by the sellers under the Assigned PPAs (each, individually, a “PPA Seller” and collectively the “PPA Sellers”, and which definitions shall include any new PPA Seller identified by J. Aron’s delivery of an updated Exhibit A consistent with Section 3(b) of this Agreement) for each of the Prepay Contract Chains identified in Exhibit C as updated from time to time in accordance with Section 3(b) of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

Section 1. Defined Terms; Interpretation.

(a) Any capitalized term used herein and not otherwise defined herein (including in the recitals) shall have the meaning assigned to such term in the Clean Energy Purchase Contracts. The following additional terms, when used in this Agreement (including the preamble or recitals to this Agreement) and identified by the capitalization of the first letter thereof, have the respective meanings set forth below, unless the context otherwise requires:

“Affiliate” means, with respect to any person, any entity which is a direct or indirect parent or subsidiary of such person or which directly or indirectly (i) owns or controls such person, (ii) is owned or controlled by such person, or (iii) is under common ownership or control with such person. For purposes of this definition, “control” of an entity means the power, directly or indirectly, either to (a) vote 50% or more of the securities having ordinary voting power for the

election of directors or persons performing similar functions or (b) direct or cause the direction of the management and policies, whether by contract or otherwise.

“Assigned Product Price” has the meaning specified in Exhibit A, as may be updated from time to time consistent with the terms hereof.

“Clean Energy Purchase Contracts” means each of the Clean Energy Purchase Contracts by and between VCE and Issuer as set forth in Exhibit C to this Agreement, which Exhibit C may be updated from time to time in accordance with Section 3(b).

“Electricity Sale and Service Agreements” means each of the Electricity Purchase, Sale and Service Agreements by and between J. Aron and the buyer thereunder as set forth in Exhibit C to this Agreement, which Exhibit C may be updated from time to time in accordance with Section 3(b).

“Issuer Negative Pricing Payment Amount” means the positive difference, if any, for any Month of an Assignment Period between (a) amounts due from Issuer to VCE under any Clean Energy Purchase Contract with respect to negatively priced Assigned Products and (b) amounts due from VCE to Issuer under such Clean Energy Purchase Contract with respect to positively priced Assigned Products.

“J. Aron Fixed Payment” means, in respect of each Assigned PPA and each Month in an Assignment Period thereunder, the amount set forth for such Assigned PPA and Month on Exhibit B hereto; provided that there shall be two J. Aron Fixed Payments for each Month of the Assignment Period with respect to any Assigned PPA that includes separate Assigned Prepay Quantities for Energy and storage Products. Notwithstanding the foregoing, there shall be no J. Aron Fixed Payment for an Assignment Agreement that provides for payment by J. Aron to the relevant PPA Seller of a floating price for Assigned Products delivered during the Assignment Period.

“J. Aron Prepay Payment” means, in respect of each Monthly PPA Invoice, an amount determined by VCE as the lesser of (a) (i) with respect to any Assigned PPA that has a J. Aron Fixed Payment, the J. Aron Fixed Payment for the relevant Month and Assigned PPA or (ii) with respect to any Assigned PPA that does not have a J. Aron Fixed Payment, the Assigned Prepay Quantity for the relevant Assigned PPA for the relevant Month multiplied by the Assigned Product Price, and (b) the actual quantity of Assigned Product reflected in such Monthly PPA Invoice multiplied by the Assigned Product Price then in effect with respect to applicable Product in the relevant Assigned PPA; provided that the J. Aron Prepay Payment shall be reduced by the face amount of any Receivable (as defined in the Electricity Sale and Service Agreement) that is delivered by J. Aron to the Custodian pursuant to Section 4(f); provided further that (x) the J. Aron Prepay Payment will be determined without regard to any PPA Seller Payment Obligation and (y) there shall be two J. Aron Prepay Payments for each Month of the Assignment Period with respect to any Assigned PPA that includes separate Assigned Prepay Quantities for Energy and storage Products. Furthermore, the J. Aron Prepay Payment shall be determined pursuant to clause (b) for each Month of the relevant Assignment Period for an Assignment Agreement that provides for payment by J. Aron to the relevant PPA Seller of a floating price for Assigned Products delivered during the Assignment Period.

“J. Aron Resettlement Payment” means, in respect of any Monthly PPA Invoice that (a) is delivered after the delivery of the Billing Statement under a Clean Energy Purchase Contract for such Month and (b) reflects a quantity of Product less than the Assigned Prepay Quantity was delivered in such Month under the relevant Assigned PPA, an amount equal to the product of (x) the Assigned Prepay Quantity for such Month minus the Assigned Quantity actually delivered under the relevant Assigned PPA, multiplied by (y) the applicable APC Contract Price.

“Master Power Supply Agreements” means each of the Master Power Supply Agreements by and between Issuer and the seller thereunder, as set forth in Exhibit C to this Agreement, which Exhibit C may be updated from time to time in accordance with Section 3(b).

“Monthly PPA Payment” means, in respect of any Monthly PPA Invoice, an amount determined by VCE as the total amount to be withdrawn from the Assigned PPA Payments Account by the Custodian and paid to the relevant PPA Seller in respect of such Monthly PPA Invoice, which shall equal the total net amount due to such PPA Seller in respect of such Monthly PPA Invoice and shall consist of the following components:

- (a) The J. Aron Prepay Payment(s), which shall be deemed to be paid to the relevant PPA Seller on behalf of J. Aron in respect of Assigned Products; and
- (b) the VCE Net Payment.

“PPA Seller Payment Obligation” means, in respect of any Monthly PPA Invoice, an amount determined by VCE as the total amount owed by the relevant PPA Seller as reflected in such Monthly PPA Invoice, including any amounts that have been netted or set-off against amounts owed to such PPA Seller; provided, for clarity, that the PPA Seller Payment Obligation shall be deemed to be paid to VCE and credited against the VCE Gross Payment thereby resulting in the VCE Net Payment required to be made by VCE hereunder.

“PPA Shortfall Lookback Summary” means, in respect of any Monthly PPA Invoice, a list that sets forth the following:

- (i) which Months, if any, the relevant PPA Seller delivered less than the Assigned Prepay Quantity in the preceding 12 Months (any such Month, a “Lookback Shortfall Month”) under the applicable Assigned PPA and whether such under-deliveries were a result of Force Majeure (as defined in the relevant Assigned PPA);
- (ii) the percentage of the Assigned Prepay Quantity actually delivered under the applicable Assigned PPA for each such Lookback Shortfall Month; and
- (iii) an indication of whether an increased Remarketing Fee (as defined in the relevant Master Power Supply Agreement) is in effect consistent with the terms of Exhibits C and F of the relevant Master Power Supply Agreement.

“Prepay Contract Chain” means, with respect to each bond issuance by Issuer detailed in Exhibit C, the Electricity Sale and Service Agreement, Master Power Supply Agreement and Clean Energy Purchase Contract relating thereto. As used herein, Prepay Contract Chains shall be limited to contract chains entered into in connection with bond issuances by Issuer

for a prepayment to an Affiliate of J. Aron pursuant to a Master Power Supply Agreement between Issuer and an Affiliate of J. Aron.

“VCE Gross Payment” means, in respect of any Monthly PPA Invoice, an amount determined by VCE as the positive result, if any, of (a) all amounts owed to the relevant PPA Seller in respect of such Monthly PPA Invoice (determined without respect to the PPA Seller Payment Obligation), less (b) the J. Aron Prepay Payment(s); provided, for clarity, that the VCE Gross Payment (i) shall be deemed to be paid to the relevant PPA Seller on behalf of J. Aron to the extent it relates to any Assigned PAYGO Product, and (ii) otherwise shall be deemed to be paid to the relevant PPA Seller on behalf of VCE.

“VCE Net Payment” means, in respect of any Monthly PPA Invoice, an amount determined by VCE as the positive result, if any, of (a) the VCE Gross Payment, less (b) the PPA Seller Payment Obligation.

(b) Except where expressly provided otherwise, any reference herein to any agreement or document includes all amendments, supplements or restatements to and of such agreement or document as may occur from time to time in accordance with its terms and the terms hereof, and any reference to a party to any such agreement includes all successors and assigns of such party thereunder permitted by the terms hereof and thereof.

Section 2. Appointment of Custodian. VCE, J. Aron and Issuer hereby appoint U.S. Bank Trust Company, National Association as Custodian under this Agreement, with such rights and obligations as are specifically set forth herein. The Custodian hereby accepts such appointment under the terms and conditions set forth herein.

Section 3. Payment Instructions to Custodian; Assigned PPA Exhibits.

(a) Monthly Statements. No later than five Business Days following receipt of an invoice from a PPA Seller in respect of any Month in an Assignment Period (a “Monthly PPA Invoice”), VCE shall deliver a statement (the “Monthly Statement”) showing each of the following (based on the information provided by the relevant PPA Seller in the Monthly PPA Invoice) to each of the Parties hereto and the seller under the Master Power Supply Agreement for the Prepay Contract Chain to which such Assigned PPA is assigned:

- (i) the J. Aron Prepay Payment(s);
- (ii) the J. Aron Resettlement Payment;
- (iii) the VCE Gross Payment;
- (iv) the PPA Seller Payment Obligation;
- (v) the VCE Net Payment;
- (vi) the Monthly PPA Payment;

(vii) the “Monthly PPA Invoice Payment Date”, which shall be the last Business Day on which payment on such Monthly PPA Invoice may be made before any incremental interest arises thereon or any default or breach arises under the relevant Assigned PPA;

(viii) the “Custodial Agreement Payment Date,” which shall be one Business Day preceding the Monthly PPA Invoice Payment Date;

(ix) the PPA Shortfall Lookback Summary;

(x) the Issuer Negative Payment Amount, if any;

(xi) the quantity of Assigned PAYGO Products delivered under such Assigned PPA in such Month (including written instructions regarding the application of such Assigned PAYGO Products to remediate remarketing proceeds for one or more Prepay Contract Chains, provided that Assigned PAYGO Products shall be applied first to the remediation of remarketing proceeds for the Prepay Contract Chain to which such Assigned PPA is assigned consistent with [Section 7.5(b)] of the Clean Energy Purchase Contracts);

provided furthermore that VCE shall deliver an updated Monthly Statement within seven days following agreement by VCE and any PPA Seller to an adjustment to a Monthly PPA Invoice to the extent that such adjustment is agreed upon prior to the date that is 10 days prior to the Monthly PPA Invoice Payment Date; provided furthermore that the Parties acknowledge and agree that any adjustments agreed upon with respect to a Monthly PPA Invoice after the date specified in the foregoing provision shall be resolved solely between VCE and the relevant PPA Seller as provided in the Assignment Agreements. The Parties agree to exercise commercially reasonable efforts to implement a test billing period for a period of at least two Months prior to the effectiveness of any Assignment Agreement after the Initial Assignment Agreement.

(b) Monthly Statement Verification. J. Aron shall notify VCE and each other Party promptly, but in no event more than three (3) Business Days, following VCE’s delivery of a Monthly Statement if J. Aron believes any information included on such Monthly Statement is incorrect. Following receipt and verification of the information included in any such notice from J. Aron, VCE shall, to the extent appropriate and in consultation with J. Aron, issue a corrected Monthly Statement to all Parties. J. Aron and each other Party hereto acknowledges and agrees that (i) VCE is calculating the Monthly Statement only for convenience of the Parties, (ii) the purpose of this Agreement is solely to determine amounts to be paid by VCE and J. Aron under separate contracts, and (iii) none of VCE, J. Aron nor any other Party hereto will have any liability whatsoever with respect to any action taken or omitted by it under this Agreement (but without prejudice to an express payment obligation arising under another contract), including as a result of any failure by VCE to timely or properly calculate any amount to be included in a Monthly Statement. Without limiting the foregoing, J. Aron acknowledges that it will have an opportunity to review and comment on each calculation and date included in a Monthly Statement (and shall be aware if such Monthly Statement has not been timely delivered) and VCE will not be responsible in any way for any damages, costs, liabilities, loss of use or any other claims related to an insufficient or late payment under an Assigned PPA as a result of any deficiencies in any Monthly Statement.

(c) Exhibits.

(i) Exhibit A to this Agreement sets forth certain information regarding the Assigned PPAs as of the date hereof, including the Assignment Periods for each Assigned PPA, the Assigned Prepay Quantities, the PPA Sellers thereunder and the payment instructions for payments to the PPA Sellers. Exhibit B to this Agreement sets forth the J. Aron Fixed Payments with respect to each of the Assigned PPAs. J. Aron shall deliver an updated Exhibit A or Exhibit B, as applicable, to each of the other Parties hereto to reflect any changes to the information set forth therein, including in connection with the execution of a new Prepay Contract Chain in connection with a bond issuance by Issuer.

(ii) Exhibit C to this Agreement sets forth certain information regarding the Prepay Contract Chains in effect as of the date hereof. J. Aron shall deliver an updated Exhibit C to each of the other Parties hereto to reflect any changes to the information set forth therein, including due to the execution of a new Prepay Contract Chain in connection with a bond issuance by Issuer.

(d) Remediation of Remarketing Proceeds with VCE's Purchases of Assigned PAYGO Products. Subject to [Section 12(b) of Exhibit C to the Master Power Supply Agreements] regarding the automatic application of VCE's purchase of certain Assigned PAYGO Products to the remediation of remarketing proceeds, the Parties acknowledge and agree that VCE's purchase of Assigned PAYGO Products shall be applied to the remediation of remarketing proceeds, if any, under the Master Power Supply Agreements in accordance with VCE's written instructions pursuant to Section 3(a)(xi).

Section 4. Assigned PPA Payments Account.

(a) Payments. With respect to certain payments required to be made by J. Aron and VCE to the PPA Sellers under the Assigned PPAs, there is hereby established the custodial account detailed below (the "Assigned PPA Payments Account"), and all payments made by J. Aron and VCE hereunder shall be wired to such Assigned PPA Payments Account :

[____]
ABA: [____]
FBO: [____]
Acct: [____]
FFC: [____]

(b) J. Aron Payments. J. Aron shall pay the J. Aron Prepay Payment(s) and any J. Aron Resettlement Payment into the Assigned PPA Payments Account, in respect of each Monthly Statement on the relevant Custodial Agreement Payment Date set forth in such statement. To the extent that (i) a J. Aron Prepay Payment and a J. Aron Resettlement Payment are due and (ii) J. Aron pays some portion of such amounts but less than the total amount due, J. Aron's partial payment shall be applied first to the J. Aron Prepay Payment. In addition, the Custodian agrees to promptly notify VCE if it does not receive the J. Aron Prepay Payment or any J. Aron Resettlement Payment from J. Aron on the Custodial Agreement Payment Date, and in such case VCE may elect in its sole discretion to make the J. Aron Prepay Payment to the Custodian for the purpose of

satisfying the Monthly PPA Payment (in which case VCE will have a reimbursement claim against Issuer under Section 6.4 of the Clean Energy Purchase Contract).

(c) VCE Payments. VCE shall pay the VCE Net Payment into the Assigned PPA Payments Account in respect of each Monthly Statement on the relevant Custodial Agreement Payment Date set forth in such statement. For each Month, if any, of an Assignment Period for which there is an Issuer Negative Pricing Payment Amount, VCE shall make payment of such amount into the Assigned PPA Payments Account on the Custodial Agreement Payment Date; provided that, notwithstanding the foregoing, VCE shall have no payment obligation hereunder with respect to an Issuer Negative Pricing Payment Amount to the extent that J. Aron receives such amount from the PPA Seller pursuant to the terms of the applicable Assignment Agreement.

(d) Application of Payments. The Custodian shall withdraw and apply amounts received under this Section 4 as follows:

(i) any J. Aron Prepay Payment received from J. Aron (including any payment by VCE on J. Aron's behalf pursuant to the last sentence of Section 4(b)) and any VCE Net Payment received from VCE shall be applied to the payment of the Monthly PPA Payment to each PPA Seller in respect of each Monthly Statement on the relevant Monthly PPA Invoice Payment Date pursuant to the payment instructions set forth on Exhibit A; provided that if amounts on deposit in the Assigned PPA Payment Account are insufficient to pay the entire Monthly PPA Payment on such date, the Custodian shall (i) withdraw and pay to such PPA Seller the entire remaining balance of the Assigned PPA Payment Account and (ii) notify such PPA Seller of the amounts received for such Month from each of J. Aron and VCE consistent with such PPA Seller's contact information provided in Exhibit A; provided furthermore that, if the J. Aron Prepay Payment for any Month exceeds the Monthly PPA Payment, then the excess of the J. Aron Prepay Payment over the Monthly PPA Payment shall be remitted to VCE on the relevant Monthly PPA Invoice Payment Date pursuant to VCE's payment instructions set forth on Exhibit C;

(ii) with respect to any Monthly Statement for an Assigned PPA that (A) has been verified by J. Aron pursuant to Section 3(b) of this Agreement and (B) reflects a J. Aron Resettlement Payment, any J. Aron Resettlement Payment received from J. Aron shall be remitted promptly to VCE pursuant to VCE's payment instructions set forth on Exhibit C; and

(iii) for any Month in an Assignment Period for which an Issuer Negative Pricing Payment Amount is due from VCE, the Custodian shall, after application of amounts on deposit in the Assigned PPA Payments Account pursuant to clause (i) or (ii) above, as applicable, withdraw amounts on deposit in the Assigned PPA Payments Account to make payment of the Issuer Negative Pricing Payment Amount to J. Aron.

(e) Amounts Held in Trust. Amounts deposited in the Assigned PPA Payments Account shall be held in trust for the benefit of VCE until applied as set forth in Section 4(d) and Section 12, as applicable, and there is hereby granted to VCE a lien on and security interest in the Assigned PPA Payments Account pending such application. The Custodian shall not be required to comply with any orders, demands, or other instructions from VCE with respect to the Assigned

PPA Payments Account, including, without limitation, items presented for payment, or any order or instruction directing the disposition of funds or other assets held in or credited to the Assigned PPA Payments Account, and VCE agrees that prior to the termination of this Agreement in accordance with the terms hereof, it shall have no right to direct the disposition of funds or other assets held in or credited to the Assigned PPA Payments Account, or to withdraw or otherwise obtain funds or other assets held in or credited to the Assigned PPA Payments Account, whether by order or instruction to the Custodian or otherwise.

(f) Transfer of Receivables. With respect to each Monthly Statement, to the extent J. Aron has purchased Receivables (as defined in the Electricity Sale and Service Agreement) for amounts owed by VCE for the Month to which such Monthly Statement relates, J. Aron may, at its option, (i) notify the Custodian that it intends to transfer all or any portion of such Receivables to the applicable PPA Seller, and (ii) reduce the J. Aron Prepay Payment by the face amount of such Receivables to be transferred. To the extent J. Aron has notified the Custodian of its intent to transfer any such Receivables, J. Aron shall cause such Receivables to be transferred to the relevant PPA Seller not later than the relevant Custodial Agreement Payment Date.

Section 5. Custodian; Fees.

(a) Limitation on Liability. The Custodian shall have (i) no liability under any agreement other than this Agreement and (ii) no duty to inquire as to the provisions of any agreement other than this Agreement and the Assigned PPAs. The Custodian may rely upon and shall not be liable for acting or refraining from acting upon any written notice, document, instruction or request furnished to it hereunder in accordance with the terms hereof and believed by it to be genuine and to have been signed or presented by the proper Party or Parties. The Custodian shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document, notice, instruction or request. The Custodian shall have no duty to solicit or compel any payments which may be due to it, or to take any action to compel J. Aron or VCE to make the deposits required under Section 4. The Custodian shall not be liable for any action taken or omitted by it in good faith except to the extent that a court of competent jurisdiction determines that the Custodian's gross negligence or willful misconduct was the primary cause of any loss to any other Party hereto. In connection with the execution of any of its powers or the performance of any of its duties hereunder, the Custodian may consult with counsel, accountants and other skilled persons selected and retained by it. The Custodian shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons, provided the Custodian exercised due care and good faith in the selection of such person. The permissive rights and powers of the Custodian to take actions enumerated under this Agreement shall not be construed as duties. In the event that the Custodian shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from any Party hereto which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be directed otherwise in writing by all of the other Parties hereto or by a final order or judgment of a court of competent jurisdiction. The Custodian may interplead all of the assets held hereunder into a court of competent jurisdiction or may seek a declaratory judgment with respect to certain circumstances, and thereafter be fully relieved from any and all liability or obligation with respect to such interpleaded assets or any action or non-action based on such declaratory judgment. Anything in this Agreement to the

contrary notwithstanding, in no event shall the Custodian be liable for special, indirect, incidental or consequential damages, losses or penalties of any kind whatsoever (including but not limited to lost profits), regardless of the form of action. The Custodian may engage and act through agents and attorneys and shall not be liable for the misconduct or negligence of any such agent or attorney appointed with due care. The Custodian shall be responsible only for funds actually received by it for deposit into the Assigned PPA Payments Account, and the Custodian shall not be obliged to advance or risk its own funds to make any payments required hereunder. The Custodian shall have only those duties expressly set forth in this Agreement and no implied duties shall be read into this Agreement against the Custodian. The Parties hereto acknowledge and agree that the Custodian is not a fiduciary by virtue of accepting and carrying out its obligations under this Agreement and has not accepted any fiduciary duties, responsibilities or liabilities with respect to its services hereunder. The Custodian shall not be responsible for the perfection of any security interest granted hereunder.

(b) Custodian Fee. The Issuer agrees to (i) pay the Custodian reasonable compensation for the services to be rendered hereunder, which compensation shall be \$1,200.00 for each year that this Agreement is in effect, and (ii) pay or reimburse the Custodian upon request for all expenses, disbursements and advances, including reasonable attorney's fees and expenses, incurred or made by it in connection with the preparation, execution, performance, delivery, modification and termination of this Custodial Agreement. The parties hereto acknowledge that this provision shall survive the resignation or removal of the Custodian or the termination of this Agreement.

Section 6. Succession. The Custodian may resign and be discharged from its duties or obligations hereunder by giving not less than 45 days' advance notice in writing of such resignation to the other Parties hereto specifying a date when such resignation shall take effect; and such resignation shall take effect upon the day specified in such notice unless a successor shall not have been appointed by the other Parties hereto on such date, in which event such resignation shall not take effect until a successor is appointed. The other Parties hereto shall use their commercially reasonable efforts to make such appointment in a timely fashion, provided that any custodian appointed in succession to the Custodian shall be a bank or trust company organized under the laws of any state or a national banking association and shall have capital stock, surplus and undivided earnings aggregating at least \$50,000,000 and shall be a bank with trust powers or trust company willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Agreement. Any corporation or association into which the Custodian may be merged or converted or with which it may be consolidated, or any corporation or association to which all or substantially all of the Custodian's corporate trust line of business may be transferred, shall be the Custodian under this Agreement without further act. Notwithstanding the foregoing, if no appointment of a successor Custodian shall be made pursuant to the foregoing provisions of this Section 6 within 45 days after the Custodian has given written notice to the other Parties of its resignation as provided in this Section 6, the Custodian may, in its sole discretion, apply to any court of competent jurisdiction to appoint a successor Custodian. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Custodian.

Section 7. Reimbursement. J. Aron and VCE agree, jointly and severally (subject to the second proviso of this Section 7), to reimburse the Custodian and its directors, officers, agents

and employees for any and all loss, liability or expense (including the fees and expenses of in-house or outside counsel and experts and their staffs and all expense of document location, duplication and shipment) arising out of or in connection with (a) its acting as the Custodian under this Agreement, except to the extent that such loss, liability or expense is finally adjudicated to have been caused primarily by the gross negligence or willful misconduct of the Custodian or such director, officer, agent or employee seeking reimbursement, or (b) its following any instructions or other directions from J. Aron or VCE, except to the extent that its following any such instruction or direction is expressly forbidden by the terms hereof; provided, however, that any amounts due under this Section 7 shall not duplicate any other amounts due under this Agreement, including without limitation amounts due under Section 13 hereof; provided further, however, that, notwithstanding the joint and several nature of the obligations under this Section 7, any amounts due under clause (b) of this sentence resulting from instructions or directions that are not expressly provided for in this Agreement and are given to the Custodian by only one Party shall be the sole obligation of such Party. The Parties hereto acknowledge that this provision shall survive the resignation or removal of the Custodian or the termination of this Agreement.

Section 8. Taxpayer Identification Numbers; Tax Matters. J. Aron and VCE represent that that their correct taxpayer identification numbers assigned by the Internal Revenue Service or any other taxing authority is set forth on the signature page hereof. Any tax returns or reports required to be prepared and filed in connection with the Assigned PPA Payments Account will be prepared and filed by VCE, and the Custodian shall have no responsibility for the preparation and/or filing of any tax return with respect to any income earned on the Assigned PPA Payments Account. In addition, any tax or other payments required to be made pursuant to such tax return or filing shall be paid by VCE. The Custodian shall have no responsibility for making such payment unless directed to do so by the appropriate authorized Party.

Section 9. Notices. Any notice, demand, statement or request required or authorized by this Agreement to be given by one Party to another Party shall be in writing and shall either be sent by email transmission or other Electronic Means (defined below), courier, or personal delivery (including overnight delivery service) to each of the notice recipients and addresses specified in Exhibit C for the receiving Party. Any such notice, demand, or request shall be deemed to be given (i) when delivered by email transmission or other Electronic Means (defined below), or (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service). Each Party shall have the right, upon 10 days' prior written notice to the other Party, to change its list of notice recipients and addresses in Exhibit C. The Parties may mutually agree in writing at any time to deliver notices, demands or requests through alternate or additional methods, such as electronic mail. Notwithstanding the foregoing, a Party may at any time notify the others that any notice, demand, statement or request to it must be provided by email transmission for a specified period of time or until further notice, and any communications delivered by means other than email transmission during the specified period of time shall be ineffective.

As used herein, "Electronic Means" shall mean e-mail transmission or other similar electronic means of communication providing evidence of transmission, S.W.I.F.T, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, facsimile transmission, including a telephone communication confirmed by any other method set forth in this definition, or another method or system specified by a Responsible Officer of the Custodian as available for use in connection with the Custodian's services hereunder.

Section 10. Miscellaneous.

(a) Amendments. The provisions of this Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by all of the Parties hereto.

(b) Assignments. Neither this Agreement nor any right or interest hereunder may be assigned in whole or in part by any Party, except as provided in Section 6, without the prior written consent of the other Parties.

(c) Governing Law. This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced, and performed in accordance with the laws of the State of New York, without regard to any conflicts of law principle that would direct the application of the laws another jurisdiction; provided that the authority of each of the Issuer and VCE to enter into and perform its obligations under this Agreement shall be determined in accordance with the laws of the State of California.

(d) Jurisdiction. Each Party hereto irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the exclusive jurisdiction of (A) the courts of the State of New York located in the Borough of Manhattan, (B) the federal courts of the United States of America for the Southern District of New York or (C) the federal courts of the United States of America in any other state. The Parties further hereby waive any right to a trial by jury with respect to any lawsuit or judicial proceeding arising or relating to this Agreement.

(e) Force Majeure. No Party to this Agreement shall be liable to any other Party hereto for losses due to, or if it is unable to perform its obligations under the terms of this Agreement because of, acts of God, fire, war, terrorism, epidemic, pandemic, floods, strikes, electrical outages, equipment or transmission failure, or other causes reasonably beyond its control; provided that a party affected by any such event shall exercise commercially reasonable efforts to resume performance as quickly as possible.

(f) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All signatures of the Parties to this Agreement may be transmitted by facsimile or by digital pdf transmission, and such facsimile or pdf will, for all purposes, be deemed to be the original signature of such Party whose signature it reproduces, and will be binding upon such Party.

(g) No Obligation to Invest. The Custodian shall not be under any obligation to invest or pay interest on amounts held in the Assigned PPA Payments Account from time to time.

(h) Limited Duties. Issuer shall have only such duties under this Agreement as are expressly set forth herein as duties on its part to be performed, and no implied duties shall be read into this Agreement against Issuer.

Section 11. Compliance with Court Orders. In the event that any amount held by the Custodian hereunder shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall

be made or entered by any court affecting the property deposited under this Agreement, the Custodian is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing are binding upon it, whether with or without jurisdiction, and in the event that the Custodian obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties hereto or to any other person, firm or corporation, by reason of such compliance notwithstanding that such writ, order or decree may be subsequently reversed, modified, annulled, set aside or vacated.

Section 12. Term; Winding Up. This Agreement will expire concurrently with the receipt of written notice from VCE, with a copy to the other Parties, that the Clean Energy Purchase Contracts have terminated in accordance with their terms. Following the Custodian's payment of any Monthly PPA Payments due in respect of the final month of commodity deliveries prior to such a termination, any remaining balance in the Assigned PPA Payments Account shall be paid to VCE.

Section 13. Indemnification. J. Aron and VCE, jointly and severally, agree to protect, indemnify, defend and hold harmless, the Custodian, and affiliates, and each person who controls the Custodian (and each of their respective directors, officers, agents and employees) from and against all claims, losses, liabilities, actions, suits, costs, judgments and expenses (including court costs and reasonable attorneys' fees) arising from its acting as Custodian hereunder (including, for the avoidance of doubt, any costs, expenses and reasonable attorneys' fees incurred in enforcing any payment obligation of an indemnifying Party), except for any claim, damage or loss resulting from the gross negligence or willful misconduct of the Custodian; provided, however, that any amounts due under this Section 13 shall not duplicate any other amounts due under this Agreement, including without limitation amounts due under Section 7 hereof. The obligations of this Section 13 shall survive any resignation or removal of the Custodian and the termination of this Agreement. In addition, notwithstanding anything herein to the contrary, the Custodian and Issuer shall have all of the rights (including the indemnification rights), benefits, privileges and immunities under this Agreement as are granted to Issuer and the Trustee under the Trust Indenture, all of which are incorporated, mutatis mutandis, into this Agreement.

Section 14. Limitation of Liability. Notwithstanding anything to the contrary herein, all obligations of the Issuer under this Agreement, including without limitation all obligations to make payments of any kind whatsoever, are special, limited obligations of the Issuer, payable solely from the Trust Estate (as such term is defined in the Trust Indenture) as and to the extent provided in the Trust Indenture, including with respect to Operating Expenses (as such term is defined in the Trust Indenture). The Issuer shall not be required to advance any moneys derived from any source other than the Revenues (as such term is defined in the Trust Indenture) and other assets pledged under the Trust Indenture for any of the purposes in this Agreement mentioned. Neither the faith and credit of the Issuer nor the taxing power of the State of California or any political subdivision thereof is pledged to payments pursuant to this Agreement. The Issuer shall not be directly, indirectly, contingently or otherwise liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reasons of or in connection with this Agreement, except solely to the extent Revenues (as such term is defined in the Trust Indenture) are received for the payment thereof and may be applied therefor pursuant to the terms of the Trust Indenture.

Section 15. Patriot Act. J. Aron and VCE acknowledge that the Custodian is subject to federal laws, including the Customer Identification Program (“CIP”) requirements under the USA PATRIOT Act and its implementing regulations, pursuant to which the Custodian must obtain, verify and record information that allows the Custodian to identify J. Aron and VCE. Accordingly, prior to opening the Assigned PPA Payments Account described in Section 4 of this Agreement, the Custodian will ask J. Aron and VCE to provide certain information including but not limited to name, physical address, tax identification number and other information that will help the Custodian identify and verify J. Aron’s and VCE’s identities, such as organizational documents, certificate of good standing, license to do business, or other pertinent identifying information. J. Aron and VCE agree that the Custodian cannot open any account hereunder unless and until the Custodian verifies J. Aron’s and VCE’s identities in accordance with its CIP.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

VALLEY CLEAN ENERGY ALLIANCE

By: _____
Name: _____
Title: _____
Taxpayer ID Number: _____

J. ARON & COMPANY LLC

By: _____
Name: _____
Title: _____
Taxpayer ID Number: _____

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY

By: _____
Name: _____
Title: _____

EXHIBIT A
ASSIGNED PPAS

[To come.]

EXHIBIT B

J. ARON FIXED PAYMENTS

[To be attached.]

EXHIBIT C

**PREPAY CONTRACT CHAINS AND RELATED NOTICE AND PAYMENT
INFORMATION**

[To come.]

CLEAN ENERGY PROJECT OPERATIONAL SERVICES AGREEMENT

This Clean Energy Project Operational Services Agreement (this “Agreement”) is made and entered into as of [Closing Date], by and between California Community Choice Financing Authority (“CCCFA”) and Valley Clean Energy Alliance (“VCE”) with respect to the Clean Energy Project (defined below). CCCFA and VCE may be referred to individually herein as a “Party” and collectively as the “Parties”.

W I T N E S S E T H:

WHEREAS, VCE is a “community choice aggregator” under the Public Utilities Code of the State of California, as amended; and

WHEREAS, CCCFA is a joint exercise of powers authority under and pursuant to the Joint Exercise of Powers Act, constituted as Chapter 5 of Division 7 of Title 1 of the California Government Code, being Section 6500 and following, as amended, and a Joint Powers Agreement by and among the Members of CCCFA named therein, including VCE (as the same may be amended or supplemented from time to time in accordance with its terms, the “Joint Powers Agreement”); and

WHEREAS, CCCFA’s purpose is to assist its Members, including VCE, by undertaking the financing or refinancing of energy prepayments that can be financed with tax advantaged bonds and other obligations on behalf of one or more of the Members by, among other things, issuing or incurring bonds and entering into related contracts with Members; and

WHEREAS, CCCFA and VCE are entering into a Clean Energy Purchase Contract, dated as of [Pricing Date] (as amended, restated, supplemented or otherwise modified from time to time, the “Clean Energy Purchase Contract”), pursuant to which CCCFA has agreed to supply Energy to VCE under the terms set forth therein; and

WHEREAS, in order to provide such Energy to VCE under the Clean Energy Purchase Contract, CCCFA is entering into a Master Power Supply Agreement, dated as of [Pricing Date] (as amended, restated, supplemented or otherwise modified from time to time, the “Master Power Supply Agreement”), between CCCFA, as buyer, and Aron Energy Prepay 44 LLC, a Delaware limited liability company, as seller (the “Prepaid Seller”), under which CCCFA will make a prepayment to the Prepaid Seller for the purchase and delivery of such Energy; and

WHEREAS, CCCFA will finance the prepayment under the Master Power Supply Agreement and related costs by issuing its Clean Energy Project Revenue Bonds, Series 2025[___] (the “Bonds”) pursuant to a Trust Indenture, dated as of [March] 1, 2025 (as amended, restated, supplemented or otherwise modified from time to time, the “Indenture”), between CCCFA and U.S. Bank Trust Company, National Association, as trustee (together with any successor or replacement trustee under the Indenture, the “Trustee”); and

WHEREAS, the issuance of the Bonds by CCCFA and related undertakings of CCCFA under the Indenture, the acquisition and sale of Energy and related undertakings of CCCFA under the Master Power Supply Agreement and the Clean Energy Purchase Contract, and the sale to VCE of such Energy and related undertakings of VCE under the Clean Energy Purchase Contract are referred to herein as the “Clean Energy Project”; and

WHEREAS, the Parties are entering into this Agreement in order to provide for the administration of certain operational matters relating to the Clean Energy Project;

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Section 1. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Indenture, the Clean Energy Purchase Contract or the Master Power Supply Agreement, as applicable.

Section 2. Assignment Agreements. As contemplated by the Master Power Supply Agreement and the Clean Energy Purchase Contract, VCE will initially enter into Assignment Agreements relating to the Initial Assigned Rights and Obligations and may from time to time enter into additional Assignment Agreements to provide for the assignment of Assigned Product for delivery to CCCFA under the Master Power Supply Agreement and to VCE under the Clean Energy Purchase Contract. With respect to any Assignment Agreement, the Parties acknowledge and agree as follows:

(a) [as of the date of this Agreement], VCE has entered into the Assignment Agreements for the Initial Assigned Rights and Obligations specified in the Clean Energy Purchase Contract;

(b) subject to the terms of the Clean Energy Purchase Contract, VCE may from time to time enter into additional Assignment Agreements; and

(c) VCE shall determine in its sole discretion when and if any Assignment Agreement is entered into (subject to J. Aron & Company LLC (“J. Aron”) consent as provided in the Clean Energy Purchase Contract) or terminated (subject to the terms of the Letter Agreement, dated [Pricing Date], between J. Aron and VCE) and the underlying power purchase agreement and the quantities of Product to which such Assignment Agreement relates.

Section 3. Scheduling and Delivery of Assigned Product. Assigned Product delivered to CCCFA under the Master Power Supply Agreement shall be Scheduled by VCE for delivery to CCCFA under the Master Power Supply Agreement and for delivery to VCE under the Clean Energy Purchase Contract, and CCCFA shall have no responsibility for (a) any Scheduling or other operational requirements necessary for the delivery of Assigned Product to VCE’s Assigned Delivery Point and the transfer of other Assigned Product to VCE, or (b) any accounting for under-deliveries or over-deliveries or other record-keeping requirements with respect to any Assigned Product, all of which shall be the sole responsibility of VCE.

Section 4. Qualified Use; Remarketing of Base Energy. Any Base Quantities required to be delivered by the Prepaid Seller are required to be remarketed by the Prepaid Seller pursuant to the Master

Power Supply Agreement. VCE shall be responsible for any notices or other communications required from CCCFA in connection with such remarketing, as well as communications required for the Scheduling and delivery of Base Quantities under the communications protocol set forth in Exhibit G to the Master Power Supply Agreement and any other operational requirements related to the delivery and remarketing of Base Quantities under the Master Power Supply Agreement. VCE will account for any Base Quantities delivered and subsequently remarketed, including accounting for any remediation of any such remarketing sales as may be required pursuant to the Qualifying Use Requirements and the terms of the Clean Energy Purchase Contract. VCE agrees to provide to CCCFA any information reasonably requested by it to comply with any reporting or record-keeping requirements related to such delivery and remarketing of Base Quantities, including such information relating to compliance with the Qualifying Use Requirements, as may be required pursuant to the Master Power Supply Agreement or the Indenture.

Section 5. Directions, Consents and Waivers. CCCFA may be requested or required from time to time to provide certain directions, consents, or waivers under the terms of the Master Power Supply Agreement, the Indenture and the Re-Pricing Agreement. Provided no event of default has occurred and is continuing with respect to VCE under the Clean Energy Purchase Contract, such direction, consent or waiver shall only be provided by CCCFA in accordance with written instructions provided by VCE.

Section 6. Re-Pricing Information. CCCFA shall provide, or cause Prepaid Seller to provide, to VCE such information as is required to be provided by Prepaid Seller to CCCFA in accordance the Re-Pricing Agreement at such times as are required under the Re-Pricing Agreement. Provided no event of default has occurred and is continuing with respect to VCE under the Clean Energy Purchase Contract, any direction, consent or waiver requested or required to be provided by CCCFA under the Re-Pricing Agreement shall only be provided by CCCFA in accordance with written instructions provided by VCE.

Section 7. Administrative Fee; Reimbursement and Refund of Operating Expenses.

(a) Under the Indenture, Operating Expenses relating to the Clean Energy Project are to be paid from amounts deposited annually in the Administrative Fee Fund, which amount shall be equal to \$[_____] in the aggregate for each annual period ending on [_____] of each year (the “Administrative Fee”). If at any time the amount on deposit in the Administrative Fee Fund is not sufficient to pay all such Operating Expenses as the same become due, VCE agrees to pay to the Trustee such additional amounts as are necessary to pay such Operating Expenses upon receipt of notice of the amount due from the Trustee or CCCFA.

(b) As soon as practicable, but in no event later than 60 days, following the end of each annual period referred to in paragraph (a), CCCFA agrees that the amounts received in respect of the Administrative Fee for such annual period shall be reconciled with the Operating Expenses paid or accrued for such period. In the event that, following each such reconciliation, it is determined that the amounts received in respect of the Administrative Fee during the applicable annual period exceed Operating Expenses paid or accrued for such period, VCE will be provided written notice thereof and the amount of such excess will be included in its Annual Refund under the Clean Energy Purchase Contract.

Section 8. Notices. Notices and other information to be provided by a Party to the other Party under this Agreement shall be provided in accordance with Article XVI of the Clean Energy Purchase Contract.

Section 9. Governing Law. This Agreement and the obligations of the Parties hereunder shall be governed by and determined in accordance with the laws of the State of California.

Section 10. Counterparts. This Agreement may be executed and acknowledged in multiple counterparts and by the Parties in separate counterparts, each of which shall be an original and all of which shall be and constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

CALIFORNIA COMMUNITY CHOICE FINANCING
AUTHORITY

By: _____
Name: _____
Title: _____

VALLEY CLEAN ENERGY ALLIANCE

By: _____
Name: _____
Title: _____

[Clean Energy Project Operational Services Agreement]

MEMORANDUM OF UNDERSTANDING (“MOU”)

Date: January 17, 2025

To: Garth Salisbury
Treasurer/Controller
California Community Choice Financing Authority
gsalisbury@cccfa.org
(707) 535-9779

From: Valley Clean Energy Alliance

Re: California Community Choice Financing Authority Energy Prepayment Financing on behalf of Valley Clean Energy Alliance

Overview

The California Community Choice Financing Authority (“CCCFA” or the “Issuer”) seeks to procure a 30-year supply of energy, through the issuance of Clean Energy Project Revenue Bonds (the “Bonds”) to be issued by CCCFA. The CCCFA will sell all the Prepaid Energy acquired from this transaction to Valley Clean Energy Alliance (“VCE”), the “Project Participant.”

Rating Agency Fee and Green Bond Second Party Opinion Fee

The Rating Agency Fee and expenses (“Rating Agency Fee”) is paid from the proceeds of the Bonds. However, unlike most of the other fees associated with the issuance of the Bonds, payment of the Rating Agency Fee is not contingent upon the issuance of the Bonds.

In the event the Bonds are not issued, and there remains a Rating Agency Fee payable to Moody’s Investors Service (the “Rating Agency” or “Moody’s”), the Project Participant agrees that it will be liable for the costs and make direct payment to Moody’s for such fee.

In the event a Green Bond Second Party Opinion is obtained, and the Bonds are not issued, the fee payable to the Green Bond Second Party Opinion provider (the “SPO Fee”) shall be incurred by the Project Participant and in such event, to the extent the SPO Fee was already paid by CCCFA, the Project Participant agrees to reimburse CCCFA.

Sincerely,

VALLEY CLEAN ENERGY ALLIANCE



Digitally signed by Bruce Edward Burnham II
DN: cn=Bruce Edward Burnham II,
email=edward.burnham@valleycleanenergy.org
Date: 2025.01.17 13:42:12 -0800

Edward Burnham, Director of Finance & Internal Operations
Date: January 17, 2025

ACCEPTED AND AGREED

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY

By: _____
Name: Garth Salisbury, Treasurer/Controller
Date: January 17, 2025

Memorandum of Understanding
January 17, 2025
Page 2

Sincerely,


VALLEY CLEAN ENERGY ALLIANCE

Edward Burnham, Director of Finance & Internal Operations
Date: January 17, 2025

ACCEPTED AND AGREED

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY

By: _____


Name: Garth Salisbury, Treasurer/Controller
Date: January 17, 2025

APPENDIX A

VALLEY CLEAN ENERGY

General

Valley Clean Energy Alliance (“VCE”) is a joint powers authority organized and existing pursuant to the Joint Exercise of Powers Act (constituting Chapter 5 of Division 7 of Title 1 (commencing with Section 6500), as amended or supplemented from time to time) (the “*Joint Powers Act*”), as a “community choice aggregator” (“CCA”) as defined in Section 331.1 of the Public Utilities Code of the State of California, as amended (the “*Public Utilities Code*”). For a general description of CCAs in California, see the section “COMMUNITY CHOICE AGGREGATORS” in this Official Statement.

Formation and Purpose of VCE

VCE was created in 2017 pursuant to a Joint Exercise of Powers Agreement, as amended, currently among the County of Yolo, the City of Davis, the City of Woodland and the City of Winters, and is a public agency separate from its members. VCE was established to enable participating jurisdictions to determine the sources, modes of production and costs of the electricity they procure for the residential, commercial, agricultural and industrial users in their areas. In June 2018, VCE began providing service to approximately 57,000 customer accounts as part of its initial enrollment phase. In calendar year 2020, VCE enrolled approximately 2,500 Net Energy Metering (“NEM”) customer accounts and in January 2021, VCE enrolled approximately 2,500 customer accounts in the City of Winters.

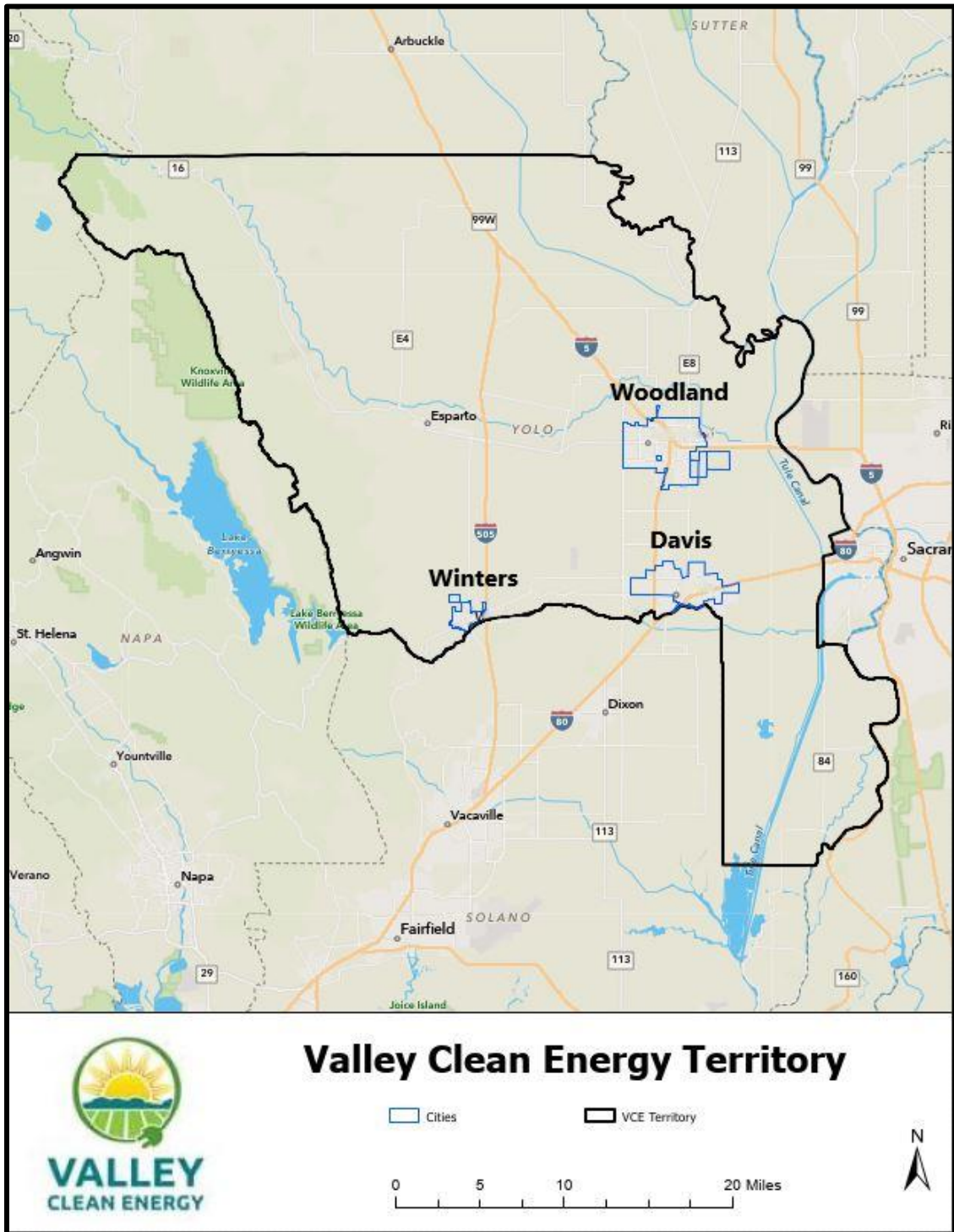
VCE’s mission is to deliver cost-competitive clean electricity, product choice, price stability, energy efficiency, and greenhouse gas emission reductions. VCE provides electric service to retail customers and has the rights and powers to set rates and charges for electricity and services it furnishes and incur indebtedness and other obligations. VCE acquires electricity from commercial suppliers and delivers it through existing physical infrastructure and equipment managed by the California Independent System Operator (“CAISO”) and Pacific Gas and Electric Company (“PG&E”).

Service Area

VCE currently serves the cities of Woodland, Winters, and Davis and unincorporated Yolo County. VCE is responsible for the acquisition of electric power for its service area.

The service area of VCE is shown in the following map:

VCE Service Territory



Governance and Management

Board of Directors. VCE is governed by an eight-member board of directors (the “*Board of Directors*”) composed of two elected officials representing each of its member agencies. The Board of Directors meets monthly to discuss matters pertaining to the operation of VCE.

Management.

Mitch Sears, Chief Executive Officer. Mitch has played a central role in launching VCE; managing start-up, customer launch, early/on-going operations and strategic planning for the new community based public energy agency providing service to the communities of the County of Yolo. Under his leadership VCE has signed over \$600 million in long-term renewable and energy storage contracts while advancing award winning innovative programs that have earned recognition by peer agencies. He currently serves on the Board of Directors of the California Community Choice Association, the statewide association of community choice aggregation programs that serve approximately one-third of California’s generation load (approximately 14 million customers) and California Community Power, a joint powers agency that enables its members to combine their buying power to procure new, cost-effective clean energy and reliability resources for over 2.7 million customers. He has contributed his depth of experience to VCE gained through nearly 28 years with the City of Davis serving in various staff and management roles. He served as the City’s Sustainability Manager/Assistant Director of the Community Development and Sustainability Department, leading Davis’ comprehensive efforts to address climate change, including implementation of community energy projects. Prior to that, he oversaw the City’s Agricultural Land Conservation Program, helping permanently preserve over a thousand acres of prime Yolo County farmland through innovative market-based transactions with willing property owners. He holds degrees in Environmental Planning and Economics.

Gordon Samuel, Chief Operating Officer. Gordon joined VCE in 2020 and is responsible for acquiring a diverse supply of clean renewable resources. With over 25 years’ experience leading resource planning and acquisition, marketing and trading, and regulatory compliance, Gordon brings a wealth of experience to the VCE team. Prior to joining VCE, Gordon was with Marin Clean Energy and also spent two years with a start-up battery storage integrator company (Doosan GridTech) developing key relationships with investor-owned and public utilities, independent power producers, and electric cooperatives. The bulk of Gordon’s career was with Arizona Public Service Company where he had several roles including the procurement of numerous large-scale wind, photovoltaic and solar thermal projects.

Edward Burnham, Director of Finance & Internal Operations. Edward joined VCE in 2021 as Director of Finance & Internal Operations and is responsible for oversight of finance and accounting as well as treasury, enterprise risk, information technology, and audits. Prior to joining VCE, Edward served with the County of Yolo as the Manager overseeing Revenues, Treasury, and Finance activities. Additionally, Edward served international postings from 2005 to 2017 in various financial positions, including responsibility for all country financial activities in China, UK, Ukraine, Saudi Arabia, and the West Africa region for the Energy Sector. Edward holds a BBA in International Business from Stephen F. Austin State University, an MBA from

Rutgers University as well as studies in Spanish and Mandarin. He currently holds a CPA license with the California State Board of Accountancy. Edward remains actively involved with various finance professional associations, most recently serving on the Board of Financial Executives International Sacramento Chapter and Chair for Sacramento Chapter of Financial Executives Network Group.

Customers

General. VCE provides energy to approximately 54,000 residential, 6,050 commercial and agricultural and 1,950 industrial accounts throughout its service area. The current mix of VCE's customer base is approximately 42% residential and 58% commercial, agricultural and industrial based on load served.

Customer Energy Choices. VCE offers three levels of electricity service to its customers, Standard Green, UltraGreen, and Base Green. Standard Green is VCE's default electricity service that is 60% renewable, 60% clean and priced below PG&E's rates. UltraGreen is VCE's premium service, it is both 100% renewable and 100% carbon free with a slight premium over Standard Green (currently \$0.015 per kWh more than Standard Green). Base Green is VCE's lowest-cost option, with slightly lower renewable content than Standard Green, and is cheaper than PG&E's rates. The average VCE residential customer uses between 460 and 660 kWh of electricity monthly, so opting for UltraGreen costs an additional \$7 to \$10 per month for most customers.

Customer Enrollment. All new customers are automatically enrolled in Standard Green service. Once enrolled customers may choose to switch products at any time.

Customer Election to Opt-out of Service. Customers can "opt out" of VCE service and return to service from their traditional electric service provider, PG&E, upon initial enrollment in VCE or at any time after VCE becomes their energy provider. VCE opt-out fees are \$5 for residential customers and \$25 for non-residential customers.

Cumulative Opt-Out Rate and Customer Retention. The total customer participation rate across VCE's entire service territory is approximately 92%, meaning that VCE is providing electric service to the vast majority of residential and commercial customers throughout its service territory. VCE has close to a 30% turnover rate of customers annually as residents start/stop energy services and move in/out of the service territory. This is mainly driven by college students attending UC Davis. All new accounts are automatically opted in to VCE service, even if the previous account holder decided to opt-out. Therefore, while VCE continues to experience some amount of opt-out activity seasonally, many of those accounts do eventually turn over and VCE has achieved its strategic goal to be above 90% customer participation in each year of VCE's operation since launch.

Service Rates

General. VCE electric generation rates are managed with the intention of providing cleaner electricity than PG&E at competitive rates. Rates are determined by VCE's Board of Directors and are not regulated by the California Public Utilities Commission ("CPUC"). Any

changes to rates will be adopted at duly noticed public meetings of the VCE Board of Directors. Pursuant to the terms of the Clean Energy Purchase Contract, VCE covenants that it will establish, maintain, and set rates and charges so as to provide revenues sufficient to enable it to pay any and all amounts payable from the revenues of its operations and to maintain any reserves as required by VCE's reserve policies. VCE further covenants and agrees that it will not pledge or encumber its revenues through a gross revenue pledge or in any other way which creates a prior or superior obligation to its obligation to make payments under the Clean Energy Purchase Contract.

Determination of Rates for Energy. A customer's total cost of electric service is determined by VCE's charges for energy and PG&E charges for transmission, distribution and other non-by-passable charges. Changes to PG&E or VCE rates will impact cost comparisons between VCE and PG&E. PG&E charges VCE customers a monthly Power Charge Indifference Adjustment ("PCIA"), which can vary annually based upon a number of market factors including benchmarks for regional energy costs, resource adequacy, the year in which the community joined VCE and other considerations, as well as a Franchise Fee Surcharge. VCE has already accounted for these additional charges in calculating rates. Financial assistance programs like CARE (California Alternative Rates for Energy), FERA (Federal Electric Rate Assistance) and Medical Baseline Allowance remain the same with VCE.

Current and Historical Rate Information. VCE rates are designed to cover the costs of energy, resource adequacy, and operating costs, fund customer programs, and meet VCE's reserve and liquidity goals.

A VCE customer's total cost of electric service includes both VCE's energy charges and PG&E's charges for transmission, distribution, and other non-by-passable charges. These charges, including the PCIA, determine the all-in cost of service for VCE customers.

Since beginning to provide service in 2018, VCE rates have remained at or below PG&E generation rates (not taking into account the price premium for UltraGreen). However, if VCE's operating reserves are projected to fall below 120 days of operating expenses, VCE will implement plans—such as increasing rates or reducing VCE's discount—to restore operating reserves to the target of 120 days within 18 months through VCE's rate adjustment policy.

California Renewable Portfolio Standards and Other Regulations

General. Community choice aggregators such as VCE are "load-serving entities" ("LSEs") and as such are required to comply with California's Renewable Portfolio Standard, Resource Adequacy requirements and Power Source Disclosure requirements described below.

Renewable Portfolio Standard. California's Renewable Portfolio Standard ("RPS") requires LSEs to supply their retail sales with minimum quantities of eligible renewable energy. Senate Bill 100 directs all LSEs to procure 60% of their portfolios from RPS-eligible resources by 2030, and 100% of their retail sales from zero-carbon resources (or eligible renewable resources) by 2045. VCE has exceeded the RPS regulatory minimum requirements since its inception. In 2024, VCE met 83% of its total retail sales with eligible RPS resources, above the 2024 RPS percentage target of 40%. VCE has adopted a policy to achieve 100% of retail sales from renewable resources by 2030. To date VCE has 12 executed RPS contracts and three stand-alone

storage contracts of ten years or more in term length and will continue to solicit and execute additional contracts to meet VCE’s renewable goals.

Resource Adequacy. Resource Adequacy (“RA”), a California program jointly administered by the CPUC and the California Independent System Operator (“CAISO”), directs LSEs to secure forward capacity and offer it into the CAISO’s Day-Ahead and Real-Time markets to ensure that there will be enough supply in the right locations and with sufficient ramping capability to meet load. The RA program is comprised of three products: System RA; Local RA; and Flexible RA. Local RA obligations have been assigned to a Central Procurement Entity as of 2023. In addition, per CPUC Decisions 19-11-016, 21-06-035, and 23-02-040, LSEs are required to procure “Incremental System Capacity,” which is RA capacity from non-emitting, storage, and/or renewable resources that are in addition to the resources identified on a baseline list respective to each Decision. VCE has a strong track record of meeting its RA obligations and expects to meet its future RA obligations through its PPAs and ESAs as well as bilateral transactions from qualifying generators to comply with the RA program.

Power Source Disclosure. California law requires LSEs to disclose the types of power resources used to supply retail sales. This mandate, known as the Power Source Disclosure program (“PSD”), is a consumer information program managed by the CEC on an annual basis. A key output of the PSD program is the Power Content Label (“PCL”). The PCL is an LSE-specific document that shows the breakdown of power resource types for each of the LSE’s energy products used to serve retail load, as well as a breakdown of resource types for the overall California grid. The PCL is distributed to customers each year.

Energy Demand

Long-Term Load Forecast. VCE’s long-term load forecast is a 10-year projection of electricity consumption (MWh) by all VCE customers. Its forecast is built on the previous five years of historical data segmented by customer class, month, hour, and weekday/weekend. Load-per-meter and number of meters are forecasted separately. The load-per-meter forecast weather normalizes historical data at the level of segmentation specified above while accounting for year-on-year behavior changes. The number of residential and small commercial customer accounts is forecasted to grow at an average rate of 1% per year; no growth is forecasted for other classes. The forecasts of load-per-meter and number of meters are used to create the Gross Load Forecasts. Then load-modifying technologies are layered on to calculate the Net Load Forecasts. Currently this includes estimates of new EV adoption and behind-the-meter solar and solar + storage systems. The EV adoption forecast is based on both recent trends and modelling by industry experts. The behind-the-meter solar and solar + storage forecast is based on recent adoption trends in the short term and industry forecasts in the long term.

The table below shows VCE’s actual historical retail load for the years 2022-2024 and VCE’s long-term retail load forecast for the years 2025-2035.

Year	Actuals			Forecast										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
RetailLoad(GWh)	719.68	650.83	668.73	706.89	707.19	707.49	707.78	708.08	708.38	708.67	708.97	709.27	709.56	709.86

Sources of Energy

General. In its procurement of energy supplies, VCE prioritizes securing sufficient, low-cost, clean sources of electricity that achieve VCE's priorities while ensuring reliability and meeting regulatory mandates. VCE's procurement strategies focus on diversity among technologies, production profiles, project sizes and locations, counterparties, length of contract, and timing of market purchases.

Energy Purchases. In 2023, VCE procured approximately 347,222 MWh of carbon free electricity for its customers. VCE anticipates that roughly 92% of its total 2024 retail sales will be sourced from renewables and carbon-free large hydroelectric projects. VCE's procurement strategy includes continuing to procure new RPS eligible renewable resources, via contracts with terms of 10 years or more. These new renewable contracts will be in addition to more than 368 MW of renewables that VCE had already procured. The strategy also includes investments in wholesale storage capacity to help VCE with meeting regulatory compliance and mitigating market risks.

Energy Load and Supply Risk Management. VCE manages risks associated with its portfolio by aligning electricity purchase commitments with expected demand for electricity and by securing power supplies from a diversity of technologies, geographical locations, and suppliers. VCE maintains its portfolio coverage targets of up to 70-130% in the near term and leaves a portion open in the medium- to long-term, consistent with generally accepted industry practice. VCE monitors its positions on a regular basis to reduce exposure to CAISO day-ahead market prices. VCE uses fixed-price shaped and block energy contracts to hedge CAISO day-ahead market price exposure associated with its portfolio. These products are solicited on a quarterly basis through issuing RFPs (Request for Proposals).

Procurement. All contracting for energy and energy-related products for VCE, including but not limited to products related to electricity, capacity, energy efficiency, distributed energy resources, demand response, and storage shall be referred to as "Energy Procurement". In Energy Procurement, VCE will procure according to established guidelines.

VCE procures energy and Resource Adequacy consistent with its internal goals, Energy Risk Management Policy and regulatory requirements. To effectively plan and manage its portfolio, VCE differentiates contracts by their term length, technology, location, production profile, and project size. VCE uses a variety of methods, including competitive solicitations, standard contract offerings, and bilaterally negotiated agreements.

Further descriptions of VCE's policies and procedures addressing energy procurement and risk management can be found on VCE's website at <https://www.valleycleanenergy.org>. The reference to this website address is presented herein for informational purposes only, and information on such website is not incorporated by reference to this Official Statement.

Technology and Analytics

VCE is committed to maintaining the highest standards of cybersecurity and data protection following industry standards and best practices to ensure safe and secure information. VCE adheres to a comprehensive set of IT policies on advanced encryption, access controls, vulnerability assessments, continuous monitoring, and employee training.

VCE goes through a triennial regulatory compliance and IT security audit administered by a third party. This includes a complete assessment of VCE's IT infrastructure, network, and systems and VCE's adherence to industry standards and regulatory requirements. VCE's successful audit outcomes demonstrate VCE's commitment to maintaining a secure IT environment.

Energy Storage

VCE currently has approximately 132.4 MW of wholesale (i.e., in front of the meter) storage capacity contracted over the course of the next fifteen to twenty years. Of the 132.4 MW contracted storage capacity, 127 MW is paired with renewables. VCE is in the process of negotiating and executing additional co-located and standalone storage contracts.

Financial Information

Revenues from Energy Sales and Operating Expenses. VCE's operating revenues are derived from the sale of electricity to commercial, agricultural and residential customers through its territory. VCE reports its revenue net of uncollectible accounts.

Other Sources of Revenue. VCE receives revenue from sources other than retail customer sales through grant awards that are primarily driven by energy programs and energy investment projects from regional, state, and federal organizations.

Financial Statements. For financial information related to VCE, see the annual audited financial statements of VCE for the calendar years ended December 31, 2023 and 2022 attached to this Official Statement as Appendix B.

Deposit Accounts. VCE maintains its cash in both interest-bearing and non-interest-bearing deposit accounts at River City Bank of Sacramento, California. VCE's deposits with River City Bank are subject to California Government Code Section 16521 which requires that River City Bank collateralize public funds in excess of the Federal Deposit Insurance Corporation limit of \$250,000 by 110%. VCE monitors its risk exposure to River City Bank on an ongoing basis. VCE has not adopted its own investment policy and follows the investment policy of the County of Yolo.

Financial Reserves. VCE's Financial Reserve Policy recognizes the importance of developing reserves to ensure financial stability, ensure access to credit at competitive rates, ensure rate stability and set aside monies for local programs. To achieve these objectives, VCE targets an operating cash reserves account minimum balance of 120 days of operating expenses, with a goal of building and maintaining a reserve of 180 days of operating expenses. Additionally, VCE

targets a rate stabilization reserve account with a minimum balance of 60 days of operating expenses. VCE local programs and dividends are designated by the Board of Directors during the annual budget process and dividend program allocation process.

Other Liquidity Sources. VCE has available at River City Bank a line of credit totaling \$11,000,000 with a \$7,000,000 withdrawal limit, which expires on April 15, 2026. The related debt outstanding as of [DATE TBD] was \$0. VCE has issued, but undrawn, letters of credit for a total of \$3,897,000 for regulatory and power purchase requirements.

Risk Management. VCE maintains risk management policies, procedures and systems that help mitigate credit, liquidity, market, operating, regulatory and other risks that arise from participation in the California energy market. Credit guidelines include a preference for transactions with investment-grade counterparties, evaluation of counterparties' financial condition and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, VCE enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counterparties.

VALLEY CLEAN ENERGY**Staff Report – Item 17**

TO: Board of Directors

FROM: Mitch Sears, Chief Executive Officer
Edward Burnham, Director of Finance & Internal Operations

SUBJECT: VCE Strategic Plan Update Process

DATE: February 13, 2025

RECOMMENDATION

Informational item.

OVERVIEW

At the October 13, 2022, Board Meeting, Staff provided a 2021-2023 Strategic plan update and introduced a rolling strategic plan concept. At the July 13, 2023, Board Meeting, the Board adopted the Strategic Plan Guidelines for a balanced, comprehensive approach to align the strategic plan with VCE’s multi-year time horizon and to achieve the benefits of timely updates associated with the “rolling” approach. At the September 14, 2023, Board Meeting, the Board approved the 2021-2023 strategic plan minor update and extension of the plan through the end of 2025.

The Board staff reports can be found here:

[Item 12](#) - VCE Three-Year Strategic Plan Guidelines (valleycleanenergy.org)

[Item 17](#) - VCE Strategic Plan Minor Update and Extension (valleycleanenergy.org)

The purpose of this report is to provide an overview and schedule of planned activity for VCE’s 2025 Strategic Plan Major Update.

BACKGROUND

The purpose of the Strategic Plan (Plan) is to focus VCE on achieving better energy outcomes for its customers and communities by guiding the organization’s actions. The Strategic Plan is aligned with VCE’s mission and vision and guides the organization’s efforts over a multi-year time horizon. The Plan is the basis for developing annual organization goals, staff work plans, annual budgets, key decisions, and priorities. The Plan also informs the development of VCE’s compliance documents, including the Integrated Resource Plan (IRP), a document that sets out a 10-year roadmap for energy procurement that is typically updated on a 2-year basis.

Current Plan categories and key goals include:

FINANCIAL STRENGTH	•Goal: Maintain and grow a strong financial foundation and manage costs to achieve long-term organizational health.
PROCUREMENT AND POWER SUPPLY	•Goal: Manage power supply resources to consistently exceed California's Renewable Portfolio Standard (RPS) while working toward a resource portfolio that is 100% carbon neutral by 2030.
CUSTOMERS AND COMMUNITY	•Goal: Prioritize VCE's community benefits and increase customer satisfaction and retention.
DECARBONIZATION AND GRID INNOVATION	•Goal: Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.
STATEWIDE ISSUES: REGULATORY AND LEGISLATIVE AFFAIRS	•Goal: Strongly advocate for public policies that support VCE's Vision/Mission.
ORGANIZATION, WORKPLACE, AND TECHNOLOGY	•Goal: Analyze and implement an optimal long-term organizational, management, and information technology structure at VCE.

As outlined in the Plan, staff has provided regular progress updates to the Board and Community Advisory Committee (CAC). Generally, progress has been made in each goal area and the Plan serves to align organizational activities with policy priorities.

2025 Plan Update

The purpose of a Major Plan update is to conduct a more detailed review/update of the Plan, including a review of VCE's Vision/Mission and existing goals and objectives. Major Plan updates include comprehensive reviews of the goals/objectives and incorporate workshops at various levels of the organization, including community stakeholder engagement. Major Plan updates incorporate those enumerated in the Minor Update that feature plan adjustments associated with changing legislative, regulatory, customer, economic, etc. requirements, as well as notation of plan milestones achieved.

Key activities in a Major Update include:

- Identify changes in the overall CCA environment (economics, policy, technology, etc.) and describe their relevance for VCE
- Review key organizational fundamentals (Mission, Vision, and Strategic Plan Goals)
- Long-term adjustments based on strategic factors

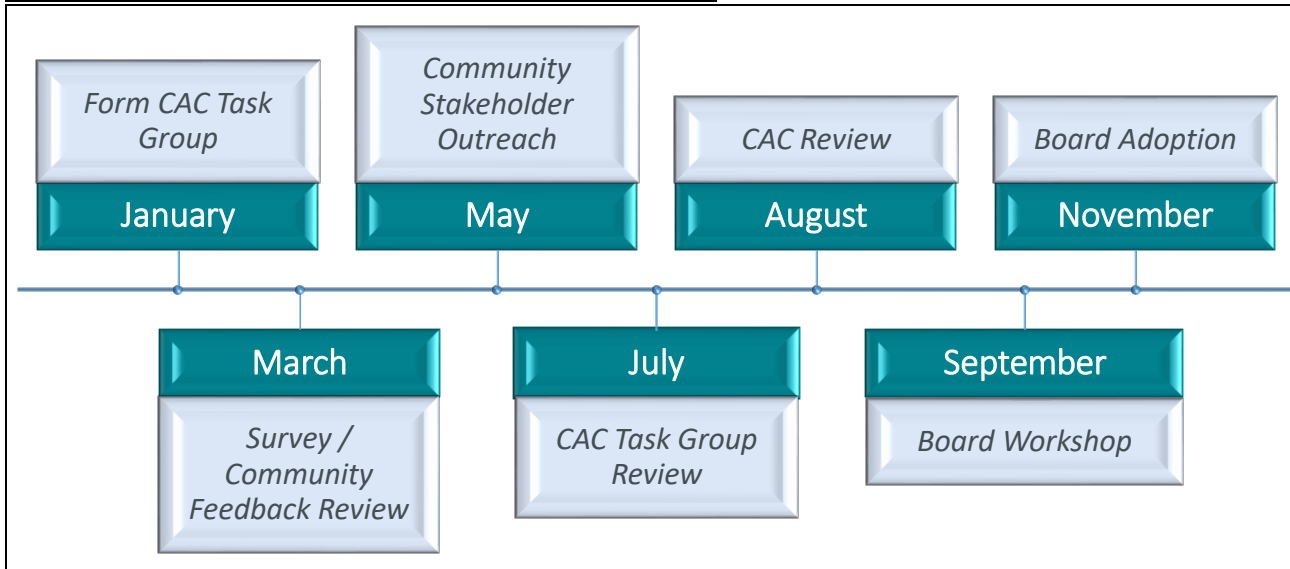
Proposed 2025 Plan Development Process and Timeline

Generally, Staff is organizing the Major Plan update into four components that will occur over the course of 2025. These include:

- Q1 – Review of existing Plan and development of Initial Draft Plan Update
- Q2 – Gather community and stakeholder feedback on Draft Plan Update
- Q3 – Develop Draft Plan Update; present Draft Plan Update to Board
- Q4 – Develop final Draft Plan Update; present to Board for adoption

The below timeline of key milestones is based on the Board’s adopted Strategic Plan Guidelines. Staff will develop a detailed project calendar based on additional feedback from the Board CAC, and CAC task group if formed. Consideration of a proposed 2026-2029 Major Update would be tentatively scheduled for the November 2025 Board meeting; allowing any changes associated with the Plan Update to be incorporated into the 2026-2029 planning and budgeting process.

2025 Tentative Timeline: Strategic Plan Major Update



CONCLUSION

The proposed Major Plan Update process is consistent with the Board’s adopted Strategic Plan Guidelines.