California Community Choice Financing Authority

California Community Choice Financing Authority (CCCFA)
Board of Directors Meeting
Thursday, October 24, 2024
1:00 P.M.

Via Teleconference at the Following Locations:

- Central Coast Community Energy - 70 Garden Court, Suite 300, Main Conference Room - Monterey, CA 93940
- Clean Power Alliance – 801 S. Grand Ave., Ste. 400, Los Angeles, CA 90017
- Silicon Valley Clean Energy - 333 W. El Camino Real, Suite 330, Sunnyvale, CA 94087
- Ava Community Energy – 1999 Harrison St., Ste 2300, Berkeley, CA 94617

Members of the public who wish to observe the meeting may do so at one of the locations listed above or telephonically via the following teleconference call-in number and meeting ID:

For Viewing Access Join the Zoom Meeting:
https://us02web.zoom.us/j/87343304744

Dial-in: (669) 900-6833
Webinar PIN: 873 4330 4744

In compliance with the Brown Act, Directors may participate at one of the meeting locations listed above. In either case, please: 1) post this Agenda at a publicly accessible location at the participation location no later than 72 hours before the beginning of the meeting, and 2) have a speaker phone available for members of the public who wish to attend at your location.

Agenda

1. Call to Order & Roll Call

2. Agenda Update and/or Changes

3. Public Comment
This item is reserved for persons wishing to address the Board of Directors on any CCCFA-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to three minutes per speaker.

4. Consent Calendar (Discussion/Action)
   A. Consider approval of 9/26/24 regular meeting minutes of the Board of Directors
   B. Consider approval of 10/11/24 special meeting minutes of the Board of Directors

5. Consider Approval of Resolution No. 2024-11: Resolution of the California Community Choice Financing Authority Authorizing the Issuance of One or More Series of Clean Energy Project Revenue Bonds in an Aggregate Principal Amount Not to Exceed $1,250,000,000 to Finance the Acquisition of a Long-Term Supply of Electricity for the City of San José and Other Matters Relating Thereto (Discussion/Action)

6. Consider Approval of Resolution No. 2024-12: Resolution of the California Community Choice Financing Authority Authorizing the Issuance of One or More Series of Clean Energy Project Revenue Bonds in an Aggregate Principal Amount Not to Exceed $1,500,000,000 to Finance the Acquisition of a Long-Term Supply of Electricity for Sonoma Clean Power Authority and Other Matters Relating Thereto (Discussion/Action)

7. Consider Approval of Resolution No. 2024-13: Resolution of the California Community Choice Financing Authority Authorizing the Issuance of One or More Series of Clean Energy Project Revenue Bonds in an Aggregate Principal Amount Not to Exceed $1,500,000,000 to Finance the Acquisition of a Long-Term Supply of Electricity for San Diego Community Power and Other Matters Relating Thereto (Discussion/Action)

8. Treasurer/Controller Working Group Project List: The Board will receive an update on the Treasurer/Controller Working Group’s current and planned projects (Discussion/Action)

9. Board Member Announcements (Discussion)

10. Adjourn

Next CCCFA Board meeting is scheduled for November 14, 2024 at 1:00 pm

DISABLED ACCOMMODATION: If you are a person with a disability which requires an accommodation, or an alternative format, please contact the Clerk of the Board at (510) 906-0491, 72 hours prior to the scheduled meeting to ensure reasonable accommodations are provided.

Materials related to an item on this agenda submitted to the Board of Directors, or a majority of the Board, after distribution of the agenda are available for public inspection at the Clerk's Office, Ava Community Energy (formally East Bay Community Energy),1999 Harrison St. Ste 2300, Oakland CA, 94612, during normal business hours.

Draft Minutes

California Community Choice Financing Authority (CCCFA)
Board of Directors Meeting
Thursday, September 26, 2024
1:00 P.M.

Via Teleconference at the Following Locations:

- Coast Community Energy – 70 Garden Court, Suite 300, Main Conference Room, Monterey, CA 93940
- Ava Community Energy – 1999 Harrison Street, Suite 2300, Oakland, CA 94612
- Clean Power Alliance – 801 S. Grand Ave., Ste. 400, Los Angeles, CA 90017
- Silicon Valley Clean Energy – 333 W. El Camino Real, Suite 330, Sunnyvale, CA 94087
- Pioneer Community Energy - 2510 Warren Dr., Suite B, Rocklin, CA 95677

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Agenda

1. Call to Order & Roll Call

   <u>Present</u>
   Robert Shaw – Central Coast Community Energy (CCCE)
   Monica Padilla – Silicon Valley Clean Energy (SVCE)
   Vicken Kasarjian – Marin Clean Energy (MCE)
   Howard Chang – Ava Community Energy (Ava)
   Ted Bardacke (Chair) – Clean Power Alliance (CPA)

   <u>Not Present</u>

   <u>Staff and Others:</u>
   Adrian Bankhead – Board Clerk
   David Ruderman – General Counsel
   Garth Salisbury – Treasurer/Controller
   David McNeil – CFO and Treasurer - Clean Power Alliance and member of the Working Group
   Nick Bijur – Chief Financial Officer – Peninsula Clean Energy
   Eric Washington – Chief Financial Officer – San Diego Community Power

2. Agenda Update and/or Changes
   No updates or changes were made to the agenda.

3. Public Comment
   This item is reserved for persons wishing to address the Board of Directors on any CCCFA-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to three minutes per speaker.

   <u>Chair Bardacke opened the public comment period. There were no comments.</u>

4. Consent Calendar (Discussion/Action)
   a. Consider approval of 8/22/24 regular meeting minutes

   <u>Action: It was M/S/C (Shaw/Kasarjian) to approve the Consent Calendar. The motion carried 4/0/0/0/1 (yes/no/abstain/recuse/absent):</u>

   <u>Approval of Consent Calendar Vote:</u>
   <u>CCCE – Yes</u>
   <u>SVCE – Yes</u>
   <u>MCE – Yes</u>
   <u>CPA – Yes</u>

Ava – Not Present

5. Consider Approval of Resolution No. 2024-6: A Resolution of the California Community Choice Financing Authority Authorizing the Issuance of One of More Series of Clean Energy Project Revenue Bonds in an Aggregate Principal Amount Not To Exceed $1,500,000,000 to Finance the Acquisition of a Long-Term Supply of Electricity for Peninsula Clean Energy Authority and Other Matters Relating Thereto (Discussion/Action)

Garth Salisbury introduced the item and stated that the approval of the bond issuance was contingent upon the PCE board's meeting later that night.

Action: It was M/S/C (Shaw/Chang) to approve Resolution No. 2024-6. The motion carried 5/0/0/0/0 (yes/no/abstain/recuse/absent):

Approval of Resolution No. 2024-6 Vote:
CCCE – Yes
SVCE – Yes
MCE – Yes
CPA – Yes
Ava – Yes

6. The Board will consider calling additional special and/or regular board meetings to occur prior to the end of the calendar year 2024 (Discussion/Action)

Action: It was M/S/C (Shaw/Bardacke) to approve Resolution No. 2024-7 and to establish November 14, 2024 as a regular meeting of the Authority. The motion carried 5/0/0/0/0 (yes/no/abstain/recuse/absent):

Approval of Resolution No. 2024-6 Vote:
CCCE – Yes
SVCE – Yes
MCE – Yes
CPA – Yes
Ava – Yes

7. Treasurer/Controller Working Group Project List: The Board will receive an update on the Treasurer/Controller Working Group's current and planned projects (Discussion/Action)

Chair Bardacke opened the floor for comments or questions on the working group project list, which was primarily handled by **Garth Salisbury**.

Garth Salisbury provided updates on potential new members, including Sonoma Clean Power (SCP) and San Diego Community Power (SDCP). Mr. Salisbury noted that SCP will present a resolution to join CCCFA at their October 3, 2024 board meeting, with hopes that this membership request will be considered at the October 11, 2024 CCCFA special meeting.

8. Board Member Announcements (Discussion)

Chair Bardacke stated that CPA has considered if VAMO contracts could be included in a prepay transaction.

9. Adjourned at 1:53pm.

Next CCCFA Board meeting is scheduled for October 24, 2024 at 1:00 pm

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Draft Minutes

California Community Choice Financing Authority (CCCFA)
Board of Directors Special Meeting
Friday, October 11, 2024
3:00 P.M.

Via Teleconference at the Following Locations:

- Clean Power Alliance – 801 S. Grand Ave., Ste. 400, Los Angeles, CA 90017
- Pioneer Community Energy - 2510 Warren Dr., Suite B, Rocklin, CA 95677
- 1312 Acton St., Berkeley, CA 94706

Members of the public who wish to observe the meeting may do so at one of the locations listed above or telephonically via the following teleconference call-in number and meeting ID:

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Agenda

1. Call to Order & Roll Call

Present
Zakary Liske – Silicon Valley Clean Energy (SVCE)
Vicken Kasarjian – Marin Clean Energy (MCE)
Howard Chang – Ava Community Energy (Ava)

Ted Bardacke (Chair) – Clean Power Alliance (CPA)

<u>Not Present</u>
Robert Shaw – Central Coast Community Energy (CCCE)

<u>Staff and Others:</u>
Adrian Bankhead – Board Clerk
David Ruderman – General Counsel
Garth Salisbury –Treasurer/Controller
Kate Freeman – Strategic Finance Manager – Clean Power Alliance
Edward Burnham – Director of Finance & Internal Operations - Valley Clean Energy
Eric Washington – Chief Financial Officer – San Diego Community Power

2. Agenda Update and/or Changes
<u>No updates or changes were made to the agenda.</u>

3. Consider Approval of Resolution No. 2024-8: A Resolution of the Board of Directors of the California Community Choice Financing Authority approving San Diego Community Power as an Associate Member of CCCFA (Discussion/Action)

<u>Action: It was M/S/C (Chang/Kasarjian) to approve Resolution No. 2024-8. The motion carried 4/0/0/0/1 (yes/no/abstain/recuse/absent):</u>

<u>Approval of Resolution No. 2024-8 Vote:</u>
<u>CCCE – Not Present</u>
<u>SVCE – Yes</u>
<u>MCE – Yes</u>
<u>CPA – Yes</u>
<u>Ava – Yes</u>

4. Consider Approval of Resolution No. 2024-9: A Resolution of the Board of Directors of the California Community Choice Financing Authority approving Sonoma Clean Power Authority as an Associate Member of CCCFA (Discussion/Action)

<u>Action: It was M/S/C (Chang/Bardacke) to approve Resolution No. 2024-9. The motion carried 4/0/0/0/1 (yes/no/abstain/recuse/absent):</u>

<u>Approval of Resolution No. 2024-9 Vote:</u>
<u>CCCE – Not Present</u>
<u>SVCE – Yes</u>
<u>MCE – Yes</u>

<u>CPA – Yes</u>
<u>Ava – Yes</u>

5. Consider Approval of Resolution No. 2024-10: A Resolution of the Board of Directors of the California Community Choice Financing Authority approving Valley Clean Energy as an Associate Member of CCCFA (Discussion/Action)

   <u>Action: It was M/S/C (Chang/Kasarjian) to approve Resolution No. 2024-10. The motion carried 4/0/0/0/1 (yes/no/abstain/recuse/absent):</u>

   <u>Approval of Resolution No 2024-10 Vote:</u>
   <u>CCCE – Not Present</u>
   <u>SVCE – Yes</u>
   <u>MCE – Yes</u>
   <u>CPA – Yes</u>
   <u>Ava – Yes</u>

6. Board Member Announcements (Discussion)
   <u>There were no Board Member Announcements.</u>

7. Closed Session Public Comment
   <u>There were no public comments for the closed session.</u>

8. Closed Session
   A. CONFERENCE WITH LEGAL COUNSEL—Anticipated Litigation (Govt. Code § 54956.9(d)(2))
      A point has been reached where, in the opinion of the legislative body of the local agency on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the local agency.
      Number of Potential Cases: 1

9. Report Out of Closed Session
   <u>There were no actions to report out of Closed Session.</u>

10. **<u>Adjourned at 4:24pm.</u>**

Next CCCFA Board meeting is scheduled for November 14, 2024 at 1:00 pm

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California Community Choice Financing Authority

Staff Report – Item 5

Item 5:	Board of Directors
From:	Garth Salisbury, Treasurer/Controller
Date:	October 24, 2024
Attachments:	A. Board Resolution No. 2024-11 authorizing the issuance of Clean Energy Project Revenue Bonds to finance the acquisition of a long-term supply of electricity for the City of San José B. City of San José Resolution No. RES2024-352 C. City of San José City Council Memorandum dated September 16, 2024

RECOMMENDATION

By motion, adopt Resolution No. 2024-11 authorizing the issuance of one or more series of Clean Energy Project Revenue Bonds (the "Bonds") and approving parameters under which an energy prepayment transaction can be completed on behalf of the City of San José (City) with Morgan Stanley & Co. LLC (MS) as the Underwriter and Morgan Stanley Energy Structuring, L.L.C. (MSES) as the Energy Supplier; authorizing and/or approving documents or "form of" documents supporting the prepay transaction; and approving payments by CCCFA to service providers for issuance costs from prepay bond proceeds.

BACKGROUND

In November 2023, the San José City Council approved enrolling the City as a member of CCCFA and directed the administration to evaluate the feasibility of reducing San José Clean Energy's (SJCE) power purchase costs by financing a prepayment for energy procured with long term power purchase agreements with the proceeds of tax-exempt bonds issued by CCCFA. The City approved contracts with PFM Financial Advisors LLC ("PFM") and Public Resources Advisory Group ("PRAG") as Municipal Financial Advisors, Orrick Herrington & Sutcliffe as Prepay Counsel, and Ansel Galvan as Disclosure Counsel to support the City's continued evaluation and preparation of a prepay transaction. CCCFA approved the City's associate membership on May 23, 2024.

In March 2024, City staff selected MS as the Underwriter of the Bonds and MSES as the energy prepay counterparty for an energy prepayment transaction utilizing certain existing renewable power purchase agreements held by the SJCE.

On October 8, 2024, the City Council adopted a resolution approving, in substantially final forms, Appendix A to an Official Statement, a Power Supply Contract, a Custodial Agreement, a Letter Agreement, and a Prepaid Energy Project Administration Agreement and authorizing the City Manager and other authorized officers of the City, to execute and deliver these documents and any other related documents in connection with the issuance and sale of the Bonds by CCCFA in an aggregate principal amount not to exceed $1,250,000,000. Attached to this memorandum is a copy of the executed City Resolution, and City Council Memo.

REQUESTED ACTION

The proposed Board Resolution encompasses the following approvals or authorizations relating to the execution of the prepay transaction:

- Authorizes the issuance of the Bonds by CCCFA in an aggregate principal amount not to exceed $1,250,000,000 to purchase certain quantities of electricity from MSES on a prepaid basis and sell such quantities of electricity to the City;
- Authorizes the Chair, the Vice Chair, the Treasurer/Controller, the Secretary or any other person or persons designated by the Board of Directors by resolution to act on behalf of CCCFA (each, including the designees thereof, Authorized Officers) to execute and deliver documents in support of the prepay transaction, including a certificate deeming the preliminary form of the Official Statement final for purposes

of Securities and Exchange Commission Rule 15c2-12 and the Official Statement; and

- Confirms receipt by CCCFA of certain representations and good faith estimates from MS regarding the Bonds.

Good Faith Estimates for Prepay Transactions

Pursuant to Government Code Section 5852.1, MS has provided CCCFA with the following required good faith estimates as of August 28, 2024 for the prepay transaction contemplated herein:

- An aggregate principal amount of $1,081,807,601 for the Bonds estimated to be sold;
- A True Interest Cost of 3.96%;
- A sum of all fees and charges paid to third parties (being costs of issuance of approximately $2,022,529 plus estimated underwriters' compensation of $5,237,962) of $7,260,491;
- Proceeds to be received by CCCFA for the sale of the Bonds, less the finance charge for the Bonds and any reserves of capitalized interest paid or funded with proceeds of the Bonds, of $1,025,074,098; and
- A total payment amount, being the sum of all payments the borrower will make to pay debt service on the Bonds not paid from proceeds of the Bonds, of $1,385,069,923 to the Mandatory Purchase Date.

Prepay Documents

The Resolution authorizes the Authorized Officers to execute and deliver the following documents and document forms supporting the prepay transaction:

- A proposed form of Trust Indenture, between CCCFA and U.S. Bank Trust Company, National Association, as trustee, or other trustee named therein (Trustee);
- A proposed form of Prepaid Energy Sales Agreement, between CCCFA and MSES;

- A proposed form of Power Supply Contract, between CCCFA and the City;
- A proposed form of Limited Assignment Agreement, among the City, Morgan Stanley Capital Group Inc., a Delaware corporation (MSCG) or MSES, and certain sellers of electricity (collectively, PPA Sellers) under one or more power purchase and sale agreements between the City and the respective PPA Sellers (collectively, Assigned PPAs);
- A proposed form of Custodial Agreement, among CCCFA, the City, MSCG, MSES, and U.S. Bank Trust Company, National Association, as custodian, or other custodian named therein, relating to payments to be made with respect to the Assigned PPAs;
- A proposed form of Re-Pricing Agreement, between MSES and CCCFA;
- Proposed forms of ISDA Master Agreement, the Schedule thereto and related Confirmation, between CCCFA and Royal Bank of Canada (RBC), and proposed forms of ISDA Master Agreement, the Schedule thereto and related Confirmation, between the Issuer and Natixis (together with RBC, Commodity Swap Counterparties) relating to commodity swaps;
- Proposed forms of two separate Custodial Agreements, among CCCFA, the Trustee, as trustee and custodian, and the related Commodity Swap Counterparty;
- Proposed forms of one or more ISDA Master Agreements, Schedules thereto and related Confirmations, between CCCFA and MSES, relating to one or more interest rate swaps;
- A proposed form of Prepaid Energy Project Administration Agreement, between CCCFA and the City;
- Proposed forms of one or more ISDA Master Agreements, Schedules thereto and related Confirmations between CCCFA and MSCG, relating to one or more investment swaps (collectively, Investment Swap Agreements);
- A proposed form of Assignment Agreement, by and among CCCFA, the Trustee, and MSCG, relating to the Investment Swap Agreements;
- A proposed form of official statement to be used by MS in connection with the offering and sale of the Bonds; and
- A proposed form of Bond Purchase Contract, between MS and CCCFA.

FISCAL IMPACT

Upon the successful closing of the prepay bond transaction, the total costs of issuance will be paid by CCCFA out of bond proceeds. In the event the prepay bond transaction is not successfully completed, the City will make payments to Moody's and the Second Party Opinion provider as described in the Memorandum of Understanding between CCCFA and the City.

RESOLUTION NO. 2024-11

RESOLUTION OF THE CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF CLEAN ENERGY PROJECT REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $1,250,000,000 TO FINANCE THE ACQUISITION OF A LONG-TERM SUPPLY OF ELECTRICITY FOR THE CITY OF SAN JOSE AND OTHER MATTERS RELATING THERETO

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, constituting Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, as amended and supplemented (the "Act"), a number of California public agencies (as defined in the Act) that are community choice aggregators that have implemented CCA programs (as such terms are defined in the California Public Utilities Code) have entered into a joint powers agreement (as amended, the "Agreement") pursuant to which the California Community Choice Financing Authority (the "Issuer") has been organized for the purpose, among other things, of entering into contracts and issuing bonds to assist its members in financing or refinancing energy prepayments;

WHEREAS, the City of San José (the "City") is a public agency (as defined in the Act) that is a community choice aggregator that has implemented a CCA program known as San José Clean Energy and is an Associate Member (as such term is defined in the Agreement) of the Issuer;

WHEREAS, the Issuer is authorized by its Agreement to purchase and sell electric energy and associated capacity and environmental attributes and to issue revenue bonds to finance or refinance the cost of such transactions, and is vested with all powers necessary to accomplish the purposes for which it was created;

WHEREAS, the Issuer has determined to purchase certain quantities of electricity from Morgan Stanley Energy Structuring, L.L.C. (the "Energy Supplier") on a prepaid basis (the "Project") and to sell such electricity to the City, as contemplated herein;

WHEREAS, the Issuer has determined to finance the costs of the Project with the proceeds of its Clean Energy Project Revenue Bonds, to be issued in one or more series or subseries (collectively, the "Bonds");

WHEREAS, the Issuer has determined to authorize the officers of the Issuer to take all necessary action to accomplish the purchase of the Project on a prepaid basis, the sale of electricity to the City and the issuance, sale and delivery of the Bonds;

WHEREAS, pursuant to a Trust Indenture (the "Indenture"), between the Issuer and U.S. Bank Trust Company, National Association, as trustee, or other trustee named therein (the "Trustee"), the Issuer will issue the Bonds for the purpose, among others, of financing the Project;

WHEREAS, pursuant to a Bond Purchase Contract, to be dated the date of sale of the Bonds (the "Bond Purchase Contract"), between Morgan Stanley & Co. LLC, as underwriter (the "Underwriter"), and the Issuer, the Bonds will be sold to the Underwriter, and the proceeds of such sale will be used as set forth in the Indenture and the Bond Purchase Contract to finance the Project and to pay costs incurred in connection with the issuance of the Bonds;

WHEREAS, pursuant to a Prepaid Energy Sales Agreement (the "Energy Sales Agreement") between the Issuer and the Energy Supplier, the Issuer will acquire a supply of electricity from the Energy Supplier;

WHEREAS, pursuant to a Power Supply Contract (the "Power Supply Contract") between the Issuer and the City, the Issuer will sell such supply of electricity to the City over a period of years; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, the Issuer has received certain representations and good faith estimates from the Underwriter, which good faith estimates are attached hereto as Exhibit A;

WHEREAS, there have been made available to the Board of Directors of the Issuer (the "Board of Directors") the following documents and agreements:

1. A proposed form of the Indenture;

2. A proposed form of the Energy Sales Agreement;

3. A proposed form of the Power Supply Contract;

4. A proposed form of Limited Assignment Agreement, among the City, Morgan Stanley Capital Group Inc., a Delaware corporation ("MSCG") or the Energy Supplier, and certain sellers of electricity (collectively, the "PPA Sellers") under one or more power purchase and sale agreements between the City and the respective PPA Sellers (collectively, the "Assigned PPAs");

5. A proposed form of Custodial Agreement (the "PPA Payment Custodial Agreement") among the Issuer, the City, MSCG, the Energy Supplier, and U.S. Bank Trust Company, National Association, as custodian, or other custodian named therein, relating to payments to be made with respect to the Assigned PPAs.

6. A proposed form of Re-Pricing Agreement (the "Re-Pricing Agreement"), between the Energy Supplier and the Issuer;

7. Proposed forms of ISDA Master Agreement, the Schedule thereto and related Confirmation between the Issuer and Royal Bank of Canada ("RBC"), and proposed forms of ISDA Master Agreement, the Schedule thereto and related Confirmation between the Issuer and Natixis (together with RBC, the "Commodity Swap Counterparties") relating to commodity swaps (collectively, the "Commodity Swap Agreements");

8. Proposed forms of two separate Custodial Agreements (the "Front-End Custodial Agreements"), among the Issuer, the Trustee, as trustee and custodian, and the related Commodity Swap Counterparty;

9. Proposed forms of one or more ISDA Master Agreements, Schedules thereto and related Confirmations between the Issuer and the Energy Supplier, relating to one or more interest rate swaps (collectively, the "Interest Rate Swap Agreements");

10. A proposed form of Prepaid Energy Project Administration Agreement (the "Project Administration Agreement") between the Issuer and the City;

11. Proposed forms of one or more ISDA Master Agreements, Schedules thereto and related Confirmations between the Issuer and MSCG, relating to one or more investment swaps (collectively, the "Investment Swap Agreements");

12. A proposed form of Assignment Agreement (the "Assignment Agreement"), by and among the Issuer, the Trustee, and MSCG, relating to the Investment Swap Agreements;

13. A proposed form of official statement (the "Official Statement") to be used by the Underwriter in connection with the offering and sale of the Bonds; and

14. A proposed form of Bond Purchase Contract.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the California Community Choice Financing Authority, as follows:

Section 1. Pursuant to the Act and the Indenture, the Issuer is hereby authorized to issue its revenue bonds designated as the "California Community Choice Financing Authority Clean Energy Project Revenue Bonds" in an aggregate principal amount not to exceed one billion two hundred fifty million dollars ($1,250,000,000) in one or more series or subseries, with such other name or names of the Bonds or series or subseries thereof as designated in the

Indenture. The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the Indenture made available to the Board of Directors for this meeting. The Bonds shall be executed by the manual or facsimile signature of the Chair of the Issuer, the Vice Chair of the Issuer, the Treasurer/Controller of the Issuer, the Secretary of the Issuer or any other person or persons designated by the Board of Directors by resolution to act on behalf of the Issuer (each, including the designees thereof, an "Authorized Officer"), and attested by the manual or facsimile signature of the Secretary of the Issuer or any other Authorized Officer.

Section 2. The proposed form of the Indenture, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Indenture in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The designation of the trustee, dated date, maturity date or dates, methods of determining interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, tender provisions, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 3. The proposed forms of the Energy Sales Agreement, the Power Supply Contract, the PPA Payment Custodial Agreement, the Re-Pricing Agreement, the Front-End Custodial Agreements, the Project Administration Agreement, and the Assignment Agreement, each as made available to the Board of Directors for this meeting, are hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver such agreements in substantially said forms, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The proposed preliminary form of the Official Statement, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver a certificate deeming the preliminary form of the Official Statement final for purposes of Securities and Exchange Commission Rule 15c2-12 and to execute and deliver the Official Statement in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is hereby authorized to distribute the Official Statement in preliminary form to persons who may be interested in the purchase of the Bonds, and to deliver the Official Statement in final form to the purchasers of the Bonds, in each case with such changes as may be approved as aforesaid.

Section 5. The proposed form of the Bond Purchase Contract, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Bond Purchase Contract in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the Underwriter's discount or compensation pursuant to such Bond Purchase Contract shall not exceed 0.6% of the principal amount of the Bonds, and all other costs of issuance (exclusive of Underwriter's discount or compensation), including rating agency fees and all legal, municipal advisor and other professional and consultant fees, will not exceed 1.0% of the principal amount of the Bonds. For the purpose of the limitations contained in this Section, costs of issuance do not include any costs ultimately paid with additional proceeds or rounding amounts (howsoever such proceeds or amounts are designated in any pricing schedules relating to the Bonds).

Section 6. The proposed forms of the Commodity Swap Agreements, as made available to the Board of Directors for this meeting, are hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Commodity Swap Agreements in substantially said forms, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Board of Directors hereby finds and determines, pursuant to Section 5922 of the California Government Code, that due consideration has been given for the creditworthiness of the Commodity Swap Counterparties, and that the Commodity Swap Agreements are designed to reduce the amount or duration of rate, spread or similar risk and result in a lower cost of borrowing when used in combination with the issuance of the Bonds, including entering into the Energy Sales Agreement and the Power Supply Contract, and, in particular, to reduce the rate, spread or similar risk between the variable payments to be made by the City under the Power Supply Contract and the fixed payments to be made on the Bonds and under the Interest Rate Swap Agreements.

Section 7. The proposed form of the Interest Rate Swap Agreements, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Interest Rate Swap Agreements in substantially said forms, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Board of Directors hereby finds and determines, pursuant to Section 5922 of the California Government Code, that due consideration has been given for the creditworthiness of the Energy Supplier, including the guarantee of the obligations of the Energy Supplier under the Interest Rate Swap Agreements by Morgan Stanley, a Delaware corporation, and that the Interest Rate Swap Agreements are designed to reduce the amount or duration of rate, spread or similar risk when used in combination with the issuance of the Bonds and to enhance the relationship between risk and return with respect to the electricity purchase program financed or refinanced with the proceeds of the Bonds, and, in particular, to reduce the rate, spread or similar risk between the fixed payments received under the Interest Rate Swap Agreements and the variable interest rate payments on one or more series of the Bonds.

Section 8. The proposed form of the Investment Swap Agreements, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Investment Swap Agreements in substantially said forms, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Board of Directors hereby finds and determines, pursuant to Section 5922 of the California Government Code, that due consideration has been given for the creditworthiness of MSCG, including the guarantee of the obligations of MSCG under the Investment Swap Agreements by Morgan Stanley, a Delaware corporation, and that the Investment Swap Agreements are designed to reduce the amount or duration of rate, spread or similar risk when used in combination with the issuance of the Bonds and to enhance the relationship between risk and return with respect to the electricity purchase program financed or refinanced with the proceeds of the Bonds, and, in particular, with respect to the investment of funds on deposit in the Debt Service Account under the Indenture.

Section 9. The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Issuer by an Authorized Officer, which any Authorized Officer, acting alone, is authorized and directed, for and on behalf of the Issuer, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

Section 10. The Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver any and all documents, including, without limitation, any tax certificate or agreement relating to the Bonds, any continuing disclosure certificate or agreement relating to the Bonds, any calculation agent agreement relating to the Bonds, any letter agreements relating to Limited Assignment Agreements, any rating agency fee memoranda of understanding, and any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, or investing proceeds of the Bonds or other moneys held under the Indenture, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Issuer has approved in this Resolution and to consummate by the Issuer the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given under or in accordance with such documents, and the retaining of financial, legal or other consultants, as needed, the costs for which may be payable from proceeds of the Bonds as provided in Section 5 of this Resolution, and the collection and spending of any administrative fees funded with proceeds of the Bonds and on an annual and ongoing basis as needed.

Section 11. All actions heretofore taken by the Authorized Officers with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

Section 12. The Board of Directors hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

Section 13. This Resolution shall take effect immediately.

PASSED AND ADOPTED at a regular meeting of the CCCFA Board of Directors on this 24th day of October, 2024, by the following vote:

	YES	NO	ABSTAIN	ABSENT
Ted Bardacke				
Robert Shaw				
Vicken Kasarjian				
Monica Padilla				
Howard Chang				

____
CHAIR, CCCFA

Attest:

____
SECRETARY, CCCFA

EXHIBIT A

REQUIRED GOOD FAITH ESTIMATES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

1. **Estimated Principal Amount**. The aggregate principal amount of Bonds estimated to be sold: $1,081,807,601.00.

2. **True Interest Cost.** As defined in Section 5852.1(a)(1)(A) of the Government Code: 3.96%.

3. **Finance Charge**. As defined in Section 5852.1(a)(1)(B) of the Government Code, the sum of all fees and charges paid to third parties (being costs of issuance of approximately $2,022,529.00 plus estimated underwriter's compensation of $5,237,962.00): $7,260,491.00.

4. **Amount of Proceeds to be Received.** As described in Section 5852.1(a)(1)(C) of the Government Code, the proceeds to be received by the Issuer for sale of the Bonds, less the finance charge for the Bonds described in (3) above and any reserves or capitalized interest paid or funded with proceeds of the Bonds: $1,025,074,098.00.

5. **Total Payment Amount**. As defined in Section 5852.1(a)(1)(D) of the Government Code, the total payment amount, being the sum of (a) all payments the borrower will make to pay debt service on the Bonds to final maturity, plus (b) the finance charge described for the Bonds described in (3) above not paid from proceeds of the Bonds: $1,385,069,923.00 to the Mandatory Purchase Date.

NVF:RLT:JLM
9/25/2024

RESOLUTION NO. RES2024-352

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING, IN CONNECTION WITH THE ISSUANCE AND SALE OF CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY CLEAN ENERGY PROJECT REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $1,250,000,000 TO FINANCE THE ACQUISITION OF A LONG-TERM SUPPLY OF ELECTRICITY FOR THE CITY OF SAN JOSE ON A PREPAID BASIS, IN SUBSTANTIALLY FINAL FORM, APPENDIX A TO AN OFFICIAL STATEMENT, A POWER SUPPLY CONTRACT, A CUSTODIAL AGREEMENT, A LETTER AGREEMENT, AND A PREPAID ENERGY PROJECT ADMINISTRATION AGREEMENT; AND AUTHORIZING THE CITY MANAGER AND OTHER AUTHORIZED OFFICERS OF THE CITY TO EXECUTE AND DELIVER SUCH DOCUMENTS AND ANY OTHER RELATED DOCUMENTS IN CONNECTION THEREWITH

WHEREAS, the Council of the City of San José (the “City”) has established and implemented a community choice aggregation program called San José Clean Energy pursuant to California Public Utilities Code Section 366.2 to combine the electric loads of its residents, businesses, and municipal facilities, support the City’s transition to energy that complies with or exceeds California’s Emissions Performance Standards (hereinafter referred to as “clean energy”) and provide its residents and businesses local control over electricity prices, resources, and quality of service and, as such, the City is a community choice aggregator (“CCA”) as defined in California Public Utilities Code Section 331.1 with the power to purchase and sell electric energy and enter into related contracts for such purposes; and

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, constituting Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, as amended and supplemented (the “Act”), a number of California public agencies (as defined in the Act) that are CCAs and have implemented CCA programs pursuant to the California Public Utilities Code have entered into a joint powers agreement (as amended, the “Agreement”) pursuant to which the California Community Choice Financing Authority (the “Issuer”) has been organized for the purpose, among other things, of entering into contracts and issuing bonds to assist its members in financing or refinancing the acquisition of supplies of energy; and

WHEREAS, the City is an Associate Member (as such term is defined in the Agreement) of the Issuer and has determined that it is desirable to acquire a long-term supply of clean energy from the Issuer; and

WHEREAS, the City is requesting that the Issuer agree to purchase certain quantities of clean energy from Morgan Stanley Energy Structuring, L.L.C, a Delaware limited liability company (the “Prepaid Supplier”) on a prepaid basis (the “Project”) and sell such quantities of clean energy to the City; and

WHEREAS, the City is requesting that the Issuer finance the costs of the Project with proceeds received by the Issuer from the issuance and sale by the Issuer of one or more series or subseries of its Clean Energy Project Revenue Bonds (the “Bonds”); and

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

WHEREAS, in furtherance of the foregoing, forms of the following documents (the “City Documents”) have been prepared and submitted to the City for consideration and approval by the City Council:

- Power Supply Contract between the Issuer and the City providing for the sale and delivery of the prepaid quantities of clean energy to the City; and

- Custodial Agreement by and among the Issuer, the City, Morgan Stanley Capital Group Inc., a Delaware corporation (“MSCG”), the Prepaid Supplier and U.S. Bank Trust Company, National Association or such other custodian named therein, as custodian; and

- Letter Agreement among the Prepaid Supplier, MSCG, the City and the Issuer, together with forms of Limited Assignment Agreements to be entered into by and between the City, the applicable counterparty to the related power purchase agreement to be described therein, and MSCG or the Prepaid Supplier, as applicable, in connection with the Project; and

- Prepaid Energy Project Administration Agreement by and between the Issuer and the City; and

WHEREAS, there have also been prepared and submitted to the City and made available to the City Council forms of the following additional documents relating to the Project:

- Trust Indenture (the “Indenture”) between the Issuer and U.S. Bank Trust Company, National Association or other trustee named therein, as trustee, relating to the issuance and security for the Bonds; and

- Prepaid Energy Sales Agreement (the “Prepaid Agreement”) between the Issuer and the Prepaid Supplier providing for the delivery of the prepaid energy supply to the Issuer; and

- Re-Pricing Agreement (the “Re-Pricing Agreement”) between the Issuer and the Prepaid Supplier providing for the re-establishment of the discount available to the City under the Power Supply Contract from time to time after the initial period set out in the Power Supply Contract; and

- Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offering and sale of the Bonds, including the information relating to the City included in Appendix A thereto (the Indenture, the Prepaid Agreement, the Re-Pricing Agreement and the Preliminary Official Statement, together with the City Documents, the “Project Documents”);

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

Section 1. The City Council hereby determines that the public interest and necessity demand that the Issuer issue the Bonds for the purposes described in this Resolution.

Section 2. The proposed forms of the City Documents, as posted to the agenda webpage for this meeting, and their terms and conditions, are hereby approved. The forms of the Limited Assignment Agreements attached to the Letter Agreement may be used, in substantially the same form, for the initial assignments of City power purchase agreements, and in a similar form for additional assignments of City power purchase agreements as needed to maintain the transactions approved hereby, with such changes as may be necessary, with the advice of the City Attorney, to effect such assignment, and any such Limited Assignment Agreements shall be included in the City Documents hereby approved. Subject to the parameters set forth in Section 5 of this Resolution, the City Manager, the Director of Finance, the Director of Energy, the Assistant Director of Finance, the Deputy Director of Finance responsible for managing the City’s debt program, including any person acting in said positions, and their authorized designees (each, an “Authorized Officer”), each acting alone, are hereby authorized and directed, for and on behalf of the City, to execute and deliver the City Documents, in substantially said forms with such changes and insertions therein as the

Authorized Officer executing the same approves, with the advice of the City Attorney, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The proposed form of Appendix A to the Preliminary Official Statement, as posted to the agenda webpage for this meeting, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed to execute and deliver to the underwriter of the Bonds, for and on behalf of the City, a certificate deeming Appendix A, in substantially said form and with such changes as the Authorized Officer executing such certificate approves after consultation with the City Attorney, to be final within the meaning of Securities Exchange Commission Rule 15c2-12. The Authorized Officers, each acting alone, are hereby authorized and directed to deliver the final form of Appendix A for and on behalf of the City, in substantially the form thereof that is included in the Preliminary Official Statement with such changes as an Authorized Officer requires or approves after consultation with the City Attorney, such approval to be conclusively evidenced by the delivery of Appendix A to the Issuer for inclusion in the final Official Statement.

Section 4. The Authorized Officers and each other appropriate officer of the City, each acting alone, are authorized and directed (a) to execute and deliver on the City's behalf any and all agreements, certificates, documents, and instruments, including, without limitation, signature certificates, no-litigation certificates, disclosure certificates, tax certificates, rating agency fee memoranda of understanding, and other closing documents; and (b) to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, to effectuate the actions approved in this Resolution, in connection with the issuance, sale and delivery of the Bonds, and to consummate by the City the transactions contemplated by the City Documents approved hereby and the other Project Documents made available to the Council, including any subsequent amendments, waivers, consents, directions, approvals, requests, notices or similar actions entered into or given under or in accordance with such documents. Any Authorized Officer may appoint in writing a designee to perform any of the actions that such Authorized Officer may take under this Resolution.

Section 5. The approvals provided for herein shall be subject to the following parameters:

- the Bonds will not be obligations of the City but will be limited obligations of the Issuer payable solely from the revenues and other amounts pledged therefor under the Indenture, including amounts payable by the City under the Power Supply Contract; and

- the aggregate principal amount of the Bonds shall not exceed $1,250,000,000; and

- the issuance of the Bonds and the execution and delivery of the Power Supply Contract and related documents shall result in an annual discount to the City for the initial reset period under the Power Supply Contract of at least 8.0% of the annual undiscounted cost of the prepaid quantities of energy scheduled to be delivered under the Power Supply Contract for the initial reset period.

Section 6. Execution and delivery of the City Documents by an Authorized Officer or Authorized Officers shall be conclusive evidence that the parameters set forth in Section 5 have been met.

Section 7. If the conditions set forth in Section 5 have been met, any Authorized Officer may direct the payment to professionals that provided services to the City in connection with the Project. These professional services include legal counsel, bond counsel, tax counsel, disclosure counsel, municipal or financial advisor, swap advisor, and any other consultant needed to complete the transactions contemplated herein.

Payment to these professionals will be made from the proceeds of the Bonds and pursuant to the terms of the applicable agreement executed by the City.

Section 8. If the conditions set forth in Section 5 have been met, any Authorized Officer may direct the payment to additional vendors and/or parties to the City Documents or other Project Documents to complete the issuance of the Bonds. These vendors, if any, will be paid pursuant to an agreement for services rendered in completing the issuance of the Bonds and from the proceeds of the Bonds.

Section 9. All actions heretofore taken by the Authorized Officers, and any and all other officers and agents of the City, in connection with the issuance of the Bonds and the other actions contemplated by this Resolution are hereby ratified, confirmed and approved.

Section 10. This Resolution shall take effect from and after its adoption.

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ADOPTED this 8th day of October, 2024, by the following vote:

AYES:	BATRA, CANDELAS, COHEN, DAVIS, DOAN, FOLEY, JIMENEZ, ORTIZ, KAMEI, MAHAN.
NOES:	NONE.
ABSENT:	TORRES.
DISQUALIFIED:	NONE.

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, MMC
City Clerk

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO:	HONORABLE MAYOR AND CITY COUNCIL	**FROM:**	Drew Corbett Zachary Struyk
SUBJECT:	**See Below**	**DATE:**	September 16, 2024

Approved Date: 9/26/24

COUNCIL DISTRICT: Citywide

SUBJECT: Approval of the Power Supply Contract and Certain Other Documents in Connection with the Issuance and Sale of One or More Series of California Community Choice Financing Authority Clean Energy Project Revenue Bonds (Green Bonds)

RECOMMENDATION

Adopt a resolution approving, in connection with the issuance and sale of the California Community Choice Financing Authority Clean Energy Project Revenue Bonds (Green Bonds) in an aggregate principal amount not-to-exceed $1,250,000,000 to finance the acquisition of a long-term supply of electricity on a prepaid basis for the City of San José on a prepaid basis, in substantially final form, Appendix A to an Official Statement, a Power Supply Contract, a Custodial Agreement, a Letter Agreement, and a Prepaid Energy Project Administration Agreement; and authorizing the City Manager and other authorized officers of the City to execute and deliver such documents and any other related documents in connection therewith.

SUMMARY AND OUTCOME

Approval of these recommendations is necessary for the California Community Choice Financing Authority (CCCFA) to issue and sell California Community Choice Financing Authority Clean Energy Project Revenue Bonds (Green Bonds) (referred to as Bonds), that do not constitute a debt, liability, or obligation to the City. The proceeds of the Bonds will be used by CCCFA to make a one-time, upfront prepayment to Morgan Stanley Energy Structuring, L.L.C. (MSES) for a long-term supply of electricity that will be delivered by MSES to CCCFA and ultimately redelivered to the City, at a discount, by CCCFA. The City will assign certain rights and obligations under power purchase agreements entered into for the San José Clean Energy (SJCE) program to MSES or its affiliate, Morgan Stanley Capital Group Inc. (MSCG), that will serve as the primary source of electricity delivered to the City under the transaction. MSES and MSCG are wholly-owned subsidiaries of Morgan Stanley, a Delaware corporation (Morgan Stanley.) Morgan Stanley & Co. LLC, the underwriter of the Bonds, is also a wholly-owned subsidiary of Morgan Stanley.

The City will only be authorized to enter into the transaction if the annual savings are equal to at least 8% of the cost of the prepaid quantities of energy scheduled to be delivered under the power supply contract as described herein, during the initial reset (or pricing) period (Initial Term.) The Initial Term is estimated to be approximately six to eight years from the date the Bonds are initially issued. The actual Initial Term and annual savings will depend on market conditions at time of sale of the Bonds, subject to the required minimum annual savings of 8% of the costs of the energy assigned by the City. The required minimum annual savings are approximately in the range between $3 million to $6 million depending on the market conditions. If the transaction terminates early for any reason, the City will forgo future savings and any assigned power purchase agreements will be put back completely to the City; essentially, conditions revert to the status quo of today.

BACKGROUND

SJCE was formed by the City Council in May 2017, pursuant to Title 26, Community Energy, of the San José Municipal Code. SJCE was formed to support the City's transition to clean energy and provide its residents and businesses local control over electricity prices, resources, and quality of service. SJCE was also formed to provide the City with a tool to meet its renewable energy, energy efficiency, and ultimate greenhouse gas emission reduction goals.

SJCE became fully operational by February 2019, supplying energy to business and residential customers within the City jurisdictional boundaries. SJCE sources electricity from clean resources, such as solar and wind, through fixed- and variable-priced power purchase agreements of different terms. The City uses a portfolio risk-management approach in its power purchasing program, seeking low-cost supply as well as diversity among technologies, production profiles, project sizes and locations, counterparties, length of contract, and timing of market purchases. The City has a mix of short-, medium-, and long-term contracts for various power products, including energy, capacity, and green attributes. As of June 30, 2024, the City had a total of 117 power purchase agreements relating to SJCE in the forward portfolio with a notional value of approximately $3.57 billion to provide energy to SJCE customers for the remainder of calendar year 2024 and through 2047. Of these agreements, only long-term power purchase agreements for projects in operation are eligible for assignment in the financing.
On November 14, 2023, the City Council authorized the Finance and Energy Departments to enroll the City as a member of CCCFA and evaluate the feasibility of

reducing SJCE's power purchase costs by financing a prepayment for energy procured with long term power purchase agreements through the issuance of tax-exempt bonds by CCCFA. CCCFA approved the City's associate membership on May 23, 2024.

CCCFA is a joint exercise of powers authority whose members consist of the City of San José, Ava Community Energy Authority (formerly East Bay Community Energy Authority), Central Coast Community Energy, Clean Power Alliance of Southern California, Marin Clean Energy, Pioneer Community Energy, and Silicon Valley Clean Energy Authority. CCCFA is organized and existing pursuant to the laws of the State of California with the power to issue the Bonds and enter into the documents related thereto described herein. CCCFA is authorized to exercise the common powers of its members and to undertake all actions permitted by the Joint Exercise of Powers Act, constituting Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, including the purchase of the energy from MSES and the sale of the energy to the City. Various community choice aggregators have entered into prepaid energy transactions, involving the issuance of tax-exempt bonds by CCCFA as the conduit issuer. Since 2021, community choice aggregators have completed 12 transactions with a total par amount in excess of $11.3 billion.

ANALYSIS

The following sections support staff's recommendation to adopt the proposed resolution of the City Council and includes discussions regarding the Clean Energy Project (as defined below), description of the Bonds, designation of the Bonds as "Green Bonds," documents relating to the Bonds and the Clean Energy Project, financing team participants, and currently expected financing schedule.

Clean Energy Project Financing Structure

CCCFA will issue tax-exempt bonds to make a prepayment to acquire a 30-year supply of energy to be delivered in specified quantities (Prepaid Quantities) under an agreement for MSES to sell prepaid energy to CCCFA (Prepaid Energy Sales Agreement.) CCCFA and the City will enter into a contract for the sale and delivery of the Prepaid Quantities to the City, at a discount, by CCCFA (Power Supply Contract.) The prepayment for the Prepaid Quantities and the sale thereof to the City, and the entry into the related agreements described herein is sometimes referred to below as the Clean Energy Project. The payment obligations of MSES under the Prepaid Energy Sales Agreement will be unconditionally guaranteed by Morgan Stanley.

To facilitate the Clean Energy Project, the City will assign a portion of its rights and obligations to receive specified quantities of energy that comply with California's Emissions Performance Standards (EPS Compliant Energy) under existing and future power purchase agreements (PPAs) to MSES (or, if MSCG is not the seller under the applicable PPA, to MSCG for redelivery to MSES.) MSES will be obligated to deliver such assigned EPS Compliant Energy to CCCFA under the Prepaid Energy Sales Agreement. CCCFA will then deliver such EPS Compliant Energy to the City under the Power Supply Contract.

When an assigned PPA expires or terminates, the City will be required to use commercially reasonable efforts to assign one or more replacement PPAs for the delivery of EPS Compliant Energy at least equal to the Prepaid Quantities. If the energy delivered to MSES under the assigned PPAs is less than the quantities specified in the Prepaid Energy Sales Agreement, MSES will be obligated to make provisional payments to CCCFA for energy not delivered and remarket or be deemed to have purchased for its own account base energy not taken by the City. In the event provisional payments are made and the annual contract quantity of energy is not delivered for a calendar year, the City will be required to use commercially reasonable efforts to remediate all or a portion of such provisional payments by making other qualifying purchases of electric energy. To the extent that provisional payments that are required to be remediated are not remediated in the amounts and within the time limits prescribed by certain federal tax laws relating to the Bonds, the transaction could terminate. If the transaction is terminated, MSES would be required to make a termination payment (Termination Payment) to CCCFA to redeem the Bonds.

The scheduled amount of the Termination Payment, together with the amounts required to be on deposit in certain funds and accounts held by the trustee under the trust indenture relating to the Bonds, will be calculated to provide a sum at least sufficient to pay the purchase price or the redemption price of the Bonds, assuming that MSES and others pay and perform their respective contractual obligations when due, or in the event of nonpayment by MSES, payment by Morgan Stanley, under certain guarantees.

CCCFA will enter into commodity swaps (CCCFA Commodity Swaps) to facilitate its ability to sell specified energy quantities required to be delivered to the City at market index prices, while ensuring that the net revenues from the payment for the energy equal or exceed debt service on the Bonds irrespective of the index price of energy at the time. Quantities, term, and delivery points for the CCCFA Commodity Swaps will mirror those of commodity swaps to be entered into by MSES and the same counterparties. The City will not be a party to any swaps entered into as part of the Clean Energy Project.

CCCFA will sell the Prepaid Quantities actually delivered to CCCFA to the City under the Power Supply Contract on a pay-as-you-go basis. The Prepaid Energy Sales Agreement and the Power Supply Contract are structured and conditioned on the City assigning its rights to the delivery of EPS Compliant Energy under existing and future power purchase agreements to MSES or to MSCG, as described above.

The cumulative effect of the Prepaid Energy Sales Agreement, CCCFA Commodity Swaps, Power Supply Contract and related documents will enable the City to purchase EPS Compliant Energy at a discount from CCCFA, compared to existing fixed contract prices or to market prices. The resulting monthly net revenues, regardless of changes in energy prices, are expected to be adequate to pay debt service requirements on the Bonds and program expenses when due. For a detailed diagram of the transaction structure, see the **Attachment** to this memorandum.

CCCFA will issue the Bonds in the not-to-exceed principal amount of $1,250,000,000 to fund the prepayment to MSES, pay capitalized interest, and pay costs of issuance. The Bonds may be issued in multiple series or subseries bearing fixed or variable rates of interest and will be issued for a 30-year term. During the Initial Term (currently estimated between six and eight years), the City will purchase Prepaid Quantities actually delivered at annual savings of at least 8% of the cost of the assigned energy (equal to approximately $3 million - $6 million of savings annually.) These savings to the City are net of all costs of issuance of the Bonds.

Current interest rate market dynamics do not allow the City to attain desired savings targets with a 30-year bond transaction. Savings targets are currently achievable with a shorter six to eight year bond transaction. The Bonds will be subject to mandatory tender on the day following the end of the Initial Term (Mandatory Purchase Date.) On or before the Mandatory Purchase Date, outstanding Bonds are anticipated to be remarketed and various pricing terms for the sale of the remaining Prepaid Quantities to the City, including the monthly and annual discount for future reset periods will be reset. This process is anticipated to occur several times prior to the final maturity of the Bonds (currently estimated to occur in 2054.)

On the initial issue date of the Bonds, CCCFA and MSES will enter into a re-pricing agreement (Re-Pricing Agreement), which provides for, among other matters, the determination of the amount of the monthly and annual discount that will be available for each reset period after the Initial Term for sales of Prepaid Quantities to the City under the Power Supply Contract during each such period, and determination of the length of such reset periods.

The minimum annual discount for energy to be purchased by the City under the Power Supply Contract after the Initial Term will be determined in connection with the initial issuance of the Bonds. The minimum annual discount for reset periods after the Initial Term is expected to be approximately five dollars per megawatt-hour. If the minimum discount is not met through the repricing process for a reset period, the City will have the option to have all Prepaid Quantities to be delivered during that reset period remarketed to one or more other purchasers (Remarketing Election.) If the City makes a Remarketing Election for a reset period, it will not be obligated to purchase the Prepaid Quantities delivered during that reset period and the limited assignment agreements previously entered into by the City with MSES or MSCG will terminate. However, if the minimum discount is met through the remarketing process for a subsequent reset period, the City will be obligated to resume purchasing Prepaid Quantities delivered under the Power Supply Contract. If the City makes a Remarketing Election for any reset period, then MSES will have the option to terminate the Prepaid Energy Sales Agreement, which election will result in a requirement that MSES make a Termination Payment to redeem the Bonds.

Holders of the Bonds will have No Recourse to the City**.** The Bonds will be special, limited obligations of CCCFA, payable solely from and secured solely by the trust estate described in the trust indenture relating to the Bonds, in the manner and to the extent provided for therein.

The payment of the Bonds will not be guaranteed by the City, CCCFA, MSES, MSCG or Morgan Stanley. The Bonds will not constitute a general obligation or indebtedness of CCCFA or the City, and neither the full faith and credit of CCCFA nor the taxing power of the state or any political subdivision thereof, including the City, will be pledged to payments pursuant to the indenture or the Bonds.

The payments required to be made by the City under the Power Supply Contract, together with any net amounts received by CCCFA under the CCCFA Commodity Swaps and the interest rate swap to be entered into by CCCFA, to the extent any of the Bonds bear interest at a variable rate, will constitute the primary and expected source of the revenues pledged to the payment of the Bonds. The obligations of the City under the Power Supply Contract will be payable solely from revenues of the City derived from the operations of SJCE.

The City's obligations under the Power Supply Contract will include payments for energy purchases and true ups. In addition, the City will covenant to provide certain annual operating and financial information regarding SJCE which information will enable CCCFA to comply with CCCFA's commitment to provide continuing disclosure for the benefit of the beneficial owners of the Bonds.

City Considerations**.** While holders of the Bonds will have no recourse to the City, the City's ability to benefit from the savings generated by the transaction structure may be compromised under certain circumstances. These circumstances are described below. It is important to note that, if these risks occur, the PPAs revert back to the structure the City has today (i.e., the status quo.)

- Volumetric risk is the risk that the PPA seller fails to provide the required energy volumes to sustain the transaction. This risk may be mitigated in three ways. First, the City will assign an amount of the PPA contract energy volume which it has a high confidence of being generated each year into the prepay to hedge against potential under-generation (approximately 80%-90% of the guaranteed contract volume). The City (through SJCE) has entered into a number of PPAs from projects which are in operation, and the recommendation of which PPA(s) and how much volume from each PPA to be assigned to the Clean Energy Project will be brought to SJCE's Risk Operating Committee for consideration. Next, the deal structure allows the City to substitute or add additional assignments of PPAs to MSES (or MSCG) to sustain the required volumes of delivered energy. Finally, the Prepaid Energy Sales Agreement provides a mechanism to for MSES to back stop under-generating developers with base energy in the event of an outage or other unplanned event.

- Market risk may occur at some point during the proposed 30-year term of the Power Supply Contract if re-pricing fails to generate the minimum discount or if the Prepaid Energy Sales Agreement should terminate prior to the end of the proposed term. In either case, if the Prepaid Energy Sales Agreement terminates, the previously assigned rights under assigned PPAs will revert to the City. In such event, the City will have incurred costs in the form of staff time and consultant and legal fees without realizing a discount on the purchase of energy relative to contract or market prices during the stated 30-year term of the Power Supply Contract.

- Counterparty/financial risk exists should the banking or swap counterparty experience distress and fail to honor its swap or, in the case of Morgan Stanley for these Bonds, fails to honor its guarantees for payment obligations of MSES under the Prepaid Energy Sales Agreement, commodity swaps and interest rate swaps. Morgan Stanley is currently rated "A1" by Moody's, "A-" by S&P and "A+" by Fitch. There will be two swap counterparties in this transaction, Natixis and RBC, to mitigate the risk of swap counterparty failure.

Should the City encounter any of the risk factors and/or the energy prepayment transaction is terminated for any reason, the City will not realize the full savings that were anticipated to accrue to the City over the entire 30-year term of the Power Supply Contract and staff time, consultant and legal fees, and other expenses will be sunk costs as to any unrealized discount.

Description of the Bonds

Overview. The Bonds may be issued in one or more series, including a fixed rate and potentially two variable rate series, each of which would be subject to mandatory tender for purchase at the end of the Initial Term. As of the date of this memorandum, it is not anticipated that variable rate Bonds will be issued. However, if market conditions change one or more variable rate series may be issued by CCCFA.

Estimated Sources and Uses of Funds. Provided below are the estimated sources and uses of funds for the Bonds, which assume only a fixed rate series of Bonds as noted above, based on market conditions as of August 28, 2024.

California Community Choice Financing Authority
Clean Energy Project Revenue Bonds (Green Bonds)
Estimated Sources and Uses of Funds*

Source of Funds	
Par Amount of Bonds	$1,000,905,000
Premium	80,902,601
Total Sources	$1,081,807,601
Use of Funds	
Acquisition of the Clean Energy Project	$1,025,074,098
Capitalized Interest	49,473,012
Cost of Issuance ($2.021/$1,000)	2,022,529
Underwriter's Discount	5,237,962
Total Uses	$1,081,807,601

* Preliminary, subject to change.

Good Faith Estimates. Morgan Stanley provided the following good faith estimates for the Bonds in compliance with Section 5852.1 of the California Government Code, all of which are subject to changing market conditions and may be higher or lower than estimated.

- True interest cost for the Bonds is approximately 3.96%, assuming market conditions as of August 28, 2024.
- The finance charge for the Bonds is estimated to be $7,260,491, which is composed of costs of issuance totaling $2,022,529 (i.e., bond counsel and disclosure counsel fees and expenses, municipal advisor fees and expenses, rating agencies fees, fiscal agent fees and expenses, and printing costs) and $5,237,962 for underwriter's discount.
- Estimated proceeds of the Bonds expected to be deposited into the project fund, net of proceeds for costs of issuance as noted above, and capitalized interest: $1,025,074,098.
- Total payment amount (principal and interest), not paid with proceeds of the Bonds, is estimated to be $1,385,069,923 to the Mandatory Purchase Date.

Designation as Green Bonds

On July 12, 2024, the City released a request for proposals to solicit proposals from qualified firms interested in providing a second party opinion as to the designation of the Bonds as "Green Bonds" due to the proposed use of the net proceeds to prepay the cost of EPS Compliant Energy. On July 26, 2024, the City received proposals from seven firms. Based on the statement of qualifications provided by the proposers, the request for proposals evaluation committee, in accordance with the selection process and evaluation criteria selected Kestrel. Kestrel will provide a second party opinion to be attached to the Preliminary Official Statement and final Official Statement for the Bonds.

Appendix A of the Official Statement

The Preliminary Official Statement will be posted to the agenda webpage for this meeting to provide the City Council with more detailed information on the structure of the Clean Energy Project, including the agreements the City will be required to execute and deliver in connection with the Bonds.

City staff, including members of SJCE, with the assistance of the City's disclosure counsel, prepared Appendix A containing certain information regarding the City and SJCE, for inclusion in the Preliminary Official Statement and the Official Statement for the Bonds. Pursuant to the City's Administrative Disclosure Policies and Procedures for Municipal Debt, Appendix A was reviewed and approved for transmittal to the City Council by the Disclosure Working Group on September 25, 2024. The distribution of the Preliminary Official Statement is subject to federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the Preliminary Official Statement to include all facts that would be material to an investor in the Bonds. Material information is information that there is a substantial likelihood would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Bonds.

The Securities and Exchange Commission issued guidance as to the duties of the City with respect to its approval of the Preliminary Official Statement. If the City Council has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the Bonds, he or she should endeavor to discover whether such facts are adequately disclosed. Appendix A provides background on the formation of the SJCE program, service area, customers, sources of clean energy, and other information to inform bondholders on the financial and operational strength of the City.

Staff recommends that the City Council approve Appendix A in substantially the form posted to the agenda webpage for this meeting, with such additions thereto or changes therein as any of the authorized officers, acting alone, shall deem necessary, desirable, or appropriate upon consultation with the City Attorney. Staff carefully reviewed the information contained in the draft Appendix A and believes it to be accurate and complete in all material aspects. Staff further recommends the authorized officers be authorized and directed, each acting alone, for and on behalf of the City, pursuant to the authorizing resolutions, to deliver Appendix A with such additions thereto or changes therein, as necessary.

If any City Councilmember has personal knowledge that any of the material information in Appendix A is false or misleading, the City Councilmember must raise these issues prior to approval of the distribution of the document to potential investors in the Bonds.

Legal Documents

The City is a party to a subset of legal documents required for the Clean Energy Project. While the City is not a party to many of the agreements, the following descriptions provide more detail and context on the various transaction documents that impact the City as a participant and beneficiary of the Clean Energy Project.

<u>Clean Energy Project Documents</u>

Prepaid Energy Sales Agreement

- Prepaid Energy Sales Agreement between CCCFA and MSES for CCCFA to make the prepayment for the Prepaid Quantities and for MSES to deliver the Prepaid Quantities to CCCFA on a monthly basis. The terms of this agreement are consistent with the terms of the Power Supply Contract between CCCFA and City.

Power Supply Contract

- Power Supply Contract between CCCFA and the City to provide for the sale and delivery of Prepaid Quantities of EPS Compliant Energy actually delivered to CCCFA to the City for the term of the Bonds.

Limited Assignment Agreement Forms

- Proposed forms of Limited Assignment Agreement, among the City, MSCG or MSES, and the third-party energy suppliers to assign the City's long-term power purchase agreements to MSCG or MSES.

PPA Payment Custodial Agreement

- Custodial Agreement by and among CCCFA, the City, MSCG, MSES and U.S. Bank Trust Company, National Association or such other custodian named therein, as custodian, relating to payments to be made to third party energy supplier for assigned power purchase agreements.

Letter Agreement

- Letter Agreement among MSES, MSCG, the City and CCCFA specifying the terms of assigning long term power purchase agreements that the City has with a current or future third-party energy supplier.

Prepaid Energy Project Administration Agreement

- Prepaid Energy Project Administration Agreement by and between CCCFA and the City to provide for the administration of certain operational matters during the term of the Bonds relating to certain rights and obligations of CCCFA under the Trust Indenture, the Prepaid Energy Sales Agreement, the Re-Pricing Agreement, and other related documents.

Re-Pricing Agreement

- Re-Pricing Agreement between CCCFA and MSES to provide for repricing of the Bonds after the Initial Term, and the terms of calculation of future energy price discounts that will be offered to the City in connection with the repricing of the Bonds.

<u>Bond Document</u>

Trust Indenture

- The Trust Indenture between CCCFA and U.S. Bank Trust Company, National Association or other trustee named therein, as trustee, sets forth the terms of the Bonds, rights of holders of the Bonds, and security of the Bonds.

Key Financing Team Participants

• Issuer:	California Community Choice Financing Authority
• City's Municipal Advisors:	PFM Financial Advisors LLC Public Resources Advisory Group
• Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
• Disclosure Counsel:	Anzel Galvan LLP
• Underwriter:	Morgan Stanley & Co. LLC

- Trustee: U.S. Bank Trust Company, National Association
- Green Bonds Reviewer: Kestrel

Financing Schedule

The following is the estimated financing schedule. The bond sale is dependent upon the market condition. The City will only execute the transaction if the annual savings are equal to at least 8% of the cost of the Prepaid Quantities of energy scheduled to be delivered under the Power Supply Contract during the Initial Term.

City Council:	October 8, 2024
Rating from Moody's:	October 23, 2024
CCCFA Board:	October 24, 2024[1]
Bond Pricing (expected):	October 31, 2024
Bond Closing (expected):	November 14, 2024

Climate Smart San José

The issuance of the Bonds has no direct effect on Climate San José energy, water or mobility goals. However, the savings realized by the City through the energy prepayment transaction can be returned to ratepayers in the form of lower rates and/or invested in new SJCE programs to achieve emission reductions targeted in the Climate Smart San José Plan.

EVALUATION AND FOLLOW-UP

This memorandum presents a recommendation for the City Council to approve, in connection with the issuance and sale of the Bonds by CCCFA, in substantially final form, Appendix A to the Official Statement, a Power Supply Contract, a Custodial Agreement, a Letter Agreement, and a Prepaid Energy Project Administration Agreement; and to authorize the City Manager, and other authorized officers of the City, to execute and deliver these documents and any other related documents in connection

[1] There will not be a November CCCFA board meeting.

therewith. The Finance Department will submit an informational memorandum on the pricing results after the closing of the Bonds.

COST SUMMARY/IMPLICATIONS

The proposed prepayment transaction is expected to save the City about $3-6 million per year during the Initial Term of the Bonds. The savings result in reduced power supply expenses for SJCE, which will be factored into SJCE's annual rate recommendations. The actual savings will depend on the spread between the taxable and tax-exempt rates. Professional services (bond and disclosure counsel fees, municipal advisor fees, rating agency fees, and green bonds designation fees) and other related costs are estimated to be approximately $2,022,529 and will be paid from proceeds (principal and premium) of the Bonds, net of the underwriters' discount of approximately $1,025,074,098. The payment of the fees and expenses of the underwriter, municipal advisors, bond counsel, and disclosure counsel is contingent on the successful closing of the Bonds and payable solely from the proceeds thereof.

COORDINATION

This report was prepared by the Finance Department and the Energy Department in coordination with the City Attorney's Office, the City Manager's Budget Office, and the financing team participants.

City staff, Orrick Herrington & Sutcliffe LLP, the bond counsel for the Bonds, and representatives of PFM and Public Resources Advisory Group, the City's municipal advisors for the Bonds, will be available during the City Council meeting on October 8, 2024, to address any questions, issues, and/or concerns.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the October, 8, 2024 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-004, Government Funding Mechanism or Fiscal Activity with no commitment to a specific project, which may result in a potentially significant physical impact on the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

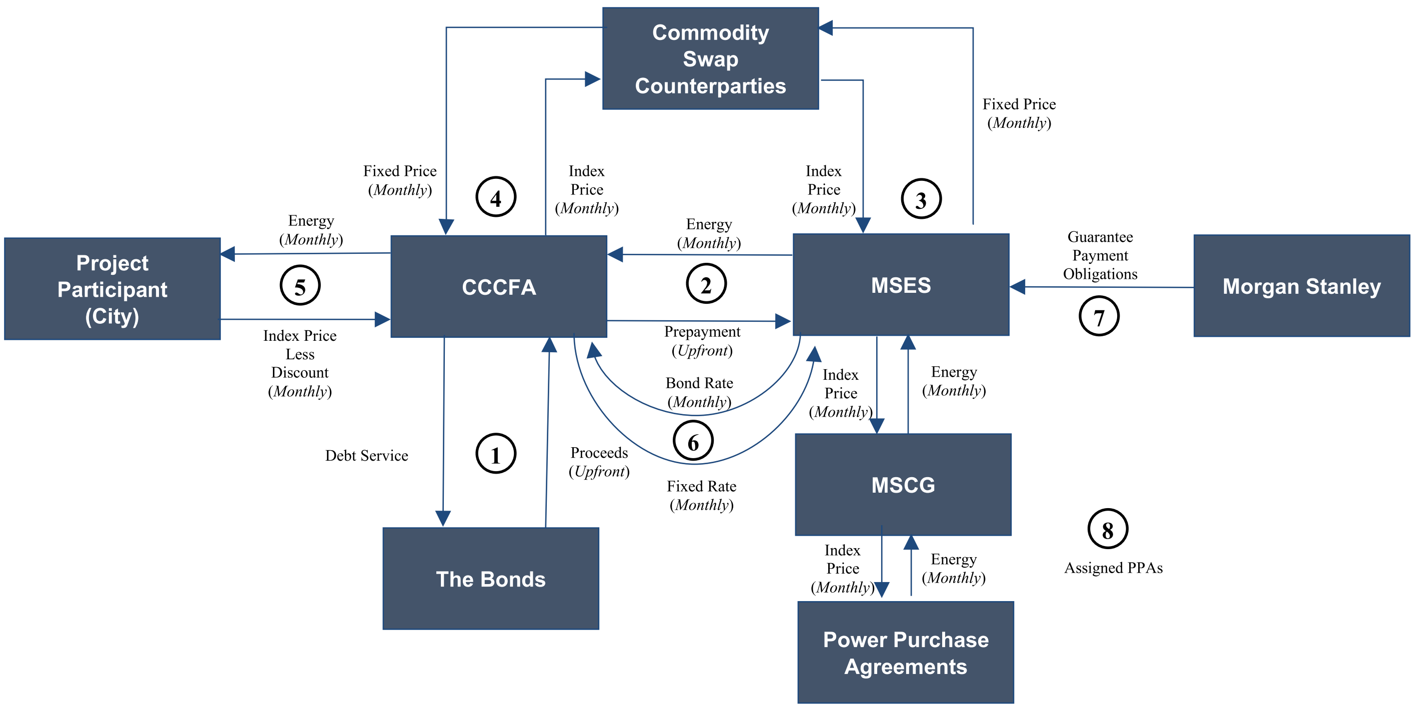
/s/	/s/
DREW CORBETT	ZACHARY STRUYK
Acting Director of Finance	Acting Director of Energy

For questions related to bond finance, please contact Qianyu Sun, Deputy Director of Finance – Debt and Treasury Management at qianyu.sun@sanjoseca.gov or (408) 535-7832. For questions related to SJCE, please contact Zachary Struyk at zachary.struyk@sanjoseca.gov or (408) 535-4868.

ATTACHMENT – Diagram of Clean Energy Project Transaction Structure

Attachment - Diagram of Clean Energy Project Transaction Structure

CLEAN ENERGY PROJECT TRANSACTION STRUCTURE



Transaction Overview

1. **Bond Issuance:** CCCFA issues the Bonds to fund the prepayment for Energy, pay capitalized interest, and pay costs of issuance. The Bonds will bear interest at fixed interest rates (or at floating rates swapped to a fixed rate under the Interest Rate Swap) during the Initial Interest Rate Period.

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

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

4. **CCCFA Commodity Swaps:** CCCFA enters into the CCCFA Commodity Swaps with the Commodity Swap Counterparties to facilitate its ability to sell specified Energy quantities required to be delivered to the Project Participant at index prices. The CCCFA Commodity Swaps enable CCCFA to sell prepaid quantities to the Project Participant at index prices while ensuring that the net revenues from Project Participant payments and the CCCFA Commodity Swaps always equal or exceed debt service regardless of the index price of Energy at the time. Quantities, term, and delivery points for the CCCFA Commodity Swaps mirror those of the MSES Commodity Swaps.

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

6. **Interest Rate Swap:** CCCFA will enter into the Interest Rate Swap with MSES under which it will pay a fixed rate and receive a floating rate with respect to the interest rate on the Index Rate Bonds.

7. **MS Guarantees:** The payment obligations of MSES under the Prepaid Energy Sales Agreement, the MSES Commodity Swaps and the Interest Rate Swap will be guaranteed by Morgan Stanley.

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

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

California Community Choice Financing Authority

Staff Report – Item 6

Item 6:	Board of Directors
From:	Garth Salisbury, Treasurer/Controller
Date:	10/24/2024
Attachments:	Board Resolution No. 2024-12 authorizing the issuance of Clean Energy Project Revenue Bonds to finance the acquisition of a long-term supply of electricity for Sonoma Clean Power Authority.

RECOMMENDATION

By motion, adopt Resolution No. 2012-12 authorizing the issuance of one or more series of Clean Energy Project Revenue Bonds (the "Bonds") and approving parameters under which an energy prepayment transaction can be completed on behalf of Sonoma Clean Power Authority ("SCP") with Goldman Sachs & Co. LLC as underwriter (the "Underwriter") and Aron Energy Prepay 45 LLC as the energy supplier (the "Energy Supplier"); authorizing and/or approving documents or "form of" documents supporting the prepay transaction; and approving payments by CCCFA to service providers for issuance costs from prepay bond proceeds.

BACKGROUND

SCP has retained PFM Financial Advisors LLC ("PFM") as Municipal Financial Advisor and Chapman & Cutler ("Chapman") as Energy Counsel to support SCP's continued evaluation and preparation of a prepay transaction.

In October 2024, the SCP Board approved joining CCCFA as an Associate Member. The Board also adopted a Resolution authorizing the completion of an energy prepay transaction with the Underwriter and the Energy Supplier, provided that the principal amount of the transaction shall not exceed $1.5 billion.

In October 2024, the CCCFA Board approved SCP's Associate Membership.

REQUESTED ACTION

The proposed Board Resolution encompasses the following approvals or authorizations relating to the execution of the prepay transaction:

- Authorizes the issuance of the Bonds by CCCFA for the purpose of financing the purchase of certain quantities of electricity from the Energy Supplier and selling such quantities of electricity to SCP;
- Authorizes CCCFA Officers to execute, or approve for distribution of, documents and "form of" documents supporting the prepay transaction; and
- Confirms receipt by CCCFA of certain representations and good faith estimates from PFM regarding the Bonds;

The proposed Board Resolution is substantially similar to the Resolutions approved by the Board to support previous prepay transactions by other CCAs.

Good Faith Estimates for Prepay Transactions

Pursuant to Government Code Section 5852.1, PFM has provided CCCFA with the following required good faith estimates for the prepay transaction contemplated herein:

- An aggregate principal amount of $903,570,000 for the Bonds estimated to be sold;
- A True Interest Cost of 4.01%;
- A sum of all fees and charges paid to third parties (being costs of issuance of approximately $1,500,000 plus estimated underwriters' compensation of $3,965,566) totaling $5,465,566;

- Proceeds to be received by CCCFA for the sale of the Bonds, less the finance charge for the Bonds and any reserves or capitalized interest paid or funded with proceeds of the Bonds, of $867,140,732; and
- A total payment amount, being the sum of all payments the borrower will make to pay debt service on the Bonds to final maturity, plus the finance charge for the Bonds described above not paid from proceeds of the Bonds, of $1,207,863,304 to the Mandatory Purchase Date.

Prepay Documents

The proposed Board Resolution authorizes Authorized Officers of CCCFA to execute and deliver the following documents and document forms supporting the prepay transaction:

- A proposed form of Trust Indenture, between CCCFA and U.S. Bank Trust Company, National Association ("U.S. Bank"), as trustee, or other trustee named therein;
- A proposed form of Master Power Supply Agreement, between CCCFA and the Energy Supplier;
- A proposed form of Clean Energy Purchase Contract, between CCCFA and SCP;
- A proposed form of Limited Assignment Agreement, among SCP, J. Aron & Company LLC ("J. Aron"), and certain sellers of electricity (collectively, the "PPA Sellers") under one or more power purchase and sale agreement between SCP and the respective PPA Sellers (collectively, the "Assigned PPAs");
- A proposed form of PPA Custodial Agreement, among CCCFA, SCP, J. Aron, and U.S. Bank , as custodian, or other custodian named therein, relating to payments to be made with respect to the Assigned PPAs;
- A proposed form of Re-Pricing Agreement between the Energy Supplier and CCCFA;
- Proposed forms of ISDA Master Agreement, Schedule thereto and related Confirmation between CCCFA and Royal Bank of Canada (the "Commodity Swap Counterparty") relating to a commodity swap (the "Commodity Swap Agreement");
- A proposed form of Custodial Agreement, among CCCFA, US Bank, as trustee and custodian, and the Commodity Swap Counterparty;

- Proposed forms of ISDA Master Agreement, Schedule thereto and related Confirmation between CCCFA and J. Aron (including a guarantee from The Goldman Sachs Group, Inc.), relating to one or more interest rate swaps (the "Interest Rate Swap Agreements");
- A proposed form of a Clean Energy Project Operational Services Agreement between CCCFA and SCP;
- A proposed form of official statement (the "Official Statement") to be used by the Underwriter in connection with the offering and sale of the Bonds; and
- A proposed form of Bond Purchase Contract, between the Underwriter and CCCFA.

FISCAL IMPACT

Upon the successful closing of the prepay bond transaction, the total costs of issuance will be paid by CCCFA out of Bond proceeds. In the event a prepay bond transaction is not successfully completed, SCP and Goldman Sachs will make payments to Moody's and the Second Party Opinion provider as described in the Ratings Fee Memoranda of Understanding between CCCFA, SCP and Goldman Sachs.

RESOLUTION NO. 2024-12

RESOLUTION OF THE CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF CLEAN ENERGY PROJECT REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $1,500,000,000 TO FINANCE THE ACQUISITION OF A LONG-TERM SUPPLY OF ELECTRICITY FOR SONOMA CLEAN POWER AUTHORITY AND OTHER MATTERS RELATING THERETO

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, constituting Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, as amended and supplemented (the “Act”), a number of California public agencies (as defined in the Act) that are community choice aggregators that have implemented CCA programs (as such terms are defined in the California Public Utilities Code) have entered into a joint powers agreement (as amended, the “Agreement”) pursuant to which the California Community Choice Financing Authority (the “Issuer”) has been organized for the purpose, among other things, of entering into contracts and issuing bonds to assist its members in financing or refinancing energy prepayments;

WHEREAS, Sonoma Clean Power Authority (“SCP”) is an Associate Member (as such term is defined in the Agreement) of the Issuer;

WHEREAS, the Issuer is authorized by its Agreement to purchase and sell electric energy and associated capacity and environmental attributes and to issue revenue bonds to finance or refinance the cost of such transactions, and is vested with all powers necessary to accomplish the purposes for which it was created;

WHEREAS, the Issuer has determined to purchase certain quantities of electricity from Aron Energy Prepay 45 LLC (the “Energy Supplier”) on a prepaid basis (the “Project”) and to sell such electricity to SCP, as contemplated herein;

WHEREAS, the Issuer has determined to finance the costs of the Project with the proceeds of its Clean Energy Project Revenue Bonds, to be issued in one or more series or subseries (collectively, the “Bonds”);

WHEREAS, the Issuer has determined to authorize the officers of the Issuer to take all necessary action to accomplish the purchase of the Project on a prepaid basis, the sale of electricity to SCP and the issuance, sale and delivery of the Bonds;

WHEREAS, pursuant to a Trust Indenture (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee, or other trustee named therein (the “Trustee”), the Issuer will issue the Bonds for the purpose, among others, of financing the Project;

WHEREAS, pursuant to a Bond Purchase Contract, to be dated the date of sale of the Bonds (the "Bond Purchase Contract"), between Goldman Sachs & Co. LLC, as the sole underwriter or as representative of the underwriters (collectively, the "Underwriters"), and the Issuer, the Bonds will be sold to the Underwriters, and the proceeds of such sale will be used as set forth in the Indenture and the Bond Purchase Contract to finance the Project and to pay costs incurred in connection with the issuance of the Bonds;

WHEREAS, pursuant to a Master Power Supply Agreement (the "Master Power Supply Agreement") between the Issuer and the Energy Supplier, the Issuer will acquire a supply of electricity from the Energy Supplier;

WHEREAS, pursuant to a Clean Energy Purchase Contract (the "Clean Energy Purchase Contract") between the Issuer and SCP, the Issuer will sell such supply of electricity to SCP over a period of years; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, the Issuer has received certain representations and good faith estimates from PFM Financial Advisors LLC, which good faith estimates are attached hereto as Exhibit A;

WHEREAS, there have been made available to the Board of Directors of the Issuer (the "Board of Directors") the following documents and agreements:

1. A proposed form of the Indenture;

2. A proposed form of the Master Power Supply Agreement;

3. A proposed form of the Clean Energy Purchase Contract;

4. A proposed form of Limited Assignment Agreement, among SCP, J. Aron & Company LLC, a New York limited liability company ("J. Aron"), and certain sellers of electricity (collectively, the "PPA Sellers") under one or more power purchase and sale agreements between SCP and the respective PPA Sellers (collectively, the "Assigned PPAs");

5. A proposed form of PPA Custodial Agreement (the "PPA Custodial Agreement") among the Issuer, SCP, J. Aron, and U.S. Bank Trust Company, National Association, as custodian, or other custodian named therein, relating to payments to be made with respect to the Assigned PPAs;

6. A proposed form of Re-Pricing Agreement (the "Re-Pricing Agreement"), between the Energy Supplier and the Issuer;

7. Proposed forms of ISDA Master Agreement, the Schedule thereto and related Confirmation between the Issuer and Royal Bank of Canada (the "Commodity Swap Counterparty") relating to a commodity swap (the "Commodity Swap Agreement");

8. A proposed form of Custodial Agreement (the "Front-End Custodial Agreement"), among the Issuer, the Trustee, as trustee and custodian, and the Commodity Swap Counterparty;

9. Proposed forms of one or more ISDA Master Agreements, Schedules thereto and related Confirmations between the Issuer and J. Aron, relating to one or more interest rate swaps (the "Interest Rate Swap Agreements");

10. A proposed form of Clean Energy Project Operational Services Agreement (the "Operational Services Agreement") between the Issuer and SCP;

11. A proposed form of official statement (the "Official Statement") to be used by the Underwriters in connection with the offering and sale of the Bonds; and

12. A proposed form of Bond Purchase Contract.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the California Community Choice Financing Authority, as follows:

Section 1. Pursuant to the Act and the Indenture, the Issuer is hereby authorized to issue its revenue bonds designated as the "California Community Choice Financing Authority Clean Energy Project Revenue Bonds" in an aggregate principal amount not to exceed one billion five hundred million dollars ($1,500,000,000), in one or more series or subseries, with such other name or names of the Bonds or series or subseries thereof as designated in the Indenture pursuant to which the Bonds are issued. The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the form of the Indenture made available to the Board of Directors for this meeting. The Bonds shall be executed by the manual or facsimile signature of the Chair of the Issuer, the Vice Chair of the Issuer, the Treasurer/Controller of the Issuer, the Secretary of the Issuer or any other person or persons designated by the Board of Directors by resolution to act on behalf of the Issuer (each, including the designees thereof, an "Authorized Officer"), and attested by the manual or facsimile signature of the Secretary of the Issuer or any other Authorized Officer.

Section 2. The proposed form of the Indenture, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized

Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Indenture in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The designation of the trustee, dated date, maturity date or dates, methods of determining interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, tender provisions, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 3. The proposed forms of the Master Power Supply Agreement, the Clean Energy Purchase Contract, the Limited Assignment Agreement, the PPA Custodial Agreement, the Re-Pricing Agreement, the Front-End Custodial Agreement, and the Operational Services Agreement, each as made available to the Board of Directors for this meeting, are hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver such agreements in substantially said forms, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The proposed preliminary form of the Official Statement, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver a certificate deeming the preliminary form of the Official Statement final for purposes of Securities and Exchange Commission Rule 15c2-12 and to execute and deliver the Official Statement in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriters are hereby authorized to distribute the Official Statement in preliminary form to persons who may be interested in the purchase of the Bonds, and to deliver the Official Statement in final form to the purchasers of the Bonds, in each case with such changes as may be approved as aforesaid.

Section 5. The proposed form of the Bond Purchase Contract, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Bond Purchase Contract in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the Underwriters' discount or compensation pursuant to such Bond Purchase Contract shall not exceed 0.6% of the principal amount of the Bonds and total costs of issuance for the Bonds, including all underwriting, legal and consultant fees will not exceed 1.0% of the proceeds of the Bonds. For the purpose of the limitations contained in this

Section, costs of issuance do not include any structuring fee payable by the Energy Supplier to J. Aron or any costs ultimately paid with additional proceeds or rounding amounts (howsoever such proceeds or amounts are designated in any pricing schedules relating to the Bonds).

Section 6. The proposed form of the Commodity Swap Agreement, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Commodity Swap Agreement in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Board of Directors hereby finds and determines, pursuant to Section 5922 of the California Government Code, that due consideration has been given for the creditworthiness of the Commodity Swap Counterparty, and that the Commodity Swap Agreement is designed to reduce the amount or duration of rate, spread or similar risk and result in a lower cost of borrowing when used in combination with the issuance of the Bonds, including entering into the Master Power Supply Agreement and the Clean Energy Purchase Contract, and, in particular, to reduce the rate, spread or similar risk between the variable payments to be made by SCP under the Clean Energy Purchase Contract and the fixed payments to be made on the Bonds and under the Interest Rate Swap Agreements.

Section 7. The proposed form of Interest Rate Swap Agreement, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver one or more Interest Rate Swap Agreements in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Board of Directors hereby finds and determines, pursuant to Section 5922 of the California Government Code, that due consideration has been given for the creditworthiness of J. Aron, including the guarantee of the obligations of J. Aron under the Interest Rate Swap Agreements by The Goldman Sachs Group, Inc., and that the Interest Rate Swap Agreements are designed to reduce the amount or duration of rate, spread or similar risk when used in combination with the issuance of the Bonds and to enhance the relationship between risk and return with respect to the electricity purchase program financed or refinanced with the proceeds of the Bonds, and, in particular, to reduce the rate, spread or similar risk between the fixed payments received under the Commodity Swap Agreement and the variable interest rate payments on one or more series of the Bonds.

Section 8. The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the

Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Issuer by an Authorized Officer, which any Authorized Officer, acting alone, is authorized and directed, for and on behalf of the Issuer, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

Section 9. The Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver any and all documents, including, without limitation, any tax certificates or agreements relating to the Bonds, any continuing disclosure certificates or agreements relating to the Bonds, any calculation agent agreements relating to the Bonds, any investment agreements relating to the Bonds or the investment of moneys in the funds and accounts under the Indenture, any letter agreement with J. Aron relating to the Limited Assignment Agreements, any rating agency fee memoranda of understanding, and any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, or investing proceeds of the Bonds or other moneys held under the Indenture, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Issuer has approved in this Resolution and to consummate by the Issuer the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given under or in accordance with such documents, the retaining of financial, legal or other consultants, as needed, the costs for which may be payable from proceeds of the Bonds as provided in Section 5 of this Resolution, the appointment of a director to the board of directors of the Energy Supplier, and the collection and spending of any administrative fees funded with proceeds of the Bonds and on an annual and ongoing basis as needed.

Section 10. All actions heretofore taken by the Authorized Officers with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

Section 11. The Board of Directors hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

Section 12. This Resolution shall take effect immediately.

PASSED AND ADOPTED at a regular meeting of the CCCFA Board of Directors on this 24th day of October, 2024, by the following vote:

	YES	**NO**	**ABSTAIN**	**ABSENT**
Ted Bardacke				
Robert Shaw				
Vicken Kasarjian				
Monica Padilla				
Howard Chang				

____
CHAIR, CCCFA

Attest:

____
SECRETARY, CCCFA

EXHIBIT A

REQUIRED GOOD FAITH ESTIMATES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

1. **Estimated Principal Amount**. The aggregate principal amount of Bonds estimated to be sold: $903,570,000.

2. **True Interest Cost.** As defined in Section 5852.1(a)(1)(A) of the Government Code: 4.01%.

3. **Finance Charge**. As defined in Section 5852.1(a)(1)(B) of the Government Code, the sum of all fees and charges paid to third parties (being costs of issuance of approximately $1,500,000 plus estimated underwriters' compensation of $3,965,566): $5,465,566.

4. **Amount of Proceeds to be Received.** As described in Section 5852.1(a)(1)(C) of the Government Code, the proceeds to be received by the Issuer for sale of the Bonds, less the finance charge for the Bonds described in (3) above and any reserves or capitalized interest paid or funded with proceeds of the Bonds: $867,140,732.

5. **Total Payment Amount**. As defined in Section 5852.1(a)(1)(D) of the Government Code, the total payment amount, being the sum of (a) all payments the borrower will make to pay debt service on the Bonds to final maturity, plus (b) the finance charge for the Bonds described in (3) above not paid from proceeds of the Bonds: $1,207,863,304 to the Mandatory Purchase Date.

California Community Choice Financing Authority

Staff Report – Item 7

Item 7:	Board of Directors
From:	Garth Salisbury, Treasurer/Controller
Date:	10/24/2024
Attachments:	Board Resolution No. 2024-13 authorizing the issuance of Clean Energy Project Revenue Bonds to finance the acquisition of a long-term supply of electricity for San Diego Community Power

RECOMMENDATION

By motion, adopt Resolution No. 2024-13 authorizing the issuance of one or more series of Clean Energy Project Revenue Bonds (the "Bonds") and approving parameters under which an energy prepayment transaction can be completed on behalf of San Diego Community Power ("SDCP") with Morgan Stanley & Co. LLC as underwriter (the "Underwriter") and Energy Prepay IV LLC as the energy supplier (the "Energy Supplier"); authorizing and/or approving documents or "form of" documents supporting the prepay transaction; and approving payments by CCCFA to service providers for issuance costs from prepay bond proceeds.

BACKGROUND

In December 2023, the SDCP Board selected PFM Financial Advisors LLC ("PFM") as Municipal Financial Advisor. In August 2024, the SDCP Board selected Chapman & Cutler ("Chapman") as Energy Counsel. Both of these firms were engaged in order to support SDCP's continued evaluation and preparation of a prepay transaction.

In September 2024, the SDCP Board also approved joining CCCFA as an Associate Member.

In October 2024, the CCCFA Board approved SDCP's Associate Membership.

The SDCP Board will meet October 24th at 5:00PM and is expected to adopt a Resolution authorizing the completion of an energy prepay transaction with the Underwriter and the Energy Supplier, provided that the principal amount of the transaction shall not exceed $1.5 billion.

REQUESTED ACTION

The proposed Board Resolution encompasses the following approvals or authorizations relating to the execution of the prepay transaction:

- Authorizes the issuance of the Bonds by CCCFA for the purpose of financing the purchase of certain quantities of electricity from the Energy Supplier and selling such quantities of electricity to SDCP;
- Authorizes CCCFA Officers to execute, or approve for distribution of, documents and "form of" documents supporting the prepay transaction; and
- Confirms receipt by CCCFA of certain representations and good faith estimates from PFM regarding the Bonds;

The proposed Board Resolution is substantially similar to the Resolutions approved by the Board to support previous prepay transactions by other CCAs.

The Board of Directors of SDCP is expected to meet the evening of this CCCFA Board meeting and approve the execution and delivery of the Clean Energy Purchase Contract and other necessary documents and "form of" documents supporting the prepay transaction. Pursuant to Section 12 of the proposed Board Resolution, the Bonds will not be issued, and no documents referenced in the proposed Board Resolution will be executed and delivered by CCCFA, until the SDCP Board of Directors authorizes the execution and delivery of the Clean Energy Purchase Contract and other necessary documents and "form of" documents to support the prepay transaction.

Good Faith Estimates for Prepay Transactions

Pursuant to Government Code Section 5852.1, PFM has provided CCCFA with the following required good faith estimates for the prepay transaction contemplated herein:

- An aggregate principal amount of $991,390,000 for the Bonds estimated to be sold;
- A True Interest Cost of 3.832%;
- A sum of all fees and charges paid to third parties (being costs of issuance of approximately $1,433,733.84 plus estimated underwriters' compensation of $5,154,878.72) totaling $6,588,612.56;
- Proceeds to be received by CCCFA for the sale of the Bonds, less the finance charge for the Bonds and any reserves or capitalized interest paid or funded with proceeds of the Bonds, of $1,021,375,798.73; and
- A total payment amount, being the sum of all payments the borrower will make to pay debt service on the Bonds to final maturity, plus the finance charge for the Bonds described above not paid from proceeds of the Bonds, of $1,385,485,740.28 to the Mandatory Purchase Date.

Prepay Documents

The proposed Board Resolution authorizes Authorized Officers of CCCFA to execute and deliver the following documents and document forms supporting the prepay transaction:

- A proposed form of Indenture, between CCCFA and U.S. Bank Trust Company, National Association ("U.S. Bank"), as trustee, or other trustee named therein;
- A proposed form of Prepaid Energy Sales Agreement, between CCCFA and the Energy Supplier;
- A proposed form of Power Supply Contract, between CCCFA and SDCP;
- A proposed form of Limited Assignment Agreement, among SDCP, Morgan Stanley Capital Group Inc. ("MSCG") or the Energy Supplier, and certain sellers of electricity (collectively, the "PPA Sellers") under one or more power purchase and sale agreement between SDCP and the respective PPA Sellers (collectively, the "Assigned PPAs");

- A proposed form of Custodial Agreement, among CCCFA, SDCP, MSCG, the Energy Supplier, and U.S. Bank, as custodian, or other custodian named therein, relating to payments to be made with respect to the Assigned PPAs;
- A proposed form of Re-Pricing Agreement between the Energy Supplier and CCCFA;
- Proposed forms of ISDA Master Agreement, Schedule thereto and related Confirmation between CCCFA and Royal Bank of Canada (the "Commodity Swap Counterparty") relating to a commodity swap (the "Commodity Swap Agreement");
- A proposed form of Custodial Agreement (the "Front-End Custodial Agreement"), among CCCFA, U.S. Bank, as trustee and custodian, and the Commodity Swap Counterparty;
- A proposed form of Prepaid Clean Energy Project Administration Agreement (the "Project Administration Agreement") between CCCFA and SDCP;
- Proposed forms of ISDA Master Agreement, Schedule thereto and related Confirmation between CCCFA and MSCG, relating to an investment swap (the "Investment Swap Agreement");
- A proposed form of Assignment Agreement (the "Assignment Agreement"), by and among CCCFA, U.S. Bank, and MSCG, relating to the Investment Swap Agreement;
- A proposed form of official statement (the "Official Statement") to be used by the Underwriter in connection with the offering and sale of the Bonds; and
- A proposed form of Bond Purchase Contract, between the Underwriter and CCCFA.

FISCAL IMPACT

Upon the successful closing of the prepay bond transaction, the total costs of issuance will be paid by CCCFA out of Bond proceeds. In the event a prepay bond transaction is not successfully completed, SDCP will make payments to Moody's and the Second Party Opinion provider as described in the Ratings Fee Memoranda of Understanding between CCCFA and SDCP.

RESOLUTION NO. 2024-13

RESOLUTION OF THE CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF CLEAN ENERGY PROJECT REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $1,500,000,000 TO FINANCE THE ACQUISITION OF A LONG-TERM SUPPLY OF ELECTRICITY FOR SAN DIEGO COMMUNITY POWER AND OTHER MATTERS RELATING THERETO

WHEREAS, pursuant to the provisions of the Joint Exercise of Powers Act, constituting Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the California Government Code, as amended and supplemented (the "Act"), a number of California public agencies (as defined in the Act) that are community choice aggregators that have implemented CCA programs (as such terms are defined in the California Public Utilities Code) have entered into a joint powers agreement (as amended, the "Agreement") pursuant to which the California Community Choice Financing Authority (the "Issuer") has been organized for the purpose, among other things, of entering into contracts and issuing bonds to assist its members in financing or refinancing energy prepayments;

WHEREAS, San Diego Community Power ("SDCP") is an Associate Member (as such term is defined in the Agreement) of the Issuer;

WHEREAS, the Issuer is authorized by its Agreement to purchase and sell electric energy and associated capacity and environmental attributes and to issue revenue bonds to finance or refinance the cost of such transactions, and is vested with all powers necessary to accomplish the purposes for which it was created;

WHEREAS, the Issuer has determined to purchase certain quantities of electricity from Energy Prepay IV LLC (the "Energy Supplier") on a prepaid basis (the "Project") and to sell such electricity to SDCP, as contemplated herein;

WHEREAS, the Issuer has determined to finance the costs of the Project with the proceeds of its Clean Energy Project Revenue Bonds, to be issued in one or more series or subseries (collectively, the "Bonds");

WHEREAS, the Issuer has determined to authorize the officers of the Issuer to take all necessary action to accomplish the purchase of the Project on a prepaid basis, the sale of electricity to SDCP and the issuance, sale and delivery of the Bonds;

WHEREAS, pursuant to a Trust Indenture (the "Indenture"), between the Issuer and U.S. Bank Trust Company, National Association, as trustee, or other trustee named therein (the "Trustee"), the Issuer will issue the Bonds for the purpose, among others, of financing the Project;

WHEREAS, pursuant to a Bond Purchase Contract, to be dated the date of sale of the Bonds (the "Bond Purchase Contract"), between Morgan Stanley & Co. LLC, as the sole underwriter or as representative of the underwriters (collectively, the "Underwriters"), and the Issuer, the Bonds will be sold to the Underwriters, and the proceeds of such sale will be used as set forth in the Indenture and the Bond Purchase Contract to finance the Project and to pay costs incurred in connection with the issuance of the Bonds;

WHEREAS, pursuant to a Prepaid Energy Sales Agreement (the "Prepaid Energy Sales Agreement") between the Issuer and the Energy Supplier, the Issuer will acquire a supply of electricity from the Energy Supplier;

WHEREAS, pursuant to a Power Supply Contract (the "Power Supply Contract") between the Issuer and SDCP, the Issuer will sell such supply of electricity to SDCP over a period of years; and

WHEREAS, pursuant to Section 5852.1 of the California Government Code, the Issuer has received certain representations and good faith estimates from PFM Financial Advisors LLC, which good faith estimates are attached hereto as Exhibit A;

WHEREAS, there have been made available to the Board of Directors of the Issuer (the "Board of Directors") the following documents and agreements:

1. A proposed form of the Indenture;

2. A proposed form of the Prepaid Energy Sales Agreement;

3. A proposed form of the Power Supply Contract;

4. A proposed form of Limited Assignment Agreement, among SDCP, Morgan Stanley Capital Group Inc., a Delaware corporation ("MSCG") or the Energy Supplier, and certain sellers of electricity (collectively, the "PPA Sellers") under one or more power purchase and sale agreements between SDCP and the respective PPA Sellers (collectively, the "Assigned PPAs");

5. A proposed form of Custodial Agreement (the "PPA Custodial Agreement") among the Issuer, SDCP, MSCG, the Energy Supplier, and U.S. Bank Trust Company, National Association, as custodian, or other custodian named therein, relating to payments to be made with respect to the Assigned PPAs;

6. A proposed form of Re-Pricing Agreement (the "Re-Pricing Agreement"), between the Energy Supplier and the Issuer;

7. Proposed forms of ISDA Master Agreement, the Schedule thereto and the related Confirmation between the Issuer and Royal Bank of Canada (the "Commodity Swap Counterparty") relating to a commodity swap (the "Commodity Swap Agreement");

8. A proposed form of Custodial Agreement (the "Front-End Custodial Agreement"), among the Issuer, the Trustee, as trustee and custodian, and the Commodity Swap Counterparty;

9. A proposed form of Prepaid Clean Energy Project Administration Agreement (the "Project Administration Agreement") between the Issuer and SDCP;

10. Proposed forms of ISDA Master Agreement, the Schedule thereto and the related Confirmation between the Issuer and MSCG, relating to an investment swap (the "Investment Swap Agreement");

11. A proposed form of Assignment Agreement (the "Assignment Agreement"), by and among the Issuer, the Trustee, and MSCG, relating to the Investment Swap Agreement;

12. A proposed form of official statement (the "Official Statement") to be used by the Underwriters in connection with the offering and sale of the Bonds; and

13. A proposed form of Bond Purchase Contract.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the California Community Choice Financing Authority, as follows:

Section 1. Pursuant to the Act and the Indenture, the Issuer is hereby authorized to issue its revenue bonds designated as the "California Community Choice Financing Authority Clean Energy Project Revenue Bonds" in an aggregate principal amount not to exceed one billion five hundred million dollars ($1,500,000,000), in one or more series or subseries, with such other name or names of the Bonds or series or subseries thereof as designated in the Indenture pursuant to which the Bonds are issued. The Bonds shall be issued and secured in accordance with the terms of, and shall be in the form or forms set forth in, the form of the Indenture made available to the Board of Directors for this meeting. The Bonds shall be executed by the manual or facsimile signature of the Chair of the Issuer, the Vice Chair of the Issuer, the Treasurer/Controller of the Issuer, the Secretary of the Issuer or any other person or persons designated by the Board of Directors by resolution to act on behalf of the Issuer (each, including the designees thereof, an "Authorized Officer"), and attested by the manual or facsimile signature of the Secretary of the Issuer or any other Authorized Officer.

Section 2. The proposed form of the Indenture, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Indenture in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The designation of the trustee, dated date, maturity date or dates, methods of determining interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, tender provisions, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 3. The proposed forms of the Prepaid Energy Sales Agreement, the Power Supply Contract, the Limited Assignment Agreement, the PPA Custodial Agreement, the Re-Pricing Agreement, the Front-End Custodial Agreement, the Project Administration Agreement, and the Assignment Agreement, each as made available to the Board of Directors for this meeting, are hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver such agreements in substantially said forms, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The proposed preliminary form of the Official Statement, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver a certificate deeming the preliminary form of the Official Statement final for purposes of Securities and Exchange Commission Rule 15c2-12 and to execute and deliver the Official Statement in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriters are hereby authorized to distribute the Official Statement in preliminary form to persons who may be interested in the purchase of the Bonds, and to deliver the Official Statement in final form to the purchasers of the Bonds, in each case with such changes as may be approved as aforesaid.

Section 5. The proposed form of the Bond Purchase Contract, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Bond Purchase Contract in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the Underwriters' discount or compensation pursuant to such Bond Purchase Contract shall not exceed 0.6% of the principal amount of the Bonds and total costs of issuance for the Bonds, including all underwriting, legal and consultant fees will not exceed 1.0% of the proceeds of the Bonds. For the purpose of the limitations contained in this Section, costs of issuance do not include any costs ultimately paid with additional proceeds or rounding amounts (howsoever such proceeds or amounts are designated in any pricing schedules relating to the Bonds).

Section 6. The proposed form of the Commodity Swap Agreement, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Commodity Swap Agreement in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Board of Directors hereby finds and determines, pursuant to Section 5922 of the California Government Code, that due consideration has been given for the creditworthiness of the Commodity Swap Counterparty, and that the Commodity Swap Agreement is designed to reduce the amount or duration of rate, spread or similar risk and result in a lower cost of borrowing when used in combination with the issuance of the Bonds, including entering into the Prepaid Energy Sales Agreement and the Power Supply Contract, and, in particular, to reduce the rate, spread or similar risk between the variable payments to be made by SDCP under the Power Supply Contract and the fixed payments to be made on the Bonds.

Section 7. The proposed form of Investment Swap Agreement, as made available to the Board of Directors for this meeting, is hereby approved. Any Authorized Officer is hereby authorized and directed, for and on behalf of the Issuer, to execute and deliver the Investment Swap Agreement in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Board of Directors hereby finds and determines, pursuant to Section 5922 of the California Government Code, that due consideration has been given for the creditworthiness of MSCG, including the guarantee of the obligations of MSCG under the Investment Swap Agreement by Morgan Stanley, a Delaware corporation, and that the Investment Swap Agreement is designed to reduce the amount or duration of rate, spread or similar risk when used in combination with the issuance of the Bonds and to enhance the relationship between risk and return with respect to the electricity purchase program financed or refinanced with the proceeds of the Bonds, and, in particular, with respect to the investment of funds on deposit in the Debt Service Account under the Indenture.

Section 8. The Bonds, when executed as provided in Section 1, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to the purchaser or purchasers thereof in accordance with written instructions executed on behalf of the Issuer by an Authorized Officer, which any Authorized Officer, acting alone, is authorized and directed, for and on behalf of the Issuer, to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the purchaser or purchasers thereof, upon payment of the purchase price thereof.

Section 9. The Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Issuer, to execute and deliver any and all documents, including, without limitation, any tax certificates or agreements relating to the Bonds, any continuing disclosure certificates or agreements relating to the Bonds, any calculation agent agreements relating to the Bonds, any investment agreements relating to the Bonds or the investment of moneys in the funds and accounts under the Indenture, any letter agreement relating to the Limited Assignment Agreements, any rating agency fee memoranda of understanding, and any and all documents and certificates to be executed in connection with securing credit support, if any, for the Bonds, or investing proceeds of the Bonds or other moneys held under the Indenture, and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Issuer has approved in this Resolution and to consummate by the Issuer the transactions contemplated by the documents approved hereby, including any subsequent amendments, waivers or consents entered into or given under or in accordance with such documents, the retaining of financial, legal or other consultants, as needed, the costs for which may be payable from proceeds of the Bonds as provided in Section 5 of this Resolution, the appointment of a director to the board of directors of the Energy Supplier, and the collection and spending of any administrative fees funded with proceeds of the Bonds and on an annual and ongoing basis as needed.

Section 10. All actions heretofore taken by the Authorized Officers with respect to the issuance of the Bonds are hereby ratified, confirmed and approved.

Section 11. The Board of Directors hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

Section 12. Notwithstanding anything to the contrary in this Resolution, the Bonds shall not be issued, and no documents referenced in this Resolution may be executed and delivered until the Board of Directors of SDCP has authorized the execution and delivery of the Power Supply Contract by SDCP in connection with the issuance of the Bonds.

Section 13. This Resolution shall take effect immediately.

PASSED AND ADOPTED at a regular meeting of the CCCFA Board of Directors on this 24th day of October, 2024, by the following vote:

	YES	**NO**	**ABSTAIN**	**ABSENT**
Ted Bardacke				
Robert Shaw				
Vicken Kasarjian				
Monica Padilla				
Howard Chang				

____
CHAIR, CCCFA

Attest:

____
SECRETARY, CCCFA

EXHIBIT A

REQUIRED GOOD FAITH ESTIMATES PURSUANT TO GOVERNMENT CODE SECTION 5852.1

1. **Estimated Principal Amount**. The aggregate principal amount of Bonds estimated to be sold: $991,390,000.00.

2. **True Interest Cost.** As defined in Section 5852.1(a)(1)(A) of the Government Code: 3.832%.

3. **Finance Charge**. As defined in Section 5852.1(a)(1)(B) of the Government Code, the sum of all fees and charges paid to third parties (being costs of issuance of approximately $1,433,733.84 plus estimated underwriters' compensation of $5,154,878.72): $6,588,612.56.

4. **Amount of Proceeds to be Received.** As described in Section 5852.1(a)(1)(C) of the Government Code, the proceeds to be received by the Issuer for sale of the Bonds, less the finance charge for the Bonds described in (3) above and any reserves or capitalized interest paid or funded with proceeds of the Bonds: $1,021,375,798.73.

5. **Total Payment Amount**. As defined in Section 5852.1(a)(1)(D) of the Government Code, the total payment amount, being the sum of (a) all payments the borrower will make to pay debt service on the Bonds to final maturity, plus (b) the finance charge for the Bonds described in (3) above not paid from proceeds of the Bonds: $1,385,485,740.28 to the Mandatory Purchase Date.

Staff Report – Item 8

Item 8: CCCFA Treasurer/Controller's Working Group Project List Report

From: Garth Salisbury, Treasurer/Controller
David J. Ruderman, General Counsel

Date: 10/24/2024

1. **New Business**
   a. Training on Rule 15c2-12 and continuing disclosures for Board members—Salisbury to look into training opportunities; can set up to coincide with a regular Board meeting.

   b. CCCFA to perform regular review/update of Debt Management Policy—Salisbury to circulate current Policy to WG and follow-up with financial advisors regarding updates.

   c. October Board meeting items:

      i. San Jose prepayment transaction

      ii. Sonoma Clean Power prepayment transaction

      iii. San Diego Community Power prepayment transaction

   d. Purchasing policy for Treasurer/Controller—Ruderman to draft re Treasurer/Controller signing authority for Board consideration.

   e. Status of audit—Latest update is that it should be ready in October.

   f. FY 2025 budget—Oxlaj to assist Salisbury to prepare budget for Board consideration at December regular meeting.

2. **Old Business**
   a. CCCFA task and time assessment for CCCFA day-to-day activities (McNeil)

i. Salisbury circulated to WG—can break it down by time commitments for each task and furthermore broken down by monthly/quarterly/annually.

ii. Consider including task/time assessment for Bankhead and Ruderman—To revisit this at next WG meeting in preparation for 11/14 Board meeting.

b. New Member On-Boarding Packet (Salisbury)

i. Doug Bird has provided draft.

ii. Salisbury/Ruderman to review.

iii. Sent to WG for review as well.

c. Insurance (McNeil)

i. McNeil and Salisbury met with insurance broker and discussed renewing insurance policy and explored additional insurance product options other than D&O.

ii. Determined that cyber is likely not needed but “crime insurance” (theft, fraud and other criminal acts should be considered as it is inexpensive and better suited for CCCFA’s situation).

iii. Broker canvasing market to see if we can get additional bids on D&O and bids on crime insurance.

d. MOUs with founding members—MCE & 3CE outstanding. (Oxlaj/Lopez)

e. CC Power deal potential (Singh)

f. Deal congestion issues—on-going discussions with WG (Salisbury/all)

BOARD OPTIONS

Board discretion.

FISCAL IMPACT

N/A

RECOMMENDED MOTION

None. Information only.