



651 Commerce Drive,  
Roseville, CA 95678

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# Agenda

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**Date:** December 14, 2017  
**Subject:** NCPA Commission Meeting / Teleconference  
**Location:** NCPA's Roseville Office, 651 Commerce Drive, California  
**Time:** 9:30 am

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\*\*\* In compliance with the Brown Act, you may participate via teleconference at one of the locations listed below, or attend at NCPA Headquarters. In either case, please: 1) post this Agenda at a publicly accessible location at the participation location at least 72-hours before the call begins, and 2) have a speaker phone available for any member of the public who may wish to attend at your location. \*\*\*

**NORTHERN CALIFORNIA POWER AGENCY**

651 Commerce Drive  
Roseville, CA

**CITY OF HEALDSBURG**

435 Allen Court  
Healdsburg, CA

**CITY OF PALO ALTO**

**City Hall**  
250 Hamilton Avenue  
Palo Alto, CA

**CITY OF BIGGS**

465 C Street  
Biggs, CA

**BOB LINGL – RESIDENCE**

316 South 6<sup>th</sup> Street  
Lompoc, CA

**CITY OF SANTA CLARA**

1500 Warburton Ave.  
Santa Clara, CA

**SILICON VALLEY POWER**

881 Martin Ave.  
Santa Clara, CA

The Commission may take action on any of the items listed on this Agenda regardless of whether the matter appears on the Consent Calendar or is described as an Action Item, a Report or an Informational Item. This agenda is supplemented by Staff Reports, which are available to the public upon request. Pursuant to California Government Code Section 54957.5, the following is the location at which the public can view Agendas and other public writings: NCPA Offices, 651 Commerce Drive, Roseville, California, or [www.ncpa.com](http://www.ncpa.com).

Time estimates are provided as part of the Commission's effort to manage its time at Commission meetings. Listed times are estimated only and are subject to change at any time, including while the meeting is in progress. The Commission reserves the right to use more or less time on any item, to change the order of items, and/or to continue items to another meeting. Particular items may be heard before or after the time estimated on the agenda. This may occur in order to best manage the time at a meeting or to adapt to the participation of the public. To ensure participation in a particular item, we suggest arriving at the beginning of the meeting and remaining until the item is called.

Persons requiring accommodations in accordance with the Americans with Disabilities Act in order to attend or participate in this meeting are requested to contact the NCPA Secretary at 916.781.3636 in advance of the meeting to arrange for such accommodations.

1. *Call Meeting to Order and Introductions (9:30 – 9:35 am)*
2. *Approve minutes of the November 30, 2017, Regular Commission Meeting (9:35 – 9:40 am)*

## **PUBLIC FORUM**

Any member of the public who desires to address the Commission on any item considered by the Commission at this meeting before or during the Commission's consideration of that item shall so advise the Chair and shall thereupon be given an opportunity to do so. Any member of the public who desires to address the Commission on any item within the jurisdiction of the Commission and not listed on the Agenda may do so at this time.

## **OPEN SESSION**

### **REPORTS AND COMMITTEE UPDATES (9:40 – 9:50 am)**

3. General Manager's Business Progress Report and Update
4. Executive Committee

### **CLOSED SESSION (9:50 – 10:15 am)**

5. ***Conference with Legal Counsel*** – Existing litigation pursuant to Government Code Section 54956.9(d)(1): Name of case: *Northern California Power Agency, City of Redding, City of Roseville, and City of Santa Clara v. the United States*, Court of Federal Claims no. 14-817C.
6. ***Conference with Labor Negotiators and Performance Evaluation*** – Pursuant to Government Code section 54957.6: Agency representatives: NCPA Executive Committee Members, Assistant General Manager/CFO Monty Hanks and Human Resources Manager Vicki Cichocki, and Government Code section 54957: Performance Evaluation: Unrepresented Public Employee: General Manager.

### **DISCUSSION / ACTION ITEMS (10:15 – 10:30 am)**

7. ***Resolution 17-98, Approval of the Second Amendment to the Employment Agreement between NCPA and General Manager Randy S. Howard*** – adopt resolution by all members approving the Second Amendment to the Employment Agreement with the General Manager. Additionally, the Executive Committee requests the Commission authorize the Chair of the Commission to execute the Second Amendment to the Employment Agreement with the General Manager and approve the General Manager's Performance Goals for 2018.  
**Fiscal Impact:** There is no fiscal impact to the Executive Services Salaries and Benefits account, and the cost associated the General Manager's compensation change is covered within the current fiscal year budget.

8. **Resolution 17-100, Approval of Issuance of Up to \$40 Million Fixed Rate Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A** – adopt resolution by all members approving and authorizing issuance of up to \$40 million of fixed rate Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A and delegates to the General Manager and other NCPA officials authority to execute the related legal documents needed to issue these bonds through a Direct Purchase loan with Bank of America.

**Fiscal Impact:** The NPV savings of the refunding is estimated at \$2.2 million or 6.08% of refunded bonds. The average annual debt service savings is a little over \$300,000 per year (in total) for the participants. Cost allocation for savings from this refunding is based on project participation percentages for the Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A. Savings are net of the estimated cost of issuance, which is approximately \$200,000 for bank fees, legal, financial advisory and other services.

Indenture Group A Participant	Issue One Cost Share Percentage	Estimated NPV Savings
City of Azusa	4.9936%	\$ 109,524
City of Biggs	0.4802%	\$ 10,532
City of Gridley	3.5212%	\$ 77,230
City of Healdsburg	2.9448%	\$ 64,588
City of Lodi	17.0295%	\$ 373,506
City of Lompoc	3.6491%	\$ 80,035
City of Santa Clara	46.1588%	\$ 1,012,395
City of Ukiah	3.2010%	\$ 70,207
Plumas-Sierra Rural Electric Cooperative	1.4084%	\$ 30,890
Power and Water Resources Pooling Authority	4.7824%	\$ 104,892
San Francisco Bay Area Rapid Transit District	11.8310%	\$ 259,488
<b>Total</b>	<b>100.0000%</b>	<b>\$ 2,193,286</b>

9. **Resolution 17-101, Delegate Authority to the General Manager to enter into agreements and issue purchase orders necessary for exhaust seal maintenance on Alameda CT Unit 1; Applicable to the following projects: NCPA CT1 Facility** – adopt resolution by all members authorizing the General Manager to enter into agreements and issue purchase orders necessary for exhaust seal maintenance on Alameda CT Unit 1 for a total cost not to exceed \$600,000, and increase the CT1 FY18 budget in an amount not to exceed \$350,000 should that be necessary to complete the work.

**Fiscal Impact:** Staff is working on a plan that would provide access to the missing seals for replacement which is estimated at a cost not to exceed \$250,000. However, should that plan not work, disassembly of the unit will be required, and additional funds will be needed to complete the work. The total cost of the project will not exceed \$600,000.

This project was not included in the current fiscal year budget. However, funds from the Maintenance Reserve account are available for this project for up to \$250,000 (account #265-010-000-610-070-000). Should additional work be required over and above the cost of \$250,000, a budget supplement in an amount not to exceed \$350,000 will be needed. The cost allocation for the project, and any needed budget augmentation, will be based on project participation percentages.

**10. Resolution 17-102, Provision of Services to East Bay Community Energy** – adopt resolution by all members approving the Services Agreement with East Bay Community Energy, under which NCPA will supply certain scheduling and portfolio management services to East Bay Community Energy, including any non-substantive modifications to the Services Agreement approved by NCPA’s General Counsel, and authorize NCPA’s General Manager to execute the Services Agreement on behalf of NCPA.

**Fiscal Impact:** In consideration for NCPA’s provision of services, EBCE shall pay NCPA an amount equal to Six Hundred Forty Thousand Dollars (\$640,000.00) for Services rendered during the first one (1) year period in which NCPA is supplying Services to EBCE. For each subsequent one (1) year period during the term of the Agreement, the amount charged to EBCE will be escalated at a rate of two percent (2%) per year.

NCPA’s administrative costs for development of a Services Agreement with EBCE will be allocated to members in accordance with approved cost allocation methodologies as described in the NCPA annual budget.

### **NEW BUSINESS**

### **ADJOURNMENT**





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# Minutes - DRAFT

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**To:** NCPA Commission  
**From:** Cary A. Padgett, Assistant Secretary to the Commission  
**Subject:** November 30, 2017, NCPA Commission Meeting

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## ***Item #1 – Call Meeting to Order and Introductions***

Chair Bob Lingl called the meeting to order at 9:46 am at NCPA' Roseville Office, 651 Commerce Drive, Roseville, California. A quorum was present. Introductions were made. Those in attendance at NCPA's Roseville are shown on the attached attendance list. *Members attending via telephone: Alternate Commissioner Dan Beans (Redding).*

## ***Item #2 – Approve Minutes of the October 26, 2017, Regular Commission Meeting***

Motion: A motion was made by Greg Scharff and seconded by Roger Frith to approve the Minutes of the October 26, 2017, Commission meeting. The motion carried unanimously on a roll call vote of those members present.

## **PUBLIC FORUM**

Chair Lingl asked if any members of the public were present who would like to address the Commission on the agenda items. No members of the public were present.

## **REPORTS AND COMMITTEE UPDATES**

### ***Item #3 – General Manager's Business Progress Report and Update***

General Manager Randy Howard reported:

- Gave an update on NCPA's Support and Shared Services Agreements and provided a copy of the monthly status report.
- Hometown Connections Update. A press statement was released indicating that we agreed to move forward with Hometown Connections. Currently in the process of reviewing the draft agreement and plan to finalize negotiations with all interested parties next week.
- Provided an update on the CVP Corporation activities. Displacement program is seeing significant savings for Western Customers.

#### ***Item #4 – Executive Committee***

Committee Chair Bob Lingl reported that the Committee met once since the last Commission meeting. The Committee heard reports from the General Manager and General Counsel, and received the General Manager and General Counsel's for proposed 2018 Goals. The Committee also met in closed session. No reportable action was taken on the closed session items. A special Committee meeting was scheduled for December 8 to continue discussions on the closed session items.

#### ***Item #5 – Facilities Committee***

Assistant General Manager Dave Dockham reported the Committee met twice since the last Commission meeting. The Committee met and discussed items 14, 15 and 16 on today's Agenda. Mike Brozo was appointed incoming Chair, and the Committee nominated Tikan Singh as Vice Chair. A quorum of the Committee was established and supported staff's recommendation.

#### ***Item #6 – Finance Committee***

Committee Chair David Hagele reported that the Committee met once since the last Commission meeting. The Committee discussed and recommended approval of item 7 on today's Agenda. The Committee recommended Commission approval of this item. The Committee heard reports from Mr. Michael Berwanger of PFM reported on current financial market conditions and debt and interest rate management. The Committee also reviewed and discussed the underwriter RFP results. NCPA staff and PFM reviewed all responses and agreed that Citigroup Global Markets and Goldman Sachs were the best suited. The next Committee meeting is scheduled on February 13, 2018. A special meeting will be scheduled in December regarding bond refinancing.

#### ***Item #7 – Legal Committee***

General Counsel Jane Luckhardt reported that the Committee did not meet since the last Commission meeting.

#### ***Item #8 – Legislative & Regulatory Affairs Committee***

Committee Chair Teresa O'Neill reported the Committee met once since the last Commission meeting. The Committee reviewed and approved staff's recommended Annual Strategic Plan for 2018. Online registration is now open for NCPA's 2018 Strategic Issues Conference (SIC) being held on January 16-18, at the Embassy Suites in Sacramento. NCPA's Annual Report will be available online next week. State Capitol Day is scheduled on January 29, and the 2018 NCPA/NWPA Federal Policy Conference will be held in Washington, D.C. on April 15-19. The next Committee meeting is scheduled on February 21 to review the proposed FY 2019 L&R Program Budget.

#### ***Item #9 – Members' Announcements & Meeting Reporting***

Teresa O'Neill (**Santa Clara**) announced that at the beginning of next year, Santa Clara will be coal free. Alan Kuratori was appointed as the City's Director of Public Works.

Bob Lingl (**Lompoc**) announced that Lompoc City Manager resigned.

## CONSENT CALENDAR

Prior to the roll call vote to approve the Consent Calendar, the Commissioners were polled to determine if any member wished to pull an item or abstain from one or more items on the Consent Calendar. Item 13 was pulled for discussion.

Motion: A motion was made by Bonnie Gore and seconded by Basil Wong to approve the Consent Calendar consisting of items 10, 11, 12, 14, 15, 16, 17, and 18. The motion carried by a majority of those members present on a roll call vote with the abstentions noted below for each item.

*San Francisco BART and Shasta Lake were absent.*

**Item #10 – NCPA’s Financials for the Month Ended October 31, 2017** – approval by all members.

**Item #11 – Treasurer’s Report for the Month Ended October 31, 2017** – accept by all members.

**Item #12 – Sale or Disposal of Surplus Property** – note and file by all members the disposal of KD-11 and KD-10 distance relays, TD-52 timers, revenue meters, and welder.

Fiscal Impact: This report has no direct fiscal impact on the Agency.

**Item #14 – Approval of Major Insurance Renewals for the Policy Year of 2018** – approve by all members the proposed major insurance renewals and authorize the General Manager or his designee to bind the coverage at amounts not-to-exceed \$2,708,719.

Fiscal Impact: This year Insurance renewals have been accomplished well below the Insurance Program budget. The total premium for the both NCPA and LEC property and liability policies and Worker’s Compensation program is a not-to-exceed amount of \$2,708,719, about 29% below FY 2018 approved budget of \$3,496,000 for those programs. When the FY2018 budget was created, staff made an assumption the 2018 renewal rates would come in higher than 2017 mainly for two considerations: 1) insurance market had been soft for a while, staff anticipated at some point it would turn around; 2) the three pending claims imposed some uncertainty on premium change. However, due to NCPA and Aon’s marketing effort and adding new underwriters into the bidding process, we were able to accomplish premium and rate reductions from the previous year.

Funds are available in Property insurance and Liability insurance accounts to fund this program. NCPA property insurance cost will be allocated to plants according to its insured value and further allocated to participants based on project entitlement share. NCPA liability insurance cost allocation will be based on budget allocation for Admin & General expenses. LEC insurance program cost allocation will be based on generation entitlement share.

**Item #15 – Resolution 17-92, Sabah International Incorporated – Five Year Multi-Task General Services Agreement for fire system maintenance services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA and SCPPA Members** – adopt resolution by all members authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Sabah International Incorporated for fire systems maintenance services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$500,000 over five years for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.

Fiscal Impact: Upon execution, the total cost of the agreement is not-to-exceed \$500,000 over five years to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

*Port of Oakland abstained.*

**Item #16 – Resolution 17-93, Sunshine Metal Clad, Inc. – Five Year Multi-Task General Services Agreement for insulation services; Applicable to the following projects: All NCPA Facility Locations, Members, SCPPA and SCPPA Members** – adopt resolution by all members authorizing the General Manager or his designee to enter into a Multi-Task General Services Agreement with Sunshine Metal Clad, Inc. for insulation services, with any non-substantial changes recommended and approved by the NCPA General Counsel, which shall not exceed \$1,000,000 over five years for use at all facilities owned and/or operated by NCPA, its Members, by the Southern California Public Power Authority (“SCPPA”), or by SCPPA Members.

**Fiscal Impact:** Upon execution, the total cost of the agreement is not-to-exceed \$1,000,000 over five years, to be used out of NCPA approved budgets as services are rendered. Purchase orders referencing the terms and conditions of the Agreement will be issued following NCPA procurement policies and procedures.

*Port of Oakland abstained.*

**Item #17 – Resolution 17-96, Delegate Investment Duties to the Treasurer-Controller** – adopt resolution by all members confirming delegation to the Treasurer-Controller the authority to invest, or to reinvest funds of the Agency, or to sell or exchange securities so purchased for a one year period. The Treasurer-Controller assumes full responsibility for investment transactions until the authority is revoked or expires, and shall make a report each month of those transactions to the Commission.

**Fiscal Impact:** There is no direct dollar impact to this proposed policy. The resolution delegates authority to the Treasurer-Controller for the investment activities of the Agency.

**Item #18 – Resolution 17-97, FY 2017 Annual Billing Settlements** – adopt resolution by all members approving the FY 2016-2017 Annual Billing Settlements.

**Fiscal Impact:** Upon approval by the Commission, the amount of \$8,206,372 will be distributed to participants. NCPA member refund amounts will be deposited into their respective General Operating Reserve accounts, and non-member participants will receive the refund payment in accordance with Agency payment terms unless otherwise directed in writing.

## **DISCUSSION/ACTION ITEMS**

**Item #13 – Approval of Amendment to the 2017 Committee Meeting Calendar** – approve by all members the Amended 2017 Committee Meeting Calendar adding December 14, 2017, as a regular scheduled meeting of the Commission.

**Fiscal Impact:** This report has no direct fiscal impact on the Agency.

General Manager Randy Howard provided a brief explanation for adding a December 14 Commission meeting. NCPA is in the process of refinancing the Lodi Energy Center bonds. Approval of the bond refunding must be voted on at a regular scheduled meeting of the Commission. Due to timing and for the Agency to lock in the best interest rate for the project participants, Commission approval is required before the end of the year.

**Motion:** A motion was made by Bonnie Gore and seconded by Basil Wong approve the Amended 2017 Committee meeting Calendar adding December 14, 2017 as a regular scheduled meeting of the Commission. The motion carried unanimously on a roll call voice of those members present.

*San Francisco BART and Shasta Lake were absent*

**Item #19 – Resolution 17-94, Provision of Services to East Bay Community Energy and Monterey Bay Community Power** – adopt resolution by all members authorizing the General Manager of NCPA to: (i) engage in negotiations with East Bay Community Energy (EBCE) to develop a Services Agreement under which NCPA may supply certain wholesale power services to EBCE, (ii) delegate authority to the General Manager of NCPA to negotiate the cost of service to be charged to EBCE for NCPA’s provision of Services within a defined range, (iii) authorizing the General Manager to engage in negotiations with Monterey Bay Community Power (MBCP) to develop a Services Agreement under which NCPA may supply certain wholesale power services to MBCP, and (vi) delegate authority to the General Manager of NCPA to negotiate the cost of service to be charged to MBCP for NCPA’s provision of Services within a defined range.

**Fiscal Impact:** NCPA staff recommends that the Commission delegate authority to the General Manager of NCPA to negotiate an amount of compensation for NCPA’s provision of services to EBCE within the following range: \$539,750 to \$730,250, and delegate authority to the General Manager of NCPA to negotiate an amount of compensation for NCPA’s provision of services to MBCP within the following range: \$431,800 to \$584,200.

The proposed compensation range was developed using the NCPA Power Management Cost Allocation Spreadsheet Model (commonly known as the “Nexant Model”) as a reference. The cost of services proposed for EBCE and MBCP were developed using the Nexant Model, and are based on a set of modeling assumptions that are representative of the services NCPA has proposed to supply to EBCE and MBCP. In addition to compensation for services attributed to regular operations, NCPA staff also recommends that the Commission delegate authority to the General Manager of NCPA to incorporate an integration charge into NCPA’s offer made to EBCE and MBCP, that would be separately stated, and may or may not be included in the regular operations negotiating range stated above if such is deemed appropriate by the General Manager, based on estimated costs associated with integrating EBCE and MBCP into NCPA’s business processes.

NCPA’s administrative costs for development of a Services Agreement with EBCE and MBCP will be allocated to members in accordance with approved cost allocation methodologies as described in the NCPA annual budget.

Assistant General Manager Dave Dockham and Agency staff Tony Zimmer provided presentations on the Provision of Services to East Bay Community Energy and Monterey Bay Community Power. The Commission discussed and recommended that in Resolution 17-94, language in the seventh WHEREAS be amended by removing the reference “direct counterparty” and add “direct beneficiary.”

**Motion:** A motion was made by Bonnie Gore and seconded by Teresa O’Neill to amend Resolution 17-94, by removing the reference in the seventh WHEREAS “direct counterparty” and add “direct beneficiary.” The motion carried unanimously on a roll call voice of those members present.  
*San Francisco BART and Shasta Lake were absent.*

**Motion:** A motion was made by Mark Chandler and seconded by Roger Frith adopt resolution, as amended above, by all members authorizing the General Manager of NCPA to: (i) engage in negotiations with East Bay Community Energy (EBCE) to develop a Services Agreement under which NCPA may supply certain wholesale power services to EBCE, (ii) delegate authority to the General Manager of NCPA to negotiate the cost of service to be charged to EBCE for NCPA’s provision of Services within a defined range, (iii) authorizing the General Manager to engage in negotiations with Monterey Bay Community Power (MBCP) to develop a Services Agreement under which NCPA may supply certain wholesale power services to MBCP, and (vi) delegate authority to the General Manager of NCPA to negotiate the cost of service to be charged to MBCP for NCPA’s provision of Services within a defined range. The motion carried unanimously on a roll call voice of those members present.  
*San Francisco BART and Shasta Lake were absent.*

**Item #20 – Resolution, 17-98, Approval of the Second Amendment to the Employment Agreement between NCPA and General Manager Randy S. Howard** – adopt resolution by all members approving the Second Amendment to the Employment Agreement with the General Manager. Additionally, the Executive Committee requests the Commission authorize the Chair of the Commission to execute the Second Amendment to the Employment Agreement with the General Manager and approve the General Manager’s Performance Goals for 2018.

**Fiscal Impact:** There is no fiscal impact to the Executive Services Salaries and Benefits account, and the cost associated the General Manager’s compensation change is covered within the current fiscal year budget.

Item 20 was tabled to the December 14 Commission meeting. No action or discussion was taken.

**CLOSED SESSION**

Non-essential Members and staff left the meeting for the closed session discussion.

**Item #21 – Conference with Legal Counsel** existing litigation pursuant to California Government Code Section 54956.9(d)(1): *Northern California Power Agency, City of Redding, City of Roseville, and City of Santa Clara v. the United States*, Court of Federal Claims no. 14-817C.

**Item #22 – Conference with Labor Negotiators and Performance Evaluation** – Pursuant to Government Code section 54957.6: Agency representatives: NCPA Executive Committee Members, Assistant General Manager/CFO Monty Hanks and Human Resources Manager Vicki Cichocki, and Government Code section 54957: Performance Evaluation: Unrepresented Public Employee: General Manager.

**RECONVENED TO OPEN SESSION**

All meeting attendees rejoined the meeting.

**REPORT FROM CLOSED SESSION**

*Closed Session Disclosure:* General Counsel Jane Luckhardt stated no reportable action was taken on closed session item 21. Closed session item 22 was tabled to the December 14 Commission meeting.

**NEW BUSINESS**

Chair Lingl recognized those Members and staff that have November and December birthdays.

**ADJOURNMENT**

The November 30, 2017, Commission meeting was adjourned at 11:25 am.

Respectfully submitted,

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CARY A. PADGETT

Assistant Secretary to the Commission

Attachments

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**Northern California Power Agency  
Commission Meeting of November 30, 2017  
COMMISSIONER  
Attendance List**

NCPA Commissioners are requested to sign, but signature by members of the public is voluntary.

MEMBER	NAME
ALAMEDA	<i>Madelene Elstrom</i>
BIGGS	<i>Ray L. Smith</i>
GRIDLEY	<i>Harry Davidson</i>
HEALDSBURG	<i>[Signature]</i>
LODI	<i>Mark Chandler</i>
LOMPOC	<i>Bbc. J</i>
PALO ALTO	<i>Chris Scary</i>
PORT OF OAKLAND	<i>Basil Wong</i>
PLUMAS-SIERRA REC	<i>Michael Boff</i>
REDDING	<i>Dan Beans (teleconference)</i>
ROSEVILLE	<i>Bonnie Gore</i>
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT (BART)	
SANTA CLARA	<i>Teresa O'Neill</i>
SHASTA LAKE	
TRUCKEE DONNER	<i>Stephen Hallberg</i>
UKIAH	<i>Mel. Fraudi</i>









# CONSENT CALENDAR

All items on the Consent Calendar are considered routine and will be approved without discussion by a single-roll call vote. Any Commissioner or member of the public may remove any item from the Consent Calendar. If an item is removed, it will be discussed separately following approval of the remainder of the Consent Calendar.

Prior to the roll call vote to approve the Consent Calendar, the Commissioners will be polled to determine if any Member wishes to abstain from one or more items on the Consent Calendar.

## CONSENT CALENDAR ROLL-CALL APPROVAL

Commission Meeting Date: 11/30/17

Consent Items Listed on the Agenda: # 10 to # 18

Consent Items Removed from the Agenda and Approved Separately:

# 13,

**ROLL-CALL VOTE BY MEMBERS:** P.A. / LODI

Member	Item Numbers Abstained	Vote	Absent
Alameda		Y	
BART		Y	X
Biggs		Y	
Gridley		Y	
Healdsburg		Y	
Lodi		Y	
Lompoc		Y	
Palo Alto		Y	
Port of Oakland	<u>15, 16</u>	Y	
Redding		Y	
Roseville		Y	
Santa Clara		Y	
Shasta Lake		Y	X
Truckee Donner		Y	
Ukiah		Y	
Plumas-Sierra		Y	

ATTEST:

Cary A. Padgett  
 Cary A. Padgett  
 Assistant Secretary to the Commission

# NCPA Commission Agenda Item 7

Pursuant to Government Code Section 54957.6:  
Conference with Labor Negotiators, and Government  
Code Section 54957: Performance Evaluation:  
Unrepresented Public Employee, this item is being  
considered in Closed Session.

Contingent upon action taken during Closed Session Item  
6, the Staff Report and Resolution will be provided to the  
Full Commission in Open Session for final consideration.



8

# Commission Staff Report

December 5, 2017

**COMMISSION MEETING DATE:** December 14, 2017

**SUBJECT:** Approval of Issuance of Up to \$40 Million Fixed Rate Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A

**AGENDA CATEGORY:** Discussion/Action

<b>FROM:</b>	Monty Hanks <i>MH</i> Assistant General Manager/CFO	<b>METHOD OF SELECTION:</b>	<i>Other</i>
<b>Division:</b>	Administrative Services		<i>Request for Proposals issued to multiple banks</i>
<b>Department:</b>	Accounting & Finance		

<b>IMPACTED MEMBERS:</b>					
All Members	<input type="checkbox"/>	City of Lodi	<input checked="" type="checkbox"/>	City of Shasta Lake	<input type="checkbox"/>
Alameda Municipal Power	<input type="checkbox"/>	City of Lompoc	<input checked="" type="checkbox"/>	City of Ukiah	<input checked="" type="checkbox"/>
Bay Area Rapid Transit	<input checked="" type="checkbox"/>	City of Palo Alto	<input type="checkbox"/>	Plumas-Sierra REC	<input checked="" type="checkbox"/>
City of Biggs	<input checked="" type="checkbox"/>	City of Redding	<input type="checkbox"/>	Port of Oakland	<input type="checkbox"/>
City of Gridley	<input checked="" type="checkbox"/>	City of Roseville	<input type="checkbox"/>	Truckee Donner PUD	<input type="checkbox"/>
City of Healdsburg	<input checked="" type="checkbox"/>	City of Santa Clara	<input checked="" type="checkbox"/>	Other	<input checked="" type="checkbox"/>
		<i>If other, please specify</i>		City of Azusa	
				<hr/> PWRPA <hr/>	

## **RECOMMENDATION:**

Staff recommends the NCPA Commission adopt Resolution 17-100 which approves and authorizes issuance of up to \$40 million of fixed rate Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A and delegates to the General Manager and other NCPA officials authority to execute the related legal documents needed to issue these bonds through a Direct Purchase loan with Bank of America.

## **BACKGROUND:**

The NCPA Finance Committee, NCPA staff and our financial advisors carefully monitor the bond market for potential opportunities to refinance NCPA bonds for savings. According to the *NCPA Variable Rate Debt and Interest Rate Management Policy*, a target of 5% net present value (NPV) savings is desired before considering a bond refunding. In October 2017, PFM and NCPA staff issued a Request for Proposal (RFP) to over a dozen banks to refund the Lodi Energy Center Revenue Bonds, Issue One, 2010 Series A bonds. Since these bonds are not callable until June 2020, responses were for the 'Advance Refunding' of these bonds and included options for both a capital markets refunding (typical bond refinancing) as well as rates for direct purchase refunding.

In November 2017, the House of Representatives adopted the Tax Cuts and Jobs Act (Act) and one of the proposed reforms included the repeal of the Advance Refunding exemption. Under current law, interest on advance refunding bonds, bonds issued more than 90 days before the redemption date of the refunded bonds, generally is not taxable for governmental bonds. The proposed legislation would keep the tax-exemption for interest on current refunding bonds, but eliminate the exemption for interest on advance refunding bonds. If approved, the Act would go into effect at the first of the year and eliminate any advance refunding opportunity. Since a traditional refunding includes such tasks as an update to an official statement and presentations to rating agencies, the amount of time required to complete this type of transaction normally takes 3-4 months. If the Act was to be enacted, the only option available to advance refund these bonds would be through the Direct Purchase option.

Upon evaluation of the various Direct Purchase proposals received from the banks, the Finance Committee recommended proceeding with the proposal from Bank of America. The estimated savings based on the bank's indicative interest rate of 2.15% (LIBOR Swap rate plus 5 basis points) was in excess of \$2 million and over 6% NPV savings. The estimated, average annual debt service savings was over \$300,000 per year to the participants. However, the rate will not be fixed until after approval of the bond documents and assuming the market is still in a favorable position for the refunding.

To complete the bond refunding transaction, the Commission will be required to approve a Resolution authorizing the bonds and approving related documents including the following:

1. The Bond Purchase and Continuing Covenant Agreement with Bank of America, N.A.;
2. The First Supplemental Indenture of Trust with US Bank N.A.; and
3. The Escrow Deposit Agreement with U.S. Bank N.A.

Upon final approval by the Commission, documents will be completed and executed. The rate for the bonds is tentatively scheduled to be fixed on December 18<sup>th</sup> and the bond closing is scheduled for December 20<sup>th</sup>.

Draft copies of these documents are attached.

**FISCAL IMPACT:**

The NPV savings of the refunding is estimated at \$2.2 million or 6.08% of refunded bonds. The average annual debt service savings is a little over \$300,000 per year (in total) for the participants. Cost allocation for savings from this refunding is based on project participation percentages for the Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A. Savings are net of the estimated cost of issuance which is approximately \$200,000 for bank fees, legal, financial advisory and other services.

Indenture Group A Participant	Issue One Cost Share Percentage	Estimated NPV Savings
City of Azusa	4.9936%	\$ 109,524
City of Biggs	0.4802%	\$ 10,532
City of Gridley	3.5212%	\$ 77,230
City of Healdsburg	2.9448%	\$ 64,588
City of Lodi	17.0295%	\$ 373,506
City of Lompoc	3.6491%	\$ 80,035
City of Santa Clara	46.1588%	\$ 1,012,395
City of Ukiah	3.2010%	\$ 70,207
Plumas-Sierra Rural Electric Cooperative	1.4084%	\$ 30,890
Power and Water Resources Pooling Authority	4.7824%	\$ 104,892
San Francisco Bay Area Rapid Transit District	11.8310%	\$ 259,488
<b>Total</b>	<b>100.0000%</b>	<b>\$ 2,193,286</b>

**ENVIRONMENTAL ANALYSIS:**

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a “project” for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

**COMMITTEE REVIEW:**

NCPA staff will be taking the recommendation to the LEC PPC on December 11<sup>th</sup> and requesting a motion for the NCPA Commission to adopt the Resolution and related bond documents.

NCPA staff will be taking the recommendation to the Finance Committee on December 13<sup>th</sup> and requesting Commission approval of the bond refunding.

Respectfully submitted,

RANDY S. HOWARD  
 General Manager

**Attachments:**

- The Bond Purchase and Continuing Covenant Agreement with Bank of America, N.A.;
- The First Supplemental Indenture of Trust with US Bank N.A.; and
- The Escrow Deposit Agreement with U.S. Bank N.A.

## RESOLUTION 17-100

### RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY AUTHORIZING AND APPROVING THE ISSUANCE OF LODI ENERGY CENTER REVENUE REFUNDING BONDS, ISSUE ONE, 2017 SERIES A, APPROVING THE SUPPLEMENTAL INDENTURE OF TRUST PURSUANT TO WHICH SUCH BONDS ARE TO BE ISSUED; AUTHORIZING THE SALE OF SUCH BONDS; AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

(reference Staff Report #234:17)

WHEREAS the Northern California Power Agency (“NCPA”) is a public entity duly organized and existing pursuant to the Amended and Restated Northern California Power Agency Joint Powers Agreement, dated as of January 1, 2008 (the “Agreement”) and the Joint Exercise of Powers Act constituting Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”); and

WHEREAS, NCPA is authorized pursuant to the provisions of the Agreement and the Act to acquire and construct, or cause to be acquired and constructed, and to operate or cause to be operated, a project within the State of California for the generation or transmission of electric energy (including a capacity right in such a project) and to sell the capacity and energy of such project; to enter into agreements with respect to any matters relating to the acquisition, construction and operation of such project and the sale of capacity and energy of such project; and to finance the acquisition, construction and operation of such project through the issuance of bonds, notes and other evidences of indebtedness under the Act; and to issue bonds to refund such bonds, notes or other evidences of indebtedness; and

WHEREAS, NCPA and the cities of Azusa, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Santa Clara, and Ukiah, the California Department of Water Resources, the Modesto Irrigation District, the Plumas-Sierra Rural Electric Cooperative, the Power and Water Resources Pooling Authority, and the San Francisco Bay Area Rapid Transit District (the “Project Participants”) have entered into the Lodi Energy Center Power Sales Agreement, dated as of May 24, 2010, as amended (the “Power Sales Agreement”), to provide for the construction, operation, and financing of the Project (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Power Sales Agreement or the Indenture mentioned below), the sale by NCPA of capacity and energy of the Project to the Project Participants, and the security for the bonds, notes and other evidences of indebtedness to be issued to finance the Project; and

WHEREAS, the Power Sales Agreement provides that NCPA will issue bonds to provide for the Indenture Group A Participants’ share of the Costs of Construction of the Project, which bonds are to be payable from and secured by the Project Revenues attributable to the generation entitlement share (GES) of the Indenture Group A Participants; and

WHEREAS, the Indenture Group A Participants are the cities of Azusa, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Santa Clara dba Silicon Valley Power, Ukiah ; the Plumas-Sierra Rural Electric Cooperative; the Power and Water Resources Pooling Authority; and the San Francisco Bay Area Rapid Transit District; and

WHEREAS, pursuant to an Indenture of Trust, dated as of June 1, 2010, between NCPA and U.S. Bank National Association, as trustee (as the same may be amended and supplemented from time to time, the "Indenture"), NCPA has authorized the issuance of its Lodi Energy Center Revenue Bonds, Issue One to provide for the Indenture Group A to finance the Cost of Acquisition and Construction of the Project or to refund any Outstanding Bond or Bonds; and

WHEREAS, NCPA has determined to issue its Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A (the "2017 Series A Bonds"), for the purpose, among others, of refunding a portion of the Lodi Energy Center Revenue Bonds, Issue One, 2010 Series A (the "Refunded Bonds") and to pay the costs of issuance of the 2017 Series A Bonds; and

WHEREAS, the 2017 Series A Bonds are to be issued under and pursuant to the Indenture as heretofore amended and supplemented and as supplemented by the First Supplemental Indenture of Trust by and between NCPA and the Trustee (such First Supplemental Indenture of Trust, in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "First Supplemental Indenture"); and

WHEREAS, the 2017 Series A Bonds will be issued as refunding bonds and are to be payable from and secured by a pledge and assignment of the Trust Estate on a parity with all other Bonds issued and Outstanding under the Indenture; and

WHEREAS, Bank of America N.A. has proposed to purchase the 2017 Series A Bonds through a private placement pursuant to a Bond Purchase and Continuing Covenant Agreement (such Bond Purchase and Continuing Covenant Agreement, in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "Bond Purchase Agreement"); and

WHEREAS, NCPA will provide for the refunding of the Refunded Bonds by depositing funds in an escrow fund established by an Escrow Deposit Agreement with the Trustee (such Escrow Deposit Agreement, in the form presented to this meeting with such changes, insertions and deletions as are made pursuant to this Resolution, being referred to herein as the "Escrow Agreement"); and

WHEREAS, there have been prepared and submitted to this meeting a draft of the First Supplemental Indenture, the Bond Purchase Agreement, and the Escrow Agreement; and

WHEREAS, this Commission now desires to authorize the issuance and sale of the 2017 Series A Bonds, including the execution of such documents and the performance of such acts as

may be necessary or desirable to effect such issuance and sale and the other actions contemplated by this Resolution; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a “project” for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, by the Commission of the Northern California Power Agency, as follows:

Section 1. The issuance of the 2017 Series A Bonds on the terms and conditions set forth in, and subject to limitations specified in, the First Supplemental Indenture is hereby authorized and approved. The aggregate principal amount of the 2017 Series A Bonds shall not exceed Forty Million Dollars (\$40,000,000.00). The 2017 Series A Bonds will be dated, will bear interest at the rates, will mature on the date or dates, will be issued in the form, will have the Sinking Fund Installments, will be subject to redemption, and will have such other terms, as shall be provided in the First Supplemental Indenture as the same is completed as provided in this Resolution.

Section 2. The First Supplemental Indenture, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Chairman of the Commission (the “Chairman”), the General Manager of NCPA (the “General Manager”), and the Assistant General Manager, Administrative Services and Chief Financial Officer of NCPA (each an “Authorized Officer”), acting singly, is hereby authorized to execute and deliver the First Supplemental Indenture, in the name of and on behalf of NCPA, in the form presented to this meeting with such changes, insertions and deletions as may be consistent with this Resolution and the determinations made pursuant hereto and as may be approved by the Authorized Officer executing the First Supplemental Indenture, said execution being conclusive evidence of such approval.

Section 3. The Authorized Officer executing the First Supplemental Indenture is hereby authorized to determine the following: (i) subject to the provisions of Section 1, the aggregate principal amount of the 2017 Series A Bonds; (ii) the maturity date or dates of the 2017 Series A Bonds (but not later than June 1, 2025); (iii) the principal amount of the 2017 Series A Bonds maturing on each maturity date; (iv) the stated interest rate (but not in excess of 3% per annum) of the 2017 Series A Bonds of each maturity; (v) the 2017 Series A Bonds which are to be term Bonds and the Sinking Fund Installments, if any, for such 2017 Series A Bonds; (vi) the redemption provisions for the 2017 Series A Bonds; and (vii) whether or not the 2017 Series A Bonds are to be issued in book-entry form through the Depository Trust Company.

Section 4. The proceeds of the sale of the 2017 Series A Bonds shall be applied to the purposes specified in the Recitals hereof on the terms set forth in the First Supplemental Indenture and the Escrow Agreement.



Section 5. The sale of the 2017 Series A Bonds in a private placement to Bank of America, N.A. is hereby authorized and approved subject to the terms of this Resolution. Each of the Authorized Officers, acting singly, is hereby authorized to execute and deliver to the Bank of America N.A. the Bond Purchase Agreement for the purchase of the 2017 Series A Bonds with such terms and conditions as shall be approved by the Authorized Officer executing said agreement as being: (i) in the best interests of NCPA and (ii) consistent with the determinations of the terms of the 2017 Series A Bonds made pursuant to this Resolution. The Authorized Officer's execution of such agreement shall be conclusive evidence of such approval.

Each of the Authorized Officers, acting singly, is hereby authorized to determine the purchase price to be paid for the 2017 Series A Bonds; provided, however, that the aggregate original issue discount on the 2017 Series A Bonds, if any, shall not exceed 5% of the principal amount of the 2017 Series A Bonds.

Section 6. The Escrow Agreement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. Each of the Authorized Officers, acting singly, is hereby authorized to execute and deliver, in the name of and on behalf of NCPA, the Escrow Agreement to the Trustee in the form presented to the meeting with such changes, insertions and deletions as may be approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 7. The refunding of the Refunded Bonds on the terms and conditions specified in the First Supplemental Indenture and the Escrow Agreement, including the application of moneys for such purposes as therein provided, is hereby approved and authorized.

Section 8. The Authorized Officers, acting singly, be and each of them hereby is authorized to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or convenient in carrying out the transactions contemplated by the documents and instruments approved or authorized by this Resolution, including without limitation, making any determinations or submission of any documents or reports which are required by any rule or regulation of any governmental entity in connection with the issuance and sale of the 2017 Series A Bonds, and the authorization, execution, delivery and performance by NCPA of its obligations under the documents and instruments approved or authorized by this Resolution. The Secretary or an Assistant Secretary of NCPA is hereby authorized to affix and attest the seal of NCPA to any of the documents approved or authorized pursuant to this Resolution.

Section 9. All actions heretofore taken by any committee of the Commission, or any officer, representative or agent of NCPA, in connection with the authorization, issuance and sale of the 2017 Series A Bonds, or the authorization, execution, delivery or performance of NCPA's obligations under the documents and instruments approved or authorized by this Resolution and the other actions contemplated by this Resolution are hereby ratified, approved and confirmed.

Section 10. This Resolution shall take effect immediately upon its adoption.

PASSED, ADOPTED and APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2017 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

\_\_\_\_\_  
BOB LINGL  
CHAIR

\_\_\_\_\_  
ATTEST: CARY A. PADGETT  
ASSISTANT SECRETARY

BOND PURCHASE AND CONTINUING COVENANT AGREEMENT

dated as of December 1, 2017,

between

NORTHERN CALIFORNIA POWER AGENCY

and

BANK OF AMERICA, N.A.

relating to:

**[\$38,945,000]<sup>1</sup>**

Northern California Power Agency  
Lodi Energy Center Revenue Refunding Bonds,  
Issue One, 2017 Series A

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<sup>1</sup> To be updated.

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## BOND PURCHASE AND CONTINUING COVENANT AGREEMENT

This BOND PURCHASE AND CONTINUING COVENANT AGREEMENT dated as of December 1, 2017 (as amended, modified or restated from time to time, this “*Agreement*”), between Northern California Power Agency, a public entity organized under the laws of the State of California (the “*Issuer*”), and BANK OF AMERICA, N.A., a national banking association (“*Bank of America*”).

### RECITALS

WHEREAS, the Issuer has issued its Lodi Energy Center Project Revenue Refunding Bonds, Issue One, 2017 Series A (the “*Bonds*”) pursuant to an Indenture of Trust dated as of June 1, 2010 (as the same may be amended, modified or restated in accordance with the terms thereof and hereof, the “*Master Indenture*”), by and between the Issuer and U.S. Bank National Association, as trustee (the “*Trustee*”) as supplemented by the First Supplemental Indenture of Trust dated as of December 1, 2017 (as amended, modified or restated in accordance with the terms thereof and hereof, the “*Supplemental Indenture*” and together with the “*Master Indenture*,” the “*Indenture*”); and

WHEREAS, Bank of America, as initial Purchaser, has agreed to purchase the Bonds, and as a condition to such purchase, Bank of America has required the Issuer to enter into this Agreement.

NOW, THEREFORE, to induce the Purchaser to purchase the Bonds, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Issuer and the Purchaser hereby agree as follows:

### ARTICLE I

#### DEFINITIONS AND ACCOUNTING TERMS

*Section 1.01. Defined Terms.* In addition to the terms defined in the recitals and elsewhere in this Agreement and the Indenture, the following terms shall have the meanings set forth below:

“*Affiliate*” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

“*Agreement*” has the meaning set forth in the introductory paragraph hereof.

“*Audited Financial Statements*” means the report on examination of financial statements and additional combining information of the Issuer for the fiscal year ended June 30, 2015, including the notes thereto.

“*Bond Counsel*” means Orrick, Herrington & Sutcliffe LLP, or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by the Issuer.

“*Bondholder*” means the Purchaser and each Purchaser Transferee or Non-Purchaser Transferee pursuant to Section 8.06 hereof so long as such Purchaser Transferee or Non-Purchaser Transferee is an owner of Bonds, or, with respect to Sections 2.04, 8.04 and 8.05 hereof and Article III hereof, was a Bondholder during the relevant period of time.

“*Bonds*” has the meaning set forth in the recitals hereof.

“*Breakage Fee*” has the meaning set forth in Section 2.06 hereof.

“*Business Day*” means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in New York, New York or the states where the principal corporate office of the Issuer or the principal corporate trust office of the Trustee is located are authorized by Law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed or (c) a day on which the principal office of the Purchaser is closed.

“*Code*” means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

“*Compliance Certificate*” means a certificate substantially in form of Exhibit A hereto.

“*Debtor Relief Laws*” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“*Default*” means any event or condition that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“*Default Rate*” means, for any day, the lesser of (i) a rate of interest per annum equal to twelve percent (12.00%) and (ii) the maximum rate of interest on the Bonds permitted by applicable Law.

“*Designated Jurisdiction*” means any country or territory to the extent that such country or territory itself is the subject of any Sanction.



“*Determination of Taxability*” means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the Issuer files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when a Bondholder notifies the Issuer that it (or a former Bondholder) has received a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within two hundred seventy (270) days after receipt by the Issuer of such notification from such Bondholder, the Issuer shall deliver to such Bondholder, a ruling or determination letter issued to or on behalf of the Issuer by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time) or a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Issuer shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of the Issuer, or upon any review or audit of the Issuer or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on the date when the Issuer shall receive notice from a Bondholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Bondholder or such former Bondholder the interest on the Bonds, that was previously determined to be excludable, due to the occurrence of an Event of Taxability;

*provided, however*, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the Issuer has been afforded the reasonable opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined with no further right to appeal afforded to the Issuer; *provided further, however*, that upon demand from a Bondholder, the Issuer shall promptly reimburse such Bondholder or former Bondholder for any payments, including any taxes, interest, penalties or other charges, such Bondholder (or former Bondholder) shall be obligated to make as a result of the Determination of Taxability.

“*DTC*” means The Depository Trust Company.

“*Effective Date*” means December 21, 2017, subject to the satisfaction or waiver by the Purchaser of the conditions precedent set forth in Article IV hereof.

“*EMMA*” means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

“*Environmental Laws*” means any and all federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

“*ERISA*” means the Employee Retirement Income Security Act of 1974.

“*Event of Default*” with respect to this Agreement has the meaning set forth in Section 7.01 of this Agreement and, with respect to any Related Document, has the meaning assigned therein.

“*Event of Taxability*” means a (i) change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Issuer, or the failure to take any action by the Issuer, or the making by the Issuer of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bonds) which has the effect of causing interest paid or payable on the Bonds, that was previously determined to be excludable, to become includable, in the gross income of a Bondholder or any former Bondholder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural Law, in either case, which has the effect of causing interest on the Bonds, that was previously determined to be excludable, to become includable, in the gross income of any Bondholder or such former Bondholder for federal income tax purposes.

“*Fiscal Year*” means each fiscal year of NCPA currently ending on June 30 of each calendar year.

“*Fitch*” means Fitch, Inc., and any successor rating agency.

“*FRB*” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

*“Generally Accepted Accounting Principles”* or *“GAAP”* means accounting principles generally accepted and consistently applied to governmental entities in the United States, as set forth in the opinions and pronouncements of the Accounting Principles Board, the American Institute of Certified Public Accountants, the Governmental Accounting Standards Board and the Financial Accounting Standards Board or in such other statements by such other entity as may be in general use by significant segments of the accounting profession as in effect on the date hereof as modified in the manner described in the notes to the Audited Financial Statements of NCPA.

*“Governing Documents”* means, collectively the Lodi Energy Center Project Management Agreement dated as of August 1, 2010 and the Amended and Restated Rules of Procedure of the Northern California Power Agency, as amended, as applicable to the establishment and maintenance of NCPA as a joint exercise of powers entity.

*“Governmental Approval”* means an authorization, consent, approval, license, or exemption of, registration or filing with any Governmental Authority.

*“Governmental Authority”* means the government of the United States or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

*“Guarantee”* means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the *“primary obligor”*) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term *“Guarantee”* as a verb has a corresponding meaning.

*“Indebtedness”* of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the

deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Indebtedness of others secured by a lien on any asset of such Person, whether or not such Indebtedness are assumed by such Person, (f) all Guarantees by such Person of Indebtedness of other Persons, (g) the maximum amount of all contingent or differ obligations of such Person arising under letters of credit (including standing and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments and (h) all obligations of such Person under any Swap Contract.

*"Indemnatee"* has the meaning set forth in Section 8.04 hereof.

*"Indenture"* has the meaning set forth in the recitals hereof.

*"Interest Payment Date"* has the meaning set forth in the Indenture.

*"Investment Policy"* means the investment policy of the Issuer delivered to the Purchaser, pursuant to Section 4.01(a)(iv) hereof.

*"Investor Letter"* has the meaning set forth in Section 8.06 hereof.

*"Issuer"* has the meaning set forth in the recitals hereof.

*"Issuer Representative"* means any person authorized from time to time in writing by the Issuer, or its successors and assigns, to perform a designated act or execute a designated document.

*"Laws"* means, collectively, all federal, state and local statutes, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

*"Lien"* means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

*"Majority Bondholder"* means, as of any time, Bondholders owning more than 50% of the aggregate principal amount of outstanding Bonds as of such time. As of the Effective Date, the Purchaser shall be the Majority Bondholder.

*"Margin Stock"* has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

*“Material Adverse Effect”* means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Issuer relating to the Project; (b) a material impairment of the ability of the Issuer to perform its obligations under any Related Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Issuer of any Related Document to which it is a party or the rights, security, interests or remedies of the Purchaser hereunder or under any other Related Document.

*“Maturity Date”* has the meaning set forth in the Supplemental Indenture.

*“Moody’s”* means Moody’s Investors Service, Inc. and any successor rating agency.

*“1933 Act”* means the Securities Act of 1933, as amended.

*“Non-Purchaser Transferee”* has the meaning set forth in Section 8.06(c) hereof.

*“Obligations”* means all amounts payable by the Issuer, and all other obligations to be performed by the Issuer, pursuant to this Agreement and the other Related Documents (including, without limitation, all obligations of the Issuer to pay principal of and interest on the Bonds when due and any amounts to reimburse the Purchaser for any advances or expenditures by it under any of such documents).

*“OFAC”* means the Office of Foreign Assets Control of the United States Department of the Treasury.

*“Parity Debt”* means any Indebtedness issued or incurred by or on behalf of the Issuer and secured on a parity with the Lien on the Trust Estate securing the payment of the principal of and interest on the Bonds.

*“Patriot Act”* has the meaning set forth in Section 8.15 hereof.

*“Person”* means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

*“Pledged Power Sales Agreement Rights”* has the meaning set forth in the Indenture.

*“Power Sales Agreement”* has the meaning set forth in the Indenture.

*“Property”* means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

*“Purchase Price”* has the meaning set forth in Section 2.01(a) hereof.

*“Purchaser”* means, initially, Bank of America, N.A., a national banking association, and its successors and assigns, and upon the receipt from time to time by the Trustee and the

Issuer of a notice described in Section 8.06(a) from time to time means the Person designated in such notice as the Purchaser, as more fully provided in Section 8.06(a) hereof.

“*Purchaser Transferee*” has the meaning set forth in Section 8.06(b) hereof.

“*Rating Agency*” means any of Fitch, Moody’s or S&P, as applicable.

“*Rating Documentation*” has the meaning set forth in Section 4.01(d)(iv) hereof.

“*Related Documents*” means this Agreement, the Indenture, the Bonds, the Governing Documents, the Power Sales Agreement, and any other documents related to any of the foregoing or executed in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing permitted hereunder and thereunder.

“*Related Parties*” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“*S&P*” means S&P Global Ratings, and any successor rating agency.

“*Sanction(s)*” means any international economic sanction administered or enforced by the United States Government (including, without limitation, OFAC) or other relevant sanctions authority.

“*State*” means the State of California.

“*Swap Contract*” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Taxable Date*” means the date on which interest on the Bonds is first includable in gross income of the Bondholder (including, without limitation, any previous Bondholder) thereof as a

result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

“*Taxable Period*” has the meaning set forth in Section 2.04 hereof.

“*Taxable Rate*” means, with respect to a Taxable Period, the product of (i) the interest rate on the Bonds during such period and (ii) 1.54.

“*Trust Estate*” has the meaning set forth in the Indenture.

“*Trustee*” has the meaning set forth in the recitals hereof.

*Section 1.02. Other Interpretive Provisions.* With reference to this Agreement and each other Related Document, unless otherwise specified herein or in such other Related Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “*include*,” “*includes*” and “*including*” shall be deemed to be followed by the phrase “without limitation.” The word “*will*” shall be construed to have the same meaning and effect as the word “*shall*.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Related Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “*hereto*,” “*herein*,” “*hereof*” and “*hereunder*,” and words of similar import when used in any Related Document, shall be construed to refer to such Related Document in its entirety and not to any particular provision thereof, (iv) all references in a Related Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Related Document in which such references appear, (v) any reference to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law or regulation shall, unless otherwise specified, refer to such Law or regulation as amended, modified or supplemented from time to time, and (vi) the words “*asset*” and “*property*” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “*from*” means “*from and including*,” the words “*to*” and “*until*” each mean “*to but excluding*,” and the word “*through*” means “*to and including*.”

(c) Section headings herein and in the other Related Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Related Document.

*Section 1.03. Accounting Terms.* All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, *except* as otherwise specifically prescribed herein.

*Section 1.04. Rounding.* Any financial ratios required to be maintained by the Issuer pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

*Section 1.05. Times of Day.* Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

## ARTICLE II

### PURCHASE OF BONDS AND THE ISSUER'S OBLIGATIONS

#### *Section 2.01. Purchase of Bonds.*

(a) *Purchase Price.* Upon the satisfaction of the conditions set forth in Article IV hereof and based on the representations, warranties and covenants of the Issuer set forth herein, the Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Purchaser, all, but not less than all, of the Bonds at par in an aggregate principal amount equal to \$38,945,000 (the "*Purchase Price*").

(b) *Closing.* On the Effective Date, the Issuer shall deliver to the Purchaser the documents described in and otherwise satisfy the conditions described in Article IV hereof. Upon the satisfaction of the conditions precedent set forth in Article IV hereof (or waiver thereof by the Purchaser), the Purchaser will pay the Purchase Price for the Bonds in immediately available federal funds payable to the Trustee on behalf of the Issuer. One fully registered Bond, in the aggregate principal amount equal to the Purchase Price, shall be issued to and registered in the name of the Purchaser or as otherwise directed by the Purchaser.

*Section 2.02. Payment Obligations.* (a) The Issuer hereby unconditionally, irrevocably and absolutely agrees to make prompt and full payment of all payment obligations owed to the Bondholders under the Related Documents and to pay any other Obligations owing to the Bondholders whether now existing or hereafter arising, irrespective of their nature, whether direct or indirect, absolute or contingent, with interest thereon at the rate or rates provided in such Related Documents and under such Obligations.



(b) The Issuer shall pay within thirty (30) days after demand:

(i) if an Event of Default shall have occurred, all costs and expenses of the Purchaser in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights and remedies under this Agreement, the other Related Documents and such other documents which may be delivered in connection therewith;

(ii) a fee for each amendment to this Agreement or any other Related Document or any consent or waiver by the Purchaser with respect to any Related Document, in each case, in a minimum amount of \$3,500 plus the reasonable fees and expenses of counsel to the Purchaser;

(iii) the reasonable fees and out-of-pocket expenses for counsel or other reasonably required consultants to the Purchaser in connection with advising the Purchaser as to its rights, remedies and obligations under this Agreement and the other Related Documents or in connection with responding to requests from the Issuer for approvals, consents and waivers; and

(iv) any amounts advanced by or on behalf of the Purchaser to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate.

All fees payable pursuant to this Agreement shall be deemed to be fully earned when due and non-refundable when paid.

*Section 2.03. Default Rate.* Upon the occurrence and during the continuance of an Event of Default, the Obligations shall bear interest at the Default Rate, which shall be payable by the Issuer to each Bondholder (or, if applicable, the Purchaser) upon demand therefor and be calculated on the basis of a 360-day year and actual days elapsed.

*Section 2.04. Determination of Taxability.* (a) In the event a Determination of Taxability occurs, to the extent not payable to each Bondholder under the terms of the Indenture and the Bonds, the Issuer hereby agrees to pay to each Bondholder on demand therefor (i) an amount equal to the difference between (A) the amount of interest that would have been paid to such Bondholder on the Bonds during the period for which interest on the Bonds is included in the gross income of such Bondholder if the Bonds had borne interest at the Taxable Rate, beginning on the Taxable Date (the "*Taxable Period*"), and (B) the amount of interest actually paid to the Bondholder during the Taxable Period, and (ii) an amount equal to any interest, penalties or charges owed by such Bondholder as a result of interest on the Bonds becoming included in the gross income of such Bondholder, together with any and all attorneys' fees, court costs, or other out-of-pocket costs incurred by such Bondholder in connection therewith;

(b) Subject to the provisions of paragraph (c) below, such Bondholder shall afford the Issuer the reasonable opportunity, at the Issuer's sole cost and expense, to contest (i) the validity of any amendment to the Code which causes the interest on the Bonds to be included in the gross income of such Bondholder or (ii) any challenge to the validity of the tax exemption with respect

to the interest on the Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall a Bondholder be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Issuer or any other Person; and

(c) As a condition precedent to the exercise by the Issuer of its right to contest set forth in paragraph (b) above, the Issuer shall, on demand, immediately reimburse such Bondholder for any reasonable expenses (including attorneys' fees for services that may be required by such Bondholder that may be incurred by the Bondholder in connection with any such contest, and shall, on demand, immediately reimburse the Bondholder for any payments, including any taxes or interest and all penalties or other charges payable by such Bondholder for failure to include such interest in its gross income.

*Section 2.05. Obligations Absolute.* (a) The payment obligations of the Issuer under this Agreement shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including without limitation the following:

(i) any lack of validity or enforceability of this Agreement, the Bonds or any of the other Related Documents;

(ii) any amendment or waiver of or any consent to departure from all or any of the Related Documents;

(iii) the existence of any claim, set-off, defense or other right which the Issuer may have at any time against the Purchaser, any other Bondholder or any other person or entity, whether in connection with this Agreement, the other Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or

(iv) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

(b) All obligations of the Issuer to make payments under this Agreement are special obligations payable only from amounts included in the Trust Estate available for such payments under the Indenture.

*Section 2.06. Breakage.* The Issuer shall pay to the Purchaser a Breakage Fee (the "*Breakage Fee*") in connection with each redemption of the Bonds prior to the Maturity Date in accordance with the calculation set forth on Exhibit B hereto. Any such redemption shall be applied to the most remote payment of principal on the Bonds due pursuant to the terms of the Supplemental Indenture.

**ARTICLE III**

**RESERVED**

**ARTICLE IV**

**CONDITIONS PRECEDENT TO PURCHASE OF BONDS**

*Section 4.01. Documentary Requirements.* The obligation of the Purchaser to purchase the Bonds is subject to the conditions precedent that the Purchaser shall have received, on or before the Effective Date, the items listed below in this Section, each dated and in form and substance as is satisfactory to the Purchaser.

(a) The following Issuer documents:

(i) copies of the resolutions of the governing body of the Issuer approving the execution and delivery of the Related Documents executed and delivered in connection with the issuance of the Bonds to which the Issuer is a party, and the other matters contemplated hereby, certified by an Issuer Representative as being true and complete and in full force and effect on the Effective Date;

(ii) the Governing Documents, certified by an Issuer Representative to be in full force and effect as of the Effective Date;

(iii) the audited annual financial statements of the Issuer for the Fiscal Year ended June 30, 2017;

(iv) a copy of the Issuer's Investment Policy in effect as of the Effective Date;  
and

(v) a certificate dated the Effective Date and executed by an Issuer Representative certifying the names, titles, offices and signatures of the persons authorized to sign, on behalf of the Issuer, the Related Documents executed and delivered in connection with the issuance of the Bonds to which it is a party and the other documents to be delivered by it hereunder or thereunder.

(b) The following financing documents:

(i) an executed original or certified copy, as applicable, of each of the Related Documents; and

(ii) a specimen copy of the Bond.

(c) The following opinions, dated the Effective Date and addressed to the Purchaser or on which the Purchaser is otherwise expressly authorized to rely:

(i) from counsel to the Issuer, opinions as to the due authorization, execution, delivery and enforceability of the Related Documents executed and delivered in connection with the issuance of the Bonds to which the Issuer is a party, and such other customary matters as the Purchaser may reasonably request including, without limitation, valid security interest and pledge opinions;

(ii) from Bond Counsel, opinions to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes.

(d) The following documents and other information:

(i) a certificate dated the Effective Date and executed by a Issuer Representative certifying (A) that there has been no event or circumstance since June 30, 2017, that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (B) that the representations and warranties contained in Article V hereof are true and correct in all material respects on the Effective Date, (C) no event has occurred and is continuing, or would result from entry into this Agreement, which would constitute a Default or Event of Default and (D) since the dated date of the Rating Documentation, the unenhanced long-term debt ratings assigned to any Parity Debt has not been withdrawn, suspended or reduced;

(ii) a certificate dated the Effective Date and executed by an Issuer Representative, certifying that the Issuer is in compliance with, the covenants set forth in Sections 2.03 and 8.05 of the Indenture;

(iii) true and correct copies of all Governmental Approvals, if any, necessary for the Issuer to execute, deliver and perform the Related Documents to which it is a party;

(iv) recent evidence (which may consist entirely of publically available information) that the unenhanced long-term debt rating assigned by Moody's, S&P and Fitch to any Parity Debt is at least ["A1," "A-" and "A+,"] respectively (the "*Rating Documentation*"); and

(vi) an opinion of counsel to each Project Participant<sup>2</sup>.

*Section 4.02. Litigation.* The Purchaser shall have received a written description of all actions, suits or proceedings pending or threatened against the Issuer in any court or before any arbitrator of any kind or before or by any governmental or non-governmental body which could reasonably be expected to result in a Material Adverse Effect, if any, and such other statements,

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<sup>2</sup> To be discussed.

certificates, agreements, documents and information with respect thereto as the Purchaser may reasonably request.

*Section 4.03. Other Matters.* All other legal matters pertaining to the execution and delivery of this Agreement and the Related Documents shall be satisfactory to the Purchaser and its counsel, and the Purchaser shall have received such other statements, certificates, agreements, documents and information with respect to the Issuer and the other parties to the Related Documents and matters contemplated by this Agreement as the Purchaser may reasonably request.

*Section 4.04. Payment of Fees and Expenses.* Within thirty (30) calendar days of the Effective Date, (i) the Purchaser shall receive reimbursement of the Purchaser's fees and expenses and any other fees incurred in connection with the transaction contemplated by this Agreement or the Indenture, including without limitation, any fee payable to the California Debt and Investment Advisory Commission by the Purchaser with respect to the Bonds and (ii) counsel to the Purchaser shall have received payment of its reasonable legal fees and expenses incurred in connection with the preparation, review, negotiation, execution and delivery of the Related Documents executed and delivered in connection with the issuance of the Bonds.

*Section 4.05. No Bond Rating; DTC; Offering Document.* The Bonds shall not be (i) assigned a specific rating by any Rating Agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of official statement, private placement memorandum or other offering document or (iv) placed or offered by a broker-dealer in the capacity of an underwriter or a placement agent.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES

The Issuer makes the following representations and warranties to each Bondholder:

*Section 5.01. Organization, Powers, Etc.* The Issuer is a joint exercise of powers agency established and validly existing under and pursuant to the laws of the State and has: (a) full power and authority under the laws of the State, to enter into and perform its obligations under this Agreement and the other Related Documents and (b) all material governmental licenses, authorization, consents and approvals required to carry its business as now conducted and to enter into and perform its obligations under this Agreement and the other Related Documents.

*Section 5.02. Authorization, No Contravention.* The execution, delivery and performance by the Issuer of this Agreement and each other Related Document have been duly authorized by all necessary action, and require no action or consent by or in respect of, or filing with, any Governmental Authority other than the California Debt and Investment Advisory Commission. The execution and delivery by the Issuer of this Agreement and the other Related Documents to which it is a party do not and will not (a) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award as currently in effect to which the Issuer is subject; (b) result in a material breach of or constitute a material default under the

provisions of any resolution, indenture, loan or credit agreement or any other agreement, lease or instrument to which the Issuer may be or is subject or by which it, or any of its Property related to the Project, is bound; or (c) result in, or require, the creation or imposition of any mortgage, deed of trust, assignment, pledge, lien, security interest or other charge or encumbrance of any nature or with respect to any of its Property related to the Project other than the pledge of Trust Estate created by the Indenture. The performance by the Issuer of this Agreement and the other Related Documents to which it is a party does not and will not (i) violate any provision of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award as currently in effect to which the Issuer is subject; (ii) result in a breach of or constitute a default under the provisions of any resolution, indenture, loan or credit agreement or any other agreement, lease or instrument to which the Issuer may be or is subject or by which it, or any of its Property related to the Project, is bound; or (iii) result in, or require, the creation or imposition of any mortgage, deed of trust, assignment, pledge, lien, security interest or other charge or encumbrance of any nature or with respect to any of its Property related to the Project (other than the pledge of the Trust Estate created by the Indenture), except in the case of clause (ii) or (iii) any such breach, default, creation or imposition that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

*Section 5.03. Binding Effect.* This Agreement, the Bonds and each other Related Document executed and delivered in connection with the issuance of the Bonds to which the Issuer is a party constitute legal, valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles whether or not an equitable remedy is sought, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations in the State.

*Section 5.04. Financial Statements.* The Audited Financial Statements, which financial statements, accompanied by the audit report of Baker Tilly Virchow Krause, LLP, independent public accountants, heretofore furnished to the Purchaser, which are consistent in all material respects with the audited financial statements of the Issuer for the Fiscal Year ended June 30, 2017, fairly present the financial condition of the Issuer in all material respects as of such dates and the results of its operations for the periods then ended in conformity with GAAP. Since the date of the Audited Financial Statements, there has been no material adverse change in the financial condition or operations of the Issuer that could reasonably be expected to result in a Material Adverse Effect.

*Section 5.05. Litigation.* There is no action, suit or proceeding pending against or, to the best knowledge of the Issuer, threatened against the Issuer relating to this Agreement, the Bonds or any other Related Document before any court or other Governmental Authority in which there is a reasonable possibility of an adverse decision which could reasonably be expected to have a Material Adverse Effect.

*Section 5.06. Employee Benefit Plans, Etc.* The Issuer is not subject to Title I reporting and disclosure requirements, Title II or Title IV of ERISA and has no obligation or liability under or in respect of any "employee benefit plan" within the meaning of Section 3(3) of ERISA

or any other form of bonus, incentive compensation, deferred compensation or other similar plan or arrangement.

*Section 5.07. Environmental Laws.* The Issuer has not received notice to the effect that the Project operations are not in compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to result in a Material Adverse Effect.

*Section 5.08. No Sovereign Immunity.* Under existing law, the Issuer is not entitled to raise the defense of sovereign immunity in connection with any legal proceeding to enforce or collect upon this Agreement, the other Related Documents or the transactions contemplated hereby or thereby, including the payment of the principal of and interest on the Bonds or the payment of the other Obligations.

*Section 5.09. Disclosure.* All information heretofore furnished (including pursuant to any representation or warranty) by the Issuer to the Purchaser for purposes of or in connection with the negotiation of this Agreement and the transactions contemplated hereby is, and all such information hereafter furnished by the Issuer to the Purchaser in such connection will be, true, accurate and complete in all material respects on the date as of which such information is stated or certified. There is no fact known to the Issuer which the Issuer has not disclosed to the Purchaser in writing which the Issuer believes will result in a Material Adverse Effect or, so far as the Issuer can now reasonably foresee, is likely to result in a Material Adverse Effect.

*Section 5.10. Security.* (a) The Indenture creates, for the benefit of the owners of the Bonds, the legally valid, binding and irrevocable Lien on and pledge of the Trust Estate. There is no lien on the Trust Estate other than the lien created by the Indenture. The Indenture does not permit the issuance or incurrence of any Indebtedness secured by the Trust Estate to rank senior to the Bonds. The payment of the Bonds ranks on a parity with the payment of the principal and purchase price of and interest on all Parity Debt and is not subordinate to any payment secured by a lien on the Trust Estate, and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien. No filing, registration, recording or publication of the Indenture or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the Lien created thereby on the Trust Estate to secure the Bonds.

(b) The Obligations of the Issuer (other than the payment of the principal of or interest on the Bonds) constitute (NCPA Administrative Costs) (as defined in the Power Sales Agreement).

*Section 5.11. Incorporated Representations.* The Issuer makes each of the representations, warranties and covenants contained in the Related Documents, for the benefit of, the Purchaser as if the same were set forth at length herein together with all applicable definitions thereto. No amendment, modification, termination or replacement of any such

representations, warranties, covenants and definitions contained in the Indenture shall be effective to amend, modify, terminate or replace the representations, warranties, covenants and definitions incorporated herein by this reference, without the prior written consent of the Purchaser.

*Section 5.12. Pending Legislation.* There is no amendment to the Constitution of the State or any State law, or to the knowledge of the Issuer, proposed amendment to the Constitution of the State or any State law certified for placement on a ballot within the State, or any legislation that has passed either house of the United States Congress, or, to the knowledge of the Issuer, any published judicial decision interpreting any of the laws of the United States, the Constitution of the State or any State law, the effect of which could reasonably be expected to result in a Material Adverse Effect.

*Section 5.13. Compliance.* The Issuer is in compliance with all laws, ordinances, orders, rules and regulations applicable to the Issuer, except to the extent noncompliance could not reasonably be expected to result in a Material Adverse Effect.

*Section 5.14. Default.* The Issuer is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Related Document or other resolution, agreement or instrument to which it is a party which default could reasonably be expected to result in a Material Adverse Effect. No Event of Default has occurred and is continuing.

*Section 5.15. Margin Stock.* The Issuer is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no portion of the proceeds of the Bonds will be used to purchase or carry any such Margin Stock or to extend credit to others for the purpose of purchasing or carrying any such Margin Stock.

*Section 5.16. Tax-Exempt Status.* The Issuer has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other person or entity, which action, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation or the exemption of such interest from State of California income taxes.

*Section 5.17. Solvency.* The Issuer is able to pay its debts and satisfy its liabilities as they come due, is solvent and has not made any assignment for the benefit of creditors.

*Section 5.18. Sanctions Concerns and Anti-Corruption Laws.* (a) *Sanctions Concerns.* Neither the Issuer, nor, to the knowledge of the Issuer, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated Nationals or (iii) located, organized or resident in a Designated Jurisdiction.



(b) *Anti-Corruption Laws.* The Issuer, to its knowledge, has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions, and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

## ARTICLE VI

### COVENANTS

The Issuer covenants and agrees, until the full and final payment and satisfaction of all of the Obligations, unless the Purchaser shall otherwise consent in writing, that:

*Section 6.01. Reporting Requirements.* The Issuer shall furnish to the Purchaser:

(a) as soon as available, and in any event within 270 days after the end of the Fiscal Year, the annual audited financial statements of the Issuer together with the opinion of the Issuer's independent accountants;

(b) simultaneously with the delivery of each set of financial statements referred to in clause (i) above, a certificate of the Issuer signed by an Issuer Representative stating that, to the best knowledge of such officer executing such certificate, there exists on the date of such certificate no Event of Default or, if any Event of Default then exists, setting forth the details thereof and the action which the Issuer is taking or proposes to take with respect thereto;

(c) as soon as available to the Issuer, copies of all enacted legislation (including new legislation, amended legislation or repealed legislation) the effect of which, in the reasonable judgment of the Issuer, could reasonably be expected to have a Material Adverse Effect;

(d) from time to time such additional information regarding the financial position, operations or business of the Issuer as the Purchaser may reasonably request;

(e) (i) within five (5) Business Days of obtaining knowledge of any Default or Event of Default, or notice thereof, a certificate signed by a Issuer Representative specifying in reasonable detail the nature and period of existence thereof and what action the Issuer has taken or proposes to take with respect thereto; and (ii) promptly following a written request of the Purchaser, a certificate of a Issuer Representative as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement;

(f) as promptly as practicable, written notice to the Purchaser of all actions, suits or proceedings pending or threatened against the Issuer before any arbitrator of any kind or before any court or any other Governmental Authority which could reasonably be expected to result in a Material Adverse Effect.

*Section 6.02. Notices.* In addition to the notices described in Section 6.01, the Issuer will provide promptly to the Purchaser the following:

(a) notice of any event or circumstance known to the Issuer which in the reasonable judgment of the Issuer could reasonably be expect to result in a Material Adverse Effect;

(b) notice of any inquiry, investigation or audit of the Issuer by the Securities and Exchange Commission, the Department of Justice or the Internal Revenue Service, of which the Issuer has actual knowledge;

(c) notice of any proposed amendment or supplement to the Indenture and copies of all such amendments and supplements promptly following the execution thereof, in each case, other than any supplement to the Indenture setting forth only the terms of a new series of Parity Debt; and

(d) any reportable event notice relating to the Parity Debt (as described in b(5)(i)(C) of Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended) disseminated, distributed or provided in satisfaction of or as may be required pursuant to such requirements (or notice that such event notice has been filed with the Electronic Municipal Market Access service and is publicly available).

*Section 6.03. Further Assurances.* The Issuer shall execute, acknowledge where appropriate, and deliver, and cause to be executed, acknowledged where appropriate, and delivered, from time to time promptly at the request of the Purchaser, all such instruments and documents as in the reasonable opinion of the Purchaser are necessary to effectuate the provisions of this Agreement and the other Related Documents.

*Section 6.04. Inspection of Property, Books and Record.* The Issuer shall keep adequate records and books of account, in which complete entries will be made, reflecting all financial transactions; and at any reasonable time and from time to time upon reasonable notice thereof, permit the Purchaser or any agents or representatives thereof, at the expense of the Purchaser (so long as no Event of Default shall have occurred), to examine and make copies of and abstracts from the records and books of account of, and to the extent permitted by applicable law, visit the properties of, the Issuer and to discuss the affairs, finances and accounts of the Issuer relating to the Project with any of the Issuer's officers, trustees and (with notice to the Issuer) independent auditors (and by this provision, the Issuer authorizes said auditors to discuss with the Purchaser or its representatives the affairs, finances and accounts of the Issuer relating to the Project).

*Section 6.05. Waiver of Immunity.* If as a result of a change in Law the defense of sovereign immunity in respect of contract claims becomes available to the Issuer, the Issuer agrees, to the fullest extent permitted by law, not to assert the defense of sovereign immunity in any proceeding to enforce any of the obligations of the Issuer under this Agreement, the Bonds or any other Related Document in any court of competent jurisdiction. For clarity, such waiver does not include waiver of the provisions of the Government Claims Act, California Government Code section 810, *et seq.*

*Section 6.06. Compliance with Laws; Compliance with Agreements.* The Issuer covenants that it will comply with the requirements of (a) all applicable laws of any Governmental Authority having jurisdiction over the Issuer and any of its Property, including, without limitation, all Environmental Laws, and (b) all investment policy guidelines of the Issuer; in each case, the non-compliance with which would have a Material Adverse Effect, unless the same is being contested in good faith and by appropriate proceedings and such contest shall operate to stay the Material Adverse Effect of any such non-compliance. The Issuer will observe and perform all of its obligations under this Agreement and the Bonds and all of its material obligations under the Indenture except to the extent failure to do so could not reasonably be expected to result in a Material Adverse Effect. The Issuer will maintain in effect and enforce policies and procedures designed to ensure compliance by the Issuer and its commission members, officers, employees and agents with applicable Sanctions.

*Section 6.07. Disclosure to Purchaser Transferees, Non-Purchaser Transferees and Participants.* The Issuer shall permit the Purchaser to disclose any information received by the Purchaser in connection herewith including, without limitation, the financial information described in Section 6.01(a) hereof, to any Assignee or Participant.

*Section 6.08. Incorporation of Covenants.* From and after the date hereof and so long as this Agreement is in effect the Issuer agrees that it will, for the benefit of the Purchaser, comply with, abide by, and be restricted by all the agreements, covenants, obligations and undertakings contained in the provisions of the Indenture material to the performance of the Issuer's obligations hereunder (the obligations of the Issuer set forth in Article V and Article VII of the Indenture shall, for purposes of this Section 6.08, be considered material to the performance of the Issuer's obligations hereunder), together with the related definitions, exhibits and ancillary provisions, all of which are incorporated herein by reference, *mutatis mutandis*, and made a part hereof to the same extent and with the same force and effect as if the same had been herein set forth in their entirety, and no termination, amendment, modification or waiver to any of the foregoing shall in any manner constitute a termination, amendment, modification or waiver of the provisions thereof as incorporated herein unless consented to in writing by the Purchaser. The Issuer will not amend or modify, or permit to be amended or modified in any manner whatsoever any Related Document in a manner which would materially adversely affect the Issuer's ability to repay Indebtedness that is secured by the Trust Estate or which adversely affects the security for the Bonds or the other Obligations or the Issuer's ability to repay when due the Bonds or the other Obligations or the interests, security, rights or remedies of the Purchaser without the prior written consent of the Purchaser.

*Section 6.09. Maintenance of Tax-Exempt Status of the Bonds.* The Issuer shall not take any action or omit to take any action which, if taken or omitted, would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation or the exemption of such interest from California income taxes.

*Section 6.10. Liens; Indebtedness; Swaps; Consolidation and Mergers.* (a) Except for the Lien over the Trust Estate created by the Indenture, the Issuer will not hereafter create or suffer to exist any Lien on the Trust Estate on a basis that is senior to or on parity with the Lien created pursuant to the Bonds. The Issuer will not create or suffer to exist any Lien over any of its

Property which could reasonably be expected to have a Material Adverse Effect. Without limiting the foregoing, in the event a Lien attaches after the Effective Date (i) to the Trust Estate or (ii) to any of its Property and which if not removed could reasonably be expected to have a Material Adverse Effect, in either case the Issuer shall take all reasonable action necessary to remove such Lien as soon as practicable. For avoidance of doubt, the Purchaser acknowledges that nothing herein is intended to preclude the future issuance by the Issuer of additional Parity Debt in accordance with the terms of the Indenture and nothing in this Agreement shall be construed to limit the ability of the Issuer to incur NCPA Operating Expenses.

(b) After the Effective Date, other than Parity Debt, the Issuer will not issue or incur any additional Indebtedness secured by a pledge of or lien upon the Trust Estate unless such issuance or incurrence complies with the laws of the State or is made expressly subordinate to the payment of the Obligations; *provided, however*, that the Issuer has, and may in the future, enter into one or more Swap Contracts that constitute Parity Debt in order to hedge interest rate exposure in respect of additional Bonds with termination payments secured by the Trust Estate on parity with the pledge of the Trust Estate made for the payment of the Bonds. The Issuer will not issue any Indebtedness secured by a pledge of and lien upon the Trust Estate that is senior in right of payment to the Bonds and the Parity Debt; *provided that*, nothing herein is intended to preclude the future issuance by the Issuer of additional Parity Debt in accordance with the terms of the Indenture and nothing in this Agreement shall be construed to limit the ability of the Issuer to incur NCPA Operating Expenses (as defined in the Indenture).

(c) The Issuer will preserve and maintain its existence under the laws of the State and will not merge or consolidate with or into any other Person or acquire substantially all of the assets of any other Person unless (i) the Issuer continues to maintain exclusive control over the direction and operation of the Issuer and the of its Property, (ii) no Event of Default has occurred and is continuing or would result from such merger, consolidation or acquisition and (iii) such merger, consolidation or acquisition could not reasonably be expected to result in a Material Adverse Effect.

*Section 6.11. Use of Proceeds; Federal Reserve Regulations.* The Issuer covenants that it will not knowingly, directly or indirectly, use the proceeds of the Bonds to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions. No proceeds from moneys received hereunder shall be used by the Issuer to purchase Margin Stock in violation of Regulation U, as amended, promulgated by the Board of Governors of the Federal Reserve System.

*Section 6.12. Accounting Changes.* The Issuer shall not change its method of accounting or the times of commencement or termination of Fiscal Years or other accounting periods without first disclosing in writing such change to the Purchaser.

*Section 6.13. Maintenance of its Property.* The Issuer shall maintain, preserve and keep related to the Project in good repair, working order and condition (ordinary wear and tear excepted) and will, from time to time, make all needful and proper repairs, renewals, replacements, and additions and betterments thereto so that at all times the efficiency thereof shall be full preserved and maintained; *provided, however*, that nothing herein shall preclude the

Issuer from selling, transferring or disposing of portions of its Property related to the Project that have become nonoperative, worn out, obsolete or are otherwise not needed for the efficient and proper operation of the Project. The Issuer shall not change in any fundamental manner the use of the Project.

*Section 6.14. Preferential Repayment.* The Issuer shall not permit any Person party to any agreement with the Issuer the obligations of which are secured by a pledge of the Trust Estate on parity with the Issuer's payment obligations under this Agreement, including, without limitation, any credit provider or liquidity provider, to have any right under such agreement to cause the acceleration, tender, redemption or repayment (including by term-out or shortened amortization) of such obligations, on a basis that is shorter than or more favorable than the basis that the Purchaser is entitled to receive hereunder.

*Section 6.15. Filing of the Agreement.* In the event the Issuer delivers or permits, authorizes or consents to the delivery of this Agreement to any Person for delivery to the Municipal Securities Rulemaking Board, prior to such delivery the Issuer agrees that it shall redact such information contained herein as may be requested by the Purchaser and which is consistent with MSRB Notice 2011-17 (February 23, 2011). Only such copy of this Agreement reflecting such redacted material shall be delivered to the Municipal Securities Rulemaking Board.

*Section 6.16. Underlying Rating.* The Issuer shall at all times maintain a rating on its long-term unenhanced Parity Debt from at least one Rating Agency. The Issuer covenants and agrees that it shall not at any time withdraw any long-term unenhanced rating on its Parity Debt from any of Fitch, Moody's or S&P if the effect of such withdrawal would be to cure a Default or an Event of Default under this Agreement or reduce the Applicable Spread.

## ARTICLE VII

### EVENTS OF DEFAULT

*Section 7.01. Events of Default.* The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an "*Event of Default*" hereunder, unless waived in writing by Purchaser:

(a) the Issuer shall fail to pay the principal of or interest on any Bonds when due (whether by scheduled maturity, required prepayment, redemption or otherwise);

(b) the Issuer shall fail to pay any Obligation (other than the obligation to pay the principal of or interest on the Bonds) when due and such failure shall continue for two (2) Business Days;

(c) any representation or warranty made by or on behalf of the Issuer in this Agreement or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(d) the Issuer shall default in the due performance or observance of any of the covenants set forth in Sections 6.01 (other than Sections 6.01(c) and 6.01(f)), 6.04, 6.05, 6.09, 6.10 or 6.16 hereof; or

(e) the Issuer shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Related Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof;

(f) the Issuer shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 7.01(g) of this Agreement;

(g) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Issuer or any substantial part of its Property, or a proceeding described in Section 7.01(f)(v) shall be instituted against the Issuer and such proceeding continues undischarged or any such proceeding continues undismissed or unstayed for a period of thirty (30) or more days;

(h) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Indebtedness of the Issuer by the Issuer or any Governmental Authority with appropriate jurisdiction;

(i) (i) any provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Bonds or any Parity Debt or (B) the validity or enforceability of the pledge of the Trust Estate or any other pledge or security interest created by the Indenture shall at any time for any reason cease to be valid and binding on the Issuer as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction, or shall be declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable; or

(ii) the validity or enforceability of any material provision of this Agreement or any Related Document related to (A) payment of principal of or interest on the Bonds or any Parity Debt, or (B) the validity or enforceability of the pledge of the Trust Estate or any other pledge or security interest created by the Indenture shall be publicly contested by the Issuer; or

(iii) any other material provision of this Agreement or any other Related Document, other than a provision described in clause (i) above, shall at any time for any reason cease to be valid and binding on the Issuer as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof shall be publicly contested by the Issuer;

(j) dissolution or termination of the existence of the Issuer;

(k) the Issuer shall (i) default on the payment of the principal of or interest on any Parity Debt beyond the period of grace, if any, provided in the instrument or agreement under which such Parity Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Parity Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Parity Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Parity Debt;

(l) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Purchaser, in an aggregate amount in excess of \$5,000,000 shall be entered or filed against the Issuer or against any of its Property and remain unpaid, unvacated, unbonded or unstayed for a period of thirty (30) days;

(m) any "event of default" under any Related Document (as defined respectively therein) shall have occurred; or

(n) (i) S&P shall have downgraded its rating of any long-term unenhanced Parity Debt of the Issuer to below "BBB-" (or its equivalent), or suspended or withdrawn its rating of the same; or (ii) any of Fitch, Moody's and S&P shall have downgraded its rating of any long-term unenhanced Parity Debt of the Issuer to below "BBB-" (or its equivalent), "Baa3" (or its equivalent), or "BBB-" (or its equivalent) respectively, or suspended or withdrawn its rating of the same.

*Section 7.02. Consequences of an Event of Default.* If an Event of Default specified in Section 7.01 hereof shall occur and be continuing, the Purchaser may take one or more of the following actions at any time and from time to time (regardless of whether the actions are taken at the same or different times):

(a) (i) by written notice to the Trustee and the Issuer, declare the outstanding amount of the Obligations under this Agreement (except as set forth in Section 7.02(a)(ii) below) to be immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived;

(ii) deliver a written notice to the Trustee and the Issuer that an Event of Default has occurred and is continuing and direct the Trustee and the Issuer, as applicable, to cause the Bonds to be subject to mandatory redemption or take such other remedial action as is provided for in the Indenture;

(iii) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Indenture or to enforce performance or observance of any obligation, agreement or covenant of the Issuer under the Related Documents, whether for specific performance of any agreement or covenant of the Issuer or in aid of the execution of any power granted to the Purchaser in the Related Documents;

(iv) at the expense of the Issuer, cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however,* that the Purchaser shall have no obligation to effect such a cure; and

(v) exercise, or cause to be exercised, any and all remedies as it may have under the Indenture (other than as provided for in clause (ii) of this Section 7.02(a)) and as otherwise available at law and at equity.

(b) Notwithstanding the provisions of Section 7.02(a)(i) or 7.02(a)(ii), (x) the the Bonds shall not be subject to mandatory redemption as described in Section 7.02(a)(i) or 7.02(a)(ii) until seven (7) days after the occurrence of an Event of Default specified in Section 7.01(a), 7.01(f), 7.01(g), 7.01(h), 7.01(i)(i), 7.01(i)(ii), 7.01(j), 7.01(k) or 7.01(n)(i) and (y) the Purchaser shall notify the Issuer that the Bonds shall be subject to mandatory redemption at least one hundred eighty (180) days prior thereto in the case of any Event of Default not specified in the immediately preceding clause (x). Notwithstanding the foregoing sentence of this Section 7.02(b), if any other holder or credit enhancer of Indebtedness or any counterparty under any Swap Contract related thereto (i) has the right to cause such Indebtedness to be immediately due and payable (whether by repurchase, mandatory tender, mandatory redemption, acceleration or otherwise) on a date earlier than, or pursuant to a notice period which is shorter than what is set forth in the first sentence of this section 7.02(b) in connection with a default related to such Indebtedness, then the Purchaser shall automatically have such right or shorter



notice period, as applicable, or (ii) causes any such Indebtedness or other obligations of the Issuer to become immediately due and payable (whether by repurchase, mandatory tender, mandatory redemption, acceleration or otherwise), then the Purchaser may immediately, without notice, avail itself of the remedies set forth in Section 7.02(a)(i) or 7.02(a)(ii) hereof and/or declare or cause to be declared the unpaid principal amount of all outstanding Bonds, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder to be immediately due and payable.

*Section 7.03. Solely for the Benefit of Purchaser.* The rights and remedies of the Purchaser specified herein are for the sole and exclusive benefit, use and protection of the Purchaser, and the Purchaser is entitled, but shall have no duty or obligation to the Issuer, the Trustee or any other Person or otherwise, to exercise or to refrain from exercising any right or remedy reserved to the Purchaser hereunder or under any of the other Related Documents.

*Section 7.04. Discontinuance of Proceedings.* In case the Purchaser shall proceed to invoke any right, remedy or recourse permitted hereunder or under the Related Documents and shall thereafter elect to discontinue or abandon the same for any reason, the Purchaser shall have the unqualified right so to do and, in such event, the Issuer and the Purchaser shall be restored to their former positions with respect to the Obligations, the Related Documents and otherwise, and the rights, remedies, recourse and powers of the Purchaser hereunder shall continue as if the same had never been invoked.

## ARTICLE VIII

### MISCELLANEOUS

*Section 8.01. Amendments, Etc..* No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Issuer therefrom, shall be effective unless in writing signed by the Purchaser and the Issuer, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. In the case of any such waiver or consent relating to any provision hereof, any Default or Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Default or Event of Default or impair any right consequent thereto.

*Section 8.02. Notices; Effectiveness; Electronic Communications.* (a) *Notices Generally.* Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax transmission or e-mail transmission as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, to the address, fax number, e-mail address or telephone number specified the Issuer, the Purchaser or the Trustee on Schedule 8.02 hereof. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by fax transmission shall be

deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (c).

(b) *Electronic Communications.* Notices and other communications to the Purchaser hereunder may be delivered or furnished by electronic communication (including e-mail, FPML messaging and Internet or intranet websites) pursuant to procedures approved by the Purchaser. The Purchaser or the Issuer, in its discretion, agrees to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it provided that the approval of such procedures may be limited to particular notices or communications.

(c) Unless the Purchaser otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices and other communications posted to an Internet or intranet website shall be deemed received by the intended recipient upon the sender's receipt of an acknowledgment by the intended recipient (such as by the "return receipt requested" function, as available, return email address or other written acknowledgment) including that such notice or communication is available and identifying the website address therefor; *provided* that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(d) *Change of Address, Etc.* Each of the Issuer, the Purchaser and the Trustee may change its address, fax number or telephone number or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

(e) *Reliance by the Purchaser.* The Purchaser shall be entitled to rely and act upon any notices (including, without limitation, telephonic or electronic notices) purportedly given by or on behalf of the Issuer even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Issuer shall indemnify the Purchaser and any of Purchaser's Related Parties from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Issuer.

*Section 8.03. No Waiver; Cumulative Remedies.* No failure by the Purchaser to exercise, and no delay by the Purchaser in exercising, any right, remedy, power or privilege hereunder or under any other Related Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Related Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and

provided under each other Related Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

*Section 8.04. Expenses; Indemnity.* (a) The Issuer shall pay (i) all reasonable out-of-pocket expenses incurred by the Purchaser and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Purchaser), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Related Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Purchaser in connection with the purchase of the Bonds and (iii) all out-of-pocket expenses incurred by the Purchaser (including the fees, charges and disbursements of any counsel for the Purchaser), and shall pay all fees and time charges for attorneys who may be employees of the Purchaser, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Related Documents, including its rights under this Section, or (B) in connection with the purchase of the Bonds, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such purchase of the Bonds.

(b) *Indemnification by the Issuer.* To the extent permitted by applicable law, the Issuer shall indemnify the Purchaser and each Bondholder and each Related Party of the Purchaser or such Bondholder (each such Person being called an “*Indemnitee*”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all reasonable fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Issuer) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Related Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or the administration of this Agreement and the other Related Documents (including in respect of any matters addressed in Section 3.01), (ii) the purchase of the Bonds or the use or proposed use of the proceeds therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Issuer, and regardless of whether any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) *Waiver of Consequential Damages, Etc.* To the fullest extent permitted by applicable Law, the Issuer shall not assert, and hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Related Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby,

the purchase of the Bonds or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Related Documents or the transactions contemplated hereby or thereby.

(d) *Payments.* All amounts due under this Section shall be payable not later than twenty (20) Business Days after demand therefor.

(e) *Survival.* The agreements in this Section shall survive the payment in full of the Bonds, the repayment, satisfaction or discharge of all other Obligations and the termination of this Agreement.

*Section 8.05. Payments Set Aside.* To the extent that any payment by or on behalf of the Issuer is made to a Bondholder, or such Bondholder exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the such Bondholder in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

*Section 8.06. Successors and Assigns.*

(a) *Successors and Assigns Generally.* This Agreement is a continuing obligation and shall be binding upon the Issuer, its successors, transferees and assigns and shall inure to the benefit of the Bondholders and their respective permitted successors, transferees and assigns. The Issuer may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Purchaser. Each Bondholder may, in its sole discretion and in accordance with applicable Law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Bonds and the Related Documents in accordance with the provisions of paragraph (b) or (c) of this Section. Each Bondholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Bondholder may at any time pledge or assign a security interest subject to the restrictions of paragraph (e) of this Section. Bank of America, N.A. shall be the Purchaser hereunder until such time as it no longer owns any portion of the Bonds. At the time Bank of America, N.A. no longer owns any of the Bonds, the Majority Bondholder shall designate an alternate Person to serve as the Purchaser hereunder by delivery of written notice to the Issuer and the Trustee and such Person accepts and agrees to act as the Purchaser hereunder and under the Related Documents. The Majority Bondholder may so designate an alternate Person to act as the Purchaser from time to time. Upon acceptance and notification thereof to the Issuer and the Trustee, the successor to the Purchaser for such purposes shall thereupon succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Purchaser, and Bank of

America, N.A. or any other Person being replaced as the Purchaser shall be discharged from its duties and obligations as the Purchaser hereunder.

(b) *Sales and Transfers by Bondholder to a Purchaser Transferee.* Without limitation of the foregoing generality, a Bondholder may at any time sell or otherwise transfer to one or more transferees all or a portion of the Bonds to a Person that is (i) an Affiliate of the Purchaser or (ii) a trust or other custodial arrangement established by the Purchaser or an Affiliate of the Purchaser, the owners of any beneficial interest in which are limited to “qualified institutional buyers” as defined in Rule 144A promulgated under the 1933 Act (each, a “*Purchaser Transferee*”). From and after the date of such sale or transfer, Bank of America, N.A. (and its successors) shall continue to have all of the rights of the Purchaser hereunder and under the other Related Documents as if no such transfer or sale had occurred; *provided, however*, that (A) no such sale or transfer referred to in clause (b)(i) or (b)(ii) hereof shall in any way affect the obligations of the Purchaser hereunder, (B) the Issuer and the Trustee shall be required to deal only with the Purchaser with respect to any matters under this Agreement and (C) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Purchaser shall be entitled to enforce the provisions of this Agreement against the Issuer.

(c) *Sales and Transfers by Bondholder to a Non-Purchaser Transferee.* Without limitation of the foregoing generality, a Bondholder may at any time sell or otherwise transfer to one or more transferees which are not Purchaser Transferees but each of which constitutes a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act (each a “*Non-Purchaser Transferee*”) all or a portion of the Bonds if (A) written notice of such sale or transfer, including that such sale or transfer is to a Non-Purchaser Transferee, together with addresses and related information with respect to the Non-Purchaser Transferee, shall have been given to the Issuer, the Trustee and the Purchaser (if different than the Bondholder) by such selling Bondholder and Non-Purchaser Transferee, and (B) the Non-Purchaser Transferee shall have delivered to the Issuer, the Trustee and the selling Bondholder, an investment letter in substantially the form attached as Exhibit A to the Supplemental Indenture (the “*Investor Letter*”).

From and after the date the Issuer, the Trustee and the selling Bondholder have received written notice and an executed Investor Letter, (A) the Non-Purchaser Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Bondholder hereunder and under the other Related Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Purchaser Transferee, and any reference to the assigning Bondholder hereunder and under the other Related Documents shall thereafter refer to such transferring Bondholder and to the Non-Purchaser Transferee to the extent of their respective interests, and (B) if the transferring Bondholder no longer owns any Bonds, then it shall relinquish its rights and be released from its obligations under this Agreement and the other Related Documents; *provided, however*, that (1) the issuer and the Trustee shall be required to deal only with the Purchaser with respect to any matters under this Agreement; and (2) only the Purchaser shall be entitled to enforce the provisions of this Agreement against the issuer.

(d) *Participations.* Each Bondholder shall have the right to grant participations in all or a portion of such Bondholder's interest in the Bonds, this Agreement and the other Related Documents to one or more other banking institutions; *provided, however,* that (i) no such participation by any such participant shall in any way affect the obligations of the Issuer or the Purchaser hereunder and (ii) the Issuer and the Trustee shall be required to deal only with the Purchaser, with respect to any matters under this Agreement, the Bonds and the other Related Documents and no such participant shall be entitled to enforce any provision hereunder against the Issuer. The Issuer agrees that each participant shall be entitled to the benefits of Section 8.04 hereof to the same extent as if it were a Bondholder hereunder.

(e) *Certain Pledges.* In addition to the rights of each Bondholder set forth above, each Bondholder may at any time pledge or grant a security interest in all or any portion of its rights or interests under the Bonds, this Agreement and/or the Related Documents to secure obligations of such Bondholder or an Affiliate of such Bondholder, including any pledge or assignment to secure obligations to a Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that no such pledge or assignment shall release such Bondholder from any of its obligations hereunder or substitute any such pledgee or assignee for such Bondholder as a party hereto.

*Section 8.07. Treatment of Certain Information; Confidentiality* (a) Each of the Issuer, the Purchaser, each Bondholder and the Trustee agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations, including without limitation the California Public Records Act, or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Related Document or any action or proceeding relating to this Agreement or any other Related Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights and obligations under this Agreement or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Issuer and its obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating the Issuer or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the Bonds, (h) with the consent of the Issuer or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Purchaser, a Bondholder or any of its Affiliates on a nonconfidential basis from a source other than the Issuer. For purposes of this Section, "Information" means all information received from the Issuer relating to the Issuer or any of its respective businesses, other than any such information that is available to the Purchaser, a Bondholder or the Trustee on a nonconfidential basis prior to disclosure by the Issuer, provided that, in the case of information

received from the Issuer after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Purchaser may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers the Purchaser in connection with the administration of this Agreement and the other Related Documents.

(b) *Customary Advertising Material.* The Issuer consents to the publication by the Purchaser of customary advertising material relating to the transactions contemplated hereby using the name, product photographs, logo or trademark of the Issuer.

*Section 8.08. Counterparts; Integration; Effectiveness.* This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, and any separate letter agreements with respect to fees payable to the Purchaser constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Purchaser and when the Purchaser shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement, or any certificate delivered thereunder by fax transmission or e-mail transmission (e.g., “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this Agreement or certificate. Without limiting the foregoing, to the extent a manually executed counterpart is not specifically required to be delivered under the terms of any Related Document, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

*Section 8.09. Survival of Representations and Warranties.* All representations and warranties made hereunder and in any other Related Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Purchaser, regardless of any investigation made by the Purchaser or on its behalf and notwithstanding that the Purchaser may have had notice or knowledge of any Default at the time of the purchase of the Bonds, and covenants made hereunder shall continue in full force and effect as long as any Obligation hereunder shall remain unpaid or unsatisfied.

*Section 8.10. Severability.* If any provision of this Agreement is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

*Section 8.11. Governing Law; Jurisdiction; Etc.* (a) *GOVERNING LAW.* THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA.

(b) *Submission to Jurisdiction.* THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREE THAT THEY WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ANOTHER PARTY OR ANY RELATED PARTY OF THE PURCHASER OR ISSUER IN ANY WAY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF CALIFORNIA SITTING IN SACRAMENTO COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE EASTERN DISTRICT OF CALIFORNIA, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH CALIFORNIA STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(c) *Waiver of Venue.* EACH OF THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) *Service of Process.* EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 8.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

*Section 8.12. Waiver of Jury Trial.* (a) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER



INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

(b) IF ANY ACTION OR PROCEEDING IS FILED IN A COURT OF THE STATE OF CALIFORNIA BY OR AGAINST ANY PARTY HERETO IN CONNECTION WITH ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE COURT SHALL, AND IS HEREBY DIRECTED TO, MAKE A GENERAL REFERENCE PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638 TO A REFEREE (WHO SHALL BE A SINGLE ACTIVE OR RETIRED JUDGE) TO HEAR AND DETERMINE ALL OF THE ISSUES IN SUCH ACTION OR PROCEEDING (WHETHER OF FACT OR OF LAW) AND TO REPORT A STATEMENT OF DECISION, *PROVIDED* THAT AT THE OPTION OF ANY PARTY TO SUCH PROCEEDING, ANY SUCH ISSUES PERTAINING TO A “PROVISIONAL REMEDY” AS DEFINED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 1281.8 SHALL BE HEARD AND DETERMINED BY THE COURT.

*Section 8.13. No Advisory or Fiduciary Relationship.* In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Issuer acknowledges and agrees, that: (a) (i) the services regarding this Agreement provided by the Purchaser and any Affiliate thereof are arm’s-length commercial transactions between the Issuer, on the one hand, and the Purchaser and its Affiliates, on the other hand, (ii) the Issuer has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Issuer is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; (b) (i) the Purchaser and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the Issuer, or any other Person and (ii) neither the Purchaser nor any of its Affiliates has any obligation to the Issuer with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Related Documents; and (c) the Purchaser and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Issuer, and neither the Purchaser nor any of its Affiliates has any obligation to disclose any of such interests to the Issuer. To the fullest extent permitted by law, the Issuer, hereby waives and releases any claims that it may have against the Purchaser or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

*Section 8.14. Electronic Execution of Certain Documents.* The words “delivery,” “execute,” “execution,” “signed,” “signature,” and words of like import in any document executed in connection herewith shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Purchaser, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary, the Purchaser and the Issuer are under no obligation to agree to accept electronic signatures in any form or in any format unless expressly agreed to by

the Purchaser, or the Issuer, as applicable, pursuant to procedures approved by it; *provided further* without limiting the foregoing, upon the request of the Purchaser, any electronic signature shall be promptly followed by such manually executed counterpart.

*Section 8.15. USA Patriot Act.* The Purchaser hereby notifies the Issuer that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “*Patriot Act*”), it is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Purchaser to identify the Issuer in accordance with the Patriot Act. The Issuer agrees to, promptly following a request by the Purchaser, provide all such other documentation and information that the Purchaser requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act.

*Section 8.16. Time of the Essence.* Time is of the essence of the Related Documents.

*Section 8.17. Entire Agreement.* THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

*Section 8.18. Further Assurances.* From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the other Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder. At any time, and from time to time, upon request by the Purchaser, the Issuer will, at the Issuer’s expense, (a) correct any defect, error or omission which may be discovered in the form or content of any of the Related Documents executed in connection with the issuance of the Bonds, and (b) make, execute, deliver and record, or cause to be made, executed, delivered and recorded, any and all further instruments, certificates, and other documents as may, in the opinion of the Purchaser, be necessary or desirable in order to complete, perfect or continue and preserve the Lien of the Indenture. Upon any failure by the Issuer to do so, the Purchaser or the Trustee may make, execute and record any and all such instruments, certificates and other documents for and in the name of the Issuer, all at the sole expense of the Issuer, and the Issuer hereby appoints the Purchaser and the Trustee the agent and attorney-in-fact of the Issuer to do so, this appointment being coupled with an interest and being irrevocable. Without limitation of the foregoing, the Issuer irrevocably authorizes the Purchaser at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements deemed necessary or desirable by the Purchaser to establish or maintain the validity, perfection and priority of the security interests granted in the Indenture, and the Issuer ratifies any such filings made by the Purchaser prior to the date hereof. In addition, at any time, and from time to time, upon request by the Purchaser or the Trustee, the Issuer will, at the Issuer's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of the Purchaser or the Trustee, be necessary or desirable in

order to verify the Issuer's identity and background in a manner satisfactory to the Purchaser or the Trustee, as the case may be.

*Section 8.19. No Third-Party Rights.* Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto and the Bondholders any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the Effective Date.

NORTHERN CALIFORNIA POWER AGENCY

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BANK OF AMERICA, N.A.

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**FORM OF COMPLIANCE CERTIFICATE**

Financial Statement Date: \_\_\_\_\_, \_\_\_\_\_

To: Bank of America, N.A.,

Ladies and Gentlemen:

Reference is made to that certain Continuing Covenant Agreement dated as of December 1, 2017 (the "*Agreement*"), between the Northern California Power Agency (the "*Issuer*") and Bank of America, N.A. (the "*Purchaser*"). Unless otherwise defined herein, the terms used in this Certificate shall have the meanings assigned thereto in the Agreement.

The undersigned Issuer Representative hereby certifies as of the date hereof that he/she is the \_\_\_\_\_ of the Issuer, and that, as such, he/she is authorized to execute and deliver this Certificate to the Purchaser on the behalf of the Issuer, and that:

1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 6.01(a) of the Agreement for the fiscal year of the Issuer ended as of the above date, together with the report and opinion of an independent certified public accountant required by such section.

2. The undersigned has reviewed and is familiar with the terms of the Agreement and has made, or has caused to be made under his/her supervision, a review of the transactions and condition (financial or otherwise) of the Issuer during the accounting period covered by the attached financial statements.

3. A review of the activities of the Issuer during such fiscal period has been made under the supervision of the undersigned with a view to determining whether during such fiscal period the Issuer performed and observed all its Obligations under the Related Documents, and

**[select one:]**

**[to the best knowledge of the undersigned during such fiscal period, the Issuer performed and observed each covenant and condition of the Related Documents applicable to it, and no Default or Event of Default has occurred and is continuing.]**

**--or--**

**[the following covenants or conditions have not been performed or observed and the following is a list of each such Default or Event of Default and its nature and status:]**

**SCHEDULE 8.02**

<b>The Issuer:</b>	Northern California Power Agency 651 Commerce Drive Roseville, California 95678 Attention: Chief Financial Officer Telephone: (916) 781-4244 Facsimile: (916) 781-4255
<b>The Bank:</b>	Bank of America, N.A. 211 N. Robinson OK1-100-02-30 Oklahoma City, OK 73102 Attention: Brent Riley (Senior Vice President) Telephone: (405) 230-1717
<b>The Trustee:</b>	U.S. Bank Global Corporate Trust Services 111 Fillmore Avenue E St. Paul, MN 55107

## EXHIBIT B

The Bonds may be redeemed in whole on any Interest Payment Date, with three (3) days prior written notice to the Purchaser, by payment in an amount equal to the principal amount to be redeemed plus accrued interest thereon to the date of redemption plus the Breakage Fee. For purposes hereof, the Breakage Fee will be the sum of fees calculated separately for each Prepaid Installment, as follows:

(i) The Purchaser will first determine the amount of interest which would have accrued each month at the Taxable Equivalent Rate for the Prepaid Installment had it remained outstanding until the applicable Original Payment Date, using the interest rate applicable to the Prepaid Installment under this Agreement.

(ii) The Purchaser will then subtract from each monthly interest amount determined in (i), above, the amount of interest which would accrue for that Prepaid Installment if it were reinvested from the date of prepayment or redemption through the Original Payment Date, using the Treasury Rate.

(iii) If (i) minus (ii) for the Prepaid Installment is greater than zero, the Purchaser will discount the monthly differences to the date of prepayment or redemption by the Treasury Rate. The Purchaser will then add together all of the discounted monthly differences for the Prepaid Installment.

The following definitions will apply to the calculation of the Breakage Fee:

(i) "Original Payment Dates" mean the dates on which the prepaid or redeemed principal would have been paid if there had been no prepayment or redemption. If any of the principal would have been paid later than the end of the fixed rate interest period in effect at the time of prepayment or redemption, then the Original Payment Date for that amount will be the last day of the interest period.

(ii) "Prepaid Installment" means the amount of the prepaid or redeemed principal which would have been paid on a single Original Payment Date.

(iii) "Taxable Equivalent Rate" means the interest rate per annum derived from the following formula: interest rate on the Bond divided by the difference of (1 minus the Maximum Corporate Income Tax Rate). The "Maximum Corporate Income Tax Rate" is the highest marginal federal income tax rate charged to U.S. corporations in effect at the time of the prepayment calculation. The "Maximum Corporate Income Tax Rate" is currently 35% (or 0.35 in numerical terms).

(iv) "Treasury Rate" means the yield on the Treasury Constant Maturity Series with maturity equal to the Original Payment Date of the Prepaid Installment which are principal payments (calculated as of the date of redemption/prepayment -\*Use Applicable Language in accordance with accepted financial practice and rounded to the nearest quarter-year), as reported

in Federal Reserve Statistical Release H.15, Selected Interest Rates of the Board of Governors of the Federal Reserve System, or any successor publication. If no maturity exactly corresponding to such Original Payment Date appears in Release H.15, the Treasury Rate will be determined by linear interpolation between the yields reported in Release H.15. If for any reason Release H.15 is no longer published, the Purchaser shall select a comparable publication to determine the Treasury Rate.



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FIRST SUPPLEMENTAL INDENTURE OF TRUST

between

NORTHERN CALIFORNIA POWER AGENCY

and

U.S. BANK NATIONAL ASSOCIATION, as TRUSTEE

relating to

Lodi Energy Center Revenue Refunding Bonds,  
Issue One, 2017 Series A

Dated as of December 1, 2017

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## **FIRST SUPPLEMENTAL INDENTURE OF TRUST**

This **FIRST SUPPLEMENTAL INDENTURE OF TRUST**, made and entered into as of December 1, 2017, by and between Northern California Power Agency, a joint exercise of powers agency established pursuant to the laws of the State of California (“NCPA”), and U.S. Bank National Association, a national banking association, incorporated under the laws of the United States of America and authorized to accept and execute trusts of the character herein set out, with its principal corporate trust office located at 100 Wall Street, New York, New York, as successor trustee (the “Trustee”);

### **W I T N E S S E T H :**

**WHEREAS**, NCPA has heretofore entered into an Indenture of Trust, dated as of June 1, 2010 (the “Original Indenture of Trust”), by and between NCPA and the Trustee, to provide for the securing of Bonds; and

**WHEREAS**, NCPA has heretofore issued the Refunded Prior Bonds (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in Section 1.03 hereof) pursuant to the Original Indenture of Trust; and

**WHEREAS**, the Original Indenture of Trust authorized NCPA and the Trustee to enter into a Supplemental Indenture to provide for the issuance of Refunding Bonds such as the 2017 Series A Bonds; and

**WHEREAS**, NCPA desires to issue \$\_\_\_\_\_ aggregate principal amount of its 2017 Series A Bonds in order to provide a portion of the moneys to refund the Refunded Prior Bonds and to pay certain costs of issuance in connection with the issuance of the 2017 Series A Bonds; and

**WHEREAS**, all acts and things have been done and performed which are necessary to make this First Supplemental Indenture of Trust a valid and binding agreement for the security of the 2017 Series A Bonds authenticated and delivered hereunder;

### **NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS FIRST SUPPLEMENTAL INDENTURE OF TRUST WITNESSETH:**

That, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created and originally created by the Original Indenture of Trust, the mutual covenants herein contained and the purchase and acceptance of the 2017 Series A Bonds issued hereunder by the Holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of, Redemption Price, if any, and interest on the Bonds according to their tenor and effect, and the performance and observance by NCPA of all the covenants and conditions herein and therein contained on its part to be performed, it is agreed by and between NCPA and the Trustee as follows:

## ARTICLE I

### AUTHORITY AND DEFINITIONS

**1.01. Supplemental Indenture of Trust.** This First Supplemental Indenture of Trust is supplemental to the Original Indenture of Trust as heretofore amended and supplemented.

**1.02. Authority for the First Supplemental Indenture of Trust.** This First Supplemental Indenture of Trust is adopted (i) pursuant to the provisions of Article 4 of the Act and (ii) in accordance with Article II and Article XI of the Original Indenture of Trust.

**1.03. Definitions.**

(a) Except as provided by this First Supplemental Indenture of Trust, all terms which are defined in Section 1.01 of the Original Indenture of Trust shall have the same meanings, respectively, in this First Supplemental Indenture of Trust as such terms are given in said Section 1.01 of the Original Indenture of Trust.

(b) **Additional Definitions.** The following terms shall, for all purposes of the Indenture of Trust, have the following meanings set forth below:

**2010 Series A Bonds** means the Outstanding Lodi Energy Center Revenue Bonds, Issue One, 2010 Series A authorized by the Original Indenture of Trust.

**2010 Series A Bonds Escrow Agreement** means the Escrow Deposit Agreement, dated as of December 1, 2017, between NCPA and U.S. Bank National Association, as trustee of the 2010 Series A Bonds, as the same may be amended, modified, supplemented or restated in accordance with the terms thereof.

**2010 Series A Bonds Escrow Fund** means the Fund so designated established under the 2010 Series A Bonds Escrow Agreement.

**2017 Series A Bonds** shall mean NCPA's Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A authorized by Article II of this First Supplemental Indenture of Trust.

**2017 Series A Bonds Costs of Issuance Account** means the Account so designated established pursuant to Section 2.08 of this First Supplemental Indenture of Trust.

**2017 Series A Bonds Rebate Fund** means the Fund so designated established in Section 3.02 of this First Supplemental Indenture of Trust.

**2017 Series A Bonds Rebate Instructions** means those calculations and written directions required to be delivered to the Trustee by NCPA pursuant to Section 3.02 of this First Supplemental Indenture of Trust.

**2017 Series A Bonds Rebate Requirement** means the Rebate Requirement as defined in the 2017 Series A Bonds Tax Certificate.

**2017 Series A Bonds Tax Certificate** means that certain Tax Certificate signed by NCPA on the date the 2017 Series A Bonds are issued and relating to the requirements of Section 148 of the Code.

**Authorized Denomination** means with respect to the 2017 Series A Bonds, \$250,000 and any integral multiple of \$5,000 in excess thereof.

**Bond Purchase Agreement** means the Bond Purchase and Continuing Covenant Agreement, dated as of December 1, 2017, between NCPA and Bank of America, N.A., as the same may be amended, modified, supplemented or restated.

**BPA Event of Default** has the meaning ascribed to the term “Event of Default” in Section 1.01 of the Bond Purchase Agreement.

**Dated Date** means, with respect to the 2017 Series A Bonds, December \_\_, 2017.

**Default Rate** has the meaning ascribed to such term in Section 1.01 of the Bond Purchase Agreement.

**Determination of Taxability** has the meaning ascribed to such term in Section 1.01 of the Bond Purchase Agreement.

**First Supplemental Indenture of Trust** shall mean this First Supplemental Indenture of Trust, amending and supplementing the Original Indenture of Trust as heretofore amended and supplemented.

**Refunded Prior Bonds** means the \$\_\_\_\_\_ aggregate principal amount of the 2010 Series A Bonds maturing on June 1, 2025.

**Taxable Rate** has the meaning ascribed to such term in Section 1.01 of the Bond Purchase Agreement.

(1) **Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Defined terms shall include any variant of the terms set forth in this Article I.

The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and any similar terms, as used in this First Supplemental Indenture of Trust, refer to this First Supplemental Indenture of Trust as a whole and not to any particular Article or Section hereof.

## ARTICLE II

### THE 2017 SERIES A BONDS

**2.01. Principal Amount, Designation and Series.** Pursuant to the provisions of the Original Indenture of Trust and this First Supplemental Indenture of Trust and the provisions of Article 4 of the Act, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in the aggregate principal amount of \$\_\_\_\_\_. Such Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, “Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A.” Each of the 2017 Series A Bonds shall be in fully registered form in an Authorized Denomination. The 2017 Series A Bonds shall be numbered one upward in consecutive numerical order preceded by the letter “R”. The 2017 Series A Bonds shall be in substantially the form attached hereto as Exhibit A with such variations and omissions as are necessary to reflect the particular terms of each 2017 Series A Bond.

**2.02. Purpose.** The 2017 Series A Bonds are issued for the purpose of paying all or a portion of the moneys needed to refund the Refunded Prior Bonds and to pay certain costs in connection with the issuance of the 2017 Series A Bonds.

**2.03. Terms of the 2017 Series A Bonds.** (a) The 2017 Series A Bonds shall be dated the Dated Date, shall mature on June 1, 2025 and shall bear interest from the Dated Date at the rate of \_\_\_\_ percent per annum; provided, however, the interest on the 2017 Series A Bonds shall be calculated at the Default Rate upon the occurrence and during the continuance of a BPA Event of Default and the interest on the 2017 Series A Bonds shall be calculated at the Taxable Rate upon the occurrence and during the continuance of a Determination of Taxability.

(b) **Interest.** Interest on the 2017 Series A Bonds shall be payable semi-annually on each June 1, and December 1, commencing June 1, 2018, until payment of the 2017 Series A Bonds is made to the respective Holders thereof, computed using a year of 360 days comprised of twelve 30-day months.

(c) **No Debt Service Reserve Account for 2017 Series A Bonds.** Pursuant to Section 2.07 of the Original Indenture, the 2017 Series A Bonds shall not constitute Participating Bonds. There shall be no Series Debt Service Reserve Account established for the 2017 Series A Bonds.

**2.04. Redemption Prices And Terms.**

(a) The 2017 Series A Bonds are not subject to optional redemption prior to their stated maturity dates.

(b) In accordance with Article V of the Original Indenture of Trust, the 2017 Series A Bonds are subject to mandatory redemption in accordance with Section 7.02 of the Bond Purchase Agreement. Notice of redemption made pursuant to Section 5.05 of the Original Indenture of Trust shall not be required to be made for 2017 Series A Bonds subject to redemption pursuant to this Section 2.04(b).

(c) The 2017 Series A Bonds shall be subject to mandatory redemption from Sinking Fund Installments for the 2017 Series A Bonds, which Sinking Fund Installments are payable on the dates and in the amounts set forth below at a Redemption Price equal to the principal amount thereof:

Date	Sinking Fund Installment
_____	_____

**2.05. Place of Payment.** The principal and Redemption Price of the 2017 Series A Bonds shall be payable upon surrender thereof at the corporate trust office of the Trustee in New York, New York, as shall be designated from time to time.

**2.06. Application of Proceeds of 2017 Series A Bonds.** In accordance with Section 2.03 of the Original Indenture of Trust, the proceeds of the sale of the 2017 Series A Bonds of \$ \_\_\_\_\_, shall be applied simultaneously with the delivery of the 2017 Series A Bonds, as follows:

(a) There shall be deposited in the 2010 Series A Bonds Escrow Fund, the sum of \$ \_\_\_\_\_;

(b) There shall be no money deposited in the Debt Service Reserve Account in the Debt Service Fund because the balance in the Debt Service Reserve Account is at least equal to the Debt Service Reserve Requirement upon the issuance of the 2017 Series A Bonds; and

(c) There shall be deposited in the 2017 Series A Bonds Costs of Issuance Fund the sum of \$ \_\_\_\_\_.

**2.07. Establishment and Application of 2017 Series A Bonds Costs of Issuance Fund.** The Trustee shall establish and maintain in trust a separate fund designated as the “2017 Series A Bonds Costs of Issuance Fund.” Moneys deposited in said fund shall be used to pay costs of issuance with respect to the 2017 Series A Bonds upon receipt by the Trustee of a requisition of an NCPA Authorized Representative stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said Fund. At the end of one year from the date of initial delivery of the 2017 Series A Bonds, or upon earlier receipt of a statement of an NCPA Authorized Representative that amounts in said fund are no longer required for the payment of such costs, expenses and obligations, said Fund shall be terminated and any amounts then remaining in said fund shall be transferred to the Debt Service Account in the Debt Service Fund.

## ARTICLE III

### CERTAIN TAX MATTERS

#### 3.01. Tax Covenants.

(a) NCPA covenants that it shall not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code. NCPA shall not directly or indirectly use or permit the use of any proceeds of the Bonds in such a manner as would adversely affect the exclusion of interest on any Bonds from gross income under Section 103 of the Code. NCPA shall not directly or indirectly use or permit the use of any proceeds of any Bonds, or of any facilities financed thereby, or other funds of NCPA, or take or omit to take any action, that would cause any Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code. To that end, NCPA shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury issued thereunder to the extent such requirements are, at the time, in effect and applicable to the Bonds. In the event that at any time NCPA is of the opinion that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Indenture of Trust, NCPA shall so instruct the Trustee in writing, and the Trustee shall take such action as may be directed in such instructions.

(b) NCPA specifically covenants that:

(i) NCPA shall not allow the amount of Gross Proceeds of the 2017 Series A Bonds invested during any Bond Year in Nonpurpose Investments with a Yield in excess of the Yield on the 2017 Series A Bonds to exceed the lesser of (a) one hundred fifty percent (150%) of the scheduled debt service for that Bond Year or (b) the amounts on deposit in the Debt Service Reserve Account and attributed to the 2017 Series A Bonds (provided that such amounts do not exceed ten percent (10%) of the proceeds of the 2017 Series A Bonds) plus \$100,000.

(ii) NCPA shall pay or cause to be paid the 2017 Series A Bonds Rebate Requirement as provided in the 2017 Series A Bonds Tax Certificate.

(iii) NCPA shall determine the amount of and cause to be deposited in the 2017 Series A Bonds Rebate Fund the 2017 Series A Bonds Rebate Requirement as provided in the 2017 Series A Bonds Tax Certificate (which is incorporated herein by reference). Subject to the provisions of this Section, moneys held in the 2017 Series A Bonds Rebate Fund are hereby pledged to secure payments to the United States of America, and NCPA and the Holders of the Bonds shall have no rights in or claim to such moneys. The Trustee shall invest all amounts held in the 2017 Series A Bonds Rebate Fund as directed in writing by an Authorized NCPA Representative.

Upon receipt of the 2017 Series A Bonds Rebate Instructions required to be delivered to the Trustee, the Trustee shall remit part or all of the balance held in the 2017 Series A Bonds Rebate Fund, together with any completed forms to be filed therewith prepared by NCPA and delivered with such 2017 Series A Bonds Rebate Instructions, to the United States of America to the extent so directed, including rebate due in connection with any Series of Bonds. In addition,



if the 2017 Series A Bonds Rebate Instructions so direct, the Trustee shall deposit moneys into or transfer moneys out of the 2017 Series A Bonds Rebate Fund from or into such Accounts or Funds as the 2017 Series A Bonds Rebate Instructions direct.

The Trustee shall conclusively be deemed to have complied with the provisions of this Section if it follows the directions of NCPA set forth in the 2017 Series A Bonds Rebate Instructions and shall not be required to take any actions thereunder in the absence of 2017 Series A Bonds Rebate Instructions from an Authorized NCPA Representative.

(iv) For purposes of this Section 3.01, capitalized terms not defined in Section 1.03 hereof shall have the meanings ascribed to such terms in the 2017 Series A Bonds Tax Certificate.

**3.02. Rebate Fund.** For purposes of complying with tax covenants contained in the Original Indenture of Trust and in Section 3.01 hereof, there is hereby established a fund designated the “2017 Series A Bonds Rebate Fund” to be held by the Trustee. Amounts on deposit in the 2017 Series A Bonds Rebate Fund shall be applied as provided in Section 3.01 of this First Supplemental Indenture of Trust.

## ARTICLE IV

### MISCELLANEOUS

**4.01. Indenture of Trust to Remain in Effect.** Save and except as heretofore amended and supplemented and as amended and supplemented by this First Supplemental Indenture of Trust, the Indenture of Trust shall remain in full force and effect.

**4.02. No Financial Guaranty.** As long as any 2017 Series A Bonds are outstanding, NCPA will not substitute a Financial Guaranty for the cash in the Debt Service Reserve Account.

**4.03. Counterparts.** This First Supplemental Indenture of Trust may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

**4.04. Sinking Fund Redemption of 2017 Series A Bonds.** Notwithstanding anything to the contrary in the Indenture of Trust, the following provisions shall apply to the 2017 Series A Bonds with respect to the Sinking Fund Installment redemptions:

(a) no notice of redemption need be given, and

(b) in lieu of the surrender of any 2017 Series A Bond as a requirement for payment of the redemption price, the Trustee shall wire transfer on the applicable Sinking Fund Installment redemption date the redemption price to the owners of the 2017 Series A Bonds to be redeemed (in whole) to such account(s) as shall be specified by such registered owners and shall maintain a record as to the Sinking Fund Installment as to principal amount of 2017 Series A Bonds which remain outstanding following each Sinking Fund Installment redemption. The record of the Trustee as to the Outstanding principal amount of the 2017 Series A Bonds shall conclusively

evidence the Outstanding principal amount of 2017 Series A Bonds notwithstanding anything to the contrary, contained in the 2017 Series A Bonds.

**4.05. Restrictions on Sales and Transfers by Bondholder.** Transfers of the 2017 Series A Bonds shall be limited by the provisions of Section 8.06 of the Bond Purchase Agreement. Any Non-Purchaser Transferee (as defined in the Bond Purchase Agreement) shall deliver to the Agency, the Trustee and the selling Bondholder an investment letter in substantially the form attached as Exhibit B, prior to the effectiveness of such transfer.

IN WITNESS WHEREOF, Northern California Power Agency has caused these presents to be signed in its name and on its behalf by its General Manager and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on its behalf by one of its authorized officers, all as of the first day of December, 2017.

NORTHERN CALIFORNIA POWER AGENCY

By: \_\_\_\_\_  
Name: Randy Howard  
Title: General Manager

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_  
Authorized Officer

EXHIBIT A

FORM OF 2017 SERIES A BOND

**NORTHERN CALIFORNIA POWER AGENCY**

**LODI ENERGY CENTER REVENUE REFUNDING BOND,  
ISSUE ONE, 2017 SERIES A**

No. R-1 \$ \_\_\_\_\_

<u>Interest Rate</u>	<u>Dated Date</u>	<u>Maturity Date</u>
____%	December __, 2017	June 1, 2025

Registered Owner: BANK OF AMERICA, N.A.

Principal Amount: THIRTY EIGHT MILLION NINE HUNDRED FORT-FIVE THOUSAND DOLLARS

**NORTHERN CALIFORNIA POWER AGENCY** (herein called "NCPA"), a joint exercise of powers agency established pursuant to the laws of the State of California, acknowledges itself indebted to, and for value received hereby promises to pay to, the registered owner specified above, or registered assigns, on the Maturity Date stated hereon, unless sooner paid as provided in the Indenture of Trust mentioned below, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of U.S. Bank National Association, in New York, New York, as trustee (such bank and any successor thereto being referred to herein as the "Trustee"), or the principal corporate trust office of any successor trustee, the principal amount specified above in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay interest on such principal amount, by wired funds or check of the Trustee, mailed to such owner at his address as shown on the bond register at the interest rate per annum (calculated on the basis of a 360-day year of twelve thirty-day months) stated hereon, payable on the first days of June and December in each year, commencing June 1, 2018 (each an "Interest Payment Date"), until payment of this bond is made to the registered owner hereof. Such interest shall be payable by wired funds or check of the Trustee from the most recent Interest Payment Date next preceding the date of authentication hereof to which interest has been paid, unless the date of authentication hereof is a December 1 or June 1 to which interest has been paid, in which case from the date of authentication hereof, or unless the date of authentication hereof is on or prior to May 15, 2017, in which case from the Dated Date set forth above, or unless the date of authentication hereof is between a Record Date and the next Interest Payment Date, in which case from such Interest Payment Date. The interest so payable on any Interest Payment Date will be paid to the person in whose name this bond is registered at the close of business on the 15th day of the calendar month immediately preceding such Interest Payment Date.

This bond is one of a duly authorized issue of bonds of NCPA designated as "Lodi Energy Center Revenue Refunding Bonds, Issue One" (the "Bonds") and of a series of Bonds

designated as “Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A” (the “2017 Series A Bonds”). The 2017 Series A Bonds are issued pursuant to the Article 4 of the Act. The 2017 Series A Bonds have been issued in the aggregate principal amount of \$\_\_\_\_\_. The 2017 Series A Bonds are issued under, and, together with all other Bonds issued and outstanding thereunder, are equally and ratably secured by the Trust Estate and entitled to the protection given by, the Indenture of Trust, dated as of June 1, 2010, as amended and supplemented, which Indenture of Trust was duly executed and delivered by NCPA to U.S. Bank National Association, New York, New York, the successor Trustee (said Indenture of Trust, as amended and supplemented and as the same may be further amended and supplemented, is herein called the “Indenture of Trust”).

Copies of the Indenture of Trust are on file at the office of NCPA and at the principal corporate trust office of the Trustee and reference is hereby made to the Indenture of Trust and to all amendments and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of NCPA and the Trustee and the terms upon which the Bonds are or may be issued and secured under the Indenture of Trust, the rights and remedies of the owners of the Bonds, the limitations on such rights and remedies. Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture of Trust.

This bond is a special, limited obligation of NCPA. The principal amount and redemption price of, and interest on, the Bonds are payable solely from the funds available from the Trust Estate and are secured by a pledge of the Trust Estate; provided, however, that the pledge of that portion of the Trust Estate constituting the Pledged Power Sales Agreement Rights Bonds shall be on a parity with any pledge of the Pledged Power Sales Agreement Rights securing the payment of Parity Debt. The Bonds do not constitute a charge against the general credit of NCPA. The Bonds are not secured by a legal or equitable pledge of, or lien or charge upon, any property of NCPA or any of its income or receipts except the Trust Estate subject to the provisions of the Power Sales Agreement and the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein. Neither the faith and credit nor the taxing power of the State of California or any public agency thereof or any Member of NCPA or any Participant is pledged to the payment of the principal or redemption price of, or interest on, the Bonds. Neither the payment of the principal or redemption price of, or interest on, the Bonds constitutes a debt, liability or obligation of the State of California or any public agency thereof (other than NCPA) or any Member of NCPA or any Participant. Neither the members of the Commission nor any officer or employee of NCPA shall be individually liable on the Bonds, or the interest thereon, or in respect of any undertakings by NCPA under the Indenture.

The 2017 Series A Bonds were issued for the purpose of paying a portion of the of the amounts needed to refund the Refunded Prior Bonds and to pay certain costs in connection with the issuance of the 2017 Series A Bonds.

As provided in the Indenture of Trust, Bonds of NCPA may be issued thereunder from time to time pursuant to Supplemental Indentures of Trust in one or more Series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Indenture of Trust provided. The aggregate principal amount of Bonds which may be issued under the Indenture of Trust is not limited except as provided in the Indenture

of Trust, and all Bonds issued and to be issued under the Indenture of Trust are and will be equally secured by the pledge and assignment and covenants made therein, except as otherwise expressly provided or permitted in the Indenture of Trust. At the time of issuance of the 2017 Series A Bonds, there was Outstanding under the Indenture of Trust \$31,585,000 aggregate principal amount of Bonds in addition to the 2017 Series A Bonds.

The 2017 Series A Bonds are issuable in the form of fully registered bonds in authorized denominations which are \$250,000 and any integral multiple of \$5,000 in excess thereof.

Subject to the terms of the Bond Purchase and Continuing Covenant Agreement, dated as of December 1, 2017 (the "Purchase Agreement"), the 2017 Series A Bonds are subject to redemption, at the option of NCPA, in whole on any Interest Payment Date, at a Redemption Price equal to the principal amount of the 2017 Series A Bonds being redeemed, together with accrued, unpaid interest to the redemption date from insurance or condemnation proceeds with respect to the Project; or from any source of money if all or substantially all of the Project or the Capital Improvements refinanced with the proceeds of the 2017 Series A Bonds are damaged or destroyed, taken by any public entity in exercise of its powers of eminent domain or disposed of or abandoned; provided, however, that the option of NCPA to call 2017 Series A Bonds for redemption from insurance or condemnation proceeds shall expire 180 days following the receipt of such insurance or condemnation proceeds.

In accordance with Article V of the Original Indenture of Trust, the 2017 Series A Bonds are subject to mandatory redemption in accordance with Section 7.02 of the Bond Purchase Agreement. Notice of redemption made pursuant to Section 5.05 of the Original Indenture of Trust shall not be required to be made for 2017 Series A Bonds subject to redemption pursuant to such redemption provisions.

The 2017 Series A Bonds are subject to mandatory redemption from the Sinking Fund Installments established for the 2017 Series A Bonds on the dates, in the amounts and in the manner (including that there shall be no notice of such redemption) set forth in the Indenture of Trust. This bond need not be presented or surrendered in connection with the payment of the Sinking Fund Installments when due.

If less than all of the 2017 Series A Bonds are to be redeemed on a redemption date, the particular 2017 Series A Bonds to be redeemed shall be selected as provided in the Indenture of Trust.

The 2017 Series A Bonds are payable upon redemption at the principal corporate trust office of the Trustee. Notice of redemption, setting forth the place of payment and the redemption date, shall be mailed, postage prepaid, not less than 30 days before the Redemption Date to the registered owners of any 2017 Series A Bonds or portions of the 2017 Series A Bonds to be redeemed; provided, however, that receipt of such mailing shall not be a condition precedent to such redemption and failure to receive any such notice or any defect therein shall not affect the validity of the proceedings for the redemption of the 2017 Series A Bonds. If notice of redemption shall have been given as aforesaid, the 2017 Series A Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the

Redemption Date, moneys for the redemption of all the 2017 Series A Bonds or portions thereof to be redeemed, together with unpaid interest thereon to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such 2017 Series A Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

Subject to the terms of the Bond Purchase Agreement, this bond is transferable, as provided in the Indenture of Trust, only upon the books of NCPA kept for that purpose at the principal corporate trust office of the Trustee, by the registered owner hereof, or by his duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon payment of the charges prescribed in the Indenture of Trust a new registered 2017 Series A Bond or Bonds, without coupons, and for the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided in the Indenture of Trust. NCPA and the Trustee may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture, or any indenture amendatory thereof or supplemental thereto, may be modified or amended by NCPA with the written consent of the registered owners of at least a majority in principal amount of the affected Bonds then Outstanding. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the principal amount or redemption price thereof, or reduce the amount of any applicable sinking fund installment therefor, or reduce the rate of interest thereon or extend the time of payment of interest thereon, without the consent of the registered owner of each Bond so affected; or (2) reduce the aforesaid percentage of Bonds the consent of the registered owners of which is required to effect any such modification or amendment, or permit the creation of any other lien on the Trust Estate, or deprive the registered owners of the Bonds of the lien of the pledge made pursuant to the Indenture on the Trust Estate (except as expressly provided in the Indenture), in each such case without the consent of the registered owners of all Bonds then Outstanding; or (3) shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

The Indenture may also be modified or amended without the consent of the registered owners of any Bonds so long as such modification or amendment shall not materially, adversely affect the interests of the owners of the Bonds.

The registered owner of this bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

It is hereby certified and recited that all conditions, acts and things required by law and the Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed in due time, form and manner, and that the Bonds, together with all other indebtedness of NCPA, comply in all respects with the applicable laws of the State of California.

This bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this bond shall have been authenticated by the manual execution by the Trustee of the Trustee's Certificate of Authentication hereon.

**IN WITNESS WHEREOF, NORTHERN CALIFORNIA POWER AGENCY** has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of the Chairman of its Commission and its seal (or a facsimile thereof) to be hereunto affixed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of an Assistant Secretary, all as of the Dated Date specified above.

**NORTHERN CALIFORNIA POWER  
AGENCY**

[SEAL]

ATTEST: \_\_\_\_\_  
ASSISTANT SECRETARY

BY: \_\_\_\_\_  
CHAIRMAN



**TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds delivered pursuant to the within mentioned Indenture of Trust.

Date of Authentication  
Trustee

U.S. BANK NATIONAL ASSOCIATION, as

\_\_\_\_\_

BY: \_\_\_\_\_  
AUTHORIZED OFFICER

**ASSIGNMENT**

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

---

(Name, Address and Tax Identification or  
Social Security Number of Assignee)

the within Bond of the Northern California Power Agency and does hereby irrevocably  
constitute and appoint

\_\_\_\_\_ attorney to  
transfer the said Bond on the books kept for registration thereof with full power of substitution in  
the premises.

Dated: \_\_\_\_\_

---

Notice: The Signature of this assignment and  
transfer must correspond with the name  
as written upon the face of this bond in  
every particular, without alteration or  
enlargement or any change whatsoever.

Signature guaranteed by

---

Notice: Signature must be guaranteed by a  
member of the National Association of  
Securities Dealers or a commercial bank  
or trust company.

EXHIBIT B  
FORM OF INVESTMENT LETTER

**INVESTOR LETTER**

[DATE OF TRANSFER]

Northern California Power Agency  
651 Commerce Drive  
Roseville, CA 95678

U.S. Bank National Association  
100 Wall Street, 16th Floor  
New York, NY 10005

Re:    \$ \_\_\_\_\_  
  Lodi Energy Center  
  Revenue Refunding Bonds, Issue One, 2017 Series A

Ladies and Gentlemen:

This letter is to provide you with certain representations and agreements with respect to our purchase of all of the above-referenced bonds (the "*Bonds*"), dated their date of issuance. The Bonds were issued under and secured in the manner set forth in that certain Indenture of Trust, dated as of June 1, 2010, as amended and supplemented from time to time, including by the First Supplemental Indenture of Trust dated as of December 1, 2017, between the Northern California Power Agency (the "*Issuer*") and U.S. Bank National Association (the "*Trustee*") (the "*Indenture*"). \_\_\_\_\_ (the "*Purchaser*," the "*undersigned*," "*us*" or "*we*," as applicable) is purchasing the Bonds pursuant to a Bond Purchase and Continuing Covenant Agreement dated as of December 1, 2017, between the Issuer and the Purchaser (the "*BPA*"). We hereby represent and warrant to you and agree with you as follows:

1. We understand that the Bonds have not been registered pursuant to the Securities Act of 1933, as amended (the "*1933 Act*"), the securities laws of any state nor has the Indenture been qualified pursuant to the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions set forth therein. We acknowledge that the Bonds (i) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (ii) will not be listed on any securities exchange, (iii) will not carry a rating from any rating service, and (iv) will be delivered in a form which may not be readily marketable.

2. We have not offered, offered to sell, offered for sale or sold any of the Bonds by means of any form of general solicitation or general advertising, and we are not an underwriter of the Bonds within the meaning of Section 2(11) of the 1933 Act.

3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds.

4. The Purchaser is a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act and is able to bear the economic risks of such investment.

5. The Purchaser understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to the Bonds. The Purchaser has made its own inquiry and analysis with respect to the Issuer, the Bonds and the security therefor, and other material factors affecting the security for and payment of the Bonds. The Purchaser is aware that the business of the Issuer involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.

6. The Purchaser acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, regarding the Issuer, to which a reasonable investor would attach significance in making investment decisions, and has had the opportunity to ask questions and receive answers from knowledgeable individuals, including its own counsel, concerning the Issuer, the Bonds and the security therefor, so that as a reasonable investor, it has been able to make its decision to purchase the Bonds.

7. The Purchaser has reviewed the documents executed in conjunction with the issuance of the Bonds, including, without limitation, the Indenture and the Project Number 3 Member Agreement (as defined in the Indenture). The Purchaser acknowledges and agrees that the Issuer takes no responsibility for, and makes no representation to the Purchaser, or any subsequent purchaser, with regard to, a sale, transfer or other disposition of the Bonds in violation of the provisions hereof, or any securities law or income tax law consequences thereof. The Purchaser also acknowledges that, with respect to the Issuer’s obligations and liabilities, the Purchaser is solely responsible for compliance with the sales restrictions on the Bonds provided in the BPA in connection with any subsequent transfer of the Bonds made by the Purchaser.

8. The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto.

9. The interpretation of the provisions hereof shall be governed and construed in accordance with California law without regard to principles of conflicts of laws.

10. The Bonds are being acquired by the Purchaser for investment for its own account and not with a present view toward resale or distribution; *provided, however*, that the Purchaser reserves the right to sell, transfer or redistribute the Bonds, but agrees that any such sale, transfer or distribution by the Purchaser shall be to a Person:

- (a) that is an affiliate of the Purchaser;

(b) that is a trust or other custodial arrangement established by the Purchaser or one of its affiliates, the owners of any beneficial interest in which are limited to qualified institutional buyers;

(c) that is a secured party, custodian or other entity in connection with a pledge by the Purchaser to secure public deposits or other obligations of the Purchaser or one of its affiliates to state or local governmental entities; or

(d) that the Purchaser reasonably believes to be a qualified institutional buyer and who executes an investor letter substantially in the form of this letter.

Very truly yours,

[NON-PURCHASER TRANSFEREE]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**ESCROW DEPOSIT AGREEMENT**

Between

**NORTHERN CALIFORNIA POWER AGENCY**

and

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

**Dated as of December 1, 2017**

**Relating to**

**Lodi Energy Center Revenue Bonds,  
Issue One, 2010 Series A**

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# ESCROW DEPOSIT AGREEMENT

Relating to

Northern California Power Agency

Lodi Energy Center Revenue Bonds,  
Issue One, 2010 Series A

**THIS ESCROW DEPOSIT AGREEMENT**, dated as of December 1, 2017, by and between Northern California Power Agency (“NCPA”) and U.S. Bank National Association, New York, New York, as trustee (the “Trustee”) under the Indenture of Trust, dated as of June 1, 2010 (the “Indenture”), as supplemented and amended, by and between NCPA and the Trustee,

## WITNESSETH:

**WHEREAS**, NCPA has previously authorized and issued its Lodi Energy Center Revenue Bonds, Issue Bonds, 2010 Series A under the Indenture (the “2010 Series A Bonds”); and

**WHEREAS**, the outstanding 2010 Series A Bonds are subject to redemption at the option of NCPA as a whole on any date and in part on any date on and after June 1, 2020; and

**WHEREAS**, NCPA has determined to exercise its option to redeem all of the outstanding 2010 Series A Bonds maturing on June 1, 2025 (the “Refunded Bonds”) on July 1, 2019 (the “Redemption Date”) at a redemption price equal to one hundred percent of the principal amount of the Refunded Bonds together with accrued but unpaid interest on the Refunded Bonds to the Redemption Date (the “Redemption Price”); and

**WHEREAS**, NCPA has determined to provide the Trustee with the funds which, together with the interest thereon as provided herein, will provide the funds necessary to pay the interest on the Refunded Bonds on all interest payment dates commencing June 1, 2018 for the Refunded Bonds and the Redemption Price of the Refunded Bonds on the Redemption Date (such interest and Redemption Price being referred to herein as the “Escrow Requirements”); and

**WHEREAS**, for the purpose of paying and refunding the Refunded Bonds, NCPA has issued \$38,945,000 aggregate principal amount of its Lodi Energy Center Revenue Refunding Bonds, Issue One, 2017 Series A (the “2017 Series A Bonds”) pursuant to the Indenture; and

**NOW THEREFORE**, in consideration of the mutual covenants and agreements herein contained, NCPA and the Trustee agree as follows:

**SECTION 1. Definitions.** Unless otherwise defined herein, capitalized terms shall have the meanings herein given such terms in the Indenture, as amended and supplemented by the Supplemental Indentures of Trust.



In addition, the following terms shall, unless the context otherwise requires, have the meanings set forth below.

“**Defeasance Securities**” shall mean the noncallable, direct obligations of the United States of America described in Exhibit A hereto.

“**Escrow Fund**” shall mean the fund established pursuant to Section 2(a) of this Agreement.

**SECTION 2. The Escrow Fund.**

(a) There is hereby established with the Trustee a fund designated the “Lodi Energy Center Revenue Bonds, Issue One, 2010 Series A Escrow Fund” (the “Escrow Fund”) to be held in irrevocable trust by the Trustee for the benefit of the Holders of the Refunded Bonds separate and apart from all other funds of NCPA and the Trustee, subject, nonetheless, to the application thereof as provided in this Agreement.

Subject to the provisions of this Agreement, amounts in the Escrow Fund shall be applied solely to the payment of the Escrow Requirements as specified in Section 4 hereof. All Defeasance Securities purchased with moneys in the Escrow Fund shall be held for the credit of the Escrow Fund and all payments, including without limitation, all principal and interest payments with respect to such Defeasance Securities, shall be deposited upon receipt by the Trustee into the Escrow Fund.

(b) NCPA acknowledges that it has no right, title or interest in or to any of the moneys or Defeasance Securities held in the Escrow Fund. Under no circumstances shall any money or Defeasance Securities held in the Escrow Fund be paid over or delivered to, or upon the order of, NCPA.

(c) There has been deposited with the Trustee for deposit in the Escrow Fund the sum of \$\_\_\_\_\_ consisting of a portion of the proceeds of the 2017 Series A Bonds and funds released from the Debt Service Fund.

(d) The Trustee acknowledges receipt of the moneys described in Section 2(c) and agrees to deposit such moneys in the Escrow Fund and apply such moneys as provided in this Agreement.

**SECTION 3. Use and Investment of Moneys.**

(a) The Trustee is hereby directed to apply, on December \_\_, 2017, \$\_\_\_\_\_ of the moneys deposited in the Escrow Fund pursuant to Section 2(c) to the purchase of the Defeasance Securities at the purchase price and from the vendor set forth in Exhibit A hereto. Except as provided in this subsection (a), the moneys on deposit in the Escrow Fund or otherwise held by the Trustee under this Agreement shall be held uninvested by the Trustee.

(b) NCPA represents, and the Accountant’s Certificate delivered by Precision Analytics Inc. to the Trustee at the time of execution and delivery of this Agreement verifies, that

the moneys to be received from the maturing principal of and interest on the Defeasance Securities shall be sufficient, together with the other funds held in the Escrow Fund, to pay the Escrow Requirements when due.

(c) The moneys held in the Escrow Fund, including receipts of payments of the principal of and interest on the Defeasance Securities, shall not be withdrawn or used for any purpose other than, and shall be held in trust for, the payment to the Holders of the Refunded Bonds of the Escrow Requirements when due as required by Section 4.

(d) The Trustee shall not be held liable for investment losses resulting from compliance with the provisions of this Agreement.

**SECTION 4. Payment of Escrow Requirements.** From the maturing principal of any Defeasance Securities held in the Escrow Fund and the investment income and other earnings thereon and any uninvested money then held in the Escrow Fund, U.S. Bank National Association, as Trustee for the Refunded Bonds, shall the Redemption Price of the Refunded Bonds on the Redemption Date.

**SECTION 5. Notice of Redemption and Defeasance.**

(a) NCPA irrevocably directs the Trustee to give the notice of redemption of the Refunded Bonds on the Redemption Date by the time and in the manner required by the Indenture. Such notice shall be in substantially the form attached hereto as Exhibit B.

(b) NCPA irrevocably directs the Trustee to give the notice of defeasance of the Refunded Bonds on December \_\_, 2017. Such notice shall be in substantially the form attached hereto as Exhibit C.

**SECTION 6. Termination of Obligations.** As provided in Section 12.01 of the Indenture, upon the deposit of the amounts specified in Section 2(c) hereof and the purchase of Defeasance Securities pursuant to Section 3(a) hereof, the pledge of the Trust Estate under the Indenture and all covenants, agreements, and other obligations of NCPA to the Owners (other than the tax covenants as specified in the Indenture) shall cease, terminate, and become void and be discharge and satisfied.

Notwithstanding the provisions for payment of the Refunded Bonds as provided in, and with the effect stated in, Section 12.01 of the Indenture, the provisions of the Indenture relating to record dates, medium of payment, registration, transfer, exchange and replacement shall continue to apply to the Refunded Bonds.

**SECTION 7. Performance of Duties.** The Trustee agrees to perform the duties set forth herein.

**SECTION 8. Trustee's Authority to Make Investments.** The Trustee shall have no power or duty to invest any funds held under this Agreement except as provided in Section 3 hereof. The Trustee shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Agreement.

**SECTION 9. Indemnity.** NCPA hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Trustee and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Trustee at any time (whether or not also indemnified against the same by NCPA or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Trustee in accordance with the provisions of this Agreement; provided, however, that NCPA shall not be required to indemnify the Trustee against the Trustee's own negligence or willful misconduct or the negligence or willful misconduct of the Trustee's respective successors, assigns, agents and employees or the material breach by the Trustee of the terms of this Agreement. In no event shall NCPA or the Trustee be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

**SECTION 10. Responsibilities of Trustee.** The Trustee and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the redemption of the Refunded Bonds, or any payment, transfer or other application of moneys or securities by the Trustee in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Trustee made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of NCPA, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the redemption of the Refunded Bonds pursuant to the Indenture or to the validity of this Agreement as to NCPA and, except as otherwise provided herein, the Trustee shall incur no liability in respect thereof. The Trustee shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Trustee shall be determined by the express provisions of this Agreement. The Trustee may consult with counsel, who may or may not be counsel to NCPA, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring an Accountant's Certificate or an Opinion of Bond Counsel) may be deemed to be conclusively established by a certificate signed by an Authorized NCPA Representative. Whenever the Trustee shall deem it

necessary or desirable that a matter specifically requiring an Accountant's Certificate or an Opinion of Bond Counsel be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by such an Accountant's Certificate or such Opinion of Bond Counsel.

**SECTION 11. Compensation.** The Trustee's acts hereunder shall constitute services rendered under the Indenture for purposes of Section 905 of the Indenture; provided, however, that under no circumstances shall the Trustee be entitled to any lien whatsoever on any moneys or Defeasance Securities in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Trustee under this Agreement, the Indenture or otherwise.

**SECTION 12. Amendments.** This Agreement is irrevocable and no provision hereof may be amended except as specifically set forth herein. NCPA and the Trustee may, without the consent of, or notice to, the Holders of the Bonds, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not adversely affect the interests of the Holders of the Refunded Bonds. The Trustee shall be entitled to rely conclusively upon an Opinion of Bond Counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the Holders of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section.

**SECTION 13. Term.** This Agreement shall commence upon its execution and delivery and shall terminate on the date the principal of and interest on the Refunded Bonds has been paid to the respective Holders of the Refunded Bonds as required by Section 4 hereof. After such payment, any moneys remaining in the Escrow Fund shall be transferred by the Trustee to the General Debt Service Subaccount in the Debt Service Account in the Debt Service Fund.

**SECTION 14. Severability.** If any one or more of the covenants or agreements provided in this Agreement on the part of NCPA or the Trustee to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

**SECTION 15. Representations.** NCPA represents and warrants that the statements contained in the preambles to this Agreement are true and correct.

**SECTION 16. Counterparts.** This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

**SECTION 17. Governing Law.** This Agreement shall be construed under the laws of the State of California.

**SECTION 18. Assignment.** This Agreement shall not be assigned by the Trustee or any successor thereto without the prior written consent of NCPA.



**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first above written.

**NORTHERN CALIFORNIA POWER  
AGENCY**

By: \_\_\_\_\_  
Assistant General Manager, Finance and  
Administrative Services and  
Chief Financial Officer

**U.S. BANK NATIONAL ASSOCIATION, as  
Trustee**

By: \_\_\_\_\_  
Authorized Signatory

**EXHIBIT A**  
**DEFEASANCE SECURITIES**

<b>Description of Defeasance Securities</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Par Amount</b>
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**EXHIBIT B**

**FORM OF NOTICE OF REDEMPTION**

**NORTHERN CALIFORNIA POWER AGENCY  
LODI ENERGY CENTER REVENUE BONDS  
ISSUE ONE, 2010 SERIES A**

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>CUSIP</u>
June 24, 2010	June 1, 2025	\$36,020,000	664845DZ4

TO: The Owners of the above-captioned bonds (the “Bonds”)

U.S. Bank National Association acts as the trustee (the “Trustee”) with respect to the above-referenced Bonds pursuant to the Indenture of Trust, dated as of June 1, 2010 (the “Indenture”), by and between the Northern California Power Agency (“NCPA”) and the Trustee, as trustee.

On behalf of the Agency, you are hereby notified that:

1. NCPA has exercised its option to redeem all of the Bonds on June 1, 2020 (the “Redemption Date”);
2. on the Redemption Date, there shall become due and payable upon each Bond the Redemption Price thereof, which is the principal amount of the Bonds, without premium, plus unpaid accrued interest thereon to the Redemption Date;
3. on the Redemption Date, the Redemption Price shall be due and payable. by the Trustee at:

BY MAIL:

U.S. Bank National Association  
100 Wall Street  
New York, New York 10005

BY HAND OR OVERNIGHT DELIVERY:

U.S. Bank National Association  
100 Wall Street  
New York, New York 10005  
Telephone: (212) \_\_\_\_ - \_\_\_\_



**EXHIBIT C**

**FORM OF NOTICE OF DEFEASANCE**

**NORTHERN CALIFORNIA POWER AGENCY  
LODI ENERGY CENTER REVENUE BONDS  
ISSUE ONE, 2010 SERIES A**

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>CUSIP</u>
June 24, 2010	June 1, 2025	\$36,020,000	664845DZ4

TO: The Owners of the above-captioned bonds (the “Bonds”)

U.S. Bank National Association, as trustee (the “Trustee”) is hereby providing notice of defeasance of the Bonds in accordance with the Indenture of Trust, dated as of June 1, 2010 (the “Indenture”), by and between the Northern California Power Agency (“NCPA”) and U.S. Bank National Association, as trustee (the “Trustee”) relating to the Bonds. As of the date hereof, proceeds in the Escrow Fund established under the Escrow Agreement, dated the date hereof (the “Escrow Agreement”), among the Trustee, as escrow agent and NCPA, will be used to pay the principal and interest with respect to the Bonds, as directed in the Escrow Agreement. The Bonds will be redeemed on June 1, 2020.

Capitalized terms used but undefined herein shall have the meaning given such terms in the Indenture.



# Commission Staff Report

December 6, 2017

**COMMISSION MEETING DATE:** December 14, 2017

**SUBJECT:** Delegate Authority to the General Manager to enter into agreements and issue purchase orders necessary for exhaust seal maintenance on Alameda CT Unit 1; Applicable to the following projects: NCPA CT1 Facility.

**AGENDA CATEGORY:** Discussion/Action

<b>FROM:</b>	Ken Speer	<b>METHOD OF SELECTION:</b>
	Assistant General Manager	<i>Competitive Pricing Process</i>
<b>Division:</b>	Generation Services	
<b>Department:</b>	Combustion Turbines	

**IMPACTED MEMBERS:**

<b>All Members</b> <input type="checkbox"/>	<b>City of Lodi</b> <input checked="" type="checkbox"/>	<b>City of Shasta Lake</b> <input type="checkbox"/>
<b>Alameda Municipal Power</b> <input checked="" type="checkbox"/>	<b>City of Lompoc</b> <input checked="" type="checkbox"/>	<b>City of Ukiah</b> <input checked="" type="checkbox"/>
<b>Bay Area Rapid Transit</b> <input type="checkbox"/>	<b>City of Palo Alto</b> <input type="checkbox"/>	<b>Plumas-Sierra REC</b> <input checked="" type="checkbox"/>
<b>City of Biggs</b> <input checked="" type="checkbox"/>	<b>City of Redding</b> <input type="checkbox"/>	<b>Port of Oakland</b> <input type="checkbox"/>
<b>City of Gridley</b> <input checked="" type="checkbox"/>	<b>City of Roseville</b> <input checked="" type="checkbox"/>	<b>Truckee Donner PUD</b> <input type="checkbox"/>
<b>City of Healdsburg</b> <input checked="" type="checkbox"/>	<b>City of Santa Clara</b> <input checked="" type="checkbox"/>	<b>Other</b> <input type="checkbox"/>

*If other, please specify*

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## **RECOMMENDATION:**

Approve Resolution 17-101 authorizing the General Manager to enter into agreements and issue purchase orders necessary for exhaust seal maintenance on Alameda CT Unit 1 for a total cost not to exceed \$600,000, and increase the CT1 FY18 budget in an amount not to exceed \$350,000 should that be necessary to complete the work.

## **BACKGROUND:**

During routine rounds, metal pieces were found on the ground around the Alameda CT Unit 1 stack. The unit experienced a seal failure on the exhaust tunnel of the turbine and, as a result, was taken out of service to prevent further damage. An exhaust borescope inspection revealed exhaust flex seals are missing from the 7-12 o'clock position. According to the vendor performing the inspection, this can happen due to material fatigue, fretting and/or cyclic stress. During the Unit 1 major maintenance conducted in the spring of 2015, the exhaust flex seal inspection revealed no concerns.

## **FISCAL IMPACT:**

Staff is working on a plan that would provide access to the missing seals for replacement which is estimated at a cost not to exceed \$250,000. However, should that plan not work, disassembly of the unit will be required, and additional funds will be needed to complete the work. The total cost of the project will not exceed \$600,000.

This project was not included in the current fiscal year budget. However, funds from the Maintenance Reserve account are available for this project for up to \$250,000 (account #265-010-000-610-070-000). Should additional work be required over and above the cost of \$250,000, a budget supplement in an amount not to exceed \$350,000 will be needed. The cost allocation for the project, and any needed budget augmentation, will be based on project participation percentages.

## **SELECTION PROCESS:**

All of the work associated with this maintenance has been put out for bid to qualified contractors and will be awarded in accordance with NCPA procurement policies and procedures.

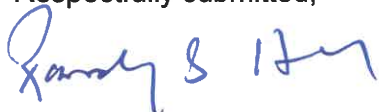
## **ENVIRONMENTAL ANALYSIS:**

These activities are categorically exempt under Class 1 from the provisions of the California Environmental Quality Act pursuant to Section 15301 of the CEQA Guidelines for routine operation, repair, maintenance, or minor alteration of existing structures or facilities not expanding existing uses at NCPA power plants. A Notice of Exemption was approved by the NCPA Commission on September 27, 2013, by Resolution 13-97 (SR 215:13 for reference) for this class of work and was filed in Alameda County.

**COMMITTEE REVIEW:**

The recommendation above was reviewed by the Facilities Committee on December 6, 2017 and was recommended for Commission approval as a Discussion/Action Item.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Randy S. Howard".

RANDY S. HOWARD  
General Manager

Attachments:

- Resolution

**RESOLUTION 17-101**

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY  
DELEGATING TO THE GENERAL MANAGER AUTHORITY TO ENTER INTO  
AGREEMENTS AND TO ISSUE PURCHASE ORDERS NECESSARY FOR EXHAUST SEAL  
MAINTENANCE ON ALAMEDA CT UNIT 1 FOR A TOTAL COST NOT-TO-EXCEED  
\$600,000, AND INCREASE THE CT1 FY18 BUDGET IN AN AMOUNT NOT-TO-EXCEED  
\$350,000 SHOULD THAT BE NECESSARY TO COMPLETE THE WORK**

**(reference Staff Report #235:17)**

WHEREAS, the Northern California Power Agency (NCPA) operates and maintains CT1 Alameda facility on behalf of the project participants in the Combustion Turbine projects; and

WHEREAS, CT1 Alameda Unit 1 experienced a seal failure on the exhaust tunnel of the turbine and, as a result, was taken out of service to prevent further damage; and

WHEREAS, an exhaust borescope inspection revealed exhaust flex seals are missing from the 7-12 o'clock position which, according to the vendor conducting the inspection, can happen due to material fatigue, fretting and/or cyclic stress; and

WHEREAS, these activities are categorically exempt under Class 1 from the provisions of the California Environmental Quality Act pursuant to Section 15301 of the CEQA Guidelines for routine operation, repair, maintenance, or minor alteration of existing structures or facilities not expanding existing uses at NCPA power plants. A Notice of Exemption was approved by the NCPA Commission on September 27, 2013, by Resolution 13-97 (SR 215:13 for reference) for this class of work and was filed in Alameda County; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager to enter into General Services Agreements for exhaust seal maintenance on Alameda CT Unit 1 for a total not to exceed amount of \$600,000, and increase the CT1 FY18 budget in an amount not to exceed \$350,000 should that be necessary to complete the work.

PASSED, ADOPTED and APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2017 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

\_\_\_\_\_  
BOB LINGL  
CHAIR

ATTEST: \_\_\_\_\_  
CARY A. PADGETT  
ASSISTANT SECRETARY



# Commission Staff Report

December 7, 2017

**COMMISSION MEETING DATE:** December 14, 2017

**SUBJECT:** Provision of Services to East Bay Community Energy

**AGENDA CATEGORY:** Discussion/Action

<b>FROM:</b>	David Dockham <i>P.D.O.G.</i>	<b>METHOD OF SELECTION:</b>
	AGM, Power Management	N/A
Division:	Power Management	<i>If other, please describe:</i>
Department:	Industry Restructuring	

**IMPACTED MEMBERS:**

All Members	<input checked="" type="checkbox"/>	City of Lodi	<input type="checkbox"/>	City of Shasta Lake	<input type="checkbox"/>
Alameda Municipal Power	<input type="checkbox"/>	City of Lompoc	<input type="checkbox"/>	City of Ukiah	<input type="checkbox"/>
Bay Area Rapid Transit	<input type="checkbox"/>	City of Palo Alto	<input type="checkbox"/>	Plumas-Sierra REC	<input type="checkbox"/>
City of Biggs	<input type="checkbox"/>	City of Redding	<input type="checkbox"/>	Port of Oakland	<input type="checkbox"/>
City of Gridley	<input type="checkbox"/>	City of Roseville	<input type="checkbox"/>	Truckee Donner PUD	<input type="checkbox"/>
City of Healdsburg	<input type="checkbox"/>	City of Santa Clara	<input type="checkbox"/>	Other	<input type="checkbox"/>

*If other, please specify*

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## **RECOMMENDATION:**

NCPA staff recommends that the Commission approve the Services Agreement with East Bay Community Energy, under which NCPA will supply certain scheduling and portfolio management services to East Bay Community Energy, including any non-substantive modifications to the Services Agreement approved by NCPA's General Counsel. NCPA staff also recommends that the Commission authorize NCPA's General Manager to execute the Services Agreement on behalf of NCPA.

## **BACKGROUND:**

The East Bay Community Energy Authority, a public agency located within Alameda County, was formed for the purpose of implementing a community choice aggregation program, which has been named East Bay Community Energy (EBCE). EBCE recently issued a Request for Proposals (RFP) under which EBCE is seeking a variety of wholesale power services. In response to the EBCE RFP, Northern California Power Agency (NCPA) submitted a Services Offer to EBCE, in which NCPA offered to supply the wholesale power services requested. Upon its review of NCPA's Services Offer, EBCE has expressed an interest in entering into a services agreement pursuant to which NCPA may supply services to EBCE.

## **DISCUSSION:**

NCPA staff, in coordination with EBCE, has developed a Services Agreement under which NCPA may supply certain scheduling and portfolio management services to EBCE. The key provisions contained in the Services Agreement include: (i) a defined scope of services, terms for compensation, language to limit and protect NCPA's liability, various collateral and security requirements, and an initial term of two (2) years. The scope of services includes: scheduling services, control center services, and portfolio management and optimization services. The Services Agreement also enables NCPA to act as EBCE's Scheduling Coordinator during a defined period of time, during which time EBCE will work to register and establish its own Scheduling Coordinator. At the point EBCE has completed its Scheduling Coordinator registration process, the content of EBCE's power portfolio then currently being scheduled by NCPA will be transferred to the EBCE Scheduling Coordinator, and if such is not completed by December 31, 2018, NCPA retains the right to terminate the Services Agreement.

A copy of the Services Agreement is attached to this staff report for your reference.

## **FISCAL IMPACT:**

In consideration for NCPA's provision of services, EBCE shall pay NCPA an amount equal to Six Hundred Forty Thousand Dollars (\$640,000.00) for Services rendered during the first one (1) year period in which NCPA is supplying Services to EBCE. For each subsequent one (1) year period during the term of the Agreement, the amount charged to EBCE will be escalated at a rate of two percent (2%) per year.

NCPA's administrative costs for development of a Services Agreement with EBCE will be allocated to members in accordance with approved cost allocation methodologies as described in the NCPA annual budget.

**ENVIRONMENTAL ANALYSIS:**

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

**COMMITTEE REVIEW:**

The recommendation provided herein was reviewed by the Facilities Committee on December 7, 2017, and was recommended for Commission approval.

Respectfully submitted,

A handwritten signature in black ink that reads "Randy S. Howard". The signature is written in a cursive, flowing style.

RANDY S. HOWARD  
General Manager

Attachments: 2

- Resolution 17-102,
- EBCE Services Agreement



## RESOLUTION 17-102

### RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY PROVISION OF SERVICES TO EAST BAY COMMUNITY ENERGY

(reference Staff Report #236:17)

WHEREAS, the East Bay Community Energy Authority, a public agency located within Alameda County, was formed for the purpose of implementing a community choice aggregation program, which has been named East Bay Community Energy (EBCE); and

WHEREAS, EBCE recently issued a Request for Proposals (RFP) under which EBCE is seeking a variety of wholesale power services; and

WHEREAS, in response to the EBCE RFP, Northern California Power Agency (NCPA) submitted a Services Offer to EBCE, in which NCPA offered to supply the wholesale power services requested, and upon its review of NCPA's Services Offer, EBCE has expressed an interest in entering into a services agreement pursuant to which NCPA may supply services to EBCE; and

WHEREAS, NCPA staff, in coordination with EBCE, has developed a Services Agreement under which NCPA may supply certain scheduling and portfolio management services to EBCE; and

WHEREAS, the key provisions contained in the Services Agreement include: (i) a defined scope of services, terms for compensation, language to limit and protect NCPA's liability, various collateral and security requirements, and an initial term of two (2) years; and

WHEREAS, the scope of services includes: scheduling services, control center services, and portfolio management and optimization services; and

WHEREAS, the Services Agreement also enables NCPA to act as EBCE's Scheduling Coordinator during a defined term, during which time EBCE will work to register and establish its own Scheduling Coordinator, and at the point EBCE has completed its Scheduling Coordinator registration process, the content of EBCE's power portfolio then currently being scheduled by NCPA will be transferred to the EBCE Scheduling Coordinator, and if such is not completed by December 31, 2018, NCPA retains the right to terminate the Services Agreement; and

WHEREAS, in consideration for NCPA's provision of services, EBCE shall pay NCPA an amount equal to Six Hundred Forty Thousand Dollars (\$640,000.00) for Services rendered during the first one (1) year period in which NCPA is supplying Services to EBCE, and for each subsequent one (1) year period during the term of the Agreement, the amount charged to EBCE will be escalated at a rate of two percent (2%) per year; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency approves the Services Agreement with East Bay Community Energy, under which NCPA will supply certain scheduling and portfolio management services to East Bay Community Energy, including any non-substantive modifications to the Services Agreement approved by NCPA's General Counsel, and authorizes NCPA's General Manager to execute the Services Agreement on behalf of NCPA.

PASSED, ADOPTED and APPROVED this \_\_\_\_ day of \_\_\_\_\_, 2017 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Shasta Lake	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

\_\_\_\_\_  
BOB LINGL  
CHAIR

ATTEST: \_\_\_\_\_  
CARY A. PADGETT  
ASSISTANT SECRETARY

**SERVICES AGREEMENT**

**BETWEEN**

**NORTHERN CALIFORNIA POWER AGENCY**

**AND**

**EAST BAY COMMUNITY ENERGY**

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This SERVICES AGREEMENT (“Agreement”) is made by and between the Northern California Power Agency, a joint powers agency of the State of California (“NCPA”), and East Bay Community Energy Authority, a public agency located within Alameda County (“Customer”). NCPA and Customer are together sometimes referred to herein individually as a “Party” and collectively as the “Parties”.

This Agreement is made as of \_\_\_\_\_, 20\_\_ (the “Effective Date”) in Roseville, California.

**Section 1. RECITALS**

This Agreement is entered into based on the following facts, among others:

1.1 NCPA has heretofore been duly established as a joint powers agency pursuant to the Joint Exercise of Powers Act of the Government Code of the State of California and, among other things, is authorized to acquire, construct, finance, and operate buildings, works, facilities and improvements for the generation and transmission of electric capacity and energy for resale.

1.2 Customer is a public agency located within Alameda County, and was formed for the purpose of implementing a community choice aggregation program, which has been named East Bay Community Energy (the “Program” or “EBCE”).

1.3 NCPA is a certified Scheduling Coordinator in accordance with the CAISO Tariff.

1.4 NCPA has established facilities, staff and the capability for the provision of Services to Customer.

1.5 Customer desires NCPA to provide Services to Customer.

1.6 NCPA is willing to provide Customer with Services pursuant to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and promises set forth herein, NCPA and Customer agree as follows:

## **Section 2. DEFINITIONS**

2.1 Definitions. Whenever used in this Agreement (including the Recitals hereto), the following terms shall have the following respective meanings, provided, capitalized terms used in this Agreement (including the Recitals hereto) that are not defined in Section 2 of this Agreement shall have the meaning indicated in Appendix A Master Definition Supplement of the CAISO Tariff:

2.1.1 “Agreement” means this Services Agreement, including all Appendices, attached hereto.

2.1.2 “Balance of Month Transaction” means a purchase or sale of electric energy, capacity and/or other related attribute for a term not greater than one calendar month to be performed or delivered within the current or next succeeding calendar month.

2.1.3 “Business Day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time.

2.1.4 “Calendar Day” means all days, including Saturdays, Sundays or Federal Reserve Bank holidays.

2.1.5 “California Independent System Operator Corporation” or “CAISO” means the non-profit public benefit corporation responsible for the provision of fair and open transmission access, and maintaining reliable and efficient operation of that portion of the electric grid contained within its defined balancing authority area, pursuant to the California Public Utilities Code, or its successor entity.

2.1.6 “CAISO Tariff” means the CAISO FERC Electric Tariff.

2.1.7 “Commission” means the NCPA Commission established by the Joint Powers Agreement.

2.1.8 “Customer” has the meaning set forth in the preamble hereto.

2.1.9 “Effective Date” has the meaning set forth in the preamble hereto.

2.1.10 “Electric System” means all properties and assets, real and personal, tangible and intangible, of the Customer now or hereafter existing, used or pertaining to the generation for resale, transmission, transformation, distribution or sale of electric capacity and energy, or the utilization of such, including all additions, extensions, expansions, improvements and betterments thereto and equipment thereof; provided, however, that to the extent the Customer is not the sole owner of an asset or property or to the extent that an asset or property is used in part for generation for resale, transmission, transformation, distribution or sale of electric capacity and energy, only the Customer’s ownership interest in such asset or property or only the part of the asset or property used for electric purposes shall be considered to be part of its Electric System.

2.1.11 “Event of Default” has the meaning set forth in Section 10.1 of this Agreement.

2.1.12 “FERC” means the Federal Energy Regulatory Commission, or its regulatory successor.

2.1.13 “General Manager” means the General Manager of NCPA.

2.1.14 “Good Utility Practice” means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry within the United States of America during the relevant time period, which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable cost consistent with NERC or WECC approved business practices, reliability and safety. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the electric utility industry within the United States of America.

2.1.15 “Joint Powers Agreement” means the Amended and Restated Northern California Power Agency Joint Exercise of Powers Agreement dated as of January 31, 2008.

2.1.16 “Member” means any member of NCPA or associate member of NCPA who is a signatory to the Joint Powers Agreement.

2.1.17 “NCPA” has the meaning set forth in the preamble hereto.

2.1.18 “NERC” means the North American Electric Reliability Corporation, or its successor.

2.1.19 “Operating Entity” means an entity that determines the use of and coordinates scheduling of their load, resources, imports and exports, trades, ancillary services and/or other CAISO products, in accordance with established scheduling requirements, including those requirements determined by NCPA.

2.1.20 “Party” or “Parties” has the meaning set forth in the recitals hereto; provided that “Third Parties” are entities that are not party to this Agreement.

2.1.21 “Reliability Standards” means requirements approved by FERC under Section 215 of the Federal Power Act to provide for reliable operation of the bulk power system.

2.1.22 “Scheduling Agent” means an entity authorized to act as agent on behalf of a Scheduling Coordinator, and shall perform certain Scheduling Coordinator duties and requirements on behalf of a Scheduling Coordinator.

2.1.23 “Scheduling Coordinator” means an entity certified by the CAISO for the purposes of undertaking the functions of a Scheduling Coordinator specified in the CAISO Tariff, including, but not limited to, submitting and settling bids, self-schedules, and trades in the CAISO markets.

2.1.24 “Security Account” means an account established at NCPA pursuant to this Agreement. The Security Account is established to: (1) make timely payments to the CAISO under the CAISO Tariff, (2) provide working capital for NCPA’s provision of Services and to bridge timing differences between the receipt of payments from Customer and the date payments are due to the CAISO, (3) satisfy CAISO security deposit requirements, if any, and (4) protect NCPA from potential Customer default by providing funds and time to cure.

2.1.25 “Services” shall have the meaning as set forth in Section 4.1 of this Agreement.



2.1.26 “Significant Operational Change” shall have the meaning as set forth in Section 15.19 of this Agreement.

2.1.27 “Significant Regulatory Change” shall have the meaning as set forth in Section 15.19 of this Agreement.

2.1.28 “Third Party” means an entity that is not a Party to this Agreement.

2.1.29 “Uncontrollable Forces” means storm, flood, lightning, earthquake, tsunami, fire, explosion, failure of facilities not due to lack of proper care or maintenance, civil disturbance, labor dispute, sabotage, war, national emergency, restraint by court or public authority, any curtailment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or other causes beyond the control of the affected Party which such Party could not reasonably have been expected to avoid by exercise of Good Utility Practice, due diligence and foresight.

2.1.30 “WECC” means the Western Electricity Coordinating Council, or its successor(s).

2.2 Rules of Interpretation. As used in this Agreement (including the Recitals hereto), unless in any such case the context requires otherwise: The terms “herein,” “hereto,” “herewith” and “hereof” are references to this Agreement taken as a whole and not to any particular provision; the term “include,” “includes” or “including” shall mean “including, for example and without limitation;” and references to a “Section,” “subsection,” “clause,” “Appendix,” “Schedule,” or “Exhibit” shall mean a Section, subsection, clause, Appendix, Schedule or Exhibit of this Agreement, as the case may be. All references to a given agreement, instrument, tariff or other document, or law, regulation or ordinance shall be a reference to that agreement, instrument, tariff or other document, or law, regulation or ordinance as such now exists and as may be amended from time to time, or its successor. A reference to a “person” includes any individual, partnership, firm, company, corporation, joint venture, trust, association, organization or other entity, in each case whether or not having a separate legal personality and includes its successors and permitted assigns. A reference to a “day” shall

mean a Calendar Day unless otherwise specified. The singular shall include the plural and the masculine shall include the feminine, and vice versa.

### **Section 3. PURPOSE OF AGREEMENT**

The purpose of this Agreement is to set forth the terms and conditions under which NCPA will supply Customer with Services.

### **Section 4. SERVICES TO BE PROVIDED AND STANDARDS OF PERFORMANCE**

4.1 NCPA Duties. The duties of NCPA under this Agreement are to provide services to Customer as fully described in Appendix A hereto (“Services”).

4.2 Customer Duties. The duties of the Customer under this Agreement are to:

4.2.1 Timely provide certain information to NCPA that is required for NCPA to perform Services, as fully described in Appendix A hereto.

4.2.2 Make timely payments to NCPA for all CAISO charges and credits for services invoiced by NCPA to Customer in accordance with Section 8 of this Agreement.

4.2.3 Provide staff and other assistance as may be required from time to time to the extent necessary for NCPA to fulfill its duties as described in Section 4.1 of this Agreement.

4.2.4 Comply with all requirements of the CAISO Tariff, as applicable, in respect to the operation and maintenance of its Electric System and other facilities covered under this Agreement.

4.2.5 Provide security or other deposits required by the CAISO, if any, to NCPA in accordance with Section 11 of this Agreement.

4.2.6 Initially fund and maintain sufficient deposits in its Security Account in accordance with Section 12 of this Agreement.

4.2.7 Make timely payment of all costs associated with NCPA’s provision of Services, as set forth in this Agreement.

4.2.8 Except as provided in Section 6 of this Agreement, defend and indemnify NCPA in regard to Services provided to Customer by NCPA.

4.3 Standard of Performance. NCPA will perform Services using the level of skill and attention reasonably required to complete the Services in a competent and timely manner, in accordance with Good Utility Practices.

4.4 Assignment of Personnel. NCPA shall assign only competent personnel to perform Services pursuant to this Agreement.

4.5 Time. NCPA shall devote such time to the performance of Services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Section 4.3, and to satisfy NCPA's obligations hereunder.

## **Section 5. TERM AND TERMINATION**

5.1 Term. The initial term of this Agreement shall begin on the Effective Date and shall continue uninterrupted through April 30, 2020 (the "Initial Term"). At the end of the initial term of this Agreement, or any subsequent term of this Agreement, the term of this Agreement shall automatically extend for an additional one (1) year period unless a Party provides written Notice of Termination pursuant to Section 5.2, of its election not to automatically extend the term of the agreement.

5.2 Termination. This Agreement may be terminated by either Party at the end of the Initial Term, or at the end of any subsequent one (1) year extension, by providing written notice to the other Party at least one hundred eighty (180) Calendar Days prior to the end of the current term of the Agreement ("Notice of Termination"); provided, however, NCPA shall have the right, but not the obligation, to terminate this Agreement on December 31, 2018, if Customer by such time has not completed the process of transferring and/or migrating the content of its portfolio (including, but not limited to, loads, generation, trades, and/or other scheduled CAISO products) that is being scheduled on behalf of Customer in a Scheduling Coordinator account (commonly referred to as "SCID") registered by NCPA, to a Scheduling Coordinator account registered by Customer.

5.3 No Effect on Prior Liabilities. Termination of this Agreement will not terminate any Customer ongoing or un-discharged liabilities, credits or obligations of Customer, including any contingent liabilities, credits or obligations, resulting from this Agreement until they are satisfied in full, or for which Customer has provided a mechanism acceptable to NCPA, for the satisfaction in full thereof.

## **Section 6. INDEMNITY AND INSURANCE**

### 6.1 Limitation of Liability.

6.1.1 Except as provided in Section 6.1, neither NCPA nor Customer (the “Responsible Party”) shall at any time be liable for any injury or damage occurring to the other (the “Harmed Party”) or any third person or property from any cause whatsoever arising out of this Agreement, and each Party agrees to indemnify, defend and hold harmless the other Party, including their respective governing boards, officials, agents and employees, from and against any and all claims, suits, losses, costs, damages, expenses and liability of any kind or nature, including reasonable attorneys’ fees and the costs of litigation, including experts, to the extent caused by any acts, omissions, breach of contract, negligence (active or passive), gross negligence, recklessness, or willful misconduct of that Party, its governing officials, officers, employees, subcontractors or agents, to the maximum extent permitted by law.

6.1.2 The provisions of this Section 6.1.1 shall not apply where the injury or damage occurring to a Harmed Party is caused by the negligence of the Responsible Party or any of the Responsible Party’s employee’s, agents or contractors, and provided that any liability under this subsection is limited to the extent of the actual coverage and coverage limits of the insurance policies described in Section 6.3, which are maintained by the Responsible Party.

6.2 Notice. The Parties shall give each other prompt notice of the making of any claim or the commencement of any action, suit or proceeding covered by the provisions of this Section 6.

6.3 Insurance. During the term of this Agreement, both Parties agree to maintain, or cause to be maintained, in full force and effect, and at their respective sole cost and expense, the following types and limits of liability insurance (“Insurance”):

6.3.1 One-million dollars per occurrence for Workers’ Compensation and Employer’s Liability;

6.3.2 One-million dollars in limits per occurrence in Automobile Liability;  
and

6.3.3 Two-million dollars in single combined limits for Commercial General Liability Insurance.

Evidence of each Party’s Insurance shall be maintained, and provided to the other Party upon request. All insurance policies, with the exception of Workers’ Compensation, shall name the other Party as additionally insured. Each Party agrees to waive the right of subrogation where it is legal to do so.

Each Party shall designate the required insurance liability limits for any subcontractors performing work in connection with, or in performance of any aspect of this Agreement, and in accordance to their risk management requirements.

## **Section 7. COMPENSATION**

7.1 Compensation for Services. Customer shall pay NCPA the amounts set forth in Appendix B for NCPA’s provision of Services to Customer in accordance with the terms and conditions of this Agreement. Such amount shall be billed to Customer in accordance with Section 8 of this Agreement.

7.2 CAISO Charges and Credits. All charges and credits invoiced by the CAISO to NCPA associated with Services provided under this Agreement will be charged or credited to Customer, and shall be paid to NCPA by Customer in addition to the compensation stated in Section 7.1. Such CAISO charges and credits shall be billed to Customer in accordance with Section 8 of this Agreement.

## **Section 8. BILLING AND PAYMENT**

8.1 Invoices. NCPA will issue a monthly invoice to Customer for estimated and actual CAISO charges and credits, costs associated with NCPA's provision of Services, and all other costs for Services (e.g., power supply costs) provided in accordance with this Agreement. Such invoices will be made pursuant to the requirements and procedures provided for in this Agreement. At NCPA's discretion, invoices may be issued to Customer using electronic media or physical distribution.

8.2 Payment of Invoices. All non-emergency invoices delivered by NCPA to Customer are due and payable thirty (30) Calendar Days after the date thereof; provided, however, that any amount due on a day other than a Business Day may be paid on the next following Business Day. NCPA may apply Customer's Security Account to the payment of all or any portion of an invoice to Customer, provided that application of such funds from the Security Account shall not relieve Customer from any late payment charges pursuant to Section 8.3. To the extent that NCPA applies funds from the Security Account to pay an amount due under an invoice, following receipt of payment of such invoice by Customer, NCPA shall deposit the relevant portion of the payment into the Security Account and credit such deposit to Customer. Emergency invoices delivered by NCPA shall be due and payable on the date indicated on such invoice, or as indicated in Section 12.5.

8.3 Late Payments. Any amount due and not paid by Customer in accordance with Sections 8.2, Section 11 and Section 12 shall be considered late and bear interest computed on a daily basis until paid at the lesser of (i) the per annum prime rate (or reference rate) of the Bank of America N.A. then in effect, plus two percent (2%) or (ii) the maximum rate permitted by law.

8.4 Billing Disputes. Customer may dispute the accuracy of any invoice issued by NCPA under this Agreement by submitting a written dispute to NCPA, within thirty (30) Calendar Days of the date of such invoice; nonetheless Customer shall pay the full amount billed when due. If Customer does not timely question or dispute the accuracy of any invoice in writing, or if NCPA does not identify a discrepancy in the invoice that requires a correction, the

invoice shall be deemed to be correct. Upon review of a submitted dispute, if an invoice is determined by NCPA to be incorrect, NCPA shall issue a corrected invoice and refund any amounts that may be due to Customer. If NCPA and Customer fail to agree on the accuracy of an invoice within thirty (30) Calendar Days after Customer has disputed it, the General Manager shall promptly submit the dispute to the Commission for resolution. If the Commission and Customer fail to agree on the accuracy of a disputed invoice within sixty (60) Calendar Days of its submission to the Commission, the dispute may then be resolved under the dispute resolution procedures set forth in Section 13 of this Agreement. Provided, however, that prior to resorting to alternative dispute resolution procedures, the full amount of the disputed invoice must have been paid.

8.5 Billing/Settlement Data. NCPA shall make billing and settlement data available to Customer as part of the invoice delivered by NCPA, or upon request. NCPA may also, at its sole discretion, make billing and settlement support information available to Customer using electronic media (e.g. electronic data portal). Procedures and formats for the provision of such electronic data submission may be as established by the NCPA Commission from time to time. Without limiting the generality of the foregoing, NCPA may, in its reasonable discretion, require Customer to execute a non-disclosure agreement prior to providing access to the NCPA electronic data portal for the purpose of protecting confidential information, consistent with the provisions contained in Section 15.1 of this Agreement.

8.6 Examination of Books and Records. Customer shall have the right to examine the books and records created and maintained by NCPA pursuant to this Agreement at any reasonable, mutually agreed upon time.

All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files or other documents or material, in electronic or any other form, that NCPA prepares or obtains pursuant to this Agreement and that relate to the Services provided hereunder, shall be stored and maintained by NCPA in accordance with NCPA's records retention policies and procedures, as such may be modified from time to time.

## **Section 9. COOPERATION AND FURTHER ASSURANCES**

Each of the Parties agree to provide such information, execute and deliver any instruments and documents and to take such other actions as may be necessary or reasonably requested by the other Party which are consistent with the provisions of this Agreement and which do not involve the assumption of obligations other than those provided for in this Agreement, in order to give full effect to this Agreement and to carry out the intent of this Agreement. The Parties agree to cooperate and act in good faith in connection with obtaining any credit support required in order to satisfy the requirements of this Agreement.

## **Section 10. DEFAULTS**

10.1 Events of Default. An Event of Default under this Agreement shall exist upon the occurrence of any one or more of the following by a Party (the "Defaulting Party"):

(i) the failure of Customer to make any payment (other than an emergency addition to the Security Account pursuant to Section 12.5) in full to NCPA when due, where such failure is not cured within thirty (30) Calendar Days following receipt of a notice from NCPA demanding cure;

(ii) the failure of Customer to make any payment of an emergency addition to the Security Account when due pursuant to Section 12.5;

(iii) the failure of a Party to perform any covenant or obligation of this Agreement where such failure is not cured within thirty (30) Calendar Days following receipt of a notice from the other Party demanding cure. Provided, that this subsection shall not apply to any failure to make payments specified by subsection 10.1 (i) or (ii); or

(iv) if any representation or warranty of a Party material to the Services provided hereunder shall prove to have been incorrect in any material respect when made and the Party does not cure the facts underlying such incorrect representation or warranty so that the representation or warranty becomes true and correct within thirty (30) Calendar Days of the date of receipt of notice from a Party demanding cure.



10.2 Uncontrollable Forces. A Party shall not be considered to be in default in respect of any obligation hereunder if prevented from fulfilling such obligation by reason of Uncontrollable Forces. Provided, that in order to be relieved of an Event of Default due to Uncontrollable Forces, a Party affected by an Uncontrollable Force shall:

(i) first provide oral notice to the General Manager, or in the case of Customer, to the representative selected by Customer, using telephone communication within two (2) Business Days of the onset of the Uncontrollable Force, and subsequently provide written notice to the Party's representative within ten (10) Business Days of the onset of the Uncontrollable Force, describing its nature and extent, the obligations which the Party is unable to fulfill, the anticipated duration of the Uncontrollable Force, and the actions which the Party will undertake so as to remove such disability and be able to fulfill its obligations hereunder; and

(ii) use due diligence to place itself in a position to fulfill its obligations hereunder and if unable to fulfill any obligation by reason of an Uncontrollable Force such Party shall exercise due diligence to remove such disability with reasonable dispatch. Provided, that nothing in this subsection shall require a Party to settle or compromise a labor dispute.

10.3 Cure of an Event of Default. An Event of Default shall be deemed cured only if such default shall be remedied or cured within the time periods specified in Section 10.1 above, as may be applicable.

10.4 Remedies in the Event of Uncured Default. Upon the occurrence of an Event of Default which is not cured within the time limits specified in Section 10.1, without limiting other rights or remedies available under this Agreement, at law or in equity, and without constituting or resulting in a waiver, release or estoppel of any right, action or cause of action a non-defaulting Party may have against the defaulting Party, a non-defaulting Party may take any or all of the following actions:

(i) NCPA may suspend the provision of Services under this Agreement to Customer;

(ii) NCPA may demand that Customer provide further assurances to guarantee the correction of the default;

(iii) The non-defaulting Party may terminate this Agreement as to the defaulting Party, on ten (10) Calendar Days prior written notice to the Defaulting Party;

(iv) NCPA may utilize the funds available in Customer's Security Account to cure and default under Section 10.1(i) and thereafter demand replenishment of the Security Account.

10.5 Special Covenants Regarding Security Account. In the event that Customer's Security Account is insufficient to cover all invoices for costs incurred under this Agreement delivered to Customer, then, without limiting NCPA's other rights or remedies available under this Agreement, at law or in equity, Customer shall cooperate in good faith with NCPA and shall cure the default as rapidly as possible, on an emergency basis, taking all such action as is necessary to replenish its Security Account as provided herein, drawing on its cash-on-hand and lines of credit, obtaining further assurances by way of credit support and letters of credit, and taking all such other action as will cure the default with all due haste.

10.6 Effect of Termination or Suspension.

10.6.1 Generally. The termination or suspension of this Agreement will not terminate, waive, or otherwise discharge any ongoing or undischarged liabilities, credits or obligations arising from this Agreement until such liabilities, credits or obligations are satisfied in full.

10.6.2 Suspension. If performance of all or any portion of this Agreement is suspended by NCPA in accordance with Section 10.4 (i), Customer shall pay any and all costs incurred by NCPA as a result of such suspension including reasonable attorney fees, the fees and expenses of other experts, including auditors and accountants, or other reasonable and necessary costs associated with such suspension and any portion of the costs associated with NCPA's provision of Services that were not recovered from Customer as a result of such suspension.

10.6.3 Termination. If this Agreement is terminated by a Party in accordance with Section 10.4 (iii), the Defaulting Party shall pay any and all costs incurred by the other Party as a result of such termination, including reasonable attorney fees, the fees and expenses of other experts, including auditors and accountants, other reasonable and necessary costs associated with such termination, and as to Customer, any portion of costs associated with NCPA's provision of Services that were not, or will not be, recovered from Customer as a result of such termination.

#### **Section 11. CAISO SECURITY DEPOSIT AND CREDIT REQUIREMENTS**

Any credit requirements, including, but not limited to, security, collateral, unsecured credit, or other deposits required by the CAISO, shall be provided by Customer prior to NCPA providing Services under this Agreement, and shall be maintained as may be required thereafter pursuant to the CAISO Tariff. Failure to maintain sufficient credit, security, collateral, unsecured credit, or other deposits may impact NCPA's ability to perform certain Services under this agreement. NCPA shall maintain a detailed accounting of Customer's credit, security, collateral, unsecured credit or other deposits. Any changes in credit, security, unsecured credit or other deposits required by the CAISO Tariff may be provided by NCPA from Customer's Security Account, and NCPA shall invoice Customer within two (2) Business Days for such required amounts, and will use the funds collected from Customer to fund the Security Account.

#### **Section 12. SECURITY ACCOUNT**

Any Customer deposits into the Security Account pursuant to this Agreement shall be separate from and in addition to any security accounts maintained pursuant to any other agreements between NCPA and the Customer, NCPA and any Third Person, or any other such security account required of Customer.

12.1 Applicability. The requirement for Customer to initially deposit and maintain a Security Account pursuant to Section 12.2 and Section 12.3 is only applicable if NCPA, acting for or on behalf of Customer, is directly responsible for making payments to the CAISO and processing charges and credits invoiced by the CAISO to NCPA, associated with Services

provided under this Agreement, including all charges and credits associated with security deposits as may be required pursuant to the CAISO Tariff. For the purpose of clarity, when NCPA provides Services as Customer's Scheduling Coordinator, Section 12.2 and Section 12.3 shall apply; provided, however, when NCPA provides Services as Customer's Scheduling Agent, Customer shall not be required to initially deposit and maintain a Security Account pursuant to Section 12.2 and Section 12.3 if Customer retains the direct responsibility for making payments to the CAISO and processing charges and credits invoiced by the CAISO to Customer, associated with Services provided under this Agreement, including all charges and credits associated with security deposits as may be required pursuant to the CAISO Tariff.

12.2 Initial Amounts. Prior to NCPA providing Services, Customer shall deposit into a Security Account held by NCPA an amount equal to the highest three (3) months of estimated CAISO invoices (including, but not limited to, costs such as energy costs, Grid Management Charge fees, operating reserves costs, and regulation capacity costs) for the succeeding twelve (12) months; provided, however, that such deposit may be satisfied in whole or in part either in cash or through a clean, irrevocable letter of credit satisfactory to the General Manager. NCPA shall maintain a detailed accounting of Customer's deposit in the Security Account. For the purpose of clarity, the estimated CAISO invoice amount, as referred to herein, shall be equal to Customer's Estimated Aggregate Liability (EAL).

12.3 Subsequent Deposits. Periodically, and at least quarterly, NCPA shall review and revise its estimate of all costs Customer shall be obligated to pay under this Agreement. Following such review, NCPA shall determine whether Customer has a sufficient balance in the Security Account. To the extent that Customer's balance in the Security Account is greater than one hundred and ten percent (110%) of the amount required by Section 12.2, NCPA shall credit such amount as soon as practicable to Customer's next monthly invoice. To the extent that Customer's balance in the Security Account is less than ninety percent (90%) of the amount required by Section 12.2, NCPA shall add such amount as soon as practicable to Customer's next monthly invoice, or as necessary, to a special invoice to Customer. Credits or additions shall not be made if Customer satisfies these Security Account requirements in whole through the use of a letter of credit, provided that the amount of the letter of credit shall be adjusted by

Customer as necessary in a like manner to assure an amount equal to the highest three (3) months of CAISO invoices is available to NCPA.

12.4 Use of Security Account Funds.

12.4.1 NCPA may use any and all funds deposited into the Security Account (or utilize a letter of credit provided in lieu thereof) to pay any costs it incurs hereunder, irrespective of whether NCPA has issued an invoice for such costs to Customer or whether Customer has made timely payments of invoices. Should Customer satisfy its Security Account requirements in whole or part through a letter of credit, NCPA may draw on such letter of credit to satisfy obligations hereunder.

12.4.2 If funds deposited into the Security Account, or provided through a letter of credit, are used by NCPA to pay any costs it incurs hereunder, NCPA, pursuant to Section 8.5, will maintain a detailed accounting of Customer's shares of funds withdrawn from the Security Account or letter of credit.

12.5 Emergency Additions. In the event that the funds are withdrawn pursuant to Section 12.4 of this Agreement, or if the Security Account is insufficient to allow payment of a CAISO invoice, NCPA shall notify Customer and then prepare and send a special or emergency assessment to Customer. Customer shall pay to NCPA such assessment when and if assessed by NCPA within two (2) Business Days of the invoice date of the assessment or consent to and direct NCPA to draw on any existing letter of credit Customer has established for such purposes.

12.6 Accounting and Interest. NCPA shall maintain a detailed accounting of Customer's deposits into and withdrawals from the Security Account. Monies on deposit in the Security Account may be invested by NCPA along with the other funds of NCPA in accordance with policies set by the Commission from time to time in its sole discretion. Interest, if any, earned on the Security Account shall be credited to Customer's Security Account. Any losses in the Security Account caused by early termination of investments or otherwise shall be charged to Customer's Security Account. NCPA makes no representation that the Security Account will earn any particular amount of interest or any interest, and Customer acknowledges that the

amounts in the Security Account may lose value. NCPA shall not be liable for any investment losses to Customer's funds held in the Security Account.

12.7 Return of Funds. On the termination of this Agreement Customer's Security Account funds shall be paid to Customer ninety (90) Calendar Days after the effective date of such termination. NCPA shall, in its sole discretion, as determined by the General Manager, estimate the then outstanding liabilities of Customer, including any estimated contingent liabilities, and shall retain all such funds until all such liabilities have been fully paid or otherwise satisfied in full. After such determination by the General Manager, the balance of Customer's Security Account will be refunded to Customer within sixty (60) Calendar Days.

### **Section 13. SETTLEMENT OF DISPUTES**

13.1 Settlement of Disputes. If any dispute arises between the Parties that cannot be settled after engaging in good faith negotiations, Customer and NCPA agree to resolve the dispute in accordance with the following:

13.1.1 Each Party shall designate a senior management or executive level representative to negotiate any dispute.

13.1.2 The representative shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.

13.1.3 If the issue remains unresolved after sixty (60) Calendar Days of good faith negotiations, despite having used their best efforts to do so, either Party may pursue whatever other remedies may be available to it.

13.1.4 This informal resolution process is not intended to nor shall be construed to change the time periods for failing a claim or action specified by Government Code § 900, *et seq.*

### **Section 14. STATUS OF NCPA**

At all times during the term of this Agreement, NCPA shall be an independent contractor and shall not be an employee of Customer. Customer shall have the right to control NCPA only insofar as the results of NCPA's Services rendered pursuant to this Agreement; however,

otherwise Customer shall not have the right to control the means by which NCPA accomplishes Services rendered pursuant to this Agreement. Notwithstanding any other agency, state, local or federal policy, rule, regulation, law, or ordinance to the contrary, NCPA and any of its employees, agents, and subcontractors providing Services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by Customer, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of Customer and entitlement to any contribution to be paid by Customer for employer contributions and/or employee contributions for PERS benefits.

## **Section 15. MISCELLANEOUS**

15.1 Confidentiality. The Parties will keep confidential all confidential or trade secret information made available to them in connection with this Agreement, to the extent possible, consistent with applicable laws, including the California Public Records Act. Confidential or trade secret information shall be marked or expressly identified as such.

If a Party ("Receiving Party") receives a request from a Third Party for access to, or inspection, disclosure or copying of, any of the other Party's (the "Supplying Party") confidential data or information ("Disclosure Request"), then the Receiving Party shall provide notice and a copy of the Disclosure Request to the Supplying Party within three (3) Business Days of receipt of the Disclosure Request. Within three (3) Business Days of receipt of such notice, the Supplying Party shall provide notice to the Receiving Party either:

(i) that the Supplying Party believes there are reasonable legal grounds for denying or objecting to the Disclosure Request, and the Supplying Party requests the Receiving Party to deny or object to the Disclosure Request with respect to identified confidential information. In such case, the Receiving Party shall deny the Disclosure Request and the Supplying Party shall defend the denial of the Disclosure Request at its sole cost, and it shall indemnify the Receiving Party for all costs associated with denying or objecting to the Disclosure Request. Such indemnification by the Supplying Party of the Receiving Party shall include all of the Receiving Party's costs reasonably incurred with respect to denial of or

objection to the Disclosure Request, including but not limited to costs, penalties, and the Receiving Party's attorney's fees; or

(ii) the Receiving Party may grant the Disclosure Request without any liability by the Receiving Party to the Supplying Party.

15.2 Survival of Obligations. The defense and indemnity obligations of Section 6.1.1 shall survive the termination of this Agreement.

15.3 No Consequential Damages. FOR ANY BREACH OF ANY PROVISION OF THIS AGREEMENT FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER DAMAGES OR REMEDIES ARE HEREBY WAIVED. IF NO REMEDY OR MEASURE OF DAMAGE IS EXPRESSLY PROVIDED, THE LIABILITY OF THE DEFAULTING PARTY SHALL BE LIMITED TO ACTUAL DAMAGES ONLY AND ALL OTHER DAMAGES AND REMEDIES ARE HEREBY WAIVED. IN NO EVENT SHALL A PARTY OR THEIR RESPECTIVE SUCCESSORS, ASSIGNS, REPRESENTATIVES, DIRECTORS, OFFICERS, AGENTS, OR EMPLOYEES BE LIABLE FOR ANY LOST PROFITS, CONSEQUENTIAL, SPECIAL, EXEMPLARY, INDIRECT, PUNITIVE OR INCIDENTAL LOSSES OR DAMAGES, INCLUDING LOSS OF USE, LOSS OF GOODWILL, LOST REVENUES, LOSS OF PROFIT OR LOSS OF CONTRACTS EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, AND EACH PARTY HEREBY WAIVES SUCH CLAIMS AND RELEASES EACH OTHER AND EACH OF SUCH PERSONS FROM ANY SUCH LIABILITY.

The Parties acknowledge that California Civil Code section 1542 provides that: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor." The Parties waive the provisions of section 1542, or other similar provisions of law, and intend that the waiver and release provided by this Section of this Agreement shall be fully enforceable despite its reference to future or unknown claims.

15.4 Waiver. No waiver of the performance by a Party of any obligation under this Agreement with respect to any default or any other matter arising in connection with this



Agreement shall be effective unless given by the other Party. Any such waiver by the other Party in any particular instance shall not be deemed a waiver with respect to any subsequent performance, default or matter.

15.5 Amendments. Unless otherwise provided for in this Agreement, this Agreement may be amended only by written instrument executed by the Parties with the same formality as this Agreement.

15.5.1 Amendments of Appendices. The Appendices that are attached to and made part of this Agreement include detailed principles, descriptions and procedures for NCPA's provision of Services to Customer. Upon mutual written consent of the Designated Representative of each Party, the Appendices of this Agreement may be amended from time to time, without the requirement of an approval as required pursuant to Section 15.5; provided, however, Appendix A and Appendix B may be amended only by written instrument executed by the Parties with the same formality as this Agreement.

15.6 Assignment of Agreement.

15.6.1 Binding Upon Successors. This Agreement, including the Appendices attached hereto, shall inure to the benefit of and shall be binding upon the respective successors and assignees of the Parties to this Agreement.

15.6.2 No Assignment. This Agreement, nor any interest herein, shall be transferred or assigned by a Party hereto except with the consent in writing of the other Parties hereto, where such consent shall not be unreasonably withheld.

15.7 Severability. In the event that any of the terms, covenants or conditions of this Agreement or the application of any such term, covenant or condition, shall be held invalid as to any person or circumstance by any court having jurisdiction, all other terms, covenants or conditions of this Agreement and their application shall not be affected thereby, but shall remain in force and effect unless the court holds that such provisions are not severable from all other provisions of this Agreement.

15.8 Governing Law. This Agreement shall be interpreted, governed by, and construed under the laws of the State of California.

15.9 Headings. All indices, titles, subject headings, section titles and similar items are provided for the purpose of convenience and are not intended to be inclusive, definitive, or affect the meaning of the contents of this Agreement or the scope thereof.

15.10 Notices. Any notice, demand or request provided for in this Agreement, or served, given or made shall become effective when delivered to the person specified below (the “Designated Representative”):

NCPA:  
David Dockham  
Assistant General Manager, Power Management  
Northern California Power Agency  
651 Commerce Drive  
Roseville, CA 95678

Customer:  
Nicolas Chaset  
Chief Executive Officer  
ADDRESS

All notices shall be deemed delivered when personally delivered, two (2) Business Days after deposit in the United States mail first class postage prepaid, or on the first Business Day following delivery through electronic communication. A Party may change its Designated Representative by providing notice to the other Party, and such change shall not constitute an amendment to this Agreement.

15.11 Warranty of Authority. Each Party represents and warrants that it has been duly authorized by all requisite approval and action to execute and deliver this Agreement and that this Agreement is a binding, legal, and valid agreement enforceable in accordance with its terms.

15.12 Counterparts. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all the signatories to all of the counterparts had signed the same instrument. Any

signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

15.13 Venue. In the event that a Party brings any action under this Agreement, the Parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Placer or in the United States District Court for the Eastern District of California.

15.14 Attorneys' Fees. If a Party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provisions of this Agreement, each Party shall bear its own fees and costs, including attorneys' fees, associated with the action.

15.15 Counsel Representation. Pursuant to the provisions of California Civil Code Section 1717 (a), each of the Parties were represented by counsel in the negotiation and execution of this Agreement and no one Party is the author of this Agreement or any of its subparts. Those terms of this Agreement which dictate the responsibility for bearing any attorney's fees incurred in arbitration, litigation or settlement in a manner inconsistent with the provisions of Section 6.1.1 were intentionally so drafted by the Parties, and any ambiguities in this Agreement shall not be interpreted for or against a Party by reason of that Party being the author of the provision.

15.16 No Third Party Beneficiaries. Nothing contained in this Agreement is intended by the Parties, nor shall any provision of this Agreement be deemed or construed by the Parties, by any third person or any Third Parties, to be for the benefit of any Third Party, nor shall any Third Party have any right to enforce any provision of this Agreement or be entitled to damages for any breach by the Parties of any of the provisions of this Agreement.

15.17 Integration; Incorporation. This Agreement, including all the appendices attached hereto, represents the entire and integrated agreement between Customer and NCPA relating to the subject matter of this Agreement, and supersedes all prior negotiations,

representations, or agreements, either written or oral. All appendixes attached hereto are incorporated by reference herein.

15.18 Reliability Requirements. Unless otherwise specifically provided for herein, the Parties acknowledge that Customer and NCPA may be both individually responsible for compliance with the WECC and NERC Reliability Standards and criteria applicable to the functions for which each Party are respectively registered with NERC. The references to WECC and NERC Reliability Standards, if any, throughout this Agreement do not make any alteration or enlargement of the requirements or standards applicable to each Party beyond their individual registrations with NERC.

15.19 Significant Regulatory Change or Operational Change.

15.19.1 A “Significant Regulatory Change” shall be deemed to occur if FERC, the CPUC, the CAISO or any other court, public authority, governmental, or other lawfully established civilian authorities having jurisdiction, issues an order or decision or adopts or modifies a tariff or filed contract, or enacts a law that materially interferes with the ability of any Party to perform any of its obligations under this Agreement.

15.19.2 A “Significant Operational Change” shall be deemed to occur due to (i) material amendments and/or revisions to any tariffs, contracts or other applicable documents referenced in this Agreement that directly affect a Party’s obligations under this Agreement, (ii) an action taken by the Balancing Authority that may have a material detrimental impact on the way a Party operates or must operate its Electric System, or that directly affects a Party’s obligations under this Agreement, or (iii) a significant change in Customer’s supply and demand portfolio that may result in material increase in the scale and scope of services contemplated at the Effective Date of this Agreement (e.g., Customer’s load increased more than fifteen (15) percent).

15.19.3 Notification of Significant Regulatory Change or Operational Change. At any time during the term of this Agreement, if any Party anticipates the occurrence of a Significant Regulatory Change or Significant Operational Change that may reasonably be expected to materially interfere with the ability of any Party to perform any of its

obligations under this Agreement, or such Significant Regulatory Change or Significant Operational Change occurs, such Party shall provide written notice to the other Party as soon as practicable. The notice shall contain a description of the Significant Regulatory Change or Significant Operational Change, including expected time schedules, and of the effect of the significant change to the Parties. If the Party giving notice believes that it will be necessary to amend this Agreement to address the anticipated change or change when it has occurred, then the notice to the other Party may include a proposal that the Parties meet to negotiate an appropriate amendment to this Agreement. The Parties shall promptly enter into good faith negotiations and attempt to achieve a mutually agreeable modification to this Agreement to address any such Significant Regulatory Change or Significant Operational Change.

15.19.4 Amendment of Agreement. If the Parties agree that an amendment to this Agreement is necessary to address a Significant Regulatory Change or Significant Operational Change, the Parties will proceed to negotiate such amendment in good faith. If the Parties have not reached agreement within one hundred and twenty (120) Calendar Days of the date of the first meeting, either Party may terminate this Agreement upon one hundred and eighty (180) Calendar Days prior written notice provided to the other Party.

IN WITNESS WHEREOF, NCPA and Customer have, by the signature of its duly authorized representative shown below, executed and delivered a counterpart of this Agreement.

**Northern California Power Agency**

**East Bay Community Energy Authority**

\_\_\_\_\_  
RANDY S. HOWARD, General Manager

\_\_\_\_\_

Attest:

Attest:

\_\_\_\_\_  
Assistant Secretary of the Commission

\_\_\_\_\_

Approved as to Form:

Approved as to Form:

\_\_\_\_\_  
General Counsel

\_\_\_\_\_

## APPENDIX A

### SCOPE OF SERVICES

All services provided by NCPA to Customer pursuant to this Agreement are described in this Appendix A (collectively referred to herein as "Services").

#### Section 1. SCHEDULING SERVICES

As of the Effective Date of this Agreement, NCPA shall act as Customer's Scheduling Coordinator until the earlier of either: (i) the date on which Customer has completed the process of transferring and/or migrating the content of its portfolio (including, but not limited to, loads, generation, trades, and/or other scheduled CAISO products) from a Scheduling Coordinator account (commonly referred to as "SCID") registered by NCPA, to a Scheduling Coordinator account registered by Customer, or (ii) December 31, 2018. At such time, Customer shall then act as its own Scheduling Coordinator, and shall assign certain scheduling and settlement duties and responsibilities to NCPA, acting as Customer's Scheduling Agent, as further described in Appendix A hereto; provided, however, if Customer has not completed the process of transferring and/or migrating the content of its portfolio to a Scheduling Coordinator account registered by Customer on or prior to December 31, 2018, NCPA shall have the right, but not the obligation, to terminate this Agreement, as set forth in Section 5.2 of this Agreement.

1.1 Description of Service. NCPA shall provide scheduling services ("Scheduling Services") to Customer, acting as Customer's Scheduling Coordinator or Scheduling Agent, as further set forth herein, in accordance with this Agreement, the CAISO Tariff, and other rules and requirements, as applicable. Scheduling Services include the following duties, and are furthermore described in Appendix C of this Agreement:

1.1.1 NCPA, in coordination with Customer, will facilitate Customer's Scheduling Coordinator registration with the CAISO. NCPA will assist Customer with managing the various steps that are required to complete all of the Scheduling Coordinator certification requirements set forth in the CAISO Tariff and Business Practice Manuals.

1.1.2 NCPA will assist Customer with the process of transferring Customer's resources from the Scheduling Coordinator account in which they currently reside, if any, to either NCPA's Scheduling Coordinator account, or Customer's Scheduling Coordinator account.

1.1.3 Development and submission of schedules and Bids for Customer's loads, resources, trades, ancillary services and/or other CAISO products in the CAISO energy and ancillary services markets, or other markets, as applicable. All schedules and Bids will be made and submitted to the CAISO in accordance with Appendix C and the CAISO Tariff, or other balancing authority areas in accordance with the applicable rules and requirements. Customer's owned and operated generation facilities, if any, for which NCPA supplies Scheduling Services on behalf of are listed in Appendix E.

1.1.4 NCPA shall perform outage coordination and management for Customer's generating resource planned and unplanned outages in accordance with applicable rules and requirements, including, but not limited to, the CAISO Tariff and associated operational procedures.

1.1.5 Obtain and maintain settlement quality meter data in accordance with the CAISO Tariff, the MSA CAISO ME or MSA SC, as applicable, to be used for multiple purposes, including, but not limited to forecasting and settlement validation. For the purpose of clarity, Customer intends to acquire, or has acquired, the services of a Third Party supplier to provide and/or perform meter data management services on behalf of Customer. Meter data management services include, but are not limited to, collection of meter data, validation of meter data, profiling and formatting of meter data, and development and submission of Settlement Quality Meter Data to the CAISO in accordance with the requirements of the CAISO Tariff. Metering services provided by NCPA, as contemplated herein, are limited to collecting the processed Settlement Quality Meter Data from and/or through applicable access, as provided by the CAISO (e.g., querying data from the CAISO MRI-S software application), storing such data, and using the data for the



purpose of forecasting and validating CAISO settlement charges and credits attributed to Customer's activities.

1.1.6 Submit regulatory data to appropriate Balancing Authorities by defined deadlines, including Resource Adequacy supply plans and compliance filings.

1.1.7 Develop, submit and management of E-Tags for Customer interchange transactions.

1.1.8 Review, validate, and reconcile CAISO settlement charges and credits for services, file timely disputes and pursuant dispute resolution.

## **Section 2. CONTROL CENTER SERVICES**

2.1 Description of Service. NCPA shall provide control center services ("Control Center Services") for Customer's owned and operated generation facilities (if any) for which NCPA supplies Scheduling Coordination Services. Such duties shall include the following, and are furthermore described in Appendix D of this Agreement:

2.1.1 Monitoring and dispatching of Customer generation facilities.

2.1.2 Management of unplanned outages and system emergencies.

2.1.3 Monitor real time telemetry, data flow and manage system data.

2.1.4 Call-out field and emergency service personnel in response to certain operational conditions.

2.1.5 Operational coordination, communication, monitoring and equipment clearance and switching with Customer's generation facility personnel and Third Parties.

2.1.6 Monitor alarms and operate Customer generation facilities in accordance with any applicable Operating Procedures and requirements, as may be set forth in Appendix D, including regulatory and/or environmental requirements.

2.1.7 Comply with the Customer Emergency Action Plan ("EAP"), and initiating the EAP as required.

### **Section 3. PORTFOLIO MANAGEMENT AND OPTIMIZATION SERVICES**

3.1 Description of Services. NCPA shall provide portfolio management and optimization services (“Portfolio Management and Optimization Services”) to Customer pursuant to this Agreement. Portfolio Management and Optimization Services include the following duties:

3.1.1 Acting as an Operating Entity on behalf of Customer.

3.1.2 Providing pre-scheduling and real-time optimization services (including development of bidding strategies) for Customer’s loads and resources.

3.1.3 Performing long term, medium term and short term resource planning and optimization on behalf of Customer.

3.1.4 Development and management of load and resource balance information; providing transactional recommendations in coordination with planning and risk management strategies adopted by Customer.

3.1.5 Focused industry restructuring and advocacy support within the CAISO stakeholder initiative process, in support of Customer’s planning and optimization activities; provided, however, NCPA is not authorized to directly advocate and/or assume policy positions, on behalf of Customer, that are inconsistent with and/or in conflict with policy positions and/or objectives of NCPA’s Members.

3.1.6 Entering into Balance of Month Transactions for purchasing and selling energy, capacity, transmission capacity, and other related services and products on behalf of Customer.

3.1.7 Monitor and analyze contract requirements, and provide recommendations and other advice to Customer regarding strategies for maximizing the benefits of such contracts.

3.1.8 Provide support with development of master agreements and other transacting instruments.

3.1.9 Coordination of daily and intra-daily operational communications with Customer's operational counterparts, including coordination with Customer's meter data management agent.

3.1.10 Performing transactional and bilateral checkouts and settlements for physical and financial energy, and energy related product transactions, and initiating and processing related disputes.

3.1.11 Perform load forecasting and provide accurate real time, hour ahead, day ahead, week ahead, and month ahead load forecasts to Customer.

3.1.12 Provide monthly forecast reconciliation reports comparing forecast to actual electric usage, and update forecasting models, as required, to reduce systematic forecasting errors.

3.1.13 Submit Congestion Revenue Rights nominations and bids, acting as Customer's agent, and provide quarterly effectiveness reports.

3.1.14 Develop and provide performance reports and operational reports to Customer, and provision of interval and summary data through use of web based portal interface.

3.1.15 Develop and provide risk management services, including development of risk management policies and regulations, strategies, and reporting tools.

#### **Section 4. INFORMATION REQUIREMENTS**

4.1 Information Requirements. To enable NCPA to perform the duties associated with Services provided to Customer in accordance with this Agreement, Customer shall timely provide the following information, instructions, and communications to NCPA (as applicable):

4.1.1 Meter Data. Customer shall provide NCPA access to settlement quality meter data from loads and resources scheduled and Bid by NCPA for Customer under this Agreement, and to maintain such meters and metering equipment in accordance with the standards and requirements as set forth in the CAISO Tariff.

4.1.2 Operational Data. Customer shall provide NCPA access to certain real-time operational systems and information (as mutually determined by NCPA and Customer) including, but is not limited to: (i) Supervisory Control and Data Acquisition (“SCADA”) systems, (ii) Programmable Logic Controllers (“PLC”), and (iii) Real-time telemetry and recording devices.

4.1.3 Scheduling and Operating Procedures. NCPA shall prepare, and Customer shall approve, written scheduling procedures (“Scheduling Procedures”) and operating procedures (“Operating Procedures”) related to Customer loads and generation resources that convey Customer’s guidelines for how NCPA is to perform certain Scheduling Services and Control Center Services under this Agreement, and included at such time as Appendix C and Appendix D, respectively. Such Scheduling Procedures and Operating Procedures shall be agreed to sufficiently in advance of their application so as to reasonably enable NCPA to perform such activities.

## **Section 5. SUPPLEMENTAL SERVICES IN ACCORDANCE WITH TASK ORDER PROCESS**

5.1 Description of Service. NCPA may, at its sole discretion, provide certain technical support services, or other advisory services, to Customer upon mutual written agreement between the Parties (“Supplemental Services”). All requests for Supplemental Services shall be submitted by Customer to NCPA in accordance with the task order process described in Appendix F (“Task Order Process”).

5.2 Compensation for Supplemental Services. Costs for NCPA’s provision of Supplemental Services shall be charged to Customer on a time and materials basis. Pursuant to Section 7.1 of this Agreement, in consideration of NCPA’s provision of Supplemental Services, Customer shall pay NCPA the sum of: (i) an amount equal to the number of hours required to complete each respective task, multiplied by the applicable hourly rate listed in the Supplemental Services Rate Schedule contained in Appendix B, and (ii) out of pocket expenses and the cost of materials. The scope of each Supplemental Service shall be specified in each respective task order (“Task Order Request”) developed by the Parties pursuant to the Task Order Process.

**Section 6. SERVICE TRANSITION**

The Parties acknowledge that prior to the date on which specific Services shall be supplied by NCPA for a specific Customer load and/or generating resource, the Parties may be required perform certain work and other activities to establish and enable the systems and processes that are required to perform Services as of the date on which Services for a specific Customer load and/or generating resource is to commence. Such activities may include establishing common business practices, developing business requirements, establishing connectivity of systems and equipment, coordinated training of staff, and other activities that may be required to enable NCPA to provide, and Customer to receive, Services. During this transition period (the "Transition Period"), the Parties agree to cooperate in good faith to establish and enable the systems and processes that are required to perform Services. All activities to be performed by NCPA during the Transition Period are included as part of the comprehensive Services provided to Customer, pursuant to this Agreement, even though such work and activities may be performed by NCPA prior to the date on which specific Services shall be supplied by NCPA for a specific Customer generating resource.

## APPENDIX B

### COMPENSATION SCHEDULE

Pursuant to Section 7.1 of this Agreement, Customer shall pay NCPA the amounts listed in this Appendix B (the "Compensation Schedule") in consideration for Services provided under this Agreement.

#### Section 1. COMPENSATION SCHEDULE

1.1 In consideration for NCPA's provision of all Services, except Supplemental Services, Customer shall pay NCPA an amount equal to Six Hundred Forty Thousand Dollars (\$640,000.00) for Services rendered during the first one (1) year period in which NCPA is supplying Services to Customer; more specifically, the first one (1) year period shall begin on May 1, 2018, and shall continue through April 30, 2019. If the date on which NCPA begins supplying Scheduling Services to Customer occurs after May 1, 2018, the compensation amount listed herein for the first one (1) year period shall be prorated based on the actual date on which NCPA begins supplying Scheduling Services to Customer (e.g., if NCPA begins supply Scheduling Services to Customer on June 1, 2018, the compensation amount listed herein for the first one (1) year period shall be equal to \$640,000.00 multiplied by 0.92 (or 11/12 of the year)). Furthermore, if the date on which NCPA begins supplying Scheduling Services to Customer occurs after the first (1<sup>st</sup>) day of a monthly period during the first one (1) year period, the monthly payment made from Customer to NCPA shall be prorated based on the number of Calendar Days during such month.

1.2 For each subsequent one (1) year period of the term of this Agreement, Customer shall pay NCPA an amount equal to: (i) the sum of the annual amount charged to Customer during the prior year escalated at a rate of two percent (2%) per year. For the purpose of clarity, for the one (1) year period immediately following the first one (1) period, the amount of compensation used to perform the calculation described in Section 1.2 of Appendix B shall be \$640,000.00, even if such amount is prorated during the first one (1) year period, as further described in Section 1.1 of Appendix B.

1.3 Such annual amounts shall be billed to Customer in twelve (12) equal monthly installments, in accordance with Section 8 of this Agreement.

**Section 2. SUPPLEMENTAL SERVICES**

2.1 Pursuant to Section 5 of Appendix A, NCPA may provide Supplemental Services to Customer. All costs charged to Customer for Supplemental Services are separate from and in addition to the compensation paid for all other Services, as set forth in Section 1 of this Appendix B. The following is the hourly rate schedule applicable to Supplemental Services (“Supplemental Services Rate Schedule”):

**SUPPLEMENTAL SERVICES RATE SCHEDULE**

	<b>CY 2016</b>
<b>Job Classification</b>	<b>Hourly Rate (\$/Hr.)</b>
Accountant/Analyst I-III	\$ 150.00
Administrative Assistant I-III	\$ 90.00
Assistant General Manager	\$ 300.00
Computer Tech Analyst I-IV	\$ 170.00
Sr. Computer Tech Analyst	\$ 180.00
Risk Manager	\$ 180.00
Compliance Manager	\$ 230.00
Engineer/Energy Resource Analyst I-IV	\$ 180.00
Mgr. Information Svcs. and Power Settlements	\$ 240.00
Power Settlements Analyst	\$ 160.00
Power Settlements Manager	\$ 210.00
Scheduler/Planner	\$ 180.00
Supervisor I-III	\$ 230.00

This rate schedule may be amended from time to time by NCPA as its costs of labor increase, and may add, subtract or amend job classification titles (and their respective hourly rates) as its job classification schedule is amended. NCPA shall provide written notice to Customer of any such amendment prior to charging any increased rate.

**APPENDIX C**

**SCHEDULING PROCEDURES**

The Scheduling Procedures are separately attached to this Agreement as Appendix C.

**EBCE-PM-401 – Scheduling and Bidding**



**APPENDIX D**

**OPERATING PROCEDURES**

The Operating Procedures are separately attached to this Agreement as Appendix D.

**RESERVED**

## **APPENDIX E**

### **CUSTOMER RESOURCES**

The following is a list of Customer's resource for which NCPA provides Services pursuant to this Agreement.

**RESERVED**

## APPENDIX F

### TASK ORDER PROCESS

Pursuant to Section 5 of Appendix A, NCPA may, at its sole discretion, provide certain Supplemental Services to Customer. All requests for Supplemental Services shall be submitted by Customer to NCPA in accordance with the Task Order Process described in this Appendix F.

#### **Section 1. Task Order Process**

1.1 Submission of a Task Order. Customer may submit a Task Order Request for Supplemental Services to NCPA in accordance with the terms and conditions of this Agreement. All Supplemental Services requests shall be submitted to NCPA in writing using the task order request form attached to this Appendix F ("Task Order Request Form"). In the Task Order Request Form, Customer shall provide a description of the desired Supplemental Services, a time frame on which Customer is seeking such Supplemental Services to be completed, and all other relevant details that may assist NCPA's review and consideration of the Task Order Request.

1.2 Review of Task Order Request. Once NCPA receives a Task Order Request from Customer, NCPA will review the Customer's request to determine if NCPA can perform the desired work. Once NCPA has completed its review of the Task Order Request, NCPA will provide a written response to Customer to confirm that NCPA is either: (i) able and willing to perform the Supplemental Services as requested, or (ii) not able or not willing to perform the Supplement Services as requested. If NCPA is able and willing to perform the Supplemental Services as requested, NCPA will provide a written proposal for NCPA's provision of the requested Supplemental Services to Customer, including a detailed project scope and estimated cost for performing the desired work ("Supplemental Services Task Order").

1.3 Task Order Confirmation. Upon receipt of the Supplemental Services Task Order, if any, Customer may agree to accept or not accept NCPA's proposal to supply Supplemental Services. If Customer agrees to accept NCPA's proposal to supply Supplemental Services, upon mutual written consent of the Designated Representatives of each Party, the Parties shall

confirm the terms and conditions of the Supplemental Services by executing the Supplemental Services Task Order. NCPA shall invoice Customer for the full estimated cost of the Supplemental Services, as set forth in the Supplemental Services Task Order, prior to NCPA's provision of the Supplemental Services to Customer. Such amounts shall be billed to Customer in accordance with Section 8 of this Agreement.

1.4 Billing Adjustments. Upon completion of the Supplemental Services, NCPA shall provide a final written accounting for all actual costs associated with NCPA's provision of the Supplemental Services to Customer, and shall either: (i) refund any positive difference between estimated costs and actual costs, or (ii) invoice Customer for the amount of actual costs that are greater than the amount of estimated costs collected from Customer ("Adjustment Amount"). Any Adjustment Amount shall be billed to Customer in accordance with Section 8 of this Agreement.

1.5 Disputes. Any disputes associated with NCPA's provision of Supplemental Services to Customer shall be resolved under the dispute resolution procedures set forth in Section 13 of this Agreement.

# Northern California Power Agency

## Task Order Request Form

Attention: Contract Administration  
651 Commerce Drive  
Roseville, CA 95678  
Phone: 916-781-4229  
Email: tony.zimmer@ncpa.com

Dated As: \_\_\_\_\_  
Date of Completion: \_\_\_\_\_

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### Customer Information:

Customer Name: \_\_\_\_\_  
Designated Representative: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

Task Details

### Additional Notes:

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[Customer Designated Representative]