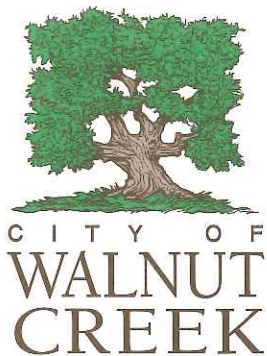


**Documents Received from
Marin Clean Energy**



August 10, 2015

Dawn Weisz
Executive Office, Marin Clean Energy
1125 Tamalpais Avenue
San Rafael, CA 94901

Re: Potential membership in MCE

Dear Ms. Weisz:

In accordance with City of Walnut Creek Resolution 15-39, I am sending this letter of intent expressing the City's interest in exploring possible membership in MCE. In June, the City Council heard two presentations on Community Choice Energy, including one from an MCE staff member, and is interested in continuing to explore the idea of joining a CCE.

In 2012, the City of Walnut Creek adopted a Climate Action Plan (CAP) with an overall greenhouse gas reduction goal of 15 percent below 2005 levels by the year 2020. According to the City's 2005 greenhouse gas inventory, residential energy use and commercial energy use make up 36 percent of the community's overall emissions. The CAP calls for an increase in renewable energy to achieve emission reductions.

Potential membership in a CCE program such as MCE could help the City reach these goals, provide our residents with additional energy choice, and reduce energy costs in our community. Walnut Creek's potential participation in MCE may also contribute to MCE's mission of reducing greenhouse gas emissions and could provide opportunities for new renewable energy or energy efficiency projects and programs.

With this letter, the City cordially requests that MCE authorize its staff to conduct exploratory negotiations with the City, at an appropriate time, to determine the feasibility and practicality of Walnut Creek joining MCE. While MCE is not currently open to new members, the City is confirming by this letter its interest in exploring possible membership in MCE in the future.

Please contact Administrative Analyst Cara Bautista-Rao at bautista-rao@walnut-creek.org or (925) 943-5899 x2216 for further discussion. We look forward to hearing from you.

Sincerely,

Ken Nordhoff
City Manager, City of Walnut Creek



POLICY NO. 007 – NEW CUSTOMER COMMUNITIES

Whereas MCE’s founding mission is to address climate change by using a wide range of renewable energy sources, reducing energy related greenhouse gas emissions and promoting the development of energy efficiency programs; and

Whereas creating opportunities for customer electric service in new communities may allow MCE to further progress towards its founding mission; and

Whereas MCE currently provides a minimum 50% renewable energy supply to all MCE customers (through its default Light Green retail service option), which substantially exceeds similar renewable energy supply percentages provided by California’s investor-owned utilities (IOUs); and

Whereas the inclusion of new communities to MCE’s membership will increase state-wide renewable energy percentages due to 1) MCE’s specified minimum renewable energy supply percentage of 50%, and 2) access to its 100% renewable option; and

Whereas the inclusion of new communities to MCE’s membership will also decrease greenhouse gas emissions within the Western United States as a result of minimum renewable energy supply percentages exceeding such percentages provided by California’s IOUs; and

Whereas the inclusion of new communities reaffirms the viability of community choice aggregation, and provides an incentive for other cities and counties to pursue more renewable energy options within their own jurisdictions.

Therefore, it is MCE’s policy to explore and support customer electric service in new communities to further agency goals.

In consideration of the above MCE may allow access to service in new communities through two channels, affiliate membership or special-consideration membership, as applicable.

Affiliate membership considered if:

1. All applicable membership criteria are satisfied,
2. New community is located in a county that is not more than 30 miles from MCE existing county jurisdiction, and
3. Customer base in new community is 40,000 or less or is within a County already served by MCE.

Special-consideration membership considered if:

1. All applicable membership criteria are satisfied,
2. New community is located in a county that is more than 30 miles from MCE existing jurisdiction and/or the customer-base in the new community is greater than 40,000.



MCE Affiliate Membership Process

Step 1: Governing body submits letter to MCE from new community jurisdiction, requesting consideration as a member.

Step 2: Staff evaluates request to determine: (a) if internal resources are available to consider new membership, and (b) if a formal 'inclusion period' should be offered to create staff efficiencies.

Step 3: MCE Staff request Membership Application from new community governing body.

Step 4: Membership Application submitted to MCE. Request submitted to MCE Board to consider adherence to criteria D, E, F and G below, and to authorize membership of new community, subject to a net positive result in quantitative membership analysis by staff.

Step 4: Following MCE Board approval, staff executes agreement with governing body of new jurisdiction to fund costs of membership analysis (cost waived under inclusion period). Staff undertakes and completes analysis, with primary focus on quantitative criteria A, B and C below. If needed, re-analysis may be conducted over time to account for varying market conditions.

Step 5: Results of membership analysis presented to MCE Board. 1). If quantitative affiliate membership criteria are met, MCE Board adopts resolution to include municipality in MCE Joint Powers Authority membership. 2). If qualitative criteria are not met but other compelling criteria are present, Board may consider approval of membership.

Step 6: Mayor/Board President of new jurisdiction executes JPA Agreement.

Step 7: MCE submits updated Implementation Plan to CPUC.

Membership Criteria:

- A. Including new community will result in a projected net rate reduction for existing customer base.
- B. Including new community will enhance strength of local programs, including an increase in distributed generation, and will accelerate greenhouse gas reductions on a larger scale.
- C. Including new community will increase the amount of renewable energy being used in California's energy market.
- D. There will be an increase in opportunities to launch and operate MCE energy efficiency programs to reduce energy consumption and reliance on fossil fuels.
- E. New opportunities are available to deploy local solar and other distributed renewable generation through the MCE Net Energy Metering Tariff and Feed in Tariff.
- F. Greater demand for jobs and economic activity is likely to result from service in new community.
- G. Inclusion of new community is likely to create stronger voice for MCE at the State and regulatory level.

MCE Membership Application Checklist

- ✓ Request for load data for PG&E signed by Mayor, City Manager, Board president or Chief County Administrator
- ✓ County assessor data for all building stock in jurisdiction
- ✓ Adoption of a resolution requesting membership in MCE
- ✓ Adoption of the ordinance required by the Public Utilities Code Section 366.2(c) (10) to join MCE's CCA program, adopted governing Board, subject to MCE Board approval
- ✓ Executed 'Agreement for Services' or 'Memorandum of Understanding' (if during inclusion period) to cover:
 - Community agrees to publicize and share information about MCE with community during the 6 month enrollment period. Options to publicize include but are not limited to website, social media, public events, community workshops, and newsletter announcements (where feasible), as well as distribution of flyers and handouts provided by MCE at community offices.
 - Community agrees to provide desk space for up to 2 MCE staff during the 6 month enrollment period, and agrees to consider ongoing desk space availability if needed for effective and efficient outreach.
 - Community agrees to assign staff member as primary point of contact with MCE. Assigned staff member will support and facilitate communication with other community staff and officials, as well as provide input and high-level assistance on community outreach.
 - Community agrees to cover of quantitative analysis cost, not to exceed \$10,000; waived under inclusion period.



September 21, 2015

Kathrin Sears, Chair
County of Marin

Tom Butt, Vice Chair
City of Richmond

Bob McCaskill
City of Belvedere

Alan Schwartzman
City of Benicia

Sloan C. Bailey
Town of Corte Madera

Greg Lyman
City of El Cerrito

Barbara Coler
Town of Fairfax

Kevin Haroff
City of Larkspur

Garry Lion
City of Mill Valley

Brad Wagenknecht
County of Napa

Denise Athas
City of Novato

Carla Small
Town of Ross

Ford Greene
Town of San Anselmo

Genoveva Calloway
City of San Pablo

Andrew McCullough
City of San Rafael

Ray Withy
City of Sausalito

Emmett O'Donnell
Town of Tiburon

Marin Clean Energy
1125 Tamalpais Avenue
San Rafael, CA 94901

1 (888) 632-3674
mceCleanEnergy.org

Steven Falk, City Manager
City of Lafayette
3675 Mount Diablo Boulevard, Suite 210
Lafayette, CA 94549

Dear Mr. Falk:

We are in receipt of your letter, dated August 11, 2015, expressing interest in exploring membership with MCE and are happy to consider your request. We are pleased to inform you that our Board has approved a six-month "inclusion period" that would allow no-cost membership consideration if your membership application is completed on or before March 31, 2016.

Membership application requirements are attached here and include the following:

- Adoption of a resolution requesting membership
- Adoption of the ordinance required by the Public Utilities Code Section 366.2(c) (10)
- Executed Memorandum of Understanding
- Signed request for load data from PG&E
- Designation of a staff person from your city to serve as a liaison to MCE

If you are interested in submitting a membership application please notify Alex DiGiorgio, MCE's Community Development Manager, and he will assist you with any questions you may have as you complete the checklist. You can reach Alex by email at: Adigiorgio@mceCleanEnergy.org or by phone at: 415-464-6031.

Please note that (1) adoption of your Ordinance to join MCE will be subject to approval by the MCE Board, and (2) MCE will conduct an economic feasibility analysis prior to approving membership. Also, if membership is approved, timing of procurement and customer

enrollment would be determined by the MCE Board. We will remain in close contact with your city about the most likely target dates for each process.

To streamline communications and policy setting, any participating cities and towns in your county may have the option to select one shared representative and one alternate to serve on the MCE Board as a voting member. If you choose this option, the selected representative would have a weighted vote based on the combined customer load of all participating cities and towns within your county.

We are happy to meet with you or your council to answer questions or provide additional information. We look forward to the opportunity to work with you on your membership application for MCE service. Please let me know if we can be of any further assistance.

Sincerely,



Dawn Weisz
Chief Executive Officer

ORDINANCE NO. 2015-02

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF EL CERRITO AUTHORIZING THE IMPLEMENTATION OF A COMMUNITY CHOICE AGGREGATION PROGRAM, APPROVING THE MARIN CLEAN ENERGY JOINT POWERS AGREEMENT, AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE JOINT POWERS AGREEMENT WITH MARIN CLEAN ENERGY

THE CITY COUNCIL OF THE CITY OF EL CERRITO DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. FINDINGS

On September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, Ch. 838; see California Public Utilities Code section 366.2; hereinafter referred to as the “CCA Act”), which authorizes any California city or county, whose governing body so elects, to combine the electricity load of its residents and businesses in a community-wide electricity aggregation program known as Community Choice Aggregation (CCA); and

The CCA Act expressly authorizes participation in a CCA program through a joint powers agency, and on December 19, 2008, Marin Clean Energy (MCE), formerly known as Marin Energy Authority, was established as a joint powers authority pursuant to a Joint Powers Agreement, as amended from time to time (“MCE Joint Powers Agreement”); and

The purpose of MCE is to address climate change by reducing energy related greenhouse gas emissions and securing energy supply, price stability, energy efficiencies and local economic and workforce benefits; and

On February 2, 2010, the California Public Utilities Commission certified the “Implementation Plan” of MCE, confirming MCE’s compliance with the requirements of the Act; and

The City of El Cerrito adopted a Climate Action Plan on May 21, 2013 with the goal of reducing greenhouse gas emissions from the El Cerrito community and its own city operations by 15% below 2005 emissions levels by 2020 and 30% below 2005 levels by 2035; and

The El Cerrito Climate Action Plan contains goals and objectives to reduce reliance on fossil fuel based energy by increasing renewable energy throughout El Cerrito, including membership in a CCA, which it identified to be one of the most cost-effective greenhouse gas emissions reductions strategies available to the City; and

The City Council supports the mission of MCE and its intent to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including solar and wind energy production at competitive rates for customers; and

In order to become a member of MCE, the Act requires the City to individually adopt an ordinance electing to implement a Community Choice Aggregation program within its jurisdiction by and through its participation in Marin Clean Energy; and

This administrative action is exempt from CEQA, pursuant to State CEQA Guidelines Section 15378, which states there cannot be a project unless the proposed action will result in "either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment." State CEQA Guidelines Section 15378(b)(5) states that "Organization or administrative activities of governments that will not result in direct or indirect physical changes in the environments" are not projects. Joining a CCA presents no foreseeable significant adverse impact to the environment because California State regulations such as the Renewable Portfolio Standard and the Resource Adequacy requirements apply equally to CCAs as they do the City's current electricity supplier, PG&E.

SECTION 2. COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

Pursuant to Title 14 of the California Administrative Code, the City Council finds that this Ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) for the following reasons: (1) Pursuant to State CEQA Guidelines Section 15378, there cannot be a project unless the proposed action will result in "either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment;" and (2) State CEQA Guidelines Section 15378(b)(5) states that "organization or administrative activities of governments that will not result in direct or indirect physical changes in the environments" are not projects.

SECTION 3. APPROVAL

The City Council of the City of El Cerrito elects to implement a Community Choice Aggregation program within the City's jurisdiction by and through the City's participation in MCE. The City Manager is hereby authorized to execute the MCE Joint Powers Agreement.

SECTION 4. NOTICING, POSTING, AND PUBLICATION

This ordinance is adopted pursuant to the procedures established by state law, and all required notices have been given, and the public hearing has been properly held and conducted.

SECTION 5. EFFECTIVE DATE

This ordinance shall not take effect until thirty days after the second reading, January 6, 2015.

THE FOREGOING ORDINANCE was introduced at a regular meeting of the City Council on December 16, 2014 and passed by the following vote:


AYES: Councilmembers Abelson, Bridges, Lyman, Quinto and Mayor Friedman
NOES: None

ABSTAIN: None
ABSENT: None

ADOPTED AND ORDERED published at a regular meeting of the City Council held on January 6, 2015 and passed by the following vote:

AYES: Councilmembers Abelson, Bridges, Lyman, Quinto and Mayor Friedman
NOES: None
ABSTAIN: None
ABSENT: None

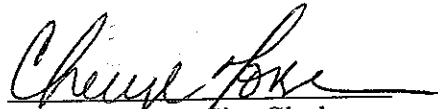
APPROVED:


Mark Friedman, Mayor

ATTEST:


Cheryl Morse, City Clerk

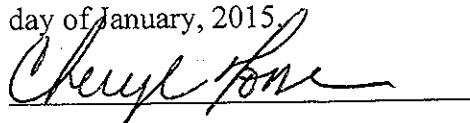
IN WITNESS of this action, I sign this document and affix the corporate seal of the City of El Cerrito on January 6, 2015.


Cheryl Morse, City Clerk

ORDINANCE CERTIFICATION

I, Cheryl Morse, City Clerk of the City of El Cerrito, do hereby certify that this Ordinance is the true and correct original Ordinance No. 2014-02 of the City of El Cerrito; that said Ordinance was duly enacted and adopted by the City Council of the City of El Cerrito at a meeting of the City Council held on the 6th day of January, 2015; and that said Ordinance has been published and/or posted in the manner required by law.

WITNESS my hand and the Official Seal of the City of El Cerrito, California, this 6th day of January, 2015.


Cheryl Morse, City Clerk

Memorandum of Understanding between MCE and [City/County] Exploring Inclusion in MCE

This Memorandum of Understanding (MOU), regarding MCE membership consideration is entered into by and between MCE and [City/County].

WHEREAS, the [City/County] has expressed interest in exploring membership in MCE, and

WHEREAS, MCE has a Policy to consider new community inclusion, subject to receipt of a complete application and subject to MCE analysis and approval, and

WHEREAS, MCE and [City/County] are collaborating to determine the feasibility of including [City/County] within MCE's Service area and approving the [City/County] application for membership; and

WHEREAS, MCE and [City/County] have a mutual interest in following the guidelines below,

NOW THEREFORE, the parties hereto agree as follows:

1. [City/County] agrees to assign one staff member as primary point of contact with MCE. Assigned staff member will support and facilitate communication with other [City/County] staff and officials, as well as provide input and high-level assistance on community outreach.
2. [City/County] will work with MCE to conduct public outreach about the MCE program to aid in outreach and education and to collect feedback from the community. Options to publicize include, but are not limited to, website, social media, public events, community workshops, and newsletter announcements, as well as distribution of flyers and handouts provided by MCE.
3. [City/County] will complete and submit 'MCE Membership Application' to MCE.
4. After receipt of complete Membership Application MCE will conduct a quantitative analysis to determine feasibility of adding [City/County] to the MCE Service Area, and approve membership if analysis results are positive.
5. Subject to membership approval by the MCE Board, [City/County] agrees to publicize and share information about MCE within its community during the 6 month enrollment period. Options to publicize include, but are not limited to, website, social media, public

**Marin Energy Authority
- Joint Powers Agreement -**

Effective December 19, 2008

**As amended by Amendment No. 1 dated December 3, 2009
As further amended by Amendment No. 2 dated March 4, 2010
As further amended by Amendment No. 3 dated May 6, 2010
As further amended by Amendment No. 4 dated December 1, 2011
As further amended by Amendment No. 5 dated July 5, 2012
As further amended by Amendment No. 6 dated September 5, 2013
As further amended by Amendment No. 7 dated December 5, 2013
As further amended by Amendment No. 8 dated September 4, 2014
As further amended by Amendment No. 9 dated December 4, 2014**

Among The Following Parties:

**City of Belvedere
City of Benicia
Town of Corte Madera
City of El Cerrito
Town of Fairfax
City of Larkspur
City of Mill Valley
City of Novato
City of Richmond
Town of Ross
Town of San Anselmo
City of San Pablo
City of San Rafael
City of Sausalito
Town of Tiburon
County of Marin
County of Napa**

MARIN ENERGY AUTHORITY JOINT POWERS AGREEMENT

This **Joint Powers Agreement** (“Agreement”), effective as of December 19, 2008, is made and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the parties set forth in Exhibit B (“Parties”). The term “Parties” shall also include an incorporated municipality or county added to this Agreement in accordance with Section 3.1.

RECITALS

1. The Parties are either incorporated municipalities or counties sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their inhabitants.
2. In 2006, the State Legislature adopted AB 32, the Global Warming Solutions Act, which mandates a reduction in greenhouse gas emissions in 2020 to 1990 levels. The California Air Resources Board is promulgating regulations to implement AB 32 which will require local government to develop programs to reduce greenhouse emissions.
3. The purposes for the Initial Participants (as such term is defined in Section 2.2 below) entering into this Agreement include addressing climate change by reducing energy related greenhouse gas emissions and securing energy supply and price stability, energy efficiencies and local economic benefits. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to solar and wind energy production.
4. The Parties desire to establish a separate public agency, known as the Marin Energy Authority (“Authority”), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Initial Participants have each adopted an ordinance electing to implement through the Authority Community Choice Aggregation, an electric service enterprise agency available to cities and counties pursuant to California Public Utilities Code Section 366.2 (“CCA Program”). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program. Regardless of whether or not Program Agreement 1 is approved and the CCA Program becomes operational, the parties intend for the Authority to continue to study, promote, develop, conduct, operate and manage other energy programs.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

ARTICLE 1 CONTRACT DOCUMENTS

- 1.1 **Definitions.** Capitalized terms used in the Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.
- 1.2 **Documents Included.** This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement.

Exhibit A:	Definitions
Exhibit B:	List of the Parties
Exhibit C:	Annual Energy Use
Exhibit D:	Voting Shares

- 1.3 **Revision of Exhibits.** The Parties agree that Exhibits B, C and D to this Agreement describe certain administrative matters that may be revised upon the approval of the Board, without such revision constituting an amendment to this Agreement, as described in Section 8.4. The Authority shall provide written notice to the Parties of the revision of any such exhibit.

ARTICLE 2 FORMATION OF MARIN ENERGY AUTHORITY

- 2.1 **Effective Date and Term.** This Agreement shall become effective and Marin Energy Authority shall exist as a separate public agency on the date this Agreement is executed by at least two Initial Participants after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(10). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until this Agreement is terminated in accordance with Section 7.4, subject to the rights of the Parties to withdraw from the Authority.
- 2.2 **Initial Participants.** During the first 180 days after the Effective Date, all other Initial Participants may become a Party by executing this Agreement and delivering an executed copy of this Agreement and a copy of the adopted ordinance required by Public Utilities Code Section 366.2(c)(10) to the Authority. Additional conditions, described in Section 3.1, may apply (i) to either an incorporated municipality or county desiring to become a Party and is not an Initial Participant and (ii) to Initial Participants that have not executed and delivered this Agreement within the time period described above.

- 2.3 Formation.** There is formed as of the Effective Date a public agency named the Marin Energy Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The debts, liabilities or obligations of the Authority shall not be debts, liabilities or obligations of the individual Parties unless the governing board of a Party agrees in writing to assume any of the debts, liabilities or obligations of the Authority. A Party who has not agreed to assume an Authority debt, liability or obligation shall not be responsible in any way for such debt, liability or obligation even if a majority of the Parties agree to assume the debt, liability or obligation of the Authority. Notwithstanding Section 8.4 of this Agreement, this Section 2.3 may not be amended unless such amendment is approved by the governing board of each Party.
- 2.4 Purpose.** The purpose of this Agreement is to establish an independent public agency in order to exercise powers common to each Party to study, promote, develop, conduct, operate, and manage energy and energy-related climate change programs, and to exercise all other powers necessary and incidental to accomplishing this purpose. Without limiting the generality of the foregoing, the Parties intend for this Agreement to be used as a contractual mechanism by which the Parties are authorized to participate as a group in the CCA Program, as further described in Section 5.1. The Parties intend that subsequent agreements shall define the terms and conditions associated with the actual implementation of the CCA Program and any other energy programs approved by the Authority.
- 2.5 Powers.** The Authority shall have all powers common to the Parties and such additional powers accorded to it by law. The Authority is authorized, in its own name, to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to, each of the following:
- 2.5.1** make and enter into contracts;
 - 2.5.2** employ agents and employees, including but not limited to an Executive Director;
 - 2.5.3** acquire, contract, manage, maintain, and operate any buildings, works or improvements;
 - 2.5.4** acquire by eminent domain, or otherwise, except as limited under Section 6508 of the Act, and to hold or dispose of any property;
 - 2.5.5** lease any property;
 - 2.5.6** sue and be sued in its own name;
 - 2.5.7** incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers such as Government Code Section 53850 et seq. and authority under the Act;
 - 2.5.8** issue revenue bonds and other forms of indebtedness;
 - 2.5.9** apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency;

- 2.5.10** submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 2.5.11** adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority (“Operating Rules and Regulations”); and
- 2.5.12** make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services.
- 2.6** **Limitation on Powers.** As required by Government Code Section 6509, the power of the Authority is subject to the restrictions upon the manner of exercising power possessed by the County of Marin.
- 2.7** **Compliance with Local Zoning and Building Laws.** Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings or structures located, constructed or caused to be constructed by the Authority within the territory of the Authority shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities, buildings or structures are constructed.

ARTICLE 3 AUTHORITY PARTICIPATION

- 3.1** **Addition of Parties.** Subject to Section 2.2, relating to certain rights of Initial Participants, other incorporated municipalities and counties may become Parties upon (a) the adoption of a resolution by the governing body of such incorporated municipality or such county requesting that the incorporated municipality or county, as the case may be, become a member of the Authority, (b) the adoption, by an affirmative vote of the Board satisfying the requirements described in Section 4.9.1, of a resolution authorizing membership of the additional incorporated municipality or county, specifying the membership payment, if any, to be made by the additional incorporated municipality or county to reflect its pro rata share of organizational, planning and other pre-existing expenditures, and describing additional conditions, if any, associated with membership, (c) the adoption of an ordinance required by Public Utilities Code Section 366.2(c)(10) and execution of this Agreement and other necessary program agreements by the incorporated municipality or county, (d) payment of the membership payment, if any, and (e) satisfaction of any conditions established by the Board. Notwithstanding the foregoing, in the event the Authority decides to not implement a CCA Program, the requirement that an additional party adopt the ordinance required by Public Utilities Code Section 366.2(c)(10) shall not apply. Under such circumstance, the Board resolution authorizing membership of an additional incorporated municipality or county shall be adopted in accordance with the voting requirements of Section 4.10.

- 3.2 **Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition and/or withdrawal or termination of Parties. The Parties agree to participate with such other Parties as may later be added, as described in Section 3.1. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

ARTICLE 4 GOVERNANCE AND INTERNAL ORGANIZATION

- 4.1 **Board of Directors.** The governing body of the Authority shall be a Board of Directors ("Board") consisting of one director for each Party appointed in accordance with Section 4.2.
- 4.2 **Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:
- 4.2.1 The governing body of each Party shall appoint and designate in writing one regular Director who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The governing body of each Party also shall appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a Board meeting. The person appointed and designated as the Director or the alternate Director shall be a member of the governing body of the Party.
- 4.2.2 The Operating Rules and Regulations, to be developed and approved by the Board in accordance with Section 2.5.11, shall specify the reasons for and process associated with the removal of an individual Director for cause. Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director has been removed may appoint a replacement.
- 4.3 **Terms of Office.** Each Director shall serve at the pleasure of the governing body of the Party that the Director represents, and may be removed as Director by such governing body at any time. If at any time a vacancy occurs on the Board, a replacement shall be appointed to fill the position of the previous Director in accordance with the provisions of Section 4.2 within 90 days of the date that such position becomes vacant.
- 4.4 **Quorum.** A majority of the Directors shall constitute a quorum, except that less than a quorum may adjourn from time to time in accordance with law.

- 4.5 Powers and Function of the Board.** The Board shall conduct or authorize to be conducted all business and activities of the Authority, consistent with this Agreement, the Authority Documents, the Operating Rules and Regulations, and applicable law.
- 4.6 Executive Committee.** The Board may establish an executive committee consisting of a smaller number of Directors. The Board may delegate to the executive committee such authority as the Board might otherwise exercise, subject to limitations placed on the Board's authority to delegate certain essential functions, as described in the Operating Rules and Regulations. The Board may not delegate to the Executive Committee or any other committee its authority under Section 2.5.11 to adopt and amend the Operating Rules and Regulations.
- 4.7 Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, other energy programs and the provisions of this Agreement.
- 4.8 Director Compensation.** Compensation for work performed by Directors on behalf of the Authority shall be borne by the Party that appointed the Director. The Board, however, may adopt by resolution a policy relating to the reimbursement of expenses incurred by Directors.
- 4.9 Board Voting Related to the CCA Program.**
- 4.9.1.** To be effective, on all matters specifically related to the CCA Program, a vote of the Board shall consist of the following: (1) a majority of all Directors shall vote in the affirmative or such higher voting percentage expressly set forth in Sections 7.2 and 8.4 (the "percentage vote") and (2) the corresponding voting shares (as described in Section 4.9.2 and Exhibit D) of all such Directors voting in the affirmative shall exceed 50%, or such other higher voting shares percentage expressly set forth in Sections 7.2 and 8.4 (the "percentage voting shares"), provided that, in instances in which such other higher voting share percentage would result in any one Director having a voting share that equals or exceeds that which is necessary to disapprove the matter being voted on by the Board, at least one other Director shall be required to vote in the negative in order to disapprove such matter.
- 4.9.2.** Unless otherwise stated herein, voting shares of the Directors shall be determined by combining the following: (1) an equal voting share for each Director determined in accordance with the formula detailed in Section 4.9.2.1, below; and (2) an additional voting share determined in accordance with the formula detailed in Section 4.9.2.2, below.
- 4.9.2.1 Pro Rata Voting Share.** Each Director shall have an equal voting share as determined by the following formula: (1/total number of

Directors) multiplied by 50, and

4.9.2.2 Annual Energy Use Voting Share. Each Director shall have an additional voting share as determined by the following formula: (Annual Energy Use/Total Annual Energy) multiplied by 50, where (a) “Annual Energy Use” means, (i) with respect to the first 5 years following the Effective Date, the annual electricity usage, expressed in kilowatt hours (“kWhs”), within the Party’s respective jurisdiction and (ii) with respect to the period after the fifth anniversary of the Effective Date, the annual electricity usage, expressed in kWhs, of accounts within a Party’s respective jurisdiction that are served by the Authority and (b) “Total Annual Energy” means the sum of all Parties’ Annual Energy Use. The initial values for Annual Energy use are designated in Exhibit C, and shall be adjusted annually as soon as reasonably practicable after January 1, but no later than March 1 of each year

4.9.2.3 The voting shares are set forth in Exhibit D. Exhibit D may be updated to reflect revised annual energy use amounts and any changes in the parties to the Agreement without amending the Agreement provided that the Board is provided a copy of the updated Exhibit D.

4.10 Board Voting on General Administrative Matters and Programs Not Involving CCA. Except as otherwise provided by this Agreement or the Operating Rules and Regulations, each member shall have one vote on general administrative matters, including but not limited to the adoption and amendment of the Operating Rules and Regulations, and energy programs not involving CCA. Action on these items shall be determined by a majority vote of the quorum present and voting on the item or such higher voting percentage expressly set forth in Sections 7.2 and 8.4.

4.11 Board Voting on CCA Programs Not Involving CCA That Require Financial Contributions. The approval of any program or other activity not involving CCA that requires financial contributions by individual Parties shall be approved only by a majority vote of the full membership of the Board subject to the right of any Party who votes against the program or activity to opt-out of such program or activity pursuant to this section. The Board shall provide at least 45 days prior written notice to each Party before it considers the program or activity for adoption at a Board meeting. Such notice shall be provided to the governing body and the chief administrative officer, city manager or town manager of each Party. The Board also shall provide written notice of such program or activity adoption to the above-described officials of each Party within 5 days after the Board adopts the program or activity. Any Party voting against the approval of a program or other activity of the Authority requiring financial contributions by individual Parties may elect to opt-out of participation in such program or activity by

providing written notice of this election to the Board within 30 days after the program or activity is approved by the Board. Upon timely exercising its opt-out election, a Party shall not have any financial obligation or any liability whatsoever for the conduct or operation of such program or activity.

4.12 Meetings and Special Meetings of the Board. The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour and place of each regular meeting shall be fixed by resolution or ordinance of the Board. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of California Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Section 54950 et seq.).

4.13 Selection of Board Officers.

4.13.1 Chair and Vice Chair. The Directors shall select, from among themselves, a Chair, who shall be the presiding officer of all Board meetings, and a Vice Chair, who shall serve in the absence of the Chair. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The office of either the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement.

4.13.2 Secretary. The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes of all meetings of the Board and all other official records of the Authority.

4.13.3 Treasurer and Auditor. The Board shall appoint a qualified person to act as the Treasurer and a qualified person to act as the Auditor, neither of whom needs to be a member of the Board. If the Board so designates, and in accordance with the provisions of applicable law, a qualified person may hold both the office of Treasurer and the office of Auditor of the Authority. Unless otherwise exempted from such requirement, the Authority shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall act as the depository of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act. The Board may require the Treasurer and/or Auditor to

file with the Authority an official bond in an amount to be fixed by the Board, and if so requested the Authority shall pay the cost of premiums associated with the bond. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time. The duties and obligations of the Treasurer are further specified in Article 6.

- 4.14 Administrative Services Provider.** The Board may appoint one or more administrative services providers to serve as the Authority's agent for planning, implementing, operating and administering the CCA Program, and any other program approved by the Board, in accordance with the provisions of a written agreement between the Authority and the appointed administrative services provider or providers that will be known as an Administrative Services Agreement. The Administrative Services Agreement shall set forth the terms and conditions by which the appointed administrative services provider shall perform or cause to be performed all tasks necessary for planning, implementing, operating and administering the CCA Program and other approved programs. The Administrative Services Agreement shall set forth the term of the Agreement and the circumstances under which the Administrative Services Agreement may be terminated by the Authority. This section shall not in any way be construed to limit the discretion of the Authority to hire its own employees to administer the CCA Program or any other program.

ARTICLE 5

IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

5.1 Preliminary Implementation of the CCA Program.

- 5.1.1 Enabling Ordinance.** Except as otherwise provided by Section 3.1, prior to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(10) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.
- 5.1.2 Implementation Plan.** The Authority shall cause to be prepared an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations as soon after the Effective Date as reasonably practicable. The Implementation Plan shall not be filed with the Public Utilities Commission until it is approved by the Board in the manner provided by Section 4.9.

5.1.3 Effect of Vote On Required Implementation Action. In the event that two or more Parties vote to approve Program Agreement 1 or any earlier action required for the implementation of the CCA Program (“Required Implementation Action”), but such vote is insufficient to approve the Required Implementation Action under Section 4.9, the following will occur:

5.1.3.1 The Parties voting against the Required Implementation Action shall no longer be a Party to this Agreement and this Agreement shall be terminated, without further notice, with respect to each of the Parties voting against the Required Implementation Action at the time this vote is final. The Board may take a provisional vote on a Required Implementation Action in order to initially determine the position of the Parties on the Required Implementation Action. A vote, specifically stated in the record of the Board meeting to be a provisional vote, shall not be considered a final vote with the consequences stated above. A Party who is terminated from this Agreement pursuant to this section shall be considered the same as a Party that voluntarily withdrew from the Agreement under Section 7.1.1.1.

5.1.3.2 After the termination of any Parties pursuant to Section 5.1.3.1, the remaining Parties to this Agreement shall be only the Parties who voted in favor of the Required Implementation Action.

5.1.4 Termination of CCA Program. Nothing contained in this Article or this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

5.2 Authority Documents. The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution, including but not necessarily limited to the Operating Rules and Regulations, the annual budget, and specified plans and policies defined as the Authority Documents by this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties’ right to withdraw from the Authority as described in Article 7.

ARTICLE 6
FINANCIAL PROVISIONS

6.1 **Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

6.2 **Depository.**

6.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

6.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection by the Parties at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.

6.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.

6.3 **Budget and Recovery Costs.**

6.3.1 **Budget.** The initial budget shall be approved by the Board. The Board may revise the budget from time to time through an Authority Document as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with the Operating Rules and Regulations.

6.3.2 **County Funding of Initial Costs.** The County of Marin shall fund the Initial Costs of the Authority in implementing the CCA Program in an amount not to exceed \$500,000 unless a larger amount of funding is approved by the Board of Supervisors of the County. This funding shall be paid by the County at the times and in the amounts required by the Authority. In the event that the CCA Program becomes operational, these Initial Costs paid by the County of Marin shall be included in the customer charges for electric services as provided by Section 6.3.4 to the extent permitted by law, and the County of Marin shall be reimbursed from the

payment of such charges by customers of the Authority. The Authority may establish a reasonable time period over which such costs are recovered. In the event that the CCA Program does not become operational, the County of Marin shall not be entitled to any reimbursement of the Initial Costs it has paid from the Authority or any Party.

6.3.3 CCA Program Costs. The Parties desire that, to the extent reasonably practicable, all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through charges to CCA customers receiving such electric services.

6.3.4 General Costs. Costs that are not directly or indirectly attributable to the provision of electric services under the CCA Program, as determined by the Board, shall be defined as general costs. General costs shall be shared among the Parties on such basis as the Board shall determine pursuant to an Authority Document.

6.3.5 Other Energy Program Costs. Costs that are directly or indirectly attributable to energy programs approved by the Authority other than the CCA Program shall be shared among the Parties on such basis as the Board shall determine pursuant to an Authority Document.

ARTICLE 7 WITHDRAWAL AND TERMINATION

7.1 Withdrawal.

7.1.1 General.

7.1.1.1 Prior to the Authority's execution of Program Agreement 1, any Party may withdraw its membership in the Authority by giving no less than 30 days advance written notice of its election to do so, which notice shall be given to the Authority and each Party. To permit consideration by the governing body of each Party, the Authority shall provide a copy of the proposed Program Agreement 1 to each Party at least 90 days prior to the consideration of such agreement by the Board.

7.1.1.2 Subsequent to the Authority's execution of Program Agreement 1, a Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than 6

months advance written notice of its election to do so, which notice shall be given to the Authority and each Party, and upon such other conditions as may be prescribed in Program Agreement 1.

7.1.2 Amendment. Notwithstanding Section 7.1.1, a Party may withdraw its membership in the Authority following an amendment to this Agreement in the manner provided by Section 8.4.

7.1.3 Continuing Liability; Further Assurances. A Party that withdraws its membership in the Authority may be subject to certain continuing liabilities, as described in Section 7.3. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Operating Rules and Regulations shall prescribe the rights if any of a withdrawn Party to continue to participate in those Board discussions and decisions affecting customers of the CCA Program that reside or do business within the jurisdiction of the Party.

7.2 Involuntary Termination of a Party. This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or the Authority Documents upon an affirmative vote of the Board in which the minimum percentage vote and percentage voting shares, as described in Section 4.9.1, shall be no less than 67%, excluding the vote and voting shares of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain continuing liabilities, as described in Section 7.3. In the event that the Authority decides to not implement the CCA Program, the minimum percentage vote of 67% shall be conducted in accordance with Section 4.10 rather than Section 4.9.1.

7.3 Continuing Liability; Refund. Upon a withdrawal or involuntary termination of a Party, the Party shall remain responsible for any claims, demands, damages, or liabilities arising from the Party's membership in the Authority through the date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities arising after the date of the Party's withdrawal or involuntary termination. In addition, such

Party also shall be responsible for any costs or obligations associated with the Party's participation in any program in accordance with the provisions of any agreements relating to such program provided such costs or obligations were incurred prior to the withdrawal of the Party. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party.

- 7.4 Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 7.1.
- 7.5 Disposition of Property upon Termination of Authority.** Upon termination of this Agreement as to all Parties, any surplus money or assets in possession of the Authority for use under this Agreement, after payment of all liabilities, costs, expenses, and charges incurred under this Agreement and under any program documents, shall be returned to the then-existing Parties in proportion to the contributions made by each.

ARTICLE 8 MISCELLANEOUS PROVISIONS

- 8.1 Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Should such efforts to settle a dispute, after reasonable efforts, fail, the dispute shall be settled by binding arbitration in accordance with policies and procedures established by the Board.
- 8.2 Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses


available under the law, to the Parties, the Authority, or its Directors, officers, or employees.

- 8.3 Indemnification of Parties.** The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority, the Parties and the public. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective Board or Council members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of the Authority under this Agreement.
- 8.4 Amendment of this Agreement.** This Agreement may be amended by an affirmative vote of the Board in which the minimum percentage vote and percentage voting shares, as described in Section 4.9.1, shall be no less than 67%. The Authority shall provide written notice to all Parties of amendments to this Agreement, including the effective date of such amendments. A Party shall be deemed to have withdrawn its membership in the Authority effective immediately upon the vote of the Board approving an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority should the amendment be approved by the Board. As described in Section 7.3, a Party that withdraws its membership in the Authority in accordance with the above-described procedure may be subject to continuing liabilities incurred prior to the Party's withdrawal. In the event that the Authority decides to not implement the CCA Program, the minimum percentage vote of 67% shall be conducted in accordance with Section 4.10 rather than Section 4.9.1.
- 8.5 Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this Section 8.5 shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This Section 8.5 does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.
- 8.6 Severability.** If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties, that the remainder of the Agreement shall not be affected thereby. Such clauses, sentences, paragraphs or provision shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

- 8.7 Further Assurances.** Each Party agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.
- 8.8 Execution by Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.
- 8.9 Parties to be Served Notice.** Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Party, as the case may be, or such other person designated in writing by the Authority or Party. Notices given to one Party shall be copied to all other Parties. Notices given to the Authority shall be copied to all Parties.

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 

Name: Thomas Cromwell

Title: Mayor


Date: December 8, 2008

Party: City of Belvedere

ARTICLE 9

SIGNATURE

IN WITNESS WHEREOF, the parties hereto have executed this Joint Powers Agreement establishing Marin Clean Energy (formerly, Marin Energy Authority)

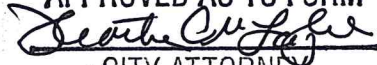
By: 

Name: Elizabeth Patterson

Title: Mayor

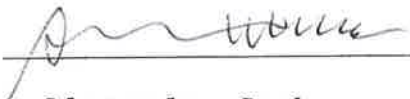
Date: 12.29.14

Party: City of Benicia

APPROVED AS TO FORM

CITY ATTORNEY

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 

Name: Alexandra Cock

Title: Mayor

Date: December 6, 2011

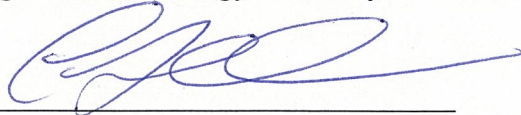
Party: Town of Corte Madera

ATTEST


Christine Green, Town Clerk

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 

Name: CHARLES F. MCGEASHAN

Title: PRESIDENT, BD OF SUPERVISORS

Date: NOVEMBER 18 2008

Party: COUNTY OF MARIN

ARTICLE 9

Marin Clean Energy JPA Agreement

SIGNATURE

Amendment No. 8

IN WITNESS WHEREOF, the parties hereto have executed this Joint Powers Agreement establishing Marin Clean Energy (formerly, Marin Energy Authority)

By: 

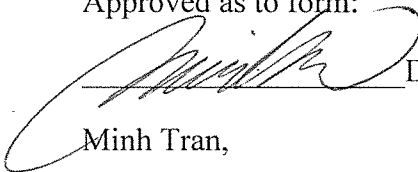
Name: Mark Luce,

Title: Chairman, Napa County Board of Supervisors

Date: 7/22/14

Party: Napa County

Approved as to form:

 Date 7/21/14

Minh Tran,

County Counsel

ARTICLE 9

SIGNATURE

IN WITNESS WHEREOF, the parties hereto have executed this Joint Powers Agreement establishing Marin Clean Energy (formerly, Marin Energy Authority)

By: 

Name: Scott Hanin

Title: City Manager

Date: 1/8/14

Party: City of El Cerrito

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: David Weinsoff

Name: David Weinsoff

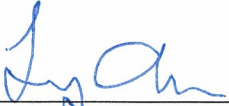
Title: Mayor

Date: 2.12.09

Party: Town of Fairfax

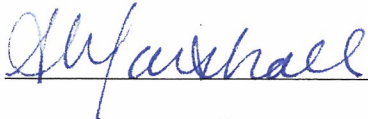
**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 
Name: Larry Cheu
Title: Mayor, Larkspur
Date: November 16, 2011
Party: CITY OF LARKSPUR

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 

Name: Shawn E. Marshall

Title: Mayor

Date: December 2, 2008

Party: City of Mill Valley

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: Madeline R. Kellner

Name: Madeline R. Kellner

Title: Mayor

Date: October 7, 2011

Party: City of Novato

ARTICLE 9

SIGNATURE

IN WITNESS WHEREOF, the parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority

By: *Dave McLaughlin*
Name: *Deane McLaughlin*
Title: *Mayor*
Date: *7/5/12*
Party: *City of Richmond*

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 

Name: Carla Small

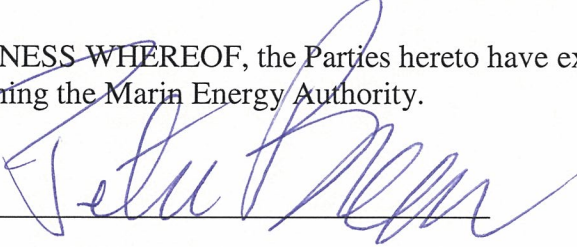
Title: Mayor

Date: 11/16/11

Party: Town of Ross

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By:  _____

Name: Peter Breen

Title: Mayor

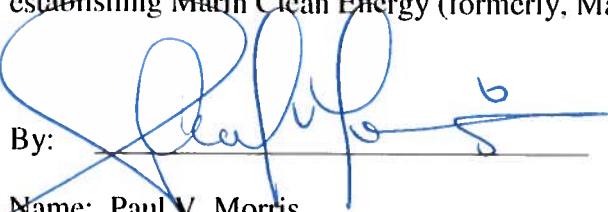
Date: January 9, 2009

Party: Town of San Anselmo

ARTICLE 9

SIGNATURE

IN WITNESS WHEREOF, the parties hereto have executed this Joint Powers Agreement establishing Marin Clean Energy (formerly, Marin Energy Authority)

By:  _____

Name: Paul V. Morris

Title: Mayor, City of San Pablo

Date: SEPT. 16, 2014

Party: City of San Pablo

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: Cyr N. Miller

Name: Cyr N. Miller

Title: Vice Mayor

Date: DECEMBER 1, 2008

Party: CITY OF SAN RAFAEL

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: Amy Belser

Name: Amy Belser

Title: Mayor

Date: November 18, 2008

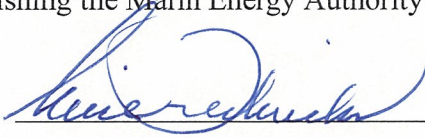
Party: City of Sausalito

Attest:

Debra Cardenas
Deputy City Clerk

**ARTICLE 9
SIGNATURE**

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Powers Agreement establishing the Marin Energy Authority.

By: 

Name: ALICE FREDERICKS

Title: MAYOR

Date: 2/10/09

Party: TOWN OF TIBURON

Exhibit A

To the Joint Powers Agreement Marin Energy Authority

-Definitions-

“AB 117” means Assembly Bill 117 (Stat. 2002, ch. 838, codified at Public Utilities Code Section 366.2), which created CCA.

“Act” means the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 *et seq.*)

“Administrative Services Agreement” means an agreement or agreements entered into after the Effective Date by the Authority with an entity that will perform tasks necessary for planning, implementing, operating and administering the CCA Program or any other energy programs adopted by the Authority.

“Agreement” means this Joint Powers Agreement.

“Annual Energy Use” has the meaning given in Section 4.9.2.2.

“Authority” means the Marin Energy Authority.

“Authority Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.

“Board” means the Board of Directors of the Authority.

“CCA” or “Community Choice Aggregation” means an electric service option available to cities and counties pursuant to Public Utilities Code Section 366.2.

“CCA Program” means the Authority’s program relating to CCA that is principally described in Sections 2.4 and 5.1.

“Director” means a member of the Board of Directors representing a Party.

“Effective Date” means the date on which this Agreement shall become effective and the Marin Energy Authority shall exist as a separate public agency, as further described in Section 2.1.

“Implementation Plan” means the plan generally described in Section 5.1.2 of this Agreement that is required under Public Utilities Code Section 366.2 to be filed with the California Public Utilities Commission for the purpose of describing a proposed CCA Program.

“Initial Costs” means all costs incurred by the Authority relating to the establishment and initial operation of the Authority, such as the hiring of an Executive Director and any administrative staff, any required accounting, administrative, technical and legal services in support of the Authority’s initial activities or in support of the negotiation, preparation and approval of one or more Administrative Services Provider Agreements and Program Agreement 1. Administrative and operational costs incurred after the approval of Program Agreement 1 shall not be considered Initial Costs.

“Initial Participants” means, for the purpose of this Agreement, the signatories to this JPA as of May 5, 2010 including City of Belvedere, Town of Fairfax, City of Mill Valley, Town of San Anselmo, City of San Rafael, City of Sausalito, Town of Tiburon and County of Marin.

“Operating Rules and Regulations” means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.

“Parties” means, collectively, the signatories to this Agreement that have satisfied the conditions in Sections 2.2 or 3.2 such that it is considered a member of the Authority.

“Party” means, singularly, a signatory to this Agreement that has satisfied the conditions in Sections 2.2 or 3.2 such that it is considered a member of the Authority.

“Program Agreement 1” means the agreement that the Authority will enter into with an energy service provider that will provide the electricity to be distributed to customers participating in the CCA Program.

“Total Annual Energy” has the meaning given in Section 4.9.2.2.

Exhibit B

**To the
Joint Powers Agreement
Marin Energy Authority**

-List of the Parties-

City of Belvedere
City of Benicia
Town of Corte Madera
City of El Cerrito
Town of Fairfax
City of Larkspur
City of Mill Valley
City of Novato
City of Richmond
Town of Ross
Town of San Anselmo
City of San Pablo
City of San Rafael
City of Sausalito
Town of Tiburon
County of Marin
County of Napa

Exhibit C
To the
Joint Powers Agreement
Marin Clean Energy
- Annual Energy Use -

This Exhibit C is effective as of December 4, 2014.

Party	kWh (2012/2013*)
City of Belvedere	9,973,170
City of Benicia	272,731,094
Town of Corte Madera	62,093,107
City of El Cerrito	109,836,169
Town of Fairfax	24,700,647
City of Larkspur	63,174,199
City of Mill Valley	69,176,164
City of Novato	286,565,119
City of Richmond	581,012,267
Town of Ross	13,529,793
Town of San Anselmo	46,642,417
City of San Pablo	97,383,170
City of San Rafael	347,362,327
City of Sausalito	48,099,763
Town of Tiburon	40,913,144
County of Marin	330,023,521
County of Napa	348,095,521
Authority Total Energy Use	2,751,311,592

*Data Provided by PG&E

Exhibit D
To the
Joint Powers Agreement
Marin Clean Energy

- Voting Shares -

This Exhibit D is effective as of December 4, 2014.

Party	kWh (2012/2013*)	Section 4.9.2.1	Section 4.9.2.2	Voting Share
City of Belvedere	9,973,170	2.94%	0.18%	3.12%
City of Benicia	272,731,094	2.94%	4.96%	7.90%
Town of Corte Madera	62,093,107	2.94%	1.13%	4.07%
City of El Cerrito	109,836,169	2.94%	2.00%	4.94%
Town of Fairfax	24,700,647	2.94%	0.45%	3.39%
City of Larkspur	63,174,199	2.94%	1.15%	4.09%
City of Mill Valley	69,176,164	2.94%	1.26%	4.20%
City of Novato	286,565,119	2.94%	5.21%	8.15%
City of Richmond	581,012,267	2.94%	10.56%	13.50%
Town of Ross	13,529,793	2.94%	0.25%	3.19%
Town of San Anselmo	46,642,417	2.94%	0.85%	3.79%
City of San Pablo	97,383,170	2.94%	1.77%	4.71%
City of San Rafael	347,362,327	2.94%	6.31%	9.25%
City of Sausalito	48,099,763	2.94%	0.87%	3.82%
Town of Tiburon	40,913,144	2.94%	0.74%	3.68%
County of Marin	330,023,521	2.94%	6.00%	8.94%
County of Napa	348,095,521	2.94%	6.33%	9.27%
*Data Provided by PG&E	2,751,311,592	50.00%	50.00%	100.00%



POLICY 013: Reserve Policy

Policy Statement

MCE will adopt budgets and establish rates that provide for a growing Reserve until target funding levels are met.

The Reserve will grow to and be maintained at the following funding levels:

- Available Cash: equal to 90 days of operating expenditures; and
- Contingency/Rate Stabilization: equal to 15% of projected annual revenues.

The MCE Board will adopt budgets and establish rates for MCE with the goal of building up the Reserve by March 2019, subject to MCE's ability to meet operational expenditures and maintain competitive rates.

Policy Purpose

MCE will prudently manage its operations in a manner that supports its long-term financial independence and stability while providing sufficient financial capacity to meet short term obligations. This Reserve Policy (or "Policy") is important in meeting MCE's strategic objectives, securing favorable commercial terms from both third-party service providers and lenders and in the development of a future stand-alone MCE credit rating. The Reserve Policy will govern the accumulation of reserves in the enterprise fund. The Reserve will be accounted for as the Net Position in MCE's financial statements.

Adequate Reserves will enable MCE to satisfy working capital requirements, procure energy at competitive rates, adhere to loan covenants, cover unanticipated expenditures, and support rate stability.

Relationship to the Budget and Periodic Review

Authority to spend from reserves must align with Board approved Budgets. Staff will review the Reserve Policy annually to ensure it meets the needs of the agency. The future development of MCE may require the expansion of reserve requirements to support new activities such as major expansion of MCE activities or the acquisition of generating assets.



FINANCIAL STATEMENTS

Years Ended March 31, 2015 & 2014
with Report of Independent Auditors



MARIN CLEAN ENERGY
YEARS ENDED MARCH 31, 2015 AND 2014

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VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS' REPORT

Board of Directors
Marin Clean Energy
San Rafael, California

We have audited the accompanying financial statements of Marin Clean Energy (“MCE”), as of and for the years ended March 31, 2015 and 2014, which collectively comprise MCE’s basic financial statements, including the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Marin Clean Energy, as of March 31, 2015 and 2014, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Varrinet, Trine, Day & Co., LLP.

Pleasanton, California

July 27, 2015

MARIN CLEAN ENERGY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis provides an overview of Marin Clean Energy's (MCE) financial activities for the fiscal years ended March 31, 2015 and 2014. The information presented here should be considered in conjunction with the audited financial statements.

FINANCIAL HIGHLIGHTS

MCE began providing electrical power to customers in May 2010 and continues to experience increases in its number of customers. In 2014-15, the County of Napa, and the cities of Benicia, El Cerrito, and San Pablo joined MCE. MCE began servicing customers in the County of Napa in late 2014-15. Service to the cities of Benicia, El Cerrito, and San Pablo began in May 2015. Despite the growing volume of sales, MCE continues to put a priority on the efficient use of financial resources to meet the goal of providing competitive pricing to its entire customer base. During the year we were able to align our costs closely with revenues. This enabled us to keep margins at reasonably low levels as demonstrated by a change in net position from the prior year of \$3,698,000, or approximately 3.7% of revenues. This increase caused net position to climb from approximately \$9,558,000 to \$13,256,000, providing reserves to weather future uncertainties.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to MCE's basic financial statements. MCE's basic financial statements comprise two components: (1) government-wide financial statements and (2) notes to the financial statements.

MCE is a single-purpose entity that reports as an enterprise fund under governmental accounting standards. The financial statements are designed to provide readers with a broad overview of MCE's finances, similar to a private-sector business.

The Statements of Net Position present information on all of MCE's assets and liabilities, with the difference between assets and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of MCE is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position present information showing how MCE's net position changed during the fiscal period. All changes in net position are recognized at the date the underlying event that gives rise to the change occurs, regardless of the timing of the related cash flows.

The Statements of Cash Flows present information about MCE's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. These statements show the sources and uses of cash, as well as the change in the cash balances during the fiscal years.

MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The following table is a summary of MCE's assets, liabilities, and net position.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 27,579,728	\$ 22,433,441	\$ 18,007,926
Capital assets	407,626	58,807	68,679
Total assets	<u>27,987,354</u>	<u>22,492,248</u>	<u>18,076,605</u>
Current liabilities	13,742,408	10,909,904	7,079,985
Noncurrent liabilities	988,627	2,024,308	3,083,746
Total liabilities	<u>14,731,035</u>	<u>12,934,212</u>	<u>10,163,731</u>
Net position:			
Net investment in capital assets	407,626	58,807	68,679
Restricted	598,200	598,200	598,200
Unrestricted	12,250,493	8,901,029	7,245,995
Total net position	<u>\$ 13,256,319</u>	<u>\$ 9,558,036</u>	<u>\$ 7,912,874</u>

During 2014-2015, MCE continued to expand its territory beyond Marin County and the City of Richmond when it began servicing the County of Napa in February 2015. The number of active customer accounts grew from approximately 130,000 to 143,000 during the year. This increased customer base resulted in a growing level of accounts receivable and accrued revenue over the prior year. Related to this rise in demand for electricity from our customers, we have procured additional energy, resulting in the increase in trade liabilities.

The increase in capital assets from 2014 seen above is largely the result of capital improvements made at MCE's office.

Long term debt from two promissory notes decreased from 2014 as a result of scheduled payments.

MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

MCE's results of operations are summarized as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 100,654,696	\$ 85,561,759	\$ 52,579,310
Contributions received	-	-	20,000
Interest income	3,716	8,965	900
Total income	<u>100,658,412</u>	<u>85,570,724</u>	<u>52,600,210</u>
Operating expenses	96,835,644	83,749,875	48,429,076
Interest expense	124,485	175,687	176,185
Total expenses	<u>96,960,129</u>	<u>83,925,562</u>	<u>48,605,261</u>
Increase in net position	<u>\$ 3,698,283</u>	<u>\$ 1,645,162</u>	<u>\$ 3,994,949</u>

MCE's expansion into the County of Napa, combined with servicing the City of Richmond for its first full fiscal year, resulted in an increase in electricity sales, which was accompanied by increases in costs directly related to acquiring energy and servicing customer accounts. Despite the growing customer base and the associated costs of serving them, MCE experienced a greater increase in net position in 2015 than the prior year.

DEBT AND CAPITAL ASSET ADMINISTRATION

MCE continued to make payments on its existing debt. No new debt was incurred by MCE in 2014-15. Shortly after the fiscal year, MCE retired all of its debt ahead of schedule. Note 6 to the financial statements provides details on debt activity.

MCE relocated its office during 2014-15, and capitalized costs to furnish and make leasehold improvements. Note 4 to the financial statements provides details on capital asset activity.

ECONOMIC OUTLOOK

Since commencing service to customers in 2010, MCE has entered into multiple power purchase agreements with various providers to serve MCE's projected power supply need. This process allows for price certainty as MCE continues to serve customers. In addition to increasing its customer base from approximately 130,000 to 143,000 in 2014-15, MCE will be serving several new territories in early 2015-16. Management intends to continue its conservative use of financial resources and expects ongoing operating surpluses.

MARIN CLEAN ENERGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

REQUESTS FOR INFORMATION

This financial report is designed to provide MCE's customers and creditors with a general overview of the Organization's finances and to demonstrate MCE's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to 1125 Tamalpais Avenue, San Rafael, CA 94901.

BASIC FINANCIAL STATEMENTS

MARIN CLEAN ENERGY
STATEMENTS OF NET POSITION
AS OF MARCH 31, 2015 AND 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,173,815	\$ 8,248,488
Accounts receivable, net of allowance	10,528,880	9,096,571
Other receivables	583,185	55,916
Accrued revenue	4,502,232	3,722,283
Prepaid expenses	368,152	31,485
Total current assets	26,156,264	21,154,743
Noncurrent assets		
Capital assets, net of depreciation	407,626	58,807
Restricted cash	1,145,700	1,145,700
Other assets	277,764	132,998
Total noncurrent assets	1,831,090	1,337,505
Total assets	27,987,354	22,492,248
LIABILITIES		
Current liabilities		
Accounts payable	878,967	615,131
Accrued cost of electricity	8,403,170	6,409,847
Other accrued liabilities	604,541	515,618
User taxes and energy surcharges due to other governments	611,230	566,962
Advances from grantor	2,209,091	1,733,221
Notes payable to bank	1,035,409	1,069,125
Total current liabilities	13,742,408	10,909,904
Noncurrent liabilities		
Notes payable to bank	988,627	2,024,308
Total liabilities	14,731,035	12,934,212
NET POSITION		
Net position		
Net investment in capital assets	407,626	58,807
Restricted for debt service	598,200	598,200
Unrestricted	12,250,493	8,901,029
Total net position	\$ 13,256,319	\$ 9,558,036

MARIN CLEAN ENERGY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED MARCH 31, 2015 AND 2014

	2015	2014
Operating revenues		
Electricity sales	\$ 98,840,861	\$ 84,605,751
Grant revenue for Energy Efficiency Program	1,125,344	917,947
Other revenue	688,491	38,061
Total operating revenues	100,654,696	85,561,759
Operating expenses		
Cost of electricity	87,996,399	76,088,268
Contract services	5,769,008	5,533,964
Staff compensation	2,216,199	1,660,945
General and administration	854,038	466,698
Total operating expenses	96,835,644	83,749,875
Operating income	3,819,052	1,811,884
Nonoperating revenues (expenses)		
Interest income	3,716	8,965
Interest expense	(124,485)	(175,687)
Total nonoperating revenues (expenses)	(120,769)	(166,722)
Changes in net position	3,698,283	1,645,162
Net position at beginning of period	9,558,036	7,912,874
Net position at end of period	\$ 13,256,319	\$ 9,558,036

The accompanying notes are an integral part of these financial statements

MARIN CLEAN ENERGY
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 96,757,280	\$ 79,507,265
Grant received from Energy Efficiency Program	1,505,702	2,007,602
Cash received from other revenue sources	142,297	35,283
Cash payments to purchase electricity	(86,282,436)	(73,790,444)
Cash payments for contract services	(5,864,212)	(5,462,356)
Cash payments for staff compensation	(2,179,654)	(1,642,623)
Cash payments for general and administration	(795,836)	(428,344)
Net cash provided by operating activities	3,283,141	226,383
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Deposit for financing reserve	-	(547,500)
Principal payments of notes payable to bank	(1,069,397)	(1,063,407)
Interest expense	(124,485)	(186,097)
Net cash provided (used) by non-capital financing activities	(1,193,882)	(1,797,004)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(167,648)	(7,015)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	3,716	8,965
Net change in cash and cash equivalents	1,925,327	(1,568,671)
Cash and cash equivalents at beginning of year	8,248,488	9,817,159
Cash and cash equivalents at end of year	\$ 10,173,815	\$ 8,248,488

MARIN CLEAN ENERGY

**STATEMENTS OF CASH FLOWS
(CONTINUED)**

YEARS ENDED MARCH 31, 2015 AND 2014

	2015	2014
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 3,819,052	\$ 1,811,884
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	28,528	16,887
(Increase) decrease in net accounts receivable	(1,432,309)	(4,523,775)
(Increase) decrease in other receivables	(527,269)	(55,916)
(Increase) decrease in accrued revenue	(779,949)	(865,071)
(Increase) decrease in prepaid expenses	(336,667)	(1,924)
(Increase) decrease in deposits	(144,766)	-
Increase (decrease) in accounts payable	54,137	83,386
Increase (decrease) in accrued cost of electricity	1,993,323	1,735,828
Increase (decrease) in other accrued liabilities	88,923	373,433
Increase (decrease) in user taxes due to other governments	44,268	561,996
Increase (decrease) in advances from grantor	475,870	1,089,655
Net cash provided by operating activities	\$ 3,283,141	\$ 226,383

MARIN CLEAN ENERGY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Marin Clean Energy (MCE) is a California joint powers authority created on December 19, 2008 and its members consist of the following parties: the Counties of Marin and Napa, the cities of Belvedere, Benicia, El Cerrito, Larkspur, Mill Valley, Novato, Richmond, San Pablo, San Rafael, and Sausalito and the towns of Corte Madera, Fairfax, Ross, San Anselmo, and Tiburon (collectively, “the parties”). It is governed by a seventeen member Board of Directors appointed by each of the parties.

MCE was formed to reduce energy related greenhouse gas emissions and promote the development and use of a wide range of renewable energy sources and energy efficiency programs, and to exercise all other powers necessary and incidental to accomplishing these objectives. A core function of MCE is to provide electric service that includes the use of renewable sources under the Community Choice Aggregation Program under California Public Utilities Code Section 366.2.

MCE began its energy delivery operations in May 2010. Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by the California Independent System Operator and Pacific Gas and Electric Company.

ACCOUNTING POLICIES

MCE’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

MARIN CLEAN ENERGY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING

The Organization's operations are accounted for as a governmental enterprise fund, and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned and expenses are recognized at the time liabilities are incurred.

When both restricted and unrestricted resources are available for use, it is the Organization's policy to use restricted resources first, then unrestricted resources as they are needed.

CASH AND CASH EQUIVALENTS

For purpose of the statement of cash flows, MCE has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments. Amounts restricted for debt service and collateral for energy efficiency loan program are not included. These restricted balances are presented separately in the statement of net position.

CAPITAL ASSETS AND DEPRECIATION

MCE's policy is to capitalize furniture and equipment valued over \$500 that is expected to be in service for over one year. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment and seven years for furniture. Leasehold improvements are depreciated over 10 years.

OPERATING AND NON-OPERATING REVENUE

Revenue from the sale of electricity to customers and grant revenue related to the Energy Efficiency Program (EE) are considered "operating" revenue. The EE program supports the development, implementation and coordination of energy efficiency activities in and around MCE's service area. Other revenues predominately consist of consideration from the cancellation of an operating lease and damages revenue from energy suppliers. Investment income is classified as "non-operating revenue."

REVENUE RECOGNITION

MCE recognizes revenue on the accrual basis. This includes invoices issued to customers during the period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will not be collected. Accordingly, an allowance has been recorded.

MARIN CLEAN ENERGY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ELECTRICAL POWER PURCHASED

Electrical power sold to customers was purchased through numerous suppliers, with the primary supplier being Shell Energy North America. As part of the agreement with Shell Energy, MCE is required to maintain a cash balance of \$1,350,000 to ensure funds are available to purchase electrical power. This cash balance is included in cash and cash equivalents as presented in the statement of net position. MCE has been steadily increasing its energy purchases from other sources to reduce its market exposure. The cost of power and related delivery costs have been recognized as “cost of electricity” in the statement of revenues, expenses and changes in net position.

MCE purchases Renewable Energy Certificates (REC) from a variety of sources to comply with external mandates and self-imposed benchmarks. MCE procures RECs with the intent to retire them, and neither engages in the activity of selling RECs or building a surplus of RECs. An expense is recognized at the point that the cost of the REC is due and payable to the supplier. MCE is in compliance with external mandates and self-imposed benchmarks.

STAFFING COSTS

MCE pays employees semi-monthly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan each month. MCE is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements.

INCOME TAXES

MCE is a joint powers authority under the provision of the California Government Code. As such it is not subject to federal or state income or franchise taxes.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements.

MARIN CLEAN ENERGY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2015 AND 2014

2. CASH AND CASH EQUIVALENTS

MCE maintains its cash in both interest and non-interest-bearing accounts at River City Bank of Sacramento, California. MCE has no other investments. MCE complies with California Government Code Section 16521. This code section requires that River City Bank collateralize amounts of public funds in excess of the FDIC limit of \$250,000 by 110%. Accordingly, balances are not considered to be at risk. Risk is monitored on an ongoing basis.

3. ACCOUNTS RECEIVABLE

Changes in accounts receivable were as follows:

	2015	2014	2013
Accounts receivable from customers	\$ 12,888,880	\$ 10,126,845	\$ 5,413,646
Allowance for uncollectible accounts	(2,360,000)	(1,030,274)	(840,850)
Net accounts receivable	\$ 10,528,880	\$ 9,096,571	\$ 4,572,796

The majority of account collections occur within the first few months following customer invoicing. MCE estimates that a portion of the billed accounts will not be collected. MCE continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, MCE continues to have some success collecting older accounts. Accordingly, accounts above *de minimis* balances are not written off. The result is that the allowance for uncollectible accounts at the end of a period includes both current and prior period allowances.

4. CAPITAL ASSETS

Changes in capital assets were as follows:

	Depreciable capital assets:			
	Furniture & Equipment	Leasehold Improvements	Accumulated Depreciation	Net
Balances at March 31, 2013	\$ 93,401	\$ 5,881	\$ (30,603)	\$ 68,679
Additions	7,015	-	(16,887)	(9,872)
Balances at March 31, 2014	100,416	5,881	(47,490)	58,807
Additions	51,836	325,511	(28,528)	348,819
Balances at March 31, 2015	\$ 152,252	\$ 331,392	\$ (76,018)	\$407,626

MARIN CLEAN ENERGY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2015 AND 2014

5. ADVANCES FROM GRANTOR

MCE receives grant funding through the Public Utilities Commission of the State of California (CPUC) for its Energy Efficiency Program. Funds are received on a quarterly schedule and are not recognized as revenue until they are expended for the designated purpose. Total grant funding received for the fiscal year 2015 was \$1,505,702, and \$1,029,832 was spent and earned. In 2014, grant funding was \$2,007,602 with \$917,947 being spent and earned. The Energy Efficiency Program receives additional grant funding under the Gas Public Purpose Program that is not received in advance. Revenue of \$95,512 was recognized under this grant in fiscal year 2015, the first year of this funding.

6. DEBT

NOTES PAYABLE TO RIVER CITY BANK

	Note A	Note B
Date of note	January 2011	July 2012
Original note amount	\$ 2,300,000	\$ 3,000,000
Approximate monthly payment	44,000	56,000
Reserve requirements	263,200	335,000
Maturity date	January 2016	October 2017
Interest rate	5.25%	4.50%
Balance at March 31, 2015	\$ 427,481	\$ 1,596,555

Note A is subject to a fixed interest rate of 5.25%. The Note B is subject to the Federal Home Loan Bank Five Year Fixed Rate plus 1.25%. MCE has agreed to maintain revenues in excess of maintenance and operating costs of 125% of the sum of annual debt service payments.

MARIN CLEAN ENERGY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2015 AND 2014

6. DEBT (continued)

Changes in notes payable were as follows:

	<u>Beginning</u>	<u>Payments</u>	<u>Ending</u>
Year ended March 31, 2014			
Note A	\$ 1,380,712	\$ (463,948)	\$ 916,764
Note B	2,776,128	(599,459)	2,176,669
Totals	<u>\$ 4,156,840</u>	<u>\$ (1,063,407)</u>	3,093,433
Amounts due within one year			<u>(1,069,125)</u>
Amounts due after one year			<u>\$ 2,024,308</u>
Year ended March 31, 2015			
Note A	\$ 916,764	\$ (489,283)	\$ 427,481
Note B	2,176,669	(580,114)	1,596,555
Totals	<u>\$ 3,093,433</u>	<u>\$ (1,069,397)</u>	2,024,036
Amounts due within one year			<u>(1,035,409)</u>
Amounts due after one year			<u>\$ 988,627</u>

Future minimum debt service requirements were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the years ending March 31:			
2016	\$ 1,035,409	\$ 69,954	\$ 1,105,363
2017	635,992	31,515	667,507
2018	352,635	4,965	357,600
Total	<u>\$ 2,024,036</u>	<u>\$ 106,434</u>	<u>\$ 2,130,470</u>

Both notes were retired ahead of schedule in April, 2015.

MARIN CLEAN ENERGY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2015 AND 2014

7. DEFINED CONTRIBUTION RETIREMENT PLAN

The Marin Clean Energy Plan (Plan) is a defined contribution retirement plan established by MCE to provide benefits at retirement to its employees. The Plan is administered by Nationwide Retirement Solutions. At March 31, 2015, there were 20 plan members. MCE is required to contribute 10% of annual covered payroll and contributed \$177,000 and \$128,000 during the years ended March 31, 2015 and 2014, respectively. Plan provisions and contribution requirements are established and may be amended by the Board of Directors.

8. RISK MANAGEMENT

MCE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, MCE purchased liability and property insurance from a commercial carrier. Coverage for property general liability, errors and omissions and non-owned automobile was \$2,000,000 with a \$1,000 deductible.

9. COMMITMENTS AND CONTINGENCIES

MCE has entered into multiple power purchase agreements to meet its near and long term needs. MCE had outstanding non-cancelable power purchase commitments of approximately \$886.5 million for energy and related services through October 31, 2041 that have not yet been provided.

The following table is the approximated obligations on existing contracts:

Year ended March 31,	
2016	\$ 118,056,805
2017	123,846,908
2018	103,491,169
2019	46,421,789
2020	32,657,163
2021-42	461,995,114
	<u>\$ 886,468,948</u>

As of March 31, 2015, MCE had outstanding non-cancelable commitments to professional service providers for services yet to be performed of \$12.8 million that continue through December 31, 2017.

MARIN CLEAN ENERGY

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2015 AND 2014

10. OPERATING LEASE

Marin Clean Energy rents office space. Rental expense was \$190,000 and \$186,000 for the years ended March 31, 2015 and 2014, respectively. In 2014-15, MCE entered into a ten year non-cancelable lease for its office premises until March 8, 2025. The rental agreement includes an option to renew the lease for five additional years.

Future minimum lease payments under the lease are as follows:

Year ended March 31,	
2016	\$ 185,910
2017	329,458
2018	418,260
2019	430,818
2020	444,107
2021-25	<u>2,499,840</u>
	<u>\$ 4,308,393</u>