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PITTSBURG | PLEASANT HILL | RICHMOND | SAN PABLO | SAN RAMON | VALLEJO | WALNUT CREEK

Executive Committee Meeting Friday, July 2, 2021 12:15 P.M.

The Executive Committee Meeting will be conducted pursuant to the provisions of the Governor's [Executive Order](#) N-29-20 (March 17, 2020) which suspends certain requirements of the Ralph M. Brown Act. Executive Committee Members will be teleconferencing into the Executive Committee Meeting.

Members of the public who wish to observe the meeting may do so telephonically via the following teleconference call-in number and meeting ID:

For Viewing Access Join Zoom Meeting:

<https://us02web.zoom.us/j/86945888046?pwd=clk2dXFKVEh0bk5Ba2dLUVhxQXg1QT09>

Dial: 1-669-900-9128
Meeting ID: 869 4588 8046
Meeting Password: 357808

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1. Roll Call/Quorum
2. Board Announcements (Discussion)
3. Public Open Time (Discussion)
4. Report from Chief Executive Officer (Discussion)
5. Consent Calendar (Discussion/Action)
 - C.1 Approval of 5.7.21 Meeting Minutes
 - C.2 Approval of dues to CalCCA
6. Proposed Resolution 2021-05: A Resolution of the Board of Directors of Marin Clean Energy authorizing the execution and delivery of a Clean Energy Purchase Contract and certain other documents in connection with the issuance of the California Community Choice Financing

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Authority Clean Energy Project Revenue Bonds, Series 2021A; and certain other actions required to ensure the reduction in the costs of renewable energy therewith (Discussion/Action)

7. Proposed Fiscal Year 2020/21 Deposit to MCE's Operating Reserve Fund (Discussion/Action)
8. Review Draft 7.15.21 Board Agenda (Discussion)
9. Committee Matters & Staff Matters (Discussion)
10. Adjourn

DISABLED ACCOMMODATION: If you are a person with a disability which requires an accommodation, or an alternative format, please contact the Clerk of the Board at (925) 378-6732 as soon as possible to ensure arrangements for accommodation.

DRAFT

MCE EXECUTIVE COMMITTEE MEETING MINUTES

Friday, May 7, 2021

12:15 P.M.

The Executive Committee Meeting was conducted pursuant to the provisions of the Governor's Executive Order N-29-20 (March 17, 2020) which suspends certain requirements of the Ralph M. Brown Act. Committee Members, staff and members of the public were able to participate in the Committee Meeting via teleconference.

Present: Denise Athas, City of Novato
 Tom Butt, City of Richmond
 Barbara Coler, Town of Fairfax
 Cindy Darling, City of Walnut Creek
 Ford Greene, Town of San Anselmo
 Kevin Haroff, City of Larkspur
 Devin Murphy, City of Pinole
 Gabriel Quinto, City of El Cerrito
 Sally Wilkinson, City of Belvedere

Absent: Edi Birsan, City of Concord
 Shanelle Scales-Preston, City of Pittsburg

**Staff
& Others:** Jessica Brooks, Assistant Board Clerk
 Stephanie Chen, Senior Policy Council
 Darlene Jackson, Board Clerk
 Vicken Kasarjian, Chief Operating Officer
 Evelyn Reyes, Administrative Services Assistant
 Sol Phua, Administrative Services Assistant
 Dawn Weisz, Chief Executive Officer

1. Roll Call

Chair Haroff called the regular Executive Committee meeting to order at 12:17 p.m. with quorum established by roll call.

2. Board Announcements (Discussion)

There were comments from Directors Greene and Murphy.

3. Public Open Time (Discussion)

There were comments from member of the public Susannah Parsons.

DRAFT**4. Report from Chief Executive Officer (Discussion)**

CEO Dawn Weisz, reported the following:

- Notice of the Power Association of Northern California's (PANC) virtual monthly meetings are sent to the board. These meetings typically are held on the 2nd Wednesday of each month during the lunch hour. The next meeting, "The Future of the California ISO," will be held on Wednesday, May 12th.
- The CPUC has held the meeting to discuss a PCIA proposed decision. We are waiting to see if there will be suggested changes before that decision is voted on. Meanwhile, the bill we are supporting, SB612, to address the PCIA is moving through committees now and a floor vote will happen June 1-4. Calls, particularly to Senator Glazer in late May, would be extremely valuable.
- Close to 21,000 residential customers are already enrolled in MCE Cares Credit. There were 800 applications/opt-ins within the first five business days of initial marketing and 1,000 within six days.
- We have many Direct Customer emails/mailers happening in May:
 - 50,000 customers received Net Energy Metering letters with sent, information on energy storage and electric vehicle charging
 - 113,000 customers received additional mailers/emails on MCE Cares credit, AMP (arrearage management program)
 - 60,000 customers in new communities received their fourth enrollment notice
- MCE's Power Hour will be held next Thursday, May 13th during the lunch hour with a focus on Innovation in Agriculture.
- MCE's Workforce Education and Training program is picking up speed, providing education and training to the energy contractor workforce on electrification and energy efficiency topics. MCE has already held three workshops focusing on electrification education
 - Our program is also about matching vetted contractors with qualified job-seekers by providing up to 160 hours of paid, on-the-job experience ...a kind of "try-before-you-buy" for both the employer and employee. We are working with several workforce development boards and community colleges so we can partner with them and place their students and clients in innovative careers in energy. Please email Jennifer Green at jgreen@mcecleanenergy.org if you are interested in hearing more about partnership opportunities or would just like to know more about the program.

5. Consent Calendar (Discussion/Action)

C.1 Approval of 3.5.21 Meeting Minutes

DRAFT

- C.2 First Amended and Restated Demand FLEXmarket Agreement with Recurve Analytics, Inc.
- C.3 First Agreement between Apex Analytics, LLC and MCE
- C.4 First Amendment to First Agreement by and between MCE and K&L Gates

Chair Haroff opened the public comment period and there were no comments.

Action: It was M/S/C (Greene/Coler) to **approve Consent Calendar items C.1 – C.4**. Motion carried by unanimous roll call vote. (Absent: Directors Birsan, and Scales-Preston).

6. Legislative Update, California Senate Bill SB 617 and Associated California Budget Item (Discussion/Action)

Stephanie Chen, Senior Policy Council, presented this item and addressed questions from Committee members.

Chair Haroff opened the public comment period and there were comments from members of the public Ken Strong, and Susannah Parsons.

Action: It was M/S/C (Butt/Quinto) to **Direct staff to take a support position on SB617**. Motion carried by majority roll call vote. (Abstained: Director Wilkinson
Nay: Directors Coler, Athas, and Greene. Absent: Directors Birsan, and Scales-Preston).

7. Review Draft 5.20.21 Board Agenda (Discussion)

CEO Weisz, presented this item and addressed questions from Committee members.

Chair Haroff opened the public comment period and there were no comments.

Action: No action required.

8. Committee & Staff Matters (Discussion)

There were none.

9. Adjournment

Chair Haroff adjourned the meeting at 1:12 p.m. to the next scheduled Executive Committee Meeting on June 4, 2021.

DRAFT

Kevin Haroff, Chair

Attest:

Dawn Weisz, Secretary



July 2, 2021

TO: MCE Executive Committee

FROM: Dawn Weisz, CEO

RE: Approval of Dues to CalCCA (Agenda Item #05 C.2)

Dear Executive Committee Members:

SUMMARY:

MCE has been an active and engaged participant in the California Community Choice Association (CalCCA) since the trade association launched in 2016, representing the interests of California's community choice electricity providers in the legislature and at the relevant regulatory agencies, including the California Public Utilities Commission, California Energy Commission, and California Air Resources Board. CalCCA's members include operating CCA programs in California and local governments interested in community choice participating as affiliate members.

MCE has benefited from the organization's ability to provide coordination among CCAs, facilitate collaborative efforts, promote uniform best practices across the state, and provide a stronger and more consistent voice in the regulatory and legislative arena in line with MCE's strategic plan goals.

It is beneficial for MCE to continue participation in CalCCA as an operational member with a voting seat on the CalCCA board. CalCCA member dues continue to support CalCCA's staff and shared lobbying and regulatory attorney services, particularly on proceedings addressing topics that have an impact on all CCAs, such as resource adequacy (RA) and power charge indifference adjustment (PCIA). A cap is applied to operational dues and to legal and regulatory dues to limit the impact on larger CCAs. For FY 2021/22, MCE's member dues, which include operational dues, and legal and regulatory dues, are \$344,221.

Fiscal Impacts:

Proposed CalCCA dues that accrue to MCE's 2021/22 fiscal year are included in the FY 2021/22 Operating Fund Budget.

Recommendation:

Authorize payment of dues to CalCCA in an amount not to exceed \$344,221.



July 2, 2021

TO: MCE Executive Committee

FROM: Garth Salisbury, Director of Finance and Treasurer
Lindsay Saxby, Director of Power Resources
Mike Callahan, Senior Policy Counsel
Catalina Murphy, Legal Counsel

RE: Proposed Resolution 2021-05: A Resolution of the Board of Directors of Marin Clean Energy authorizing the execution and delivery of a Clean Energy Purchase Contract and certain other documents in connection with the issuance of the California Community Choice Financing Authority Clean Energy Project Revenue Bonds, Series 2021A; and certain other actions required to ensure the reduction in the costs of renewable energy therewith (Agenda Item #06)

ATTACHMENTS: A. Proposed Resolution 2021-05
B. Form of Transaction Documents to which MCE is a party or is represented:
 B.1 Clean Energy Purchase Contract
 B.2 Limited Assignment Agreements
 B.3 Letter Agreement re Limited Assignment Agreements
 B.4 Custodial Agreement
 B.5 Operational Services Agreement
 B.6 Appendix A of Preliminary Official Statement
C. Form of Additional Transaction Documents provided:
 C.1 Preliminary Official Statement
 C.2 Trust Indenture
 C.3 Master Power Supply Agreement

Dear Executive Committee Members:

SUMMARY:

Since January 2019, staff has been exploring the concept of a tax-exempt prepayment of

certain MCE renewable Power Purchase Agreements (PPAs) to reduce the cost of the energy from those projects. After significant review of the risks and benefits of a tax-exempt prepayment transaction, staff discussed the concept with the Technical Committee in February 2020. For the next few months, staff endeavored to identify a team of qualified professionals to assist in negotiations and to begin documentation of a potential transaction. At the May 2020 Board meeting, the Board provided authorization for staff to secure the necessary outside professionals and to contract with them, where payment was contingent upon Board approval of the prepayment transaction. In March of this year, Staff updated the Board on a number of financing initiatives including the prepayment transaction. At the April 2021 Board meeting, staff updated the Board on the progress of the transaction including identifying the outside consultants that had been engaged to work on the prepayment transaction on a contingency basis. The Board directed staff to finalize negotiations and to bring the Renewable Energy PPA prepayment documentation and a Parameters Resolution to the Board for consideration. During the April 2021 Board meeting, the Board also authorized MCE to become a member of the California Community Choice Financing Authority (CCCFA), a joint powers authority that would be the issuer of the prepayment bonds and an ongoing conduit entity that would be authorized to enter into the necessary contracts and agreements to effectuate prepayment transactions.

Staff is now providing the Executive Committee with the suite of documents that MCE must enter into to initiate a prepayment transaction and to request authority to execute the documents necessary to complete the proposed transaction if certain required parameters are met.

Prepayment Transaction Summary:

The proposed prepayment transaction would reduce the cost of energy from existing PPAs that MCE has already executed. To effectuate the prepayment and to satisfy tax law requirements, MCE must assign the contracts through Limited Assignment Agreements to a highly rated financial institution that will be in the role of the prepaid supplier, in this case the commodities subsidiary of Goldman Sachs; J. Aron & Company LLC (J.Aron). Once the PPAs are assigned, tax-exempt (or taxable subsidy) bonds would be issued to finance the prepayment. These bonds would be issued by CCCFA and would be secured by the contractual rights and transaction cashflows pursuant to a Trust Indenture. MCE would not be responsible to repay the bonds and the bonds would not be a debt of MCE. The bonds would carry the credit ratings of Goldman Sachs Group based upon the contractual arrangements ultimately securing the bonds.

Under the proposed prepayment transaction, MCE would continue to purchase the energy from the projects through a Clean Energy Purchase Contract executed with CCCFA. The prepaid energy from the projects would be purchased by MCE at a discount of 10% or more, representing a savings of approximately \$3 million per year. The final amount of the prepayment (and the number and consequent value of the PPAs included) will vary determined by market conditions at the time of the actual pricing/sale of the bonds, but MCE expects 3-4 PPAs to be included. More favorable market conditions may

allow more PPAs be prepaid that produce the minimum 10% savings.

The transaction, as proposed, would be structured as a 30-year prepayment transaction. The 30-year term of the prepayment transaction exceeds the terms of the PPAs which generally run from 15 -20 years. MCE may assign new or different PPAs in the future to maintain the required cashflow from the prepaid PPAs and can also allow for the cost of batteries that are anticipated to be developed at the prepaid project locations.

The initial term of the bonds is expected to be 7-10 years. At the end of the first bond pricing period, the bonds would be refinanced or "remarketed" as long as the minimum savings thresholds are met. In the unlikely event the minimum savings thresholds cannot be met for the remarketed bonds, or if the transaction is terminated for any reason, the Limited Assignment Agreements also terminate and PPAs included in the prepayment transaction would revert back to MCE at their original terms and prices. Consequently, the financial risk to MCE in the proposed transaction is simply the "loss of the savings" or, in other words, the loss of the discount in the price of the energy from the PPAs resulting from the prepayment.

Transaction Documents Summary:

Clean Energy Purchase Contract - Between MCE and CCCFA. The Clean Energy Purchase Contract provides for the sale of the renewable energy to be delivered by CCCFA to MCE over the term of the prepayment. The energy will be comprised of quantities of electricity designated under the assigned PPAs that have been prepaid and any excess quantities delivered as produced by the projects. Under the Clean Energy Purchase Contract, CCCFA would agree to deliver, and MCE would agree to purchase all of the energy delivered under the assigned PPAs and to purchase the prepaid amounts of energy at a discount during the Delivery Period. The payments for energy delivered under the Clean Energy Purchase Contract would be payable solely from MCE customer revenues generated from the sale of electricity.

Limited Assignment Agreements – Among MCE, J. Aron and the original power purchase agreement counterparty assigning certain rights and obligations of MCE under the PPA to J. Aron. There are three or more proposed Limited Assignment Agreements. These Limited Assignment Agreements transfer certain rights including the right to purchase the energy and renewable energy attributes to J. Aron to allow them to be prepaid and eventually resold to MCE under the Clean Energy Purchase Contract.

Operational Services Agreement – Between MCE and CCCFA and provides for MCE to perform all operations, scheduling, invoicing and all aspects of managing the PPAs and delivery of the prepaid energy on behalf of CCCFA.

Custodial Agreement – Among MCE, J. Aron and U.S. Bank, National Association (US Bank) as Custodian, providing for US Bank to collect and distribute amounts payable by MCE and J. Aron to the PPA counterparties as appropriate to facilitate the proposed prepayment transaction.

Appendix A of Preliminary Official Statement – This is the Appendix of the disclosure document for the bonds describing MCE as the purchaser of the prepaid renewable energy in the proposed transaction. Appendix A describes the history of MCE, MCE's service area, customers, sources of renewable energy and other facts to inform bond investors of the financial and operational strength of the organization.

Proposed Resolution 2021-05 – The proposed Resolution would give staff the authority to complete negotiations on the prepayment transaction and to finalize and execute the necessary documents and contracts to complete the proposed transaction. The authority provided to staff under the proposed Resolution to finalize all negotiations and execute all necessary contracts and documents is contingent upon the following parameters being satisfied: 1) the bonds issued to finance the prepayment shall not be obligations of MCE, 2) the aggregate stated principal amount of the bonds shall not exceed \$900,000,000, 3) the Monthly Discount Percentage (savings) from the transaction shall be at least 10% and 4) CCCFA total cost of issuance including all underwriting, legal and consultant fees will not exceed 0.8% of the amount of the bond proceeds. The authority provided for under the proposed Resolution is important because the execution of the proposed transaction will be extremely market sensitive; MCE expects that final documentation would need to be executed within a 24 hour to 48 hour period when market conditions permit. As such, the proposed Resolution provides the authority needed so that staff may quickly and efficiently complete the transaction to capture the required savings when available in the market.

If the parameters of the prepayment transaction are satisfied, the proposed Resolution would also give authorization to staff to direct CCCFA to pay vendors that provided services to MCE, including drafting, preparing, and finalizing the transaction documents in order to complete the proposed prepayment transaction. These professional services include legal counsel, bond counsel, tax counsel, municipal financial advisor, swap advisor, trustee, underwriter of the bonds, and any other vendor required to complete the issuance of the bonds. Payment to these vendors would be considered a cost of issuance and would be paid by CCCFA directly out of the proceeds of the sale of the bonds. Per the Resolution, the total cost of issuance to CCCFA, including all underwriting, legal and consultant fees, would not exceed 0.8% of the amount of the bond proceeds.

Fiscal Impacts: If executed, the proposed prepayment transaction would save MCE \$2.5 to \$3.0 million or more per year on the cost of the energy from the prepaid PPAs after all upfront and ongoing costs of the transaction are paid.

Recommendation: Request the Executive Committee recommend to the full Board approval of Resolution 2021-05 authorizing staff to finalize negotiations, execute all necessary contracts, documents and certificates required to close the proposed prepayment transaction, and direct payment to vendors that provided services required to complete the issuance of the bonds.

RESOLUTION 2021-05

A RESOLUTION OF THE BOARD OF DIRECTORS OF MARIN CLEAN ENERGY AUTHORIZING THE EXECUTION AND DELIVERY OF A CLEAN ENERGY PURCHASE CONTRACT AND CERTAIN OTHER DOCUMENTS IN CONNECTION WITH THE ISSUANCE OF THE CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY CLEAN ENERGY PROJECT REVENUE BONDS, SERIES 2021A; AND CERTAIN OTHER ACTIONS REQUIRED TO ENSURE THE REDUCTION IN THE COSTS OF RENEWABLE ENERGY THEREWITH

WHEREAS, Marin Clean Energy (“MCE”) is a joint powers authority established on December 19, 2008, and organized under the Joint Exercise of Powers Act, constituting Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, as amended and supplemented (the “Act”); and

WHEREAS, MCE members include the following communities: the County of Marin, the County of Contra Costa, the County of Napa, the County of Solano, the City of American Canyon, the City of Belvedere, the City of Benicia, the City of Calistoga, the City of Concord, the Town of Corte Madera, the Town of Danville, the City of El Cerrito, the Town of Fairfax, the City of Lafayette, the City of Larkspur, the City of Martinez, the City of Mill Valley, the Town of Moraga, the City of Napa, the City of Novato, the City of Oakley, the City of Pinole, the City of Pittsburg, the City of Pleasant Hill, the City of San Ramon, the City of Richmond, the Town of Ross, the Town of San Anselmo, the City of San Pablo, the City of San Rafael, the City of Sausalito, the City of St. Helena, the Town of Tiburon, the City of Vallejo, the City of Walnut Creek, and the Town of Yountville; and

WHEREAS, pursuant to the provisions of the Act, MCE and certain other California “community choice aggregators” 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 MCE in financing the acquisition of supplies of clean energy;

WHEREAS, the Issuer is authorized by its Joint Powers Agreement to acquire supplies of clean energy and to issue revenue bonds to finance the cost of acquisition of such supplies, and is vested with all powers necessary to accomplish the purposes for which it was created;

WHEREAS, MCE has determined that it is desirable to acquire a long-term supply of clean energy from the Issuer;

WHEREAS, MCE is requesting that the Issuer agree to purchase certain quantities of clean energy from Aron Energy Prepay 5 LLC, a Delaware

limited liability company (“Prepay LLC”) on a prepaid basis (the “Project”) and to sell such clean energy to MCE, as contemplated herein;

WHEREAS, MCE is requesting that the Issuer finance the costs of the Project with the proceeds of its Clean Energy Project Revenue Bonds, Series 2021A (the “Bonds”);

WHEREAS, MCE has determined to authorize the officers of MCE to take all necessary action to accomplish the purchase of clean energy from the Issuer and to assist the Issuer in the issuance, sale and delivery of the Bonds; and

WHEREAS, there have been made available to the Board of Directors of MCE for approval forms of the following agreements to which MCE is a party (collectively, the “MCE Documents”):

1. Clean Energy Purchase Contract between MCE and the Issuer;
2. Custodial Agreement by and among MCE, J. Aron & Company LLC, a New York limited liability company (“J. Aron”), Prepay LLC, [Issuer] and U.S. Bank, National Association, as custodian;
3. Form of Limited Assignment Agreement, by and among MCE, the counterparty to the power purchase agreement described therein, and J. Aron;
4. Letter Agreement between MCE and J. Aron regarding matters relating to Limited Assignment Agreements; and
5. Operational Services Agreement relating to the Project, by and between MCE and the Issuer; and

WHEREAS, there have also been made available to the Board of Directors of MCE forms of the following additional documents relating to the Project:

1. Trust Indenture (the “Indenture”) between the Issuer and U.S. Bank National Association, as trustee, providing for, among other things, the issuance of and security for the Bonds;
2. Master Power Supply Agreement (the “Master Power Supply Agreement”) between the Issuer and the Prepay LLC, providing for the delivery of the Prepaid Energy Supply to the Issuer; and
3. Preliminary Official Statement (the “Preliminary Official Statement”), to be used in connection with the offering and sale of the Bonds, including the information relating to MCE included as Appendix A

thereto (the Indenture, the Master Power Supply Agreement and the Preliminary Official Statement, together with the MCE Documents, the “Project Documents”);

NOW THEREFORE, BE IT RESOLVED by the MCE Board of Directors, as follows:

Section 1. The proposed forms of the MCE Documents, as made available to the Board of Directors for this meeting, are hereby approved. The form of Limited Assignment Agreement may be used, in substantially the same form, for assignments of the initial or any additional MCE power purchase agreements, as needed to maintain the transactions approved hereby, and any such Limited Assignment Agreements shall be included in the MCE Documents hereby approved. Subject to the parameters set forth in Section 4 of this Resolution, any two of the Chief Executive Officer, Chief Operations Officer, Chair of the Board, the Director of Finance (each an “Authorized Officer”) are hereby authorized and directed, for and on behalf of MCE, to execute and deliver the MCE Documents in substantially said form, with such changes and insertions therein as the Authorized Officers executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. The proposed form of the Preliminary Official Statement, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of MCE, to execute and deliver a certificate as to the information regarding MCE contained therein and in the final version of the Official Statement, with such changes and insertions therein as the Authorized Officer approving the same may deem necessary or appropriate. Subject to approval by the Issuer, MCE hereby authorizes the distribution of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds, and the delivery of the Official Statement in final form to the purchasers of the Bonds, in each case with such changes as may be approved as aforesaid.

Section 3. The Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of MCE, to execute and deliver any and all documents, including, without limitation, any tax certificate relating to its expected use of the energy to be purchased by it from the Project, any continuing disclosure certificate or similar agreement required for the offering or sale of the Bonds, and any and all closing certificates to be executed in connection with the issuance of the Bonds and to take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which MCE has approved in this Resolution, for the issuance, sale and delivery of the Bonds, and to consummate by MCE the transactions contemplated by the MCE Documents approved hereby and the other Project Documents presented to the Board herewith, including any subsequent amendments, waivers or consents entered into or given under or in accordance with such documents.

Section 4. The approvals provided for herein shall be subject to the following parameters:

(a) the Bonds will not be obligations of MCE, but will be limited obligations of the Issuer payable solely from the revenues and other amounts pledged therefor under the Indenture, including amounts payable by MCE under the Clean Energy Purchase Contract;

(b) the aggregate principal amount of the Bonds shall not exceed \$900,000,000;

(c) the "Monthly Discount Percentage" as provided for in the Clean Energy Purchase Contract shall be at least 10%; and

(d) CCCFA total cost of issuance including all underwriting, legal and consultant fees will not exceed 0.8% of the amount of the bond proceeds.

Section 5. Execution and delivery of the MCE Documents by an Authorized Officer or Officers shall be conclusive evidence that the parameters set forth in Section 4 have been met, and all actions heretofore taken by the Authorized Officers with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

Section 6. If Section 4 and Section 5 listed herein have been met, an Authorized Officer may direct CCCFA to make payments to vendors that provided services to MCE to complete the MCE 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 7. This Resolution shall take effect immediately.

PASSED AND ADOPTED at a regular meeting of the MCE Board of Directors on this 15th day of July, 2021, by the following vote:

	YES	NO	ABSTAIN	ABSENT
County of Marin				
Contra Costa County				
County of Napa				
County of Solano				
City of American Canyon				
City of Belvedere				
City of Benicia				
City of Calistoga				
City of Concord				
Town of Corte Madera				
Town of Danville				
City of El Cerrito				
Town of Fairfax				
City of Lafayette				
City of Larkspur				
City of Martinez				
City of Mill Valley				
Town of Moraga				
City of Napa				
City of Novato				
City of Oakley				

City of Pinole				
City of Pittsburg				
City of Pleasant Hill				
City of San Ramon				
City of Richmond				
Town of Ross				
Town of San Anselmo				
City of San Pablo				
City of San Rafael				
City of Sausalito				
City of St. Helena				
Town of Tiburon				
City of Vallejo				
City of Walnut Creek				
Town of Yountville				

 CHAIR, MCE

Attest:

 SECRETARY, MCE



July 2, 2021

TO: MCE Executive Committee

FROM: Garth Salisbury, Director of Finance & Treasurer

RE: Proposed Fiscal Year 2020/21 Deposit to MCE's Operating Reserve Fund (Agenda Item #07)

ATTACHMENT: Policy 016: Operating Reserve Fund

Dear Executive Committee Members:

SUMMARY: In November of 2019 the Board of Directors approved Resolution 2019-06 creating the Operating Reserve Fund ("ORF"). The ORF allows MCE to defer revenue in years when financial results are strong to be used in future years when financial results are not as strong or are stressed. The ORF was created under Government Accounting Standard Board (GASB) Standard 62 which allows deferring revenue into the future when it might be needed to satisfy covenants or other financial requirements. Importantly, revenue deferred from the current fiscal year is not recognized in that year and reduces the net revenue and the addition to Net Position in that year. As required by Resolution 2019-06 and GASB accounting rules, the MCE Board must act to transfer revenues to, or from, the ORF. In June of 2020 the MCE Board deferred \$10.5 million of revenues into the ORF for fiscal year 2019/20.

Operating Reserve Fund Policy: In November of 2020 the Board of Directors approved *Policy 016: Operating Reserve Fund* which describes the situations and fiscal financial results when staff can propose and the Board can consider deposits into and withdrawals from the ORF. The Operating Reserve Fund Policy provides that when the projected addition to Net Position is greater than 5% of the total operating and non-operating revenues in that fiscal year, staff can propose a deposit into the ORF.

The Policy also establishes an Operating Reserve Fund Targeted Balance. Deposits can be made into the ORF until the balance equals 10% of the total operating and non-operating revenues in the then current fiscal year.

Reserve Policy: MCE continues to make progress toward meeting its overall liquidity and reserve goals according to Policy 013 - Reserve Policy. Staff is permitted to recommend a deferral into the ORF when net revenues exceed 5% of total revenues. The net revenues remaining after any deferral into the ORF would be committed to MCE's Net Position and liquidity reserves as required by the Reserve Policy.

Fiscal Year 2020/21 Recommended Deferral into the ORF: The addition to Net Position in fiscal year 2020/21 will be \$32,045,000. This represents **7.1%** of MCE's total operating and non-operating revenues and exceeds the policy's minimum threshold of 5%. Consequently, staff recommends a deposit of **\$4,500,000** to the ORF for fiscal year 2020/21. This would reduce the addition to Net Position to \$27,545,000 and would bring the total deferred revenue in the ORF to \$15,000,000. If the Board approves the recommended transfer, the total deferred revenue balance in the ORF would represent 3.3% of the total operating and non-operating revenues in fiscal year 2020/21, well below the targeted balance of 10%.

Fiscal Impacts: A deferral of \$4,500,000 in the ORF in fiscal year 2020/21 would reduce net revenues by the same amount to result in an anticipated addition to Net Position of \$27,545,000.

Recommendation: Staff recommends that the Executive Committee consider approval and recommendation to the Board a deferral of \$4,500,000 into the Operating Reserve Fund for fiscal year 2020/21.

APPROVED

Date: 11/19/2020

MARIN CLEAN ENERGY

POLICY 016: Operating Reserve Fund

Policy Purpose

The Operating Reserve Fund Policy will describe the situations in which staff will propose and the MCE Board of Directors will consider deposits into and withdrawals from the Operating Reserve Fund and establishes an Operating Reserve Fund Targeted Balance.

Policy Statement

The financial strength of MCE is one of the necessary pillars of the Agency if it is to deliver on its mission to address climate change by providing competitively priced renewable and GHG free energy to its customers. MCE will adopt policies and procedures designed to strengthen its financial position to allow the Agency to achieve these environmental goals. The MCE Board of Directors will adopt budgets and establish and adjust rates as necessary each fiscal year to provide sufficient revenues to pay all operating expenses and all other financial obligations of the agency. While MCE strives to meet its Reserve Policy targets, rates will be set to provide an addition to MCE's Net Position whenever possible. MCE will also take the necessary steps to achieve and maintain strong investment grade credit ratings to minimize interest costs and counterparty collateral posting requirements.

To this end, in November of 2019 the MCE Board of Directors approved Resolution 2019-06 creating an Operating Reserve Fund and later approved the first deferral of revenue into the Operating Reserve Fund effective the end of the 2019-20 Fiscal Year. The Operating Reserve Fund has been established and will be maintained and utilized to strengthen MCE's financial position and to be a tool to assist in addressing variability in MCE's annual cashflows and expenses. The Operating Reserve Fund is not to be used to address specific expenses of the Agency, but rather as a tool that supports MCE's ability to meet its financial obligations each fiscal year.

To the extent there is any conflict with Resolution 2019-06 which authorized the creation of the Operating Reserve Fund and this Policy 016, which provides directives for deposits to and withdrawals from the Operating Reserve Fund, this Policy 016, and any amendments thereto, shall control once approved by the MCE Board of Directors.

Policy Directives

Deposits: Staff will recommend and the Board will consider deferral of revenue into the Operating Reserve Fund in a fiscal year (1) when the projected addition to Net Position is greater than 5% of total operating and non-operating revenues or (2) once the Reserve Policy targets are met, from any excess net revenues after payment of any debt service or other financial obligations due in that fiscal year

Operating Reserve Fund Targeted Balance: Deposits can be made into the Operating Reserve Fund as allowed above until the balance equals 10% of the total operating and non-operating Revenues in the then current fiscal year.

Withdrawals: Staff will recommend withdrawals of Revenues from the Operating Reserve Fund in a fiscal year where net revenues are projected to be negative or as necessary to satisfy any legal covenants, contractual obligations or to maintain investment grade credit ratings.



MARIN COUNTY | NAPA COUNTY | UNINCORPORATED CONTRA COSTA COUNTY | UNINCORPORATED SOLANO COUNTY
BENICIA | CONCORD | DANVILLE | EL CERRITO | LAFAYETTE | MARTINEZ | MORAGA | OAKLEY | PINOLE
PITTSBURG | PLEASANT HILL | RICHMOND | SAN PABLO | SAN RAMON | VALLEJO | WALNUT CREEK

DRAFT

**Board of Directors Meeting
Thursday, July 15, 2021
7:00 P.M.**

The Board of Directors Meeting will be conducted pursuant to the provisions of the Governor's [Executive Order](#) N-29-20 (March 17, 2020) which suspends certain requirements of the Ralph M. Brown Act. Board of Director Members will be teleconferencing into the Board of Directors Meeting.

Members of the public who wish to observe the meeting may do so telephonically via the following teleconference call-in number and meeting ID:

For Viewing Access Join Zoom Meeting:

<https://us02web.zoom.us/j/84781591169?pwd=d2R4dFRqZzFaOFU3RGlhUDFBWUFuUT09>

Dial-in:(669)900-9128
Webinar ID: 847 8159 1169
Passcode: 376527

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1. Roll Call/Quorum
2. Board Announcements (Discussion)
3. Public Open Time (Discussion)
4. Report from Chief Executive Officer (Discussion)
5. Consent Calendar (Discussion/Action)
 - C.1 Approval of 5.20.21 Meeting Minutes
 - C.2 Approved Contracts for Energy Update
 - C.3 Update MCE Voting Shares
6. Proposed Resolution 2021-05: A Resolution of the Board of Directors of Marin Clean Energy authorizing the execution and delivery of a Clean Energy Purchase Contract and certain other

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documents in connection with the issuance of the California Community Choice Financing Authority Clean Energy Project Revenue Bonds, Series 2021A; and certain other actions required to ensure the reduction in the costs of renewable energy therewith (Discussion/Action)

7. Proposed Fiscal Year 2020/21 Deposit to MCE's Operating Reserve Fund (Discussion/Action)
8. Legislative Update (Discussion)
9. Board Matters & Staff Matters (Discussion)
10. Adjourn

DISABLED ACCOMMODATION: If you are a person with a disability which requires an accommodation, or an alternative format, please contact the Clerk of the Board at (925) 378-6732 as soon as possible to ensure arrangements for accommodation.