



Community Advisory Committee
Tuesday, January 18, 2022
6:00pm

<https://us02web.zoom.us/j/84794506189>

Or join by phone:

Dial: US: +1 669 900 6833

Webinar ID: 847 9450 6189

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at least 2 working days before the meeting at (510) 906-0491 or cob@ebce.org.

If you have anything that you wish to be distributed to the Committee, please email it to the clerk by 5:00 pm the day prior to the meeting.

C1. Welcome & Roll Call

C2. Public Comment

This item is reserved for persons wishing to address the Committee on any EBCE-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to three minutes per speaker and must complete an electronic [speaker slip](#). The Committee Chair may increase or decrease the time allotted to each speaker.

REGULAR AGENDA

C3. Program to Support and Scale Low to Moderate Income Building Electrification and Efficiency

Recommendation: Approve Resolution authorizing CEO to execute an Agreement with BlocPower to provide for \$1 million in investment at the

EBCE is committed to protecting our environment and is proud to be a

[Certified California Green Business](#)

junior capital position and negotiate and execute a separate Agreement to provide \$400,000 in grants to support electrification and clean energy upgrades on low to moderate income homes in EBCE's service area.

C4. Fiscal Year 2021-2022 Mid-Year Budget Report (Informational)

Recommendation: Receive the report informing the Board of the mid-year Budget position for the 2021-2022 fiscal year.

C5. CAC Member and Staff Announcements including requests to place items on future CAC agendas

C6. Adjournment to Monday, February 14, 2022

CERTIFICATION OF POSTING

I, Lori Frontella, Acting Board Clerk, do hereby declare under penalty of perjury that the foregoing agenda was posted on website at www.ebce.org and made available for public review prior to or at 5:00 p.m. on January 14, 2022.

Date Posted: January 14, 2022

.Time Posted:

Lori Frontella, MMC, Board Clerk



Staff Report Item10

TO: East Bay Community Energy Board of Directors

FROM: Beckie Menten, Program Manager, Building Electrification and Energy Efficiency

SUBJECT: Program to Support and Scale Low to Moderate Income Building Electrification and Efficiency

DATE: January 19, 2022

Recommendation

Approve Resolution authorizing CEO to execute an Agreement with BlocPower to provide for \$1 million in investment at the junior capital position and negotiate and execute a separate Agreement to provide \$400,000 in grants to support electrification and clean energy upgrades on low to moderate income homes in EBCE's service area.

Background and Discussion

This item was heard at the November 15th EBCE Board of Directors meeting. At that meeting, the Directors offered strong support for the program concept and requested additional information on customer benefits and obligations, including the types of measures funded, the costs to participating customers, and the underwriting criteria and default provisions of the program. This Board Memo and the attached presentation address that request; more background information can be found in the [November 17th, 2021 Board Packet](#)¹.

BlocPower provided information on several projects installed recently in EBCE's service area. Typical installation costs average \$35,000 and project scopes most frequently include at least one electric appliance (i.e heat pump water heater or space conditioning equipment), several energy efficiency measures (i.e. lighting and

¹ Item 11: Low and Moderate Income Electrification Program. EBCE Board of Directors Packet, November 17th 2021. https://res.cloudinary.com/diactiwk7/image/upload/v1637026693/Item_11_-_LMI_Electrification_hztmlwp.pdf

building envelope improvements) and additional building upgrades (service panel replacements, new windows or doors, plumbing and/or new appliances). Most projects included in the portfolio saw a net increase in monthly expenses of \$55-100 while 22% (two of nine projects) are expected to generate net monthly savings.

There may be many reasons why a customer voluntarily accepts an increase in monthly expenses. Efficiency and electrification projects provide important co-benefits beyond energy savings, including improvements in indoor air quality and an increase in safety and comfort. In spite of a customer's ability and willingness to undertake a home improvement project, they may find themselves unable to access capital. Traditional financing programs remain out of reach to some customers based on strict underwriting criteria and low risk acceptance; in turn, these customers are frequently left out of traditional rebate-based programs that require an upfront investment.

BlocPower provides a mission driven service intended to improve the health, performance, and carbon footprint of homes. Customers are presented with a proposal before committing to the project which summarizes monthly expense and other terms of the financing on the front page. Customers make informed decisions on upgrades to their homes and the net savings or payments resulting from the project. BlocPower works with independent community stewards who review and approve proposals before submission to the customer. This program aggregates multiple incentives with competitive, accessible financing to make these upgrades viable for customers who may otherwise not be able to improve their homes.

Fiscal Impact

EBCE staff are proposing a \$1 million investment in BlocPower and an additional \$400,000 in grant dollars for customer projects. \$650,000 of this funding would be sourced from this year's Local Programs budget and includes the additional \$250,000 that the Board requested to be allocated to Community Grants in the June 16th, 2021 Board meeting approving the FY'22 EBCE Budget. The remaining \$750,000 will be allocated from the upcoming FY 2022/2023 programs budget.

EBCE anticipates earning \$500,000 in interest payments on this investment over a 15-year period. Additionally, EBCE anticipates additional revenue associated with the electrification of homes. Finally, this funding would be leveraged with BlocPower's existing capital stack.

Attachments

1. Resolution Authorizing the CEO to execute a Loan Agreement and Promissory Note with BlocPower for 1 Million Dollars and to negotiate and execute an Agreement to administer \$400,000 in grants
2. PowerPoint presentation
3. Loan Agreement and Promissory Note.
4. Consulting Services Agreement for \$400,000 in customer grants.

RESOLUTION NO. R-2022-

A RESOLUTION OF THE BOARD OF DIRECTORS

OF THE EAST BAY COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CEO TO EXECUTE A LOAN AGREEMENT AND PROMISSORY NOTE WITH BLOCPower FOR \$1 MILLION DOLLARS AND TO NEGOTIATE AND EXECUTE AN AGREEMENT TO ADMINISTER \$400,000 IN INCENTIVES

WHEREAS The East Bay Community Energy Authority (“EBCE”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of EBCE and parties to the JPA in March of 2020.

WHEREAS building electrification can improve the health, comfort, and efficiency of homes within EBCE’s service area, savings customers money on energy bills while improving indoor air quality and providing a new source of revenue for EBCE;

WHEREAS EBCE recognizes that frontline communities, defined as those hardest hit by a combination of historical underinvestment, exposure to environmental pollution, and lower income rates, have historically been excluded from participation in clean energy subsidy programs by requiring upfront investment on the part of participants;

WHEREAS BlocPower is a company which seeks to provide building electrification upgrades that also address energy efficiency, health, and safety to low to moderate income customers in EBCE’s service area;

WHEREAS EBCE desires to provide a loan to BlocPower to provide more EBCE customers opportunities to access the health and safety benefits associated with building electrification while providing a sustaining fund to continue re-investment in our community;

WHEREAS EBCE desires to provide incentive funds to BlocPower to be used to reduce overall project costs and to improve the affordability and access to the program.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Authorize Chief Executive Officer to execute a Loan Agreement and Promissory Note with BlocPower for \$1 million to finance electrification projects for EBCE's customer base, and

Section 2. Authorize Chief Executive Officer to negotiate and execute an agreement with BlocPower to provide \$400,000 in incentives to low and moderate income customers to facilitate residential energy efficiency and electrification home upgrades.

ADOPTED AND APPROVED this 19th day of January, 2022.

Dianne Martinez, Chair

ATTEST:

Clerk of the Board

LMI Electrification

January 19, 2021

BOD MEETING



Background:

- Presentation in November Board meeting
 - BOD supportive of program concept and design
- To approve The LMI Electrification Program, the Board requested clarification on the following:
 - Provide evidence of project economics
 - Clarify non-monetary customer benefits
 - Clarify customer protections and the sales process

\$1.4 Million LMI Electrification Program

- \$1M in project capital at 5.5% interest rate
- \$400k in grants for LMI customers (up to 120% of Area Median Income)

EBCE Budget Impact

- \$500k allocated from FY'21 Local Programs Electrification budget
- \$250k allocated by BOD for electrification grants to LMI communities (June '21)
- \$650k to be requested in FY'22

Sole Source with BlocPower

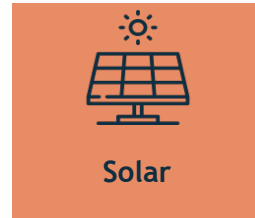
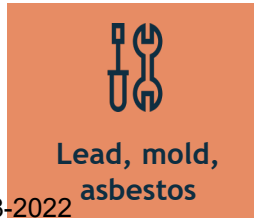
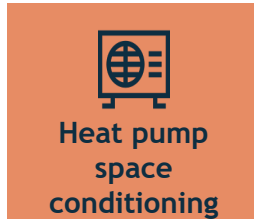
- BlocPower's "electrification-as-a-service" approach and focus on LMI communities is unique in the market
- BlocPower will use local contractors to provide electrification and EE to ~60 EBCE customers
- Provides access to well priced capital that LMI customers may not otherwise access

LMI Customers

- Households up to 120% of Area Median Income (AMI)
- Incentives scaled to income
- Higher incentive levels for lower income households
- Incentives will minimize bill impacts to CARE customers

% AMI Income	Household = 1	Household = 4	Maximum Incentive
80%	\$76,720	\$109,600	\$10,000
120%	\$105,500	\$150,700	\$4,000

Qualifying technologies / scope



Pilot projects tested affordability + proved value to homeowners



Project	Scope of Work	Avg. total project costs (pre-incentives)	Avg. Monthly Payments	Avg. Total Customer Payments	Avg Annual GHG Savings
#1	Air Sealing, Attic Insulation, Wall Insulation Mini Split HVAC HP + Smart Thermostat LED lighting, 1 window, 1 door	\$34,687	-\$52	-\$11,500	2.2T
#2	Air Sealing Attic Insulation Wall Insulation Mini Split HP HVAC + smart thermostat, HP water heater, Floor Insulation, replace windows and door Main Panel upgrade				
#3	Air Sealing, Attic/Wall Insulation, Floor Insulation LED lighting HP Water Heater, Mini Split HP				
#4	Minisplit HP, HP WH, air sealing, insulation floor, wall, attic (3 units)				
#5	Minisplit HP, air sealing, insulation floor, wall, attic new windows				

- Non-monetary benefits include comfort, safety, indoor air quality and useability
- General home improvements increase the value of homes and the opportunity to make additional investments
- Total payments are far below the costs of the home improvements
- Monthly Customer Payments benefit from other incentives from BayREN, TECH and other sources
- Pilot program tested customer acquisition and project development, but was not replicable for BlocPower economically



EBCE Program sustainably scales program, addresses most support to highest-need and improves value to customer

Total expected project costs (pre-incentives)	Income based EBCE grants	Expected Monthly Customer Payments (post-incentives, post-financing)	Expected Monthly Energy Bill Savings	Expected Net Monthly Payments (yr 1)	Estimated Net Customer Payments	Income Bracket
\$37,500	\$10,000	-\$146	\$87	-\$59	-\$10,662	Low Income
	\$4,000	-\$199		-\$112	-\$20,075	Mod Income
Project Costs assuming no EBCE Program						
*\$34,500	NA	-\$235	\$87	-\$148	-\$26,607	NA

- Income based incentives higher for low income customers
- Improvements improve quality of life and reduce energy bills
- BlocPower lending criteria broadens program eligibility
- *Prevailing wage requirement will increase labor costs by ~\$3,000
- EBCE debt lowers cost of financing for participants by ~\$6,000

Estimated # of projects	60
Total Program Capex	\$2,250,000
Program Grants	\$400,000
Net Cost	\$1,850,000



BlocPower partners with local developers, contractors, trainers and workers to deliver completed projects

Role	Company	Details
Developer	Revalue.io	West Oakland-based, MWOB
Contractors	East Bay Indoor Environmental	Oakland-based MWOB
	Eco Options	Oakland-based, MWOB
	Energeers	Hayward-based MWOB
	BOLD Construction	Oakland and San Leandro-based MWOB
Workforce Development	Cypress Mandela	Oakland and Union City-based MWO Non-profit

Trust is key

- Multi-faceted retrofits involving different trades, program administrators, financing obstacles, and decisions. The risk of fatigue is high.
- Trusted community partners help bridge that gap

Education is both hard, and a necessary step

- Unfamiliar technologies, and their value needs explanation so they can deliver expected results.
- Simplifying the process is critical for buy in and overcoming decision fatigue.

Turnkey

- Programs need to be stitched together to actually work for homeowners. We can't have them jump through too many hoops for this to actually work.

Customer agreement safeguards customer interests

Sample customer agreement



BlocPower
LEASE AGREEMENT
COVER PAGE

Customer: [REDACTED]

Property (Location of Equipment): [REDACTED]

Customer Address (if different than Property):

Customer Contact Information: Phone: __

Provider: BlocPower Energy Services 3, LLC

Description of Leased Equipment: 3 zone mini split heat pump and all other equipment ancillary thereto, and all additions, modifications, attachments, accessions, substitutions of the forgoing, and parts thereof, including all equipment more fully identified on Schedule B (the "Equipment").

Effective Date of Agreement: September 22, 2021

<u>Amount Due at Lease Signing or Delivery</u>	<u>Monthly Payments</u>	<u>Other Charges</u>	<u>Total of Payments</u>
\$0.00	Your 240 monthly payments of \$130.00 each will be due on the 15th day of each calendar month. This Monthly Fee will increase by 1% every year. We estimate the first payment will be due on 11/15/2021 (based on when the estimated date of completion of energy efficiency upgrades or, on installation of the net meter). The total of your monthly payments is \$34,349.76	(not part of your monthly payment)	(The amount you will have paid by the end of the lease)
Capitalized Cost Reduction (estimate): \$0.00 _____		None.	\$34,349.76
\$0.00 Total			

Purchase Option: On or after the 90th day after the Commercial Operation Date, if you are not in default, you will have the option to purchase the Equipment for the amounts set forth on Schedule C.

Termination: You may not voluntarily terminate this lease and may pay a substantial fee if this lease is terminating due to your default.

Servicing & Insurance: You are responsible for insuring the Equipment and the cost of any servicing necessary for the Equipment.

Security Interest: The Equipment is the personal property of the Lessor. You only have a leasehold interest in the Equipment subject to this Agreement.

Official Fees and Taxes: The total amount you will pay for official fees and taxes over the term of this agreement, included with your monthly payments or assessed otherwise: \$3,193.52 (estimate). This estimate does not include the purchase option at the end of the lease term or any late fees you may incur.

Customer Service: Please reach out to Revaluae.io, Inc: 2408 Mandela Parkway Oakland, CA 94607; (510) 387-0416

This agreement consists of this Cover Page and the attached terms and conditions, and any addendums, exhibits or exhibits attached hereto (collectively, the "Agreement").

Agenda Item: C.3
Page 13



Our customers tell us that health and community are among their most important values

Our pilot customers shared key insights that helped them appreciate the benefits of energy transformation. We started by remediating home health hazards (Indoor Air Quality - IAQ) and creating energy cost-savings.

Health Impacts

- Lead, Mold, Asbestos and other environmental toxins persist in West Oakland housing.
- Burning fossil fuels within the building envelope contributes significantly to poor health outcomes (source: EPA).
- The ability to deliver clean, healthy air is a crucial decision factor for customers. See <https://www.blocpower.io/covid-19-resources>

Marshal St. owner Vince Gibbs

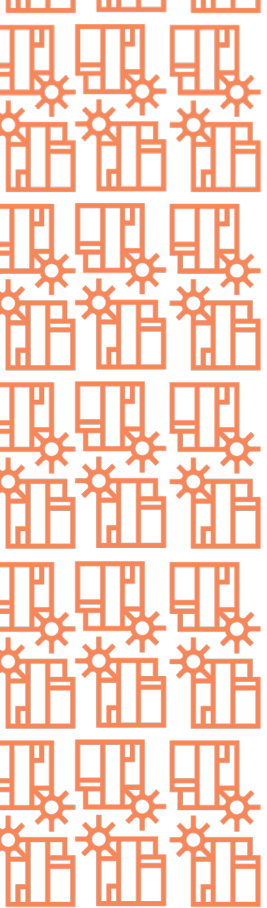
"My daughters were so uncomfortable in their room, now we hardly even have to run our mini-split, the insulation job is amazing and the moisture smell is gone!!"



<https://oaklandnorth.net/2018/12/11/oaklands-air-quality-problem-can-first-of-its-kind-legislation-solve-it/>
<https://science.howstuffworks.com/environmental/energy/natural-gas-energy.htm>



Additional Slides





About BlocPower

- Black-owned climate tech company founded in 2014
- Focused on greening residential and small commercial buildings in the US, particularly in Low and Moderate Income (LMI) neighborhoods
- Gas-to-electrification technology building conversions (air source heat pumps, hot water, etc.)
- Built a tech platform to speed up energy assessments and financing, lowering project development costs by 50%+
- Backed by government offices, utilities, and the world's top investors



Smarter, Healthier, Greener buildings for ALL



Helen St. owner Reymon LaCheaux
"I knew I wanted to be energy efficient, just didn't know where to start. Working with the Revalue.io team and Blocpower, made the process seamless and easy."



Marshal St. owner Vince Gibbs
"My daughters were so uncomfortable in their room, now we hardly even have to run our mini-split, the insulation job is amazing and the moisture smell is gone!!"



"Nobody cares about building electrification if they can't breathe in their home...and having contractors that reflect the community helps establish trust" - Mark Hall, Revalue.io

Case Study: AFFORDABLE HOUSING IMPROVEMENTS



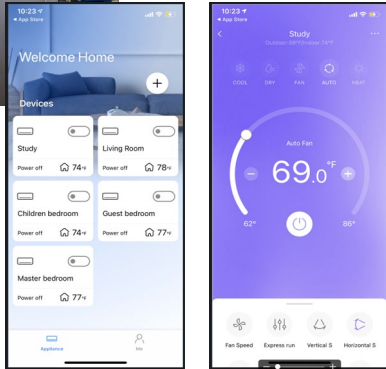
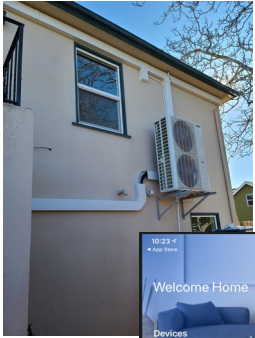
Union Street, Oakland



Pictured: Owner and Mark Hall, Revalue.io

Case Study: GREEN HEALTHY HOME

Marshall Street, Oakland

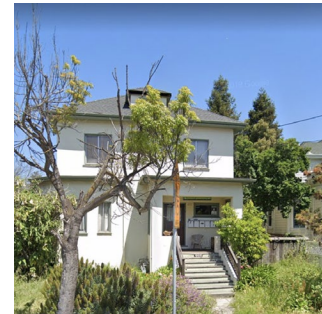


Case Study: ENABLEMENT CAPITAL

Northern California Land Trust; 36th Street, Oakland



<https://nclt.org/>).





Holistic financing program enables projects while safeguarding customer interests

Financing Program Details



Financing Instrument

- Lease, target term of 15 years + Customer payments targeted to savings
- Targeting ~6.5% effective interest, secured only by the assets installed.
- Low 1% annual escalation in payment.
- Operations + Maint. costs may be included for 15 years; Full guarantee on equipment & service
- Purchase, renew or remove options at end of term
- No lien on underlying property



Underwriting criteria

Customers are qualified through a holistic review of their financial portfolio, beyond just a credit score. We do require no bankruptcy within the last three years, and no outstanding major judgements or liens.



Non-payment

BlocPower engages in a managed and flexible process to support payment. Rather than going directly to collections, we work with other service providers like PromisePay to work with our customer portfolio to support their obligations



Negotiating complex incentives + financing is a significant barrier

Access to health equity resources is confusing, cumbersome and often insufficient to remediate home health hazards. What we need are:

Enablement capital

- The federal, state and local programs that offer grants (e.g., LIHEAP, WAP) and financing programs (REEL) for LMI customers often restrict projects through narrow requirements.
- Bridge financing makes qualification for many of these programs possible.

Flexible underwriting

- Many eligible residents have been excluded even from low-cost financing due to structural discrimination and predatory practices.

Complete Scope

- Essential considerations for health and long-term deferred maintenance are also included in project design, not just energy efficiency or weatherization.



Loan Agreement By And Between East Bay Community Energy Authority and BlocPower Energy Services 3

This Loan Agreement (the “**Agreement**”), dated as of January 19, 2022 (the “Effective Date”), is entered into by and between the by and between East Bay Community Energy Authority, a joint powers authority formed under the laws of the State of California (“EBCE”), and BlocPower Energy Services 3, LLC, a Delaware limited liability company (the “Borrower”).

RECITALS

A. Fossil fuel based heating and appliances are connected to harmful indoor air quality and contribute to climate change.

B. In recently signed SB 68, the California Legislature found that emissions from fossil fuels in residential buildings make up a significant share of the State’s carbon emissions. The Legislature found that it is a priority to make it as easy as possible for building owners to switch from fossil fuel to electric based energy.

C. Many in EBCE’s service area have already transitioned from fossil fuel to electric heating and appliances and as a result, a smaller pool of ratepayers must pay to maintain fossil fuel distribution infrastructure.

D. Low to moderate income (LMI) customers are disproportionately impacted by the health and financial effects of fossil fuel.

E. LMI customers are more likely to rent and therefore have less control over decisions impacting the buildings in which they live.

F. The Borrower is a black-owned company, specializing in making residential and commercial buildings more energy efficient, especially in LMI communities.

G. The Borrower assists LMI customers and landlords with LMI tenants with electrification of buildings, by providing equipment and installation with limited upfront costs and long term payment options. The Borrower has now completed projects in almost 1,000 buildings.

H. The Borrower has also developed a technology platform that reduces administrative costs associated with project implementation, including energy assessments and financing, helping to reduce overall project cost to participants.

I. In order to assist LMI customers and landlords with LMI tenants with the electrification of residential buildings and meet the State’s decarbonization goals, the EBCE Board of Directors has authorized a loan to Borrower in the amount of \$1,000,000.

J. The proceeds of the loan shall be used solely for the electrification of buildings by providing equipment and installation with limited upfront costs and long term payment options for LMI customers or landlords with LMI tenants, in EBCE's service area.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND CONDITIONS CONTAINED HEREIN, AND OTHER VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

Article I. DEFINITIONS; CONSTRUCTION; EXHIBITS

Section I.01 Definitions

The following capitalized terms have the meanings set forth in this Section 1.01 wherever used in this Agreement, unless otherwise provided:

- (a) **"Agreement"** means this Agreement, as the same may be modified from time to time, pursuant to the terms hereof.
- (b) **"Business Day"** means a day other than: (i) a Saturday, (ii) a Sunday, or (iii) a day on which the administrative offices of the EBCE are closed.
- (c) **"EBCE"** means East Bay Community Energy Authority, a joint powers authority formed under the laws of the State of California
- (d) **"Default Rate"** means the interest rate equal to the lesser of: (i) 6.5 percent per annum, or (ii) if lower, the highest rate permitted by law.
- (e) **"Event of Default"** has the meaning set forth in Section 5.1.
- (f) **"Fiscal Year"** means calendar year or, if the Borrower uses another 12-month period as its annual accounting period, then such other 12-month period.
- (g) **"Funding Date"** means the first date on which EBCE funds the Loan.
- (h) **"Law"** means, collectively, all federal, state or local laws, rules, regulations, statutes, ordinances, codes, orders, injunctions or decrees.
- (i) **"LMI"** means a household or family with income not greater than 100% of the Alameda County area median income, adjusted for household or family size.
- (j) **"Loan"** is the loan being made by EBCE to the Borrower pursuant to the terms of this Agreement.
- (k) **"Loan Documents"** means this Agreement and the Promissory Note.

(l) **“Material Adverse Effect”** means a material adverse effect on: (i) the business, assets, operations, prospects or condition, financial or otherwise, of the Borrower, (ii) the ability of the Borrower to perform any of its obligations under the Loan Documents, or (iii) the rights of or benefits available to EBCE under the Loan Documents.

(m) **“Payment Date”** means the 1st Business Day of each month, commencing on December 2022 .

(n) **“Payment Schedule”** means the schedule set forth in Exhibit A, which sets forth the scheduled principal and interest payment for the Loan on each Payment Date.

(o) **“Parties”** means EBCE and the Borrower.

(p) **“Project”** has the meaning set forth in Recital J.

(q) **“Promissory Note”** means the promissory note, in the form attached hereto as Exhibit B, that will evidence Borrower's obligation to repay the loan.

(r) **“State”** means the State of California.

(s) **“Tenant Improvements”** means the improvements or other alterations, to be undertaken and paid by the Borrower, at the properties where the Borrower conducts its business for the Project.

Section I.02 Construction

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of sections in this Agreement are solely for convenience of reference, do not constitute a part of this Agreement and shall not affect the meaning, construction or effect of the provisions of this Agreement.

(c) Each of the Parties affirms that it has reviewed and understood each and every provision of this Agreement and has consulted an attorney before executing this Agreement. As such, no court or other judicial authority shall construe any provision of this Agreement against any party by reason of such party's being deemed to have drafted such provision.

Section I.03 Exhibits

The following exhibits are attached to this Agreement and incorporated into this Agreement by reference:

Exhibit A: Payment Schedule

Exhibit B: Form of Promissory Note

Exhibit C: Form of Officers Certificate

Exhibit D: California Labor Code Compliance

Article II. LOAN TERMS; PAYMENTS

Section II.01 Loan

(a) EBCE agrees, subject to the terms and conditions set forth in this Agreement, to make the Loan in the principal amount of **One Million Dollars (\$1,000,000.00)** to Borrower for the Project.

(b) The Loan shall be evidenced by the Promissory Note, in substantially the form set forth in Exhibit B.

(c) The Loan shall bear interest, commencing on the date that is 12 months from the Effective Date, at the rate of **five and one half percent (5.5%)** per annum (calculated on the basis of a 360-day year of twelve 30-day months), and shall be payable on each Payment Date in the amounts set forth in the Payment Schedule set forth in Exhibit A.

(d) Notwithstanding the foregoing, upon the occurrence of an Event of Default and so long as it is continuing and remains uncured, the Loan shall bear interest at the Default Rate. Interest due based on such Default Rate shall be in addition to any fee due pursuant to Section 2.03(c).

Section II.02 Prepayment

(a) Subject to the provisions of this Section 2.02 and Section 2.03 below, the Borrower may prepay all or a portion of the outstanding principal together with accrued interest thereon of the Loan on any Payment Date without penalty, in addition to scheduled principal and interest payment due on that Payment Date.

(b) Unless otherwise agreed in writing by the CEO of EBCE, any partial prepayment shall be applied to scheduled principal payments in inverse order of maturity (*i.e.*, with the latest due date).

(c) At least 15 days before any prepayment, the Borrower shall send to EBCE: (i) a written notice specifying the prepayment amount and (ii) unless no principal amount of the Loan will remain outstanding after such prepayment, a proposed revised Payment Schedule to become effective after such prepayment. EBCE shall notify the Borrower at least five days before the proposed prepayment date whether such revised Payment Schedule is acceptable to EBCE. If EBCE has any objection to the proposed revised Payment Schedule, then the Parties shall cooperate in good faith to make mutually

acceptable revisions. No prepayment shall be made or accepted until EBCE and the Borrower agree on a revised Payment Schedule.

Section II.03 Payments Generally

(a) Borrower shall make each payment required to be made under the Loan Documents no later than 12:00 PM on its respective due dates, in immediately available funds in lawful money of the United States of America, without set-off, counterclaim, withholding or deduction of any kind whatsoever. Such payments shall be either by cashier's check, certified check, or by wire/electronic transfer, and sent to the following (provided, that EBCE may designate a different address or a different account in writing from time to time):

- (i) If by check, made to "East Bay Community Energy" (with "BLOCPOWER 2021 LOAN" in the reference line) and sent to
East Bay Community Energy
Attention: CEO
1999 Harrison Street, Suite 800
Oakland, CA 94612

- (ii) If by wire/electronic transfer, to the following account:

ACCOUNT INFORMATION

(b) If at any time EBCE receives insufficient funds from the Borrower to pay fully all amounts of principal, interest and fees then due hereunder, such funds received shall be applied: (i) first, to pay costs, expenses and fees due to EBCE hereunder, (ii) second, to pay interest then due hereunder, (iii) third, to pay principal then due hereunder; provided that, after the occurrence and during the continuation of an Event of Default, EBCE may apply insufficient funds differently at its sole discretion.

(c) In addition, if any principal of or interest on the Loan or other amount payable by the Borrower hereunder past due, remains unpaid for 5 days, after written notice by EBCE, whether due at stated maturity, upon acceleration or otherwise, the Borrower agrees to pay a late charge of three percent (3%) of the amount which is past due. The parties agree that such late charge represents the reasonable estimate of a fair average compensation to EBCE for additional expenses to process such delinquency.

**Article III. FUNDING DATE;
CONDITIONS PRECEDENT TO FUNDING OF LOAN**

Section III.01 Funding Date and Location.

(a) The parties anticipate that the Funding Date shall be **January, 20 2022**; provided, that the Funding Date may be such other Business Day as agreed by the Parties in writing; provided, further, funding shall only occur after the Borrower's satisfaction of all of the conditions set forth in Section 3.02.

(b) On the Funding Date and on July 1, 2022, EBCE shall issue a check or wire transfer to the Borrower the amount of \$ 500,000, in lawful moneys of the United States of America,.

(c) Funds shall be transferred to:

BlocPower Energy Services 3 LLC
First Republic Bank
Account # 80009370877
Routing # 321081669

Section III.02 Conditions Precedent.

(a) The obligations of EBCE to make the Loan hereunder shall not become effective until EBCE shall have received the following on or before the Funding Date:

(i) Executed copies of this Agreement and the Promissory Note.

(ii) A true, correct and complete copy of each of: (A) the Certificate of Formation of the Borrower, (B) the current operating agreement of the Borrower, and (C) a Certificate of Good Standing (or similar document), issued by the Secretary of State within 30 days of the Funding Date, showing the Borrower's good standing to conduct business in the State.

(iii) Financial statements of the Borrower for the two full Fiscal Years completed before the Funding Date (which may be unaudited financial statements, if no audited financial statements have not been prepared and, therefore, unavailable).

(iv) A written description of any event or change since the end of the period covered by the Borrower's most recent audited financial statements, which may have a Material Adverse Effect.

(v) The Borrower's most recent cash flow projection reasonably forecasting the next five years of operations (including revenues, expenses and capital expenditures) for: (i) the Borrower, and (ii) the Project.

(vi) Evidence of the insurance coverage meeting the requirements of Section 5.06 below (which shall include disclosure regarding all applicable deductibles).

(vii) A certificate of the Parent of the Borrower's CEO and CFO, dated the Funding Date, in substantially the form set forth in Exhibit C.

(viii) Such other certificates, instruments and other documents as EBCE may reasonably request.

(b) If the Borrower shall be unable to satisfy the conditions set forth in this Section 3.02, or if EBCE shall determine in good faith (and provide written notice to the Borrower) that there has been a change in law which prohibits the funding of the Loan, then this Agreement shall terminate and the Borrower and EBCE shall be under no further obligation hereunder.

Article IV. REPRESENTATIONS AND WARRANTIES OF BORROWER

The Borrower represents and warrants to EBCE that, as of the date of this Agreement and as of the Funding Date:

Section IV.01 Organization; Authorization.

(a) The Borrower is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to carry on its business as it is now being conducted and to own, operate and lease its properties and assets in the State of California.¹

(b) The Borrower has the full power, authority and legal right to undertake the Project.

(c) The Borrower has full power, authority and legal right to enter into and execute the Loan Documents.

Section IV.02 Enforceability; No Conflict.

(a) The Loan Documents and all other documents or instruments executed or delivered in connection herewith have been duly authorized by all necessary action on the part of the Borrower, have been duly executed and delivered and are the legal, valid and binding obligations of Borrower and are enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) The execution, delivery and performance by Borrower of the Loan Documents do not and will not conflict with, or result in, any breach or violation of any of the terms and conditions of, or constitute a default under, or give rise to a right to require

¹ NTD: BlocPower LLC is registered to do business in CA. BPES3 is not required to be registered in CA.

the Borrower to make any payment under, or result in the creation of any lien or encumbrance upon any assets or properties of the Borrower pursuant to: (a) the certificate of formation or operating agreement or other organizational or constituent documents of Borrower, (b) any Law or requirement imposed under any permit or by any governmental authority applicable to Borrower, (c) any judicial order, judgment, injunction or decree to which the Borrower is a party or by which it is bound or (d) any agreement to which the Borrower is a party or by which it is bound.

Section IV.03 Audited Financial Statements; Cash Flow Projections.

(a) The financial statements delivered by the Borrower to EBCE present fairly, in all material respects, the financial position of the Borrower as of their respective dates. Except as disclosed to EBCE in writing, since the date of the most recent financial statements, there has been no material adverse change in the business, assets, operations, prospects or condition (financial or otherwise) of the Borrower.

(b) The cash flow projections provided to EBCE regarding the Borrower and the Project have been prepared in good faith and reflect the true expectation of the Borrower (subject to reasonable assumptions), based on the experience of the Borrower.

Section IV.04 Outstanding Indebtedness.

(a) Borrower does not have any outstanding indebtedness except: (i) the indebtedness evidenced by the Note, (ii) debt pursuant to Regulation CF and (iii) as previously disclosed to EBCE in writing or included in the submitted financial statements.²

(b) Except as previously disclosed to EBCE in writing, there are no outstanding liens on record against any of the Borrower's properties or assets.

Section IV.05 Insurance.

All premiums in respect of all insurance maintained by or on behalf of the Borrower, including all insurance required hereunder, have been paid. The Borrower believes that the insurance maintained by or on behalf of the Borrower is adequate.

Section IV.06 Compliance with Laws and Agreements.

(a) The Borrower is in compliance with all Laws applicable to it or its property and all leases, agreements and other instruments binding on it or its property, except where failures to do so, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No material default (however defined) under any such agreement or instrument has occurred and is continuing.

² NTD: Please confirm EBCE has received info about our crowdfunding debt.

(b) The Borrower has timely filed or caused to be filed all tax returns and reports required to have been filed by it and has paid or caused to be paid all taxes required to have been paid by it as and when due.

Section IV.07 No Litigation.

There are no actions, suits or proceedings pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower by or before any arbitrator or court or governmental or administrative body or agency. The Borrower is not subject to any judgment, confession of judgment, injunction, decree, order, order to show cause, writ, lien or attachment of any kind, whether or not final or contingent, and none of the foregoing has been filed, recorded or otherwise attached to any of Borrower's assets or properties.

Section IV.08 Disclosure.

The Borrower has disclosed to EBCE all agreements, instruments and corporate or other restrictions to which Borrower is subject, and all other matters known to it that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the information contained in this Agreement or any other instrument, document, list, certificate, statement, schedule or exhibit delivered to EBCE in connection with the negotiation of this Agreement or the Promissory Note or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any untrue statement or material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

Article V. COVENANTS

So long as any portion of the Loan remains outstanding or any other amount is unpaid hereunder, the Borrower shall comply with the following covenants:

Section V.01 Continuation of Business.

(a) The Borrower shall not assign, sell, transfer, dispose or encumber its assets or revenues (including accounts receivables) or rights with respect thereto, in any manner that would adversely affect its continuing existence or otherwise reasonably be expected to have a Material Adverse Effect.

(b) Borrower shall obtain and maintain in full force such government approval, authorization, certificate of need, license, or designation as required to operate its business.

Section V.02 Undertaking of Project; Use of Proceeds; Applicability of Prevailing Wage Requirements.

(a) The Borrower shall use proceeds of the Loan solely for the Project.

(b) The Borrower acknowledges that use of the proceeds of the Loan outside of the scope of the Project may constitute a “gift of public funds,” which is prohibited by Cal. Const., art. XVI, §6.

(c) The Borrower acknowledges that, in view of the benefit conferred by EBCE’s assistance to the Project in the form of the Loan, use of Loan for any construction is subject to the provisions of Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code, as if they are undertaken by EBCE. The Borrower agrees to comply with, and to require any and all contractors performing construction, alteration, demolition, installation, repair work or any other work constituting a public work as described in California Labor Code Section 1720, in connection with the Tenant Improvements, to comply with, the provisions set forth in Exhibit D.

Section V.03 Compliance with Law and Contracts.

(a) The Borrower shall conduct its business in a manner that complies with all applicable Law.

(b) Borrower will not commit any default on its contractual obligations in any manner which could reasonably be expected to result in a Material Adverse Effect.

Section V.04 Payment of Indebtedness and Other Obligations; Incurrence of Other Indebtedness or Creation of Lien.

(a) Borrower shall pay and discharge, when due (i) all of its debts and other obligations and liabilities, including, but not limited to, payroll obligations, and (ii) all taxes, assessments and other governmental charges on its income and properties, in each case as and when the same are due, and in all events before the same shall become delinquent or in default such that interest or penalties would accrue, except where: (I) the validity or amount thereof is being diligently contested in good faith by appropriate proceedings, (II) the Borrower has set aside on its books reserves with respect thereto that are reasonably adequate, (III) such contest effectively suspends collection of the contested obligation and the enforcement of any lien securing such obligation, or Borrower has posted such bonds or other security or instruments as may be necessary to remove any such lien from title to any of Borrower’s assets or properties, and (IV) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

(b) Without EBCE’s prior written consent, the Borrower shall not borrow money from other sources (or enter into capital leases or similar instrument), that exceeds \$10,000,000 in the aggregate.

(c) The Borrower shall not create, assume or allow any security interest or lien on any property that the Borrower now or later owns, except for: (i) liens and security interest in favor of EBCE, (ii) liens for taxes not yet due, (iii) liens outstanding on the date of this Agreement and disclosed to EBCE in writing, and (iv) liens arising in the ordinary course of business securing amounts the Borrower owes in the operation of its business.

Section V.05 Books and Records; Financial Statements.

(a) Borrower shall, at all times, keep proper books of record and account in which complete and correct entries are made of all transactions relating to its business and activities. The Borrower will permit any representatives designated by EBCE, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, to audit such books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

(b) After the close of each calendar year, the Borrower shall cause an independent certified public accountant to prepare on a consolidated basis an audit of the financial transactions and records of EBCE for such Fiscal Year. No later than four months days after the end of each Fiscal Year, the Borrower shall furnish to EBCE a copy of the full audited financial report for such Fiscal Year.

Section V.06 Insurance.

(a) Borrower shall procure and maintain general comprehensive liability insurance and automobile liability insurance (for any owned, non-owned or hired vehicle), against loss arising from personal injury and death or property damage caused by accident or occurrence, in the amount not less than One Million Dollars (\$1,000,000.00) for any occurrence or accident, Two Million Dollars (\$2,000,000.00) annual aggregate and naming EBCE and its officials, officers, employees, agents, and contractors as additional insured. Such insurance may be provided through a combination of primary and excess (or umbrella) policies. All such policies (other than umbrella policies, if such endorsement is not available for umbrella policies) shall name EBCE as an additional insured.

(b) The Borrower shall comply with all State requirements relating to the procurement and maintenance of workers' compensation insurance, any state mandated disability benefits insurance, and such other forms of insurance which the Borrower is required by Law to provide in at least the coverage amounts required by Law.

(c) Borrower shall provide EBCE at least thirty (30) days prior written notice of cancellation of any policy required by this Agreement, except that the Borrower shall provide at least ten (10) days prior written notice of cancellation of any such policy due to non-payment of premium. If any of the required coverage is cancelled or expires during the term of this Agreement, the Borrower shall deliver renewal certificate(s) including the required Additional Insured endorsement to EBCE at least ten (10) days prior to the effective date of cancellation or expiration.

(d) All required policies of insurance shall be endorsed to waive the right of subrogation. All insurance policies obtained by the Borrower, including all deductibles, shall be reasonably satisfactory to EBCE. Copies of the insurance policies and endorsements for all insurance required to be obtained by Borrower shall be delivered to EBCE prior to the Funding Date.

Section V.07 Disclosure Notices.

(a) The Borrower shall furnish to EBCE prompt written notice of any of the following:

- (i) The occurrence of an Event of Default;
- (ii) Any development in the business or affairs of the Borrower that results in, or could reasonably be expected to result in, a Material Adverse Effect; or
- (iii) Any upcoming change in the senior management of the Borrower; or
- (iv) Any upcoming change in the Borrower's primary business location(s).

(b) Each notice delivered under this Section shall be accompanied by a statement describing the nature thereof and the action the Borrower proposes to take with respect thereto.

Section V.08 Indemnification; Costs and Expenses.

(a) To the fullest extent permitted by law, the Borrower shall indemnify defend, and hold harmless EBCE and its officials, officers, employees, agents, and contractors (collectively, the "Indemnitees") against and hold the Indemnitees harmless from any and all claims, actions, suits, proceedings, damages, liabilities, reasonable costs, reasonable expenses (collectively, "Claims"), including attorneys' fees, arising out of, connected with or resulting from any acts or omission to act by the Borrower (or the Borrower's officers, employees, agents or contractors) in connection with or related to the Loan, this Agreement or the Project; provided, however, that the Borrower shall not be required to indemnify the Indemnitees for any Claims that are caused by the sole gross negligence, bad faith or willful misconduct of the Indemnitees.

(b) Borrower's duty to indemnify, defend, and hold harmless EBCE and the Indemnitees shall extend to claims, actions, suits, proceedings, damages, liabilities, reasonable costs, reasonable expenses (collectively, "Claims"), including attorneys' fees, arising out of, connected with or resulting from any acts or omission to act by the Borrower (or the Borrower's officers, employees, agents or contractors) in connection with or related to the requirements of Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code.

(c) Borrower shall not assert, and hereby waives, any claim against any Indemnitee on any theory of liability, for special, indirect, consequential or punitive

damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, the Loan or the use of the proceeds thereof, or the Project.

(d) The Borrower shall promptly pay the reasonable out-of-pocket expenses and disbursements of EBCE, including reasonable attorney fees, and related expenses and disbursements, in connection with: (A) obtaining by the Borrower of any waiver or consent under this Agreement, the Loan or any Event of Default hereunder, (B) the preparation, execution, delivery, administration, defense and enforcement or preservation of rights in connection with a workout, restructuring or waiver with respect to the Loan, and (C) the occurrence of an Event of Default and collection and other enforcement proceedings resulting therefrom.

(e) The Borrower shall pay all amounts due under this Section 5.08 within 20 days after written demand.

(f) The provisions of this Section 5.08 shall survive the repayment of the Loan and the termination of this Agreement.

Section V.09 Equal Opportunity Employer.

The Borrower shall not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex, age or other interests protected by the State or Federal Constitutions. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

Section V.10 Further Assurances.

The Borrower shall preserve and protect the rights of EBCE pursuant to this Agreement. From and after the date of issuance of the Promissory Note, the Borrower will not contest the validity or enforceability of the Promissory Note or Loan Agreement. The Borrower shall take such action, and make, execute and deliver any and all such further instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Loan Agreement, and for the better assuring and confirming unto EBCE of its rights and benefits provided in the Loan Documents.

Article VI. EVENTS OF DEFAULT

Section VI.01 Events of Default.

The occurrence of any of the following events shall constitute an “Event of Default” hereunder:

(a) The Borrower shall have failed to make a payment required hereunder when after payment becomes due, EBCE sends written notice to Borrower and such failure continues for five days after the date of written notice;

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 6.01(a), for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by EBCE, unless EBCE agrees in writing to an extension of such time prior to its expiration; provided, if the failure stated in the notice cannot be corrected within the applicable period, EBCE will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until the default is corrected; or

(c) Any representation or warranty made by the Borrower set forth herein or in any information concerning the Borrower’s business operation or financial condition submitted by the Borrower to EBCE in connection with the Loan proves to have been incorrect in any material respect when made; or

(d) The Borrower is dissolved or liquidated or merged with or into any other entity; or, if Borrower ceases to exist in its present form and (where applicable) in good standing and duly qualified under the laws of the State; or all or substantially all of the assets of Borrower are sold or otherwise transferred; or

(e) The Borrower is subject to an order for relief by the bankruptcy court, or is unable or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors; or the Borrower applies for or consents to the appointment of any receiver, trustee or similar official for Borrower or for all or any part of its assets (or an appointment is made without its consent and the appointment continues undischarged and unstayed for sixty (60) days); or the Borrower institutes or consents to any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, custodianship, conservatorship, liquidation, rehabilitation or similar proceeding relating to Borrower or to all or any part of its assets under the laws of any jurisdiction (or a proceeding is instituted without its consent and continues undismissed and unstayed for more than sixty (60) days); or any judgment, writ, warrant of attachment or execution or similar process is issued or levied against the improvements or any other assets of Borrower and is not released, vacated or fully bonded within sixty (60) days after its issue or levy; or

(f) The Borrower is in default of its obligations under any other agreement entered into with EBCE, and the default remains uncured following the expiration of any applicable cure periods.

Section VI.02 Default Rate; Acceleration.

(a) Pursuant to Section 2.01(d), upon the occurrence of an Event of Default and so long as it is continuing and remains uncured, the Loan shall bear interest at the Default Rate.

(b) Upon the occurrence of an Event of Default, EBCE may, by notice in writing to the Borrower, declare the principal of the Loan then outstanding, the interest accrued thereon and any other charges due hereunder and under the Promissory Note, to be due and payable immediately, and upon any such declaration, the same shall become and shall be immediately due and payable, without protest, presentment, notice of dishonor, demand or further notice of any kind, all of which the Borrower expressly waives.

Section VI.03 Other Remedies; Remedies Not Exclusive.

(a) EBCE may take whatever other action at law or in equity may appear necessary or desirable to enforce its rights under this Agreement.

(b) No remedy conferred upon or reserved to EBCE in this Agreement is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by law.

Section VI.04 Non-Waiver.

A waiver by EBCE of any default or breach of duty or contract hereunder shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by a party hereunder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence in such default, and every power and remedy conferred upon the party by law or by this Agreement may be enforced and exercised from time to time and as often as shall be deemed expedient by EBCE.

Section VI.05 Restoration of Positions.

If a suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to EBCE, the Borrower and EBCE shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken, subject to any court directions or agreements by the Parties.

Article VII. MISCELLANEOUS

Section VII.01 Notices.

Any notice, request, complaint, demand or other communication under this Loan Agreement shall be given by first certified or registered mail or personal delivery to the party entitled thereto at its address set forth below, by overnight mail, as a .pdf attachment to electronic mail, or by telecopy or other form of telecommunication (provided, for any electronic mail, telecopy or other form of telecommunication, the sender shall obtain confirmation of receipt of the communication by the receiving party). Notice shall be effective either: (i) upon transmission by telecopy or other form of telecommunication, (ii) 48 hours after deposit in the United States mail, postage prepaid, (iii) in the case of overnight mail, upon delivery to the addressed destination, or (iv) in the case of personal delivery to any person, upon actual receipt. Each entity below may, by written notice to the other party from time to time, modify addresses, telephone or e-mail addresses to which communications are to be given under this Agreement.

To EBCE:	East Bay Community Energy 1999 Harrison Street, Suite 800 Oakland, CA 94612 Attention: TITLE Telephone: (XXX) XXX-XXXX E-mail: XXXX
To Borrower:	BlocPower 1623 Flatbush Avenue, Box #222 Brooklyn New York 11210 Attention: General Counsel E-mail: legalnotice@blocpower.io

Section VII.02 No Third Party Beneficiaries.

Nothing in this Agreement or the Promissory Note, expressed or implied, is intended to give to any entity or person other than EBCE and the Borrower any right, remedy or claim under or by reason of this Loan Agreement.

Section VII.03 EBCE Obligations Limited to Funding of Loan.

EBCE's sole obligation under this Agreement is limited to providing the funds for the Loan as described in this Agreement, subject to the conditions precedent set forth herein. Under no circumstances, including breach of this Agreement, will EBCE be liable to the Borrower for any special or consequential damages arising out of actions or failure to act by EBCE in connection with the Loan or the Loan Documents.

Section VII.04 Inurement; Assignment.

The benefits of this Agreement shall inure to the successors and assigns of EBCE and the Borrower, as applicable; provided, that the Borrower may not assign this Agreement or the Promissory Note (or delegate any obligations hereunder or thereunder) without EBCE's prior consent of EBCE, which may be given or withheld in EBCE's sole and absolute discretion. EBCE may transfer or assign its interest in this Agreement and the Note.

Section VII.05 Amendments.

This Agreement may be amended only in writing signed by the parties hereto.

Section VII.06 Severability.

The unenforceability or invalidity of any provision or provisions of this Agreement (as determined by a court of competent jurisdiction) as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other provisions or circumstances, and all provisions of this Agreement, in all other respects, shall remain valid and enforceable.

Section VII.07 Integration.

This Agreement, together with all exhibits hereto, constitutes the entire understanding and agreement of the parties with respect to the subject matters hereof, and integrates all of the terms and conditions mentioned herein or incidental thereto, and supersedes all prior or contemporaneous negotiations, discussions and previous agreements between EBCE and the Borrower concerning all or any part of the subject matter of this Agreement.

Section VII.08 Business Days.

Whenever a scheduled Payment Date is not a Business Day, such payment may be made on the next succeeding Business Day. When any other action is provided for in this Agreement to be done on a day within a specified time period, and the day or the last day of the period falls on a day other than a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

Section VII.09 Governing Law; Venue.

This Agreement shall be governed and construed in accordance with the laws of the State of California. Venue for any legal action arising out of this Agreement shall be Alameda County, California.

Section VII.10 Execution in Counterparts.

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, each of EBCE and the Borrower has caused this Agreement to be signed in its name by its duly authorized representative, all as of the date first above written.

EBCE:
East Bay Community Energy,
a California municipal corporation

BORROWER
BlocPower,
a Delaware limited liability company

By: _____
Nick Chaset
CEO

By: _____
Cullen Kasunic
CFO

By: _____
Inder Khalsa
General Counsel

EXHIBIT A
PAYMENT SCHEDULE³

Date	Month	Draw Down	Begin Balance	Interest	Payment	End Balance
1/31/2022	0	\$500,000	\$(500,000)			
2/28/2022	1		\$(500,000)			
3/31/2022	2		\$(500,000)			
4/30/2022	3		\$(500,000)			
5/31/2022	4		\$(500,000)			
6/30/2022	5		\$(500,000)			
7/31/2022	6	\$500,000	\$(1,000,000)			
8/31/2022	7		\$(1,000,000)			
9/30/2022	8		\$(1,000,000)			
10/31/2022	9		\$(1,000,000)			
11/30/2022	10		\$(1,000,000)			
12/31/2022	11		\$(1,000,000)			
1/31/2023	12		\$(1,000,000)	\$(4,583)	\$8,142	\$(996,442)
2/28/2023	13		\$(996,442)	\$(4,567)	\$8,142	\$(992,867)
3/31/2023	14		\$(992,867)	\$(4,551)	\$8,142	\$(989,276)
4/30/2023	15		\$(989,276)	\$(4,534)	\$8,142	\$(985,668)
5/31/2023	16		\$(985,668)	\$(4,518)	\$8,142	\$(982,044)
6/30/2023	17		\$(982,044)	\$(4,501)	\$8,142	\$(978,403)
7/31/2023	18		\$(978,403)	\$(4,484)	\$8,142	\$(974,746)
8/31/2023	19		\$(974,746)	\$(4,468)	\$8,142	\$(971,072)
9/30/2023	20		\$(971,072)	\$(4,451)	\$8,142	\$(967,381)
10/31/2023	21		\$(967,381)	\$(4,434)	\$8,142	\$(963,673)

³ Subject to adjustments pursuant to the terms of the Loan Agreement in the event of a prepayment or an Event of Default.

11/30/2023	22	\$(963,673)	\$(4,417)	\$8,142	\$(959,948)
12/31/2023	23	\$(959,948)	\$(4,400)	\$8,142	\$(956,206)
1/31/2024	24	\$(956,206)	\$(4,383)	\$8,142	\$(952,447)
2/29/2024	25	\$(952,447)	\$(4,365)	\$8,142	\$(948,670)
3/31/2024	26	\$(948,670)	\$(4,348)	\$8,142	\$(944,877)
4/30/2024	27	\$(944,877)	\$(4,331)	\$8,142	\$(941,066)
5/31/2024	28	\$(941,066)	\$(4,313)	\$8,142	\$(937,237)
6/30/2024	29	\$(937,237)	\$(4,296)	\$8,142	\$(933,391)
7/31/2024	30	\$(933,391)	\$(4,278)	\$8,142	\$(929,527)
8/31/2024	31	\$(929,527)	\$(4,260)	\$8,142	\$(925,646)
9/30/2024	32	\$(925,646)	\$(4,243)	\$8,142	\$(921,747)
10/31/2024	33	\$(921,747)	\$(4,225)	\$8,142	\$(917,829)
11/30/2024	34	\$(917,829)	\$(4,207)	\$8,142	\$(913,894)
12/31/2024	35	\$(913,894)	\$(4,189)	\$8,142	\$(909,941)
1/31/2025	36	\$(909,941)	\$(4,171)	\$8,142	\$(905,970)
2/28/2025	37	\$(905,970)	\$(4,152)	\$8,142	\$(901,981)
3/31/2025	38	\$(901,981)	\$(4,134)	\$8,142	\$(897,973)
4/30/2025	39	\$(897,973)	\$(4,116)	\$8,142	\$(893,947)
5/31/2025	40	\$(893,947)	\$(4,097)	\$8,142	\$(889,903)
6/30/2025	41	\$(889,903)	\$(4,079)	\$8,142	\$(885,840)
7/31/2025	42	\$(885,840)	\$(4,060)	\$8,142	\$(881,758)
8/31/2025	43	\$(881,758)	\$(4,041)	\$8,142	\$(877,657)
9/30/2025	44	\$(877,657)	\$(4,023)	\$8,142	\$(873,538)
10/31/2025	45	\$(873,538)	\$(4,004)	\$8,142	\$(869,400)
11/30/2025	46	\$(869,400)	\$(3,985)	\$8,142	\$(865,243)
12/31/2025	47	\$(865,243)	\$(3,966)	\$8,142	\$(861,067)
1/31/2026	48	\$(861,067)	\$(3,947)	\$8,142	\$(856,872)
2/28/2026	49	\$(856,872)	\$(3,927)	\$8,142	\$(852,658)
3/31/2026	50	\$(852,658)	\$(3,908)	\$8,142	\$(848,424)
4/30/2026	51	\$(848,424)	\$(3,889)	\$8,142	\$(844,171)
5/31/2026	52	\$(844,171)	\$(3,869)	\$8,142	\$(839,898)
6/30/2026	53	\$(839,898)	\$(3,850)	\$8,142	\$(835,606)
7/31/2026	54	\$(835,606)	\$(3,830)	\$8,142	\$(831,294)

8/31/2026	55	\$(831,294)	\$(3,810)	\$8,142	\$(826,962)
9/30/2026	56	\$(826,962)	\$(3,790)	\$8,142	\$(822,611)
10/31/2026	57	\$(822,611)	\$(3,770)	\$8,142	\$(818,239)
11/30/2026	58	\$(818,239)	\$(3,750)	\$8,142	\$(813,848)
12/31/2026	59	\$(813,848)	\$(3,730)	\$8,142	\$(809,436)
1/31/2027	60	\$(809,436)	\$(3,710)	\$8,142	\$(805,004)
2/28/2027	61	\$(805,004)	\$(3,690)	\$8,142	\$(800,552)
3/31/2027	62	\$(800,552)	\$(3,669)	\$8,142	\$(796,080)
4/30/2027	63	\$(796,080)	\$(3,649)	\$8,142	\$(791,587)
5/31/2027	64	\$(791,587)	\$(3,628)	\$8,142	\$(787,073)
6/30/2027	65	\$(787,073)	\$(3,607)	\$8,142	\$(782,539)
7/31/2027	66	\$(782,539)	\$(3,587)	\$8,142	\$(777,983)
8/31/2027	67	\$(777,983)	\$(3,566)	\$8,142	\$(773,407)
9/30/2027	68	\$(773,407)	\$(3,545)	\$8,142	\$(768,810)
10/31/2027	69	\$(768,810)	\$(3,524)	\$8,142	\$(764,192)
11/30/2027	70	\$(764,192)	\$(3,503)	\$8,142	\$(759,553)
12/31/2027	71	\$(759,553)	\$(3,481)	\$8,142	\$(754,893)
1/31/2028	72	\$(754,893)	\$(3,460)	\$8,142	\$(750,211)
2/29/2028	73	\$(750,211)	\$(3,438)	\$8,142	\$(745,508)
3/31/2028	74	\$(745,508)	\$(3,417)	\$8,142	\$(740,783)
4/30/2028	75	\$(740,783)	\$(3,395)	\$8,142	\$(736,036)
5/31/2028	76	\$(736,036)	\$(3,373)	\$8,142	\$(731,268)
6/30/2028	77	\$(731,268)	\$(3,352)	\$8,142	\$(726,478)
7/31/2028	78	\$(726,478)	\$(3,330)	\$8,142	\$(721,666)
8/31/2028	79	\$(721,666)	\$(3,308)	\$8,142	\$(716,832)
9/30/2028	80	\$(716,832)	\$(3,285)	\$8,142	\$(711,975)
10/31/2028	81	\$(711,975)	\$(3,263)	\$8,142	\$(707,097)
11/30/2028	82	\$(707,097)	\$(3,241)	\$8,142	\$(702,196)
12/31/2028	83	\$(702,196)	\$(3,218)	\$8,142	\$(697,273)
1/31/2029	84	\$(697,273)	\$(3,196)	\$8,142	\$(692,327)
2/28/2029	85	\$(692,327)	\$(3,173)	\$8,142	\$(687,358)
3/31/2029	86	\$(687,358)	\$(3,150)	\$8,142	\$(682,367)
4/30/2029	87	\$(682,367)	\$(3,128)	\$8,142	\$(677,352)

5/31/2029	88	\$(677,352)	\$(3,105)	\$8,142	\$(672,315)
6/30/2029	89	\$(672,315)	\$(3,081)	\$8,142	\$(667,255)
7/31/2029	90	\$(667,255)	\$(3,058)	\$8,142	\$(662,171)
8/31/2029	91	\$(662,171)	\$(3,035)	\$8,142	\$(657,065)
9/30/2029	92	\$(657,065)	\$(3,012)	\$8,142	\$(651,934)
10/31/2029	93	\$(651,934)	\$(2,988)	\$8,142	\$(646,781)
11/30/2029	94	\$(646,781)	\$(2,964)	\$8,142	\$(641,603)
12/31/2029	95	\$(641,603)	\$(2,941)	\$8,142	\$(636,402)
1/31/2030	96	\$(636,402)	\$(2,917)	\$8,142	\$(631,177)
2/28/2030	97	\$(631,177)	\$(2,893)	\$8,142	\$(625,928)
3/31/2030	98	\$(625,928)	\$(2,869)	\$8,142	\$(620,656)
4/30/2030	99	\$(620,656)	\$(2,845)	\$8,142	\$(615,358)
5/31/2030	100	\$(615,358)	\$(2,820)	\$8,142	\$(610,037)
6/30/2030	101	\$(610,037)	\$(2,796)	\$8,142	\$(604,691)
7/31/2030	102	\$(604,691)	\$(2,772)	\$8,142	\$(599,321)
8/31/2030	103	\$(599,321)	\$(2,747)	\$8,142	\$(593,926)
9/30/2030	104	\$(593,926)	\$(2,722)	\$8,142	\$(588,507)
10/31/2030	105	\$(588,507)	\$(2,697)	\$8,142	\$(583,062)
11/30/2030	106	\$(583,062)	\$(2,672)	\$8,142	\$(577,593)
12/31/2030	107	\$(577,593)	\$(2,647)	\$8,142	\$(572,098)
1/31/2031	108	\$(572,098)	\$(2,622)	\$8,142	\$(566,579)
2/28/2031	109	\$(566,579)	\$(2,597)	\$8,142	\$(561,034)
3/31/2031	110	\$(561,034)	\$(2,571)	\$8,142	\$(555,463)
4/30/2031	111	\$(555,463)	\$(2,546)	\$8,142	\$(549,867)
5/31/2031	112	\$(549,867)	\$(2,520)	\$8,142	\$(544,246)
6/30/2031	113	\$(544,246)	\$(2,494)	\$8,142	\$(538,599)
7/31/2031	114	\$(538,599)	\$(2,469)	\$8,142	\$(532,925)
8/31/2031	115	\$(532,925)	\$(2,443)	\$8,142	\$(527,226)
9/30/2031	116	\$(527,226)	\$(2,416)	\$8,142	\$(521,501)
10/31/2031	117	\$(521,501)	\$(2,390)	\$8,142	\$(515,749)
11/30/2031	118	\$(515,749)	\$(2,364)	\$8,142	\$(509,972)
12/31/2031	119	\$(509,972)	\$(2,337)	\$8,142	\$(504,167)
1/31/2032	120	\$(504,167)	\$(2,311)	\$8,142	\$(498,336)

2/29/2032	121	\$(498,336)	\$(2,284)	\$8,142	\$(492,478)
3/31/2032	122	\$(492,478)	\$(2,257)	\$8,142	\$(486,594)
4/30/2032	123	\$(486,594)	\$(2,230)	\$8,142	\$(480,682)
5/31/2032	124	\$(480,682)	\$(2,203)	\$8,142	\$(474,744)
6/30/2032	125	\$(474,744)	\$(2,176)	\$8,142	\$(468,778)
7/31/2032	126	\$(468,778)	\$(2,149)	\$8,142	\$(462,785)
8/31/2032	127	\$(462,785)	\$(2,121)	\$8,142	\$(456,764)
9/30/2032	128	\$(456,764)	\$(2,094)	\$8,142	\$(450,716)
10/31/2032	129	\$(450,716)	\$(2,066)	\$8,142	\$(444,640)
11/30/2032	130	\$(444,640)	\$(2,038)	\$8,142	\$(438,536)
12/31/2032	131	\$(438,536)	\$(2,010)	\$8,142	\$(432,404)
1/31/2033	132	\$(432,404)	\$(1,982)	\$8,142	\$(426,244)
2/28/2033	133	\$(426,244)	\$(1,954)	\$8,142	\$(420,056)
3/31/2033	134	\$(420,056)	\$(1,925)	\$8,142	\$(413,840)
4/30/2033	135	\$(413,840)	\$(1,897)	\$8,142	\$(407,595)
5/31/2033	136	\$(407,595)	\$(1,868)	\$8,142	\$(401,321)
6/30/2033	137	\$(401,321)	\$(1,839)	\$8,142	\$(395,019)
7/31/2033	138	\$(395,019)	\$(1,811)	\$8,142	\$(388,687)
8/31/2033	139	\$(388,687)	\$(1,781)	\$8,142	\$(382,327)
9/30/2033	140	\$(382,327)	\$(1,752)	\$8,142	\$(375,938)
10/31/2033	141	\$(375,938)	\$(1,723)	\$8,142	\$(369,519)
11/30/2033	142	\$(369,519)	\$(1,694)	\$8,142	\$(363,071)
12/31/2033	143	\$(363,071)	\$(1,664)	\$8,142	\$(356,593)
1/31/2034	144	\$(356,593)	\$(1,634)	\$8,142	\$(350,086)
2/28/2034	145	\$(350,086)	\$(1,605)	\$8,142	\$(343,548)
3/31/2034	146	\$(343,548)	\$(1,575)	\$8,142	\$(336,981)
4/30/2034	147	\$(336,981)	\$(1,544)	\$8,142	\$(330,384)
5/31/2034	148	\$(330,384)	\$(1,514)	\$8,142	\$(323,757)
6/30/2034	149	\$(323,757)	\$(1,484)	\$8,142	\$(317,099)
7/31/2034	150	\$(317,099)	\$(1,453)	\$8,142	\$(310,410)
8/31/2034	151	\$(310,410)	\$(1,423)	\$8,142	\$(303,691)
9/30/2034	152	\$(303,691)	\$(1,392)	\$8,142	\$(296,941)
10/31/2034	153	\$(296,941)	\$(1,361)	\$8,142	\$(290,161)

11/30/2034	154	\$(290,161)	\$(1,330)	\$8,142	\$(283,349)
12/31/2034	155	\$(283,349)	\$(1,299)	\$8,142	\$(276,506)
1/31/2035	156	\$(276,506)	\$(1,267)	\$8,142	\$(269,631)
2/28/2035	157	\$(269,631)	\$(1,236)	\$8,142	\$(262,725)
3/31/2035	158	\$(262,725)	\$(1,204)	\$8,142	\$(255,788)
4/30/2035	159	\$(255,788)	\$(1,172)	\$8,142	\$(248,818)
5/31/2035	160	\$(248,818)	\$(1,140)	\$8,142	\$(241,817)
6/30/2035	161	\$(241,817)	\$(1,108)	\$8,142	\$(234,784)
7/31/2035	162	\$(234,784)	\$(1,076)	\$8,142	\$(227,718)
8/31/2035	163	\$(227,718)	\$(1,044)	\$8,142	\$(220,620)
9/30/2035	164	\$(220,620)	\$(1,011)	\$8,142	\$(213,489)
10/31/2035	165	\$(213,489)	\$(978)	\$8,142	\$(206,326)
11/30/2035	166	\$(206,326)	\$(946)	\$8,142	\$(199,130)
12/31/2035	167	\$(199,130)	\$(913)	\$8,142	\$(191,901)
1/31/2036	168	\$(191,901)	\$(880)	\$8,142	\$(184,639)
2/29/2036	169	\$(184,639)	\$(846)	\$8,142	\$(177,343)
3/31/2036	170	\$(177,343)	\$(813)	\$8,142	\$(170,014)
4/30/2036	171	\$(170,014)	\$(779)	\$8,142	\$(162,652)
5/31/2036	172	\$(162,652)	\$(745)	\$8,142	\$(155,255)
6/30/2036	173	\$(155,255)	\$(712)	\$8,142	\$(147,825)
7/31/2036	174	\$(147,825)	\$(678)	\$8,142	\$(140,361)
8/31/2036	175	\$(140,361)	\$(643)	\$8,142	\$(132,863)
9/30/2036	176	\$(132,863)	\$(609)	\$8,142	\$(125,330)
10/31/2036	177	\$(125,330)	\$(574)	\$8,142	\$(117,762)
11/30/2036	178	\$(117,762)	\$(540)	\$8,142	\$(110,160)
12/31/2036	179	\$(110,160)	\$(505)	\$8,142	\$(102,523)
1/31/2037	180	\$(102,523)	\$(470)	\$8,142	\$(94,852)
2/28/2037	181	\$(94,852)	\$(435)	\$8,142	\$(87,145)
3/31/2037	182	\$(87,145)	\$(399)	\$8,142	\$(79,402)
4/30/2037	183	\$(79,402)	\$(364)	\$8,142	\$(71,624)
5/31/2037	184	\$(71,624)	\$(328)	\$8,142	\$(63,811)
6/30/2037	185	\$(63,811)	\$(292)	\$8,142	\$(55,962)
7/31/2037	186	\$(55,962)	\$(256)	\$8,142	\$(48,076)

8/31/2037	187	\$(48,076)	\$(220)	\$8,142	\$(40,155)
9/30/2037	188	\$(40,155)	\$(184)	\$8,142	\$(32,197)
10/31/2037	189	\$(32,197)	\$(148)	\$8,142	\$(24,203)
11/30/2037	190	\$(24,203)	\$(111)	\$8,142	\$(16,172)
12/31/2037	191	\$(16,172)	\$(74)	\$8,142	\$(8,105)
1/31/2038	192	\$(8,105)	\$(37)	\$8,142	\$(0)

EXHIBIT B
FORM OF PROMISSORY NOTE

PROMISSORY NOTE

Note Amount: US \$1,000,000.00

Date: _____

FOR VALUE RECEIVED, **BlocPower Energy Services 3, LLC, a Delaware limited liability company** (the “**Borrower**”) promises to pay to East Bay Community Energy Authority, a joint powers authority formed under the laws of the State of California (the “**EBCE**”), the sum of **ONE MILLION AND NO/100 DOLLARS (\$100,000.00)**, plus accrued interest, and other charges owing hereunder.

This Promissory Note (the “**Note**”) evidences that certain Loan made pursuant to the Loan Agreement, dated as of _____, 2021 (the “**Loan Agreement**”), by and between EBCE and Borrower. Capitalized term used but not defined herein have the meanings set forth in the Loan Agreement. The Loan Agreement (as the same may be amended and supplemented from time to time pursuant to the terms thereof) is hereby incorporated as though set forth herein.

The Loan was made to assist the Borrower with respect to a project to expand the local supply of specialized incubator space.

1. **Loan Terms; Payment Schedule**

(a) So long as no Event of Default has occurred and continuing,[interest shall accrue at the rate of five and 1/2 percent (5.5%) per annum]. Interest shall be calculated on the basis of a 360-day year of twelve 30-day months.

(b) The Borrower shall make principal and interest payment on the first of each month, commencing December 1, 2022, in the amounts set forth the Payment Schedule set forth in **Exhibit A**. As reflected in the Payment Schedule, in the absence of any prepayment (or default), the final Payment Date is _____.

(c) Subject to the provisions of the Loan Agreement, the Borrower may prepay all or a portion of the outstanding principal amount of the Loan on any Payment Date, in addition to scheduled principal and interest payment due on that Payment Date. Unless otherwise agreed in writing by the CEO of EBCE, any partial prepayment shall be applied to scheduled principal payments in inverse order of maturity (*i.e.*, with the latest due date). At least 15 days before any prepayment, the Borrower shall send to EBCE: (i) a written notice specifying the prepayment amount, and (ii) unless no principal amount of the Loan will remain outstanding after such prepayment, a proposed revised Payment Schedule to become effective after such prepayment. EBCE shall notify the Borrower at least five

days before the proposed prepayment date whether such revised Payment Schedule is acceptable to EBCE. If EBCE has any objection to the proposed revised Payment Schedule, then the parties shall cooperate in good faith to make mutually acceptable revisions. No prepayment shall be made or accepted until EBCE and the Borrower mutually agree on a revised Payment Schedule.

2. No Waiver by EBCE

A waiver by EBCE of any default or breach of duty or contract hereunder or under the Loan Agreement shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by EBCE to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence in such default, and every power and remedy conferred upon EBCE hereby or this Note or the Loan Agreement may be enforced and exercised from time to time and as often as shall be deemed expedient by EBCE.

3. Severability; Governing Law; Amendment

(a) The unenforceability or invalidity of any provision or provisions of this Note (as determined by a court of competent jurisdiction) as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other provisions or circumstances, and all provisions of this Note, in all other respects, shall remain valid and enforceable.

(b) This Note has been executed and delivered by Borrower in the State of California and is to be governed and construed in accordance with the laws thereof.

(c) Neither this Note nor any term hereof may be waived, amended, discharged, modified, changed, or terminated orally; nor shall any waiver of any provision hereof be effective except by an instrument in writing signed by Borrower and EBCE.

4. Certain Waivers by Borrower

The Borrower hereby waives for itself and any person or entity who now or may hereafter become liable with respect to this Note, to the fullest extent permitted by law, diligence, presentment, protest and demand, notice of dishonor and all other notices and demands without in any way affecting the liability of the Borrower and any other person or entity who now or may hereafter become liable with respect to this Note. The Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations.

5. Assignment

The Borrower may not assign this Note (or delegate any obligations hereunder) without EBCE's prior written consent, which may be given or withheld in EBCE's sole and absolute discretion. EBCE may transfer or assign its interest in this Note.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed in its name and on its behalf by its CEO, on the date first written above.

EBCE:

**East Bay Community Energy,
a California municipal corporation**

BORROWER

**BlocPower,
a Delaware limited liability company**

**By: _____
Nick Chaset
CEO**

**By: _____
Cullen Kasunic
CFO**

EXHIBIT C
FORM OF OFFICERS CERTIFICATE

CERTIFICATE OF
BLOCPower CEO AND CFO

with reference to

*Loan Agreement, dated as of _____, 2022 (the “**Loan Agreement**”),
by and between East Bay Community Energy, as Lender,
and BlocPower, a Delaware limited liability company (“**BlocPower**”),
as Borrower*

With reference to the above-captioned Loan Agreement, the undersigned hereby state and certify as follows:

(a) The undersigned Donnel Baird is the duly acting Chief Executive Officer of BlocPower, and the undersigned Cullen Kasunic is the duly acting Chief Financial Officer of BlocPower.

(b) By all necessary actions, BlocPower has duly authorized and approve the execution and delivery of the Loan Agreement and the Promissory Note, and BlocPower has duly executed and deliver the same.

(c) The undersigned are familiar with, and understand, the provisions of the Loan Agreement.

(d) The representations of BlocPower contained in the Loan Agreement are true and correct in all material respects on and as of the date hereof with the same effect as if made on the date of.

Capitalized terms used but not defined herein have the meanings ascribed to them in the Loan Agreement.

Each of the undersigned declare under penalty of perjury under the laws of the State of California that the statements contained herein are true and correct.

Date: January 20, 2022

Donnel Baird

Cullen Kasunic

EXHIBIT D

CALIFORNIA LABOR CODE COMPLIANCE

1. Borrower (below for the purposes of this Exhibit, "Contractor") acknowledges that in view of the financial assistance provided by EBCE to the Project, work for the the Project is subject to the provisions of Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code relating to public works and EBCE. Contractor agrees to be bound, and to require any and all contractors and subcontractors performing such work to be bound, by all the provisions thereof as though set forth in full herein.

2. Work for the Project is considered the same as a public work project and requires the payment of prevailing wages for the work or craft in which the worker is employed for any public work done under the contract by Contractor or by any subcontractor pursuant to Section 1771 of the Labor Code. Pursuant to the provisions of Section 1773 of the Labor Code of the State of California, EBCE has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in this locality for each craft, classification, or type of workman needed to execute this contract from the Director of the Department of Industrial Relations. These rates are on file with EBCE's Clerk or may be obtained at <http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm>.

Copies may be obtained at cost at EBCE's Clerk's office. Contractor shall post a copy of such wage rates at the job site and shall pay the adopted prevailing wage rates as a minimum. Contractor shall comply with the provisions of Sections 1775, 1776, 1777.5, 1777.6, and 1813 of the Labor Code. Pursuant to the provisions of 1775 of the Labor Code, Contractor shall forfeit to EBCE, as a penalty, not more than \$200.00 for each calendar day, or portion thereof, for each laborer, worker, or mechanic employed, paid less than the stipulated prevailing rates for any work done under this contract, by the Contractor or by any subcontractor thereunder, in violation of the provisions of this Agreement.

3. In accordance with Labor Code Sections 1725.5 and 1771.1, and except for projects involving construction, alteration, demolition, installation, or repair work of \$25,000 or less, or maintenance work of \$15,000 or less, no contractor or subcontractor shall be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract unless currently registered and qualified to perform public work pursuant to Section 1725.5 [with limited exceptions for bid purposes, only, pursuant to Labor Code Section 1771.1(a)].

4. Pursuant to Labor Code Section 1776, Contractor shall maintain and make available an accurate record showing the name of each worker and hours worked each day and each week by each worker employed by Contractor performing

services covered by this Agreement. Contractor and its subcontractors shall furnish electronic certified payroll records to the Labor Commissioner in accordance with Labor Code Section 1771.4. The Project is subject to compliance monitoring and enforcement by the Department of Industrial Relations (the "DIR"). The Contractor is responsible for compliance with Section 1776 by itself and all of its subcontractors. This Project is subject to compliance monitoring and enforcement by the DIR. The Contractor shall post job site notices, as prescribed by regulation.

5. Contractor shall comply with and be bound by the provisions of Labor Code Sections 1777.5, 1777.6 and 1777.7 and California Code of Regulations Title 8, Section 200 *et seq.* concerning the employment of apprentices on public works projects. The Contractor shall be responsible for compliance with these Sections for all apprenticeable occupations. Before commencing Work on this Project, the Contractor shall provide EBCE with a copy of the information submitted to any applicable apprenticeship program. Within sixty (60) Days after concluding Work, Contractor and each of its Subcontractors shall submit to EBCE a verified statement of the journeyman and apprentice hours performed under this Contract.
6. Contractor agrees to comply with the provisions of California Labor Code Section 1813 concerning penalties for workers who work excess hours. The Contractor shall, as a penalty to EBCE, forfeit twenty-five dollars (\$25) for each worker employed in the execution of the contract by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of Division 2, Part 7, Chapter 1, Article 3 of the California Labor Code.
7. California Labor Code Sections 1860 and 3700 provide that every contractor will be required to secure the payment of compensation to its employees. In accordance with the provisions of California Labor Code Section 1861, Contractor hereby certifies as follows:

"I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract."

Date _____

Signature _____

EXHIBIT E

Terms of Projects to Be Financed

- **Overview**

[BlocPower](#) is a Black-owned climate tech leader focused on Smarter, Healthier, Greener Buildings for all. We have deep experience delivering electrification and energy efficiency projects in low-and-moderate-income (LMI) communities and will engage, on behalf of EBCE, a program to deliver clean, healthy, electrified buildings.

The program will leverage \$1M of project finance made available by EBCE to fund building remediation and retrofit projects in EBCE service territory.

The investment will provide a scalable financing opportunity to re-invest the returns from customer payments over time into additional projects. (The scope of this effort does not require EBCE to do so but will provide a model for how that can be executed). BlocPower will add value to the proposed project by implementing workforce development services in the EBCE service territory. BlocPower will provide high-road clean energy jobs and democratizing wealth creation opportunities for local communities.

In addition to project finance, EBCE will offer \$400,000 in incentives to further enable the above program.

- **Use of Funds**

- Targeting [60] households (single or multi-family units less than (5 units) at an average incentive level of [~\$7,000] to further enable the financials of the project through 2022-2023.
- If BlockPower is not able to enroll sufficient customers to utilize the full \$1M in EBCE project capital, BlocPower will return unused project capital to EBCE
- BlocPower will, with their local partners, engage in Customer acquisition, education, project development, financing, construction management, and ongoing O&M, as applicable.
- Sufficient underwriting to ensure a prudent investment

- **EBCE's investment will serve the following**

- **Public Purpose:**

- Invest in household health remediations, energy efficiency and electrification for low-to-moderate income (LMI) households (defined as households below 12 0% of area median income)

- Deliver insights and analysis for policy to further support and engage under-served and energy-burdened communities on a quarterly basis, and at the conclusion of the program
- Provide high-road clean energy jobs, democratizing wealth creation opportunities

- **Types of Projects Funded:**

- Energy Efficiency Upgrades
 - LED lighting
 - Air sealing, insulation
 - High-efficiency window treatments
 - Energy-efficient appliances
- Electrification / Fuel switching
 - Electrical upgrades
 - Air source heat pumps
 - Heat pump water heaters
 - Induction cooktops
 - Efficient washers & dryers
- Retrofitting Measures
 - Smart thermostats
 - Hazardous materials abatement (lead, asbestos, mold)
 - IoT monitoring & controls for M&V
 - Low-flow water fixtures
- Clean Energy Projects
 - Roofing upgrades
 - PV
 - Solar + Storage (Battery storage)
 - Solar water heating
 - EV charging infrastructure

- **Further Details:**

BlocPower will continue to invest in the East Bay market, expanding on existing partnerships with local developers such as Revalue.io, and leveraging existing incentives and capital available through BayREN, the CPUC TECH program and additional sources to provide this offer to local building owners. Prevailing wages will be applied to those projects receiving EBCE incentives and financing, as applicable. Documentation will be provided to EBCE on a customer-basis as requested. EBCE to provide format for customer enrollment and savings data to match with EBCE system of customer record.

● Quality Assurance

● Customer Underwriting Overview

The target clients are building owners, not tenants. The buildings may have low/moderate income tenants, regular market rate tenants, or be co-ops or condos. Low income residents may receive rental payment support from government programs, paid directly to building owners. Building owners may be non-profits.

Materials BlocPower will gather:

- Standard financials (at least 2 years income statement/balance sheet)
- Tax return (at least one year, to match financials; tax returns may be substituted for financials if needed, at BlocPower discretion)
- Rent roll (current and prior year, to evaluate vacancy)
- Debt details (mortgage terms, covenants to estimate DSCR)
- Recent property appraisal (This is typically from the client's mortgage or a refinance. If old, or not available, the market value of the property will be estimated directly via comps.)
- DOB violations
- Business credit report (Experian, D&B, Equifax, etc.)
- 12 months of utility bills (this will show both the client's rates, and whether there have been any late payments in the last 12 months)

BlocPower evaluates global DSCR as a primary means of determining if the client will be able to meet project payment obligations. This is calculated as EBITDA over all financing obligations, including those related to our project. We will accept personal or corporate guarantors to help meet the obligations if it appears if DSCR is tight, or the building cannot meet the obligations on its own. The income and obligations of the guarantors will be included in global DSCR calculation. We will factor the expected net energy savings into the global DSCR calculation, as they should reduce operating expenses. We will however include some margin of safety on the savings.

We will not accept a bankruptcy within 3 years, unless there are heavy mitigating factors. We will similarly not accept anyone with a global DSCR less than 1.20x without significant mitigation. Historical vacancy, and debt-to-equity ratio of the client will also be taken into account. Excessive DOB violations will be a negative indicator, unless the measures to be implemented will address the source of violations. The client must be current on their utility bills before entering into an agreement, and delinquencies over 30 days must be explained, with additional mitigation provided.

We do not take any liens on the underlying real estate.

- **Credit Evaluation**

When evaluating the credit of a real estate business, primary factors include coverage of current debt obligations, leverage, property value, operating performance, and history of payment. In our analysis, these are expressed respectively by:

- Debt Service Coverage Ratio, determined by looking at all debt held by the entity, and dividing this by its Net Operating Income or EBITDA.
- Debt to Equity ratio, determined by comparing the entity's debt outstanding against an acceptable market valuation of the property.
- Rents and Operations, determined by evaluating the property's rental history, operating costs, and Net Operating Income to determine whether the building is being well managed.
- Creditworthiness, determined by evaluating a combination of the property's business credit (as reported by Experian, D&B, Equifax, or other agencies), payment history on utility bills (as reported on the 12 months of utility bills collected from the client), and violation history (publicly available through the local municipalities)

- **Criteria**

Required Criteria

- No bankruptcy within the last three years
- No outstanding major judgements or lien

Strong positive indicators, lack of which may be adjusted only with considerable mitigation and/or suitable explanation

- DSCR equal to 1.20x or greater, including any net savings from the project, subject to a 20% margin of safety on the savings estimates
- Debt-to-Equity ratio of 80% or below, including the termination value of our lease obligation

General negative indicators, requiring explanation

- Utility bill delinquencies 30+ days past due in reviewed period
- Average vacancies over 15% for multi-family properties in reviewed period
- Excessive DOB violations will be a negative indicator as well, unless the measures to be implemented will address the source of violations.

Acceptable mitigants

- Personal guarantee, typically from a substantial equity holder in the entity
- Corporate guarantee, typically from a parent company or other related entity
- Down-payment of some portion of the system costs. This improves DSCR and decreases exposure.
- Shortened lease term, with associated increase to monthly payments
- Increased monthly payments. While acting as a net drag on DSCR, increased revenue can serve to mitigate against increased risk in certain areas.

- Security Package

BlocPower places a UCC 1 filed at the county level for the assets owned and installed at the customer property. This enables us to remove the property as needed, while also serving as a lien should the client attempt to sell their building. In addition, BlocPower maintains security through the ability to switch systems off in the event of non-payment. Through remote access, individual systems or all systems at the property may be throttled, turned off, or turned on.

- Ensuring Quality Construction of Projects

- Completing Agreements Between BP and Contractors

- Scope of work and services to be performed are agreed upon between BlocPower and its contractors and is appended to SCHEDULE A of the ESA

- Payment Approval Process

Requirements for each application w/dates:

A timeline is associated with each project, which is part of the project gantt chart. Payments and amounts to the contractor(s), equipment provider(s), and other parties (each a "Vendor") are outlined here. Funding sources for the project are identified, including which accounts to be used, how much to be spent from each, and method of sending payment (check, ACH, or Wire). If capital contributions are made from the parent to an SPE, then a Memorandum of Investment is produced, which formalizes the investment, and provides basis from an accounting perspective that cash assets have decreased in the Parent, but the value of project assets has increased in equal proportion.

Construction Manager reviews the invoice, and determines if the payment requirements have been met. This review consists of:

- For Contractors: Examining the work in detail either in-person or by proxy, with photographic evidence showing the work has been completed to specification for the milestone.
- For Equipment Providers: Comparing the bill of lading and BlocPower PO to ensure that all required materials have been received. All materials will be examined in person or by proxy, with photographic evidence taken of all major materials showing presence and actual condition of materials received. This will include documentation of any damage to boxes or equipment itself that may be required for a later claim of any kind.
- Other parties: Reviewing the work product with the appropriate parties to ensure it meets the requirements of the associated purchase order, contract, or other agreement. For example, when procuring professional engineering services, the Head of Engineering must provide written notification that the completed work is acceptable.

Upon approval that work has been completed in accordance with requirements, the Construction Manager will prepare a written notification of such. This may take the form of a standard memo and shall be signed by the construction manager.

The Construction Manager will prepare a memo to approve payment, for signoff by the Head of Engineering and the Head of Finance. Once they are satisfied that work has been completed in a satisfactory manner, they will provide their approval, and the memo will be shared with the CEO for final authorization.

A short meeting will be held bi-weekly or as needed to review all requests and issue payments. This meeting may include the CEO, General Manager, COO, Head of Finance, and Head of Engineering.

Consulting Services Agreement for Services By And Between East Bay Community Energy Authority and BlocPower Energy Services 3

This Consulting Services Agreement (“Agreement”) is made this 20 day of January, 2020 (“Effective Date”) by and between East Bay Community Energy Authority, a joint powers authority formed under the laws of the State of California (“EBCE”) and BlocPower Energy Services 3, LLC, a Delaware limited liability company (“Consultant”) for the purpose of providing rebates to low and moderate income residential customers in EBCE’s service area.

Section 1. Recitals

1.1 The Authority is an independent joint powers authority duly organized under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) (“Act”) with the power to conduct its business and enter into agreements.

1.2 Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement pursuant to the terms and conditions described herein.

NOW THEREFORE, for good and valuable consideration, the amount and sufficiency of which is hereby acknowledged, the Parties to this Agreement, agree as follows:

Section 2. Term

The term of this Agreement is from the Effective Date of this Agreement through June, 30, 2023, unless terminated earlier pursuant to Section 8.

Section 3. Scope of Work/Compliance with Laws and Regulations

3.1 Consultant agrees to perform the scope of work (the “Work”) in Exhibit A in accordance with the compliance schedule in Exhibit B.

3.2 Consultant represents and warrants that it has the skill and expertise to perform the Work. Consultant agrees to obtain any and all necessary licenses, approvals or permits necessary to perform the Work.

3.3 Consultant and its Subconsultants must comply with all federal, state and local laws and regulations in performing the Work under this Agreement.

Section 4. Consultant Staffing

Exhibit C contains a list of Consultant's project manager and all team members. Consultant will not change or substitute the project manager or any team members or add additional team members without consultation with EBCE.

Section 5. Subconsultants

5.1 Consultant agrees to use only those Subconsultants listed on Exhibit D. Consultant shall notify EBCE within a reasonable period of time of any changes, additions, or removals of a Subconsultant.

5.2 Consultant agrees to require all Subconsultants to comply with the terms of this Agreement, including without limitation, maintaining insurance in compliance with the insurance obligations under Section 9, the Confidentiality requirements under Section 11 and indemnifying EBCE under Section 12.

Section 6. Compensation and Payment

6.1 The maximum compensation under this Agreement is \$400,000.

6.2 If the Work under this Agreement is to be performed on a time and materials basis, Consultant must submit invoices to EBCE on a monthly basis, complete with the name of the individual that conducted the Work, the time spent, and a brief description of the tasks performed during that time. On all invoices, Consultant must include the contract number provided by EBCE and the total compensation left on the Agreement after deducting the amount of the invoice. Notification to EBCE is required once the contract budget has been used up by 80% (including invoiced work and work that may not have been invoiced yet) which is \$320,000 for this Agreement. Invoices must be submitted to EBCE by the 20th of the month following the month in which Consultant performed the Work.

6.3 If the Work under this Agreement is to be performed on a task or project basis, the Consultant will submit an invoice within thirty (30) days of completing the project to the satisfaction of EBCE for full payment, unless other arrangements have been made.

6.4 EBCE will not agree to pay any markups on Subconsultant Services or supplies unless such markups are included in Exhibit E, Compensation/Budget and such markups were included in Consultant's bid, if applicable.

6.5 The following are conditions on EBCE's obligation to process any payments under this Agreement:

6.5.1 If the Consultant is a U.S. based person or entity, the Consultant must provide to EBCE a properly completed Internal Revenue Service Form W-9 before EBCE will process payment. If the Consultant is a U.S based person or entity but has neither a

permanent place of business in California nor is registered with the California Secretary of State to do business in California, the Consultant must provide EBCE with a properly completed California Franchise Tax Board form related to nonresident withholding of California source income before EBCE will process payment.

6.5.2 If the Consultant is not a U.S. based person or entity, the Consultant must provide EBCE with the applicable Internal Revenue Service form related to its foreign status and a California Franchise Tax Board form related to nonresident withholding before EBCE will process payment.

6.6 EBCE agrees to pay invoices within forty-five (45) days of receipt. Invoices may be sent to EBCE by U.S. mail or electronic mail to AP@EBCE.org. Invoices will be deemed received on the next business day following the date of transmission via electronic mail or three days after placement in the U.S. mail.

6.7 EBCE, as a Joint Powers Authority, is a separate public entity from its constituent members and will be solely responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Consultant acknowledges that it will have no rights and agrees not to make any claims, take any actions or assert any remedies against any of EBCE's constituent members in connection with this Agreement.

Section 7. Records Retention and Ownership of Work Product

7.1 The Consultant must retain all ledgers, books of accounts, invoices, vouchers, cancelled checks, background materials, or other records relating to its performance under this Agreement for a period of three years following termination of this Agreement.

7.2 EBCE owns all rights, including without limitation, all licenses, copyrights, service marks and patents, in and to all Work Product(s), whether written or electronic, without restriction or limitation upon their use and immediately when and as created by the Consultant, any Subconsultants, or any other person engaged directly or indirectly by the Consultant to perform under this Agreement. "Work Product(s)" means all writings, reports, drawings, plans, data, video, media, photographs, renderings, plans, software, models, and other similar documents and materials developed or created by Consultant or its Subconsultants on behalf of or for use by EBCE under this Agreement. All Work Product(s) will be considered "works made for hire," and together with any and all intellectual property rights arising from their creation will be and remain the property of EBCE without restriction or limitation upon their use, duplication or dissemination by EBCE. Consultant agrees not to obtain or attempt to obtain copyright protection in its own name for any Work Product.

Section 8. Termination

8.1 EBCE may terminate this Agreement at any time and for any reason, in EBCE's sole and absolute discretion, by giving Consultant written notice. The termination notice shall set the date of termination.

8.2

8.4 EBCE will pay Consultant the reasonable value of services satisfactorily rendered by the Consultant to EBCE up to the date of written Notice of Termination. If EBCE authorizes Consultant to continue performing the Work through the date of termination, EBCE will pay Consultant the reasonable value of services satisfactorily rendered up through the date of termination, providing such services are in compliance with the Compensation/Budget in Exhibit E.

8.5 Upon termination of this Agreement, and at no cost to EBCE, Consultant, its Subconsultants and anyone working for EBCE under control of Consultant must return all Work Product to EBCE. Consultant may only retain copies of the Work Product by express written permission of EBCE.

Section 9. Insurance

9.1 Consultant must procure, maintain and comply with the insurance requirements in Exhibit F throughout the full Term of this Agreement. Consultant must provide proof of insurance either in the form of a certificate of insurance or, if requested by EBCE, a copy of the insurance policy, prior to performing any work under this Agreement.

9.2 Consultant agrees to stay in compliance with the insurance coverage requirements during the term of this Agreement. Consultant must give EBCE ten (10) days written notice and obtain EBCE's written approval prior to making any modifications that would reduce its insurance coverage.

9.3 Consultant must either include Subconsultants under its insurance policies or require each Subconsultant to comply with the insurance obligations in Exhibit F.

Section 10. No Discrimination or Conflict of Interest

10.1 Consultant represents and warrants, on behalf of itself and its Subconsultants, that it has not and will not discriminate against anyone based on his/her age, color religion, sex, sexual orientation, disability, race or national origin.

10.2 Consultant represents and warrants, on behalf of itself and its Subconsultants, that it is familiar with local, state and federal conflict of interest laws, that in entering into this Agreement it is not violating any of the conflict of interest laws, that it will avoid any conflicts of interest during the term of this Agreement, and that it will notify EBCE immediately if it identifies any conflicts of interest Consultant understands that violations

of this Section 10 could result in immediate termination of this Agreement and disgorgement of compensation.

10.3 In accordance with the California Political Reform Act (Cal. Gov't Code section 81000 *et seq.*), Consultant will cause each of the following people performing services under this Agreement to file a Form 700 within 30 days after the person begins performing services under this Agreement and subsequently on an annual basis in conformance with the requirements of the Political Reform Act by filing the original with the EBCE Clerk to the Board of Directors. Form 700 submissions should be sent to cob@ebce.org, with carbon copy to the EBCE contact. Each of the identified positions must disclose interests in accordance with the EBCE Resolution-2018-7, Conflict of Interest Code, which may be amended from time to time. For the work currently outlined in Exhibit A, this Agreement does not require the Filing of Form 700 at this time.

Name	Position or Assignment

Section 11. Confidentiality

11.1 Except as authorized by EBCE or as otherwise required by law, Consultant shall not disclose to any third party/ies any draft or final Work Product, discussions or written correspondence between Consultant and its Subconsultants or discussions or written correspondence between Consultant and EBCE staff. In the event Consultant receives a request from any third-party requesting disclosure of any Work Product, discussions, communications or any other information Consultant is prohibited from disclosing, Consultant will immediately notify EBCE and wait for direction from EBCE before disclosing the information.

11.2 For the purposes of this Section 11, “third parties” refers to any person or group other than EBCE staff and Board members. For example, “third parties” include community groups, Board advisory groups, other governmental agencies, other consultants or members of the community.

11.3 This Section 11 will survive the expiration or termination of this Agreement.

Section 12. Indemnity

12.1 Except with regard to any matter involving professional negligence, Consultant agrees, at its sole cost and expense, to indemnify, defend with counsel reasonably approved by EBCE, and protect and hold harmless EBCE, its officers, directors, employees, agents, attorneys, designated volunteers, successors and assigns, and those EBCE agents serving as independent contractors in the role of EBCE staff (collectively “EBCE Indemnitees”) from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, penalties, judgements, liens and losses of whatever nature (“Claims”) that arise, directly or indirectly, in whole or in part, out of or are in any way related to Consultant’s or Subconsultant’s performance or failure to perform the Work under this Agreement, regardless of whether the Consultant or its Subconsultants acted or failed to act intentionally, willfully, recklessly or negligently. Consultant agrees that its indemnity and defense obligations include all costs and expenses, including all attorney fees, expert fees, mediation, arbitration, or court costs in connection with the defense. Consultant further agrees to indemnify, defend, protect and hold harmless Indemnitees from and against any breach of this Agreement and any infringement of patent rights, trade secret, trade name, copyright, trademark, service mark or any other proprietary right of any person(s) caused by EBCE’s use of any services, Work Product or other items provided by Consultant or its Subconsultants under this Agreement.

12.2 With regard to any matter involving professional negligence, Consultant agrees, at its sole cost and expense, to indemnify, defend with counsel reasonably approved by EBCE, and protect and hold harmless the EBCE Indemnitees from and against any and all Claims to the extent arising out of or resulting from Consultant’s or Subconsultant’s negligence, recklessness, or willful misconduct. In no event shall the cost to defend charged to Consultant exceed the Consultant’s proportionate percentage of fault.

12.3 Consultant’s obligations in Subsection 12.1 and 12.2 do not apply to the extent any Claim results from the sole negligence or willful misconduct of the EBCE Indemnitees.

12.4 Except as limited by Subsection 12.2, Consultant’s obligation to defend EBCE applies to the maximum extent allowed by law and includes defending Indemnitees as set forth in California Civil Code sections 2778 and 2782.8.

12.5 The Consultant’s obligations under Section 12 applies regardless of the existence or amount of insurance the Consultant carries or has made available to EBCE.

12.6 The Parties agree that this Section 12 survives the expiration or earlier termination of the Agreement.

Section 13. Consultant is an Independent Contractor

13.1 Consultant and its Subconsultant(s) are and at all times will be independent contractors. Consultant has complete control over its operations and employees and is

not an agent or employee of the EBCE and must not represent or act as the EBCE's agent or employee. Consultant agrees, on behalf of itself and its employees and Subconsultants, that it does not have any rights to retirement benefits or other benefits accruing to EBCE employees, and expressly waives any claim it may have to any such rights.

13.2 As an independent contractor, Consultant has complete control over its Subconsultants, Sub, suppliers, affiliates agents and any other person or entity with whom the Consultant contracts in furtherance of this Agreement (collectively "Subconsultants"). Subject to the requirements of Section 5 of this Agreement, Consultant is solely responsible for selecting, managing and compensating its Subconsultants, and for ensuring they comply with this Agreement.

Section 14. Miscellaneous Terms and Conditions

14.1 EBCE Authority.

The Chief Executive Officer or his/her designee is authorized to take all actions under this Agreement, including without limitation, amendments that fall within the Chief Executive Officer's signing authority, termination or modification of terms.

14.2 Waiver.

Waiver by either party of any one or more conditions, Sections, provisions or performance of this Agreement will not be a waiver of any other provision; nor will failure to enforce a provision or Section in one instance waive the right to enforce such provision or Section in the future. In no event will payment by EBCE to Consultant constitute or be construed as a waiver by EBCE of any breach or default of this Agreement, nor will such payment prejudice any of EBCE's other rights or remedies.

14.3 Governing Law.

Consultant and EBCE agree that this Agreement will be interpreted under the laws of the State of California.

14.4 Venue.

Any litigation resulting from this Agreement will be filed and resolved by a state court in Alameda County, California, or if appropriate, the federal courts in the Northern District of California located in San Francisco.

14.5 Audit Rights.

All records or documents required to be kept pursuant to this Agreement must be made available for audit at no cost to EBCE, at any time during regular business hours, upon written request by EBCE. Copies of such records or documents shall be provided to EBCE at EBCE's offices unless an alternative location is mutually agreed upon.

14.6 Recitals and Exhibits.

The Recitals in Section 1 above are intentionally made a part of this Agreement. All Exhibits and any other documents incorporated by reference are a part of this Agreement.

14.7 Notices.

Any notices required to be given under this Agreement must be made in writing and may be delivered a) personally, in which case they are effective upon receipt; b) by U.S. Mail, in which case they are effective three (3) days following deposit in the U.S. Mail, unless accompanied by a return receipt in which case, they are effective upon the date on the receipt; or c) by electronic mail, in which case they are effective upon confirmation of receipt, and if no confirmation of receipt, they are effective one day after transmission, providing that a hard copy is also sent via U.S. mail. All notices must be sent to the addresses below:

EBCE

Attn: Beckie Menten
East Bay Community Energy
1999 Harrison Street, Suite 800
Oakland, CA 94612
Email: bmenten@ebce.org
Phone: (510) 988-1736

Consultant

Attn: Grace Park-Bradbury
BlocPower
1625 Flatbush Avenue, Box #222
Brooklyn, NY 11210
Email: grace@blocpower.io
Phone: (510) 282-0697

14.8 Assignment.

Except to the extent this Agreement authorizes Consultant to use Subconsultants, Consultant will not assign any part of this Agreement without the EBCE's prior written consent. EBCE, at its sole discretion, may void this Agreement if a violation of this provision occurs.

14.9 Integrated Agreement.

The Recitals, this Agreement and the Exhibits attached to this Agreement contain the complete understanding between EBCE and Consultant and supersedes any prior or contemporaneous negotiations, representations, agreements, understandings and

statements, written or oral respecting the Work up through the Effective Date of this Agreement.

14.10 Amendments.

Any and all amendments or modifications to this Agreement must be made in writing and signed by each Party before such amendment will be effective.

14.11 Government Claims Act.

Nothing in this Agreement waives the requirements to comply with the Governmental Claims Act, where applicable.

14.12 Severability.

If a court of competent jurisdiction holds any Section or part of this Agreement to be invalid or unenforceable for any reason and the Work can still be performed, the Parties agree to sever the invalid or unenforceable Section from this Agreement and that all remaining Sections or parts of this Agreement will continue to be enforceable.

14.13 Counterparts.

This Agreement may be executed in one or more counterparts, all of which taken together will constitute one and the same instrument and each of which will be deemed an original.

14.14 No Party Deemed Drafter.

This Agreement will be considered for all purposes as prepared through the joint efforts of the Parties and will not be construed against one Party or the other as a result of the preparation, substitution, submission, or other event of negotiation, drafting or execution hereof.

14.15 Supplier Diversity.

EBCE is required to report to the California Public Utilities Commission on their diverse suppliers, as defined by CPUC General Order 156. Consistent with the California Public Utilities Code and California Public Utilities Commission policy objectives, Contractor agrees to document and provide information to EBCE regarding Contractor's status and any engagement of women, minority, disabled veteran, and LGBT owned business enterprises in its provision of Services under this Agreement. Specifically, Contractor agrees to complete EBCE's Supplier Diversity questionnaire, which may be updated or revised during the term of the Agreement, and otherwise reasonably cooperate with EBCE to provide the information described above. Contractor shall provide such information in the timeframe requested by EBCE and in no event later than January 31 of the year following the Effective Date of this Agreement.

Section 15. Authorized Signatories

15.1 Proper Countersignatures

Type of Entity	Authorized Signatories		
For a corporation:	Pursuant to California Corporations Code Section 313 proof of authority to execute the Agreement is established if one of the corporate officers listed in Column A below and one of the corporate officers listed in Column B below both sign the documents.		
	Column A	AND	Column B
	Chairman of the Board, or		Secretary, or
	President, or		Assistant Secretary, or
	Vice President		Chief Financial Officer, or
			Assistant Treasurer
	If the agreement is signed by any combination of persons other than those listed above or by an individual, then the agreement must be accompanied by a copy of the Board minutes, resolution, Corporate Secretary's certificate, or articles of incorporation stating that the signatories have the authority to bind the corporation.		
For a general partnership, a limited partnership, or a limited liability partnership:	All the general partners must sign the Agreement (a general partnership agreement is sufficient to establish the names of all general partners) unless the person signing the Agreement provides proof that he/she has authority to bind the partnership.		
For a limited liability company (LLC)	Copies of the following documents should be provided to establish who has authority to bind the LLC: (1) State Forms LLC-1 and LLC-12 if the company was formed in California; and (2) the operating agreement for the LLC – whether formed in California or another state.		
For a sole proprietor, or a sole proprietor doing business under another name:	Only the individual who owns the business can sign. Either a Fictitious Business Name Statement or a EBCE Business Tax Certificate is sufficient to establish the authority of an individual to bind a sole proprietorship.		

[signatures on following page]

IN WITNESS WHEREOF, the parties have caused the Agreement to be executed as of the date set forth above.

[VENDOR'S LEGAL NAME]
Legal form of business, state of formation

EAST BAY COMMUNITY ENERGY AUTHORITY
A Joint Powers Authority

By _____
Title _____
Date _____

By _____
Title _____
Date _____

By _____
Title _____
Date _____

APPROVED AS TO FORM:

[*remove if chart in 15.1 confirms only one signature is required]

EBCE Counsel

LIST OF EXHIBITS

EXHIBIT A: SCOPE OF WORK

EXHIBIT B: SCHEDULE

EXHIBIT C: CONSULTANT STAFFING

EXHIBIT D: SUBCONSULTANTS

EXHIBIT E: COMPENSATION/BUDGET

EXHIBIT F: INSURANCE REQUIREMENTS

Exhibit A

SCOPE OF WORK

Overview

BlocPower is a Black-owned climatetech leader focused on Smarter, Healthier, Greener Buildings for all. We have deep experience delivering electrification and energy efficiency projects in low-and-moderate-income (LMI) communities and will engage, on behalf of EBCE, a program to deliver clean, healthy, electrified buildings.

The program will leverage \$1M of project finance made available by EBCE to fund building remediation and retrofit projects in EBCE service territory. The investment will provide a scalable financing opportunity to re-invest the returns from customer payments over time into additional projects. (The scope of this effort does not require EBCE to do so but will provide a model for how that can be executed).

This scope of work governs the additional \$400,000 in incentives EBCE will offer to further enable the above program.

Use of Funds

- Targeting [60] households (single or multi-family units) at an average incentive level of [~\$6,667] to further enable the financials of the project through 2022-2023.
- BlocPower will, with their local partners, engage in Customer acquisition, education, project development, financing, construction management, and ongoing O&M, as applicable.
- Sufficient underwriting to ensure a prudent investment

EBCE's investment will serve the following public purpose:

- Invest in household health remediations, energy efficiency and electrification for low-to-moderate income (LMI) households (defined as households below 120% of area median income)
- Deliver insights and analysis for policy to further support and engage underserved and energy-burdened communities on a quarterly basis, and at the conclusion of the program

Task 1. Administration

This task covers general administrative activities associated with the disbursement of incentives for EBCE. BlocPower will provide monthly reporting and invoicing to EBCE to communicate project progress and submit documentation associated with incentives disbursed during the invoicing period. EBCE and BlocPower will develop a standard invoicing and reporting template. In addition to the information agreed upon for monthly

reporting and invoicing, BlocPower shall retain all project-specific information. BlocPower will also furnish an annual report no later than 14 months following program launch reporting on program impacts.

Deliverables:

- Monthly invoice and report template
- Monthly invoicing
- Monthly reporting
- Annual report

Task 2. Incentive Disbursement

Incentives will be scaled based on need, as determined by income level, according to the table below. BlocPower will verify incentive eligibility and will invoice EBCE no more frequently than monthly for incentives. BlocPower will provide EBCE with documentation showing verified income and associated incentive disbursed per project; EBCE retains the right to request more detailed income information.

Income Level	Incentive
At or Below 80%AMI	Up to \$10,000
Above 80% AMI	Up to \$4,000

Incentives should be stacked on other program incentives as available; however, overall incentives are not to exceed costs associated with material and installation costs for eligible measures. Eligible measures for this incentive are listed below; BlocPower may include other energy efficiency and building electrification measures if those incentives are included in existing IOU rebate programs or if permission is received in writing from EBCE. BlocPower assumes responsibility for ensuring quality installation of projects, including compliance with local permitting and inspection requirements. Sample eligible measure list:

- Energy Efficiency Upgrades
 - LED lighting
 - Air sealing, insulation
 - High-efficiency window treatments
 - Energy-efficient appliances
- Electrification / Fuel switching
 - Electrical upgrades
 - Air source heat pumps
 - Heat pump water heaters
 - Induction cooktops
 - Efficient washers & dryers
- Retrofitting Measures

- Smart thermostats
- Hazardous materials abatement (lead, asbestos, mold)
- IoT monitoring & controls for M&V
- Low-flow water fixtures

BlocPower shall invoice EBCE monthly for incentives disbursed the prior month. Incentive disbursement requests should include itemized project invoices, identification of other program incentives applied to the project, and income level of incentive recipient.

Deliverable:

- Monthly incentive invoices

Task 3. Inclusion of tenants in program

EBCE's LMI population is characterized by a high proportion of tenants. EBCE seeks an expansion of the existing program model to serve renter populations. EBCE will work with BlocPower to identify potential barriers and negative impacts to renter populations, including threat of eviction or rent increases, and will develop policies to mitigate potential concerns. EBCE and BlocPower have committed to inclusion of rental properties within six months of program launch, if possible.

Deliverables:

- Memo categorizing program policy updates for rental populations

Further Details:

BlocPower will continue to invest in the East Bay market, expanding on existing partnerships with local developers such as Revalue.io, and leveraging existing incentives and capital available through BayREN, the CPUC TECH program and additional sources to provide this offer to local building owners. Prevailing wages will be applied to those projects receiving EBCE incentives and financing, as applicable. Documentation will be provided to EBCE on a customer-basis as requested. EBCE will provide format for customer enrollment and savings data to match with EBCE system of customer record.

Customer Underwriting Overview

BlocPower will implement reasonable underwriting criteria, which may include the following.

The target clients are building owners, not tenants. The buildings may have low/moderate income tenants, regular market rate tenants, or be co-ops or

condos. Low income residents may receive rental payment support from government programs, paid directly to building owners. Building owners may be non-profits.

Materials BlocPower will gather:

- Standard financials (at least 2 years income statement/balance sheet)
- Tax return (at least one year, to match financials; tax returns may be substituted for financials if needed, at BlocPower discretion)
- Rent roll (current and prior year, to evaluate vacancy)
- Debt details (mortgage terms, covenants to estimate DSCR)
- Recent property appraisal (This is typically from the client's mortgage or a refinance. If old, or not available, the market value of the property will be estimated directly via comps.)
- DOB violations
- Business credit report (Experian, D&B, Equifax, etc.)
- 12 months of utility bills (this will show both the client's rates, and whether there have been any late payments in the last 12 months)

BlocPower evaluates global DSCR as a primary means of determining if the client will be able to meet project payment obligations. This is calculated as EBITDA over all financing obligations, including those related to our project. We will accept personal or corporate guarantors to help meet the obligations if it appears if DSCR is tight, or the building cannot meet the obligations on its own. The income and obligations of the guarantors will be included in global DSCR calculation. We will factor the expected net energy savings into the global DSCR calculation, as they should reduce operating expenses. We will however include some margin of safety on the savings.

BlocPower will not accept a bankruptcy within 3 years, unless there are heavy mitigating factors. We will similarly not accept anyone with a global DSCR less than 1.20x without significant mitigation. Historical vacancy, and debt-to-equity ratio of the client will also be taken into account. Excessive DOB violations will be a negative indicator, unless the measures to be implemented will address the source of violations. The client must be current on their utility bills before entering into an agreement, and delinquencies over 30 days must be explained, with additional mitigation provided.

BlocPower does not take any liens on the underlying real estate.

Credit Evaluation

When evaluating the credit of a real estate business, primary factors include coverage of current debt obligations, leverage, property value, operating performance, and history of payment. In our analysis, these are expressed respectively by:

- Debt Service Coverage Ratio, determined by looking at all debt held by the entity, and dividing this by its Net Operating Income or EBITDA.
- Debt to Equity ratio, determined by comparing the entity's debt outstanding against an acceptable market valuation of the property

- Rents and Operations, determined by evaluating the property's rental history, operating costs, and Net Operating Income to determine whether the building is being well managed.
- Creditworthiness, determined by evaluating a combination of the property's business credit (as reported by Experian, D&B, Equifax, or other agencies), payment history on utility bills (as reported on the 12 months of utility bills collected from the client), and violation history (publicly available through the local municipalities)

Criteria

Required Criteria

- No bankruptcy within the last three years
- No outstanding major judgements or lien

Strong positive indicators, lack of which may be adjusted only with considerable mitigation and/or suitable explanation

- DSCR equal to 1.20x or greater, including any net savings from the project, subject to a 20% margin of safety on the savings estimates
- Debt-to-Equity ratio of 80% or below, including the termination value of our lease obligation

General negative indicators, requiring explanation

- Utility bill delinquencies 30+ days past due in reviewed period
- Average vacancies over 15% for multi-family properties in reviewed period
- Excessive DOB violations will be a negative indicator as well, unless the measures to be implemented will address the source of violations.

Acceptable mitigants

- Personal guarantee, typically from a substantial equity holder in the entity
- Corporate guarantee, typically from a parent company or other related entity
- Down-payment of some portion of the system costs. This improves DSCR and decreases exposure.
- Shortened lease term, with associated increase to monthly payments
- Increased monthly payments. While acting as a net drag on DSCR, increased revenue can serve to mitigate against increased risk in certain areas.

Security Package

BlocPower places a UCC 1 filed at the county level for the assets owned and installed at the customer property. This enables us to remove the property as needed, while also serving as a lien should the client attempt to sell their building. In addition, BlocPower maintains security through the ability to switch systems off in the event of non-payment. Through remote access, individual systems or all systems at the property may be throttled, turned off, or turned on.

Ensuring Quality Construction of Projects / Completing Agreements Between BP and Contractors

- Scope of work and services to be performed are agreed upon between BlocPower and its contractors and is appended to SCHEDULE A of the ESA

Payment Approval Process

Requirements for each application w/dates:

A timeline is associated with each project, which is part of the project gantt chart. Payments and amounts to the contractor(s), equipment provider(s), and other parties (each a “Vendor”) are outlined here. Funding sources for the project are identified, including which accounts to be used, how much to be spent from each, and method of sending payment (check, ACH, or Wire). If capital contributions are made from the parent to an SPE, then a Memorandum of Investment is produced, which formalizes the investment, and provides basis from an accounting perspective that cash assets have decreased in the Parent, but the value of project assets has increased in equal proportion.

Construction Manager reviews the invoice, and determines if the payment requirements have been met. This review consists of:

- For Contractors: Examining the work in detail either in-person or by proxy, with photographic evidence showing the work has been completed to specification for the milestone.
- For Equipment Providers: Comparing the bill of lading and BlocPower PO to ensure that all required materials have been received. All materials will be examined in person or by proxy, with photographic evidence taken of all major materials showing presence and actual condition of materials received. This will include documentation of any damage to boxes or equipment itself that may be required for a later claim of any kind.
- Other parties: Reviewing the work product with the appropriate parties to ensure it meets the requirements of the associated purchase order, contract, or other agreement. For example, when procuring professional engineering services, the Head of Engineering must provide written notification that the completed work is acceptable.

Upon approval that work has been completed in accordance with requirements, the Construction Manager will prepare a written notification of such. This may take the form of a standard memo and shall be signed by the construction manager.

The Construction Manager will prepare a memo to approve payment, for signoff by the Head of Engineering and the Head of Finance. Once they are satisfied that work has been completed in a satisfactory manner, they will provide their approval, and the memo will be shared with the CEO for final authorization.

A short meeting will be held bi-weekly or as needed to review all requests and issue payments. This meeting may include the CEO, General Manager, COO, Head of Finance, and Head of Engineering.

Additional Services:

Consultant will not provide additional services outside of the services identified in Exhibit A, unless it obtains advance written authorization from the project manager or lead EBCE representative prior to commencement of any additional services.

Exhibit B

SCHEDULE

As directed by EBCE.

Exhibit C

CONSULTANT STAFFING

[Include names of all team members who will be providing EBCE services.]

Exhibit D

SUBCONSULTANTS

Subconsultants must be authorized in advance, in writing by EBCE.

Exhibit E

COMPENSATION/BUDGET

The funding for this program will be available for use by BlocPower to reduce the project cost associated with energy related home improvements for EBCE's low and moderate income customers. Incentives will be scaled based on need, as determined by income level. BlocPower will verify incentive eligibility and will invoice EBCE no more frequently than monthly for incentives. BlocPower will provide EBCE with documentation showing verified income and associated incentive disbursed per project; EBCE retains the right to request more detailed income information.

Income Level	Incentive
At or Below 80%AMI	Up to \$10,000
Above 80% AMI	Up to \$4,000

The maximum compensation under this Agreement is \$400,000.

Exhibit F

INSURANCE REQUIREMENTS

A. Minimum Scope and Limits of Insurance. Consultant must procure, and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1) Commercial General Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000.00) per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of Two Million Dollars (\$2,000,000.00) per project or location. If Consultant is a limited liability company, the commercial general liability coverage must be amended so that Consultant and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of One Million Dollars (\$1,000,000.00) per accident for bodily injury and property damage.

3) Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000.00) per accident for bodily injury or disease. If Consultant has no employees while performing Services under this Agreement, workers' compensation policy is not required, but Consultant must execute a declaration that it has no employees.

4) Professional Liability/Errors & Omissions Insurance with minimum limits of Two Million Dollars (\$2,000,000.00) per claim and in aggregate.

B. Acceptability of Insurers. The insurance policies required under this Exhibit E must be issued by an insurer admitted to write insurance in the State of California with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide.

C. Additional Insured/Additional Named Insured. The automobile liability policies must contain an endorsement naming EBCE, its officers, employees, agents and volunteers as additional insureds. The commercial general liability policy must contain an endorsement naming EBCE, its officers, employees, agents and volunteers as additional named insureds.

D. Primary and Non-Contributing. The insurance policies required under this Agreement must apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to EBCE. Any insurance or self-insurance maintained by EBCE, its officers, employees, agents or volunteers, will be in excess of Consultant's insurance and will not contribute with it.

E. Consultant's Waiver of Subrogation. The insurance policies required under this Agreement will not prohibit Consultant and Consultant's employees, agents or Subconsultants from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against EBCE.

F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by EBCE. At EBCE's option, Consultant must either reduce or eliminate the deductibles or self-insured retentions with respect to EBCE, or Consultant must procure a bond guaranteeing payment of losses and expenses.

G. Cancellations or Modifications to Coverage. Consultant agrees not to cancel any insurance coverage during the Term. Consultant further agrees not to, reduce or otherwise modify the insurance policies required by this Agreement during the term of this Agreement, without the prior written approval of EBCE. The commercial general and automobile liability policies required under this Agreement must be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail 30 days' prior written notice to EBCE. If any insurance policy required under Agreement is canceled or reduced in coverage or limits, Consultant must, within two business days of notice from the insurer, phone and notify EBCE via electronic mail and certified mail, return receipt requested, of the cancellation of or reductions to any policy.

H. EBCE Remedy for Noncompliance. If Consultant does not maintain the policies of insurance required under this Agreement in full force and effect during the term of this Agreement, or in the event any of Consultant's policies do not comply with the requirements of this Exhibit F, EBCE may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, EBCE may, but has no duty to, take out the necessary insurance and pay, at Consultant's expense, the premium thereon. Consultant must promptly reimburse EBCE for any premium paid by EBCE or EBCE, in its sole discretion, may withhold amounts sufficient to pay the premiums from payments due to Consultant.

I. Evidence of Insurance. Prior to the performance of Services under this Agreement, Consultant must furnish EBCE with a certificate or certificates of insurance and all original endorsements evidencing and effecting the coverages required under this Agreement. The endorsements are subject to EBCE's approval. EBCE may request, and Consultant must provide complete, certified copies of all required insurance policies to EBCE. Consultant must maintain current endorsements on file with EBCE. Consultant must provide proof to EBCE that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Consultant must furnish such proof at least two weeks prior to the expiration of the coverages.

J. Indemnity Requirements not Limiting. Procurement of insurance by Consultant will not be construed as a limitation of Consultant's liability or as full performance of Consultant's duty to indemnify EBCE under Section 12 of this Agreement.

K. Subconsultant Insurance Requirements. Consultant's insurance coverage must include its Subconsultants or Consultant must require each of its Subconsultants that perform Work under this Agreement to maintain insurance coverage that meets all the requirements of this Exhibit F.



Staff Report Item 11

TO: East Bay Community Energy Board of Directors

FROM: Jason Bartlett, Finance Manager

SUBJECT: Fiscal Year 2021-2022 Mid-Year Budget Report (Informational)

DATE: January 19, 2022

Recommendation

Receive the report informing the Board of the mid-year Budget position for the 2021-2022 fiscal year.

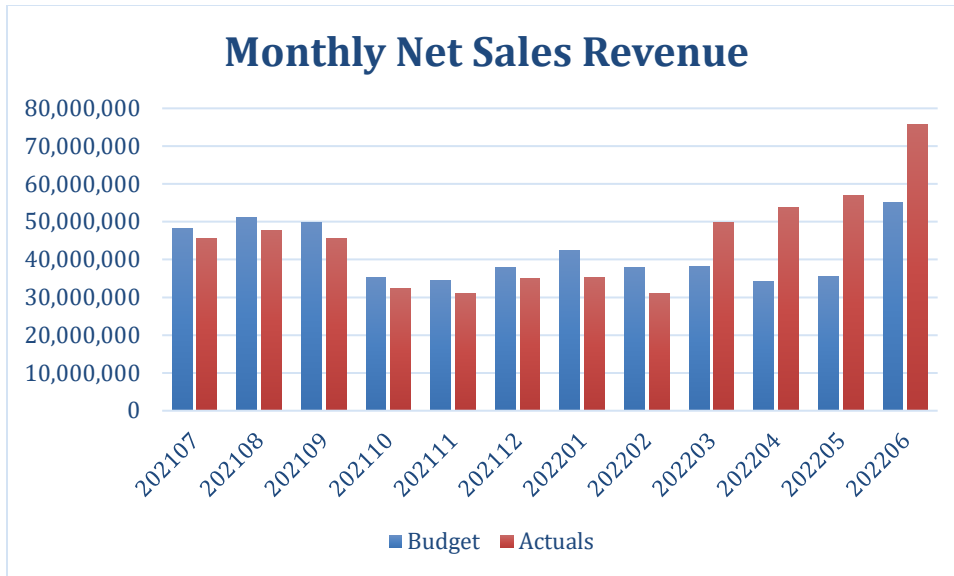
Background and Discussion

This staff report compares EBCE's financial performance for the current fiscal year from July 1, 2021 through November 30, 2021 with the approved June budget. December's revenues and expenses are still being reconciled, and therefore included in this report as estimates.

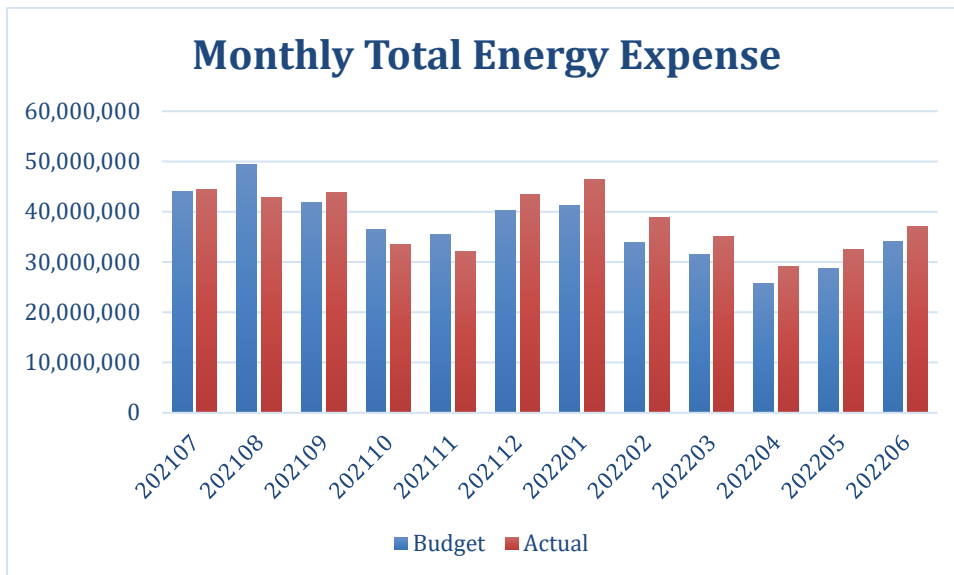
Attachment A provides the numerical table summaries and comparisons. The difference for each category shown in dollar amounts and percentages relative to budgeted amounts.

Highlights and assumptions from this comparison are listed here:

- Revenues
 - Year-end electricity sales are expected to be 7.9% above budgeted amounts due to CPUC approving higher than expected rates starting in March of 2022, but sales have come in softer in the mid-year due to lower demand from cooler temperatures
 - Uncollectable amounts are still estimated at 2.0% for 2021 and 1.5% for 2022

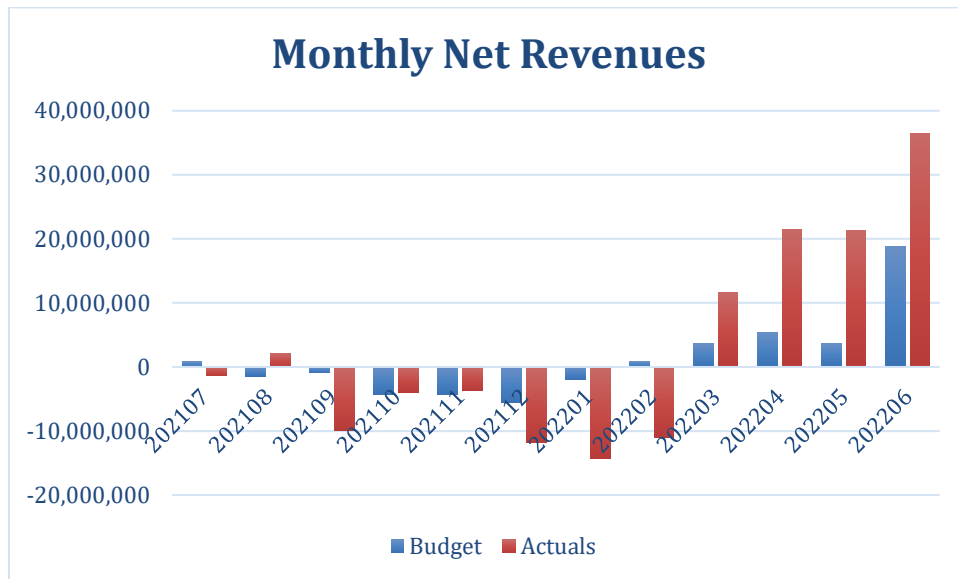


- Energy Costs
 - Year-end Cost of Energy is 3.5% above budgeted amounts due to higher than expected market prices estimated in 2022, with mid-year costs coming in lower than expected due to cooler temperatures
 - Pre-Pay agreement adds about \$2MM in cost reduction in 2022 estimates



- Operating Overhead
 - Overhead is 10.6% below budgeted amounts due to less than expected costs with personnel as not all positions have been filled
- Non-Operational Position

- Non-Operating Position is 25.2% above budgeted amounts primarily due to the new building purchase
- Interest on cash accounts performing at 0.25% average as compared to budgeted 0.4%
- Some grant revenue has been recognized against appropriate expenses
- Net Position
 - Overall year-end Net Position is 148.0% above budget estimates due to the significant increase in expected revenues from 2022 rates despite rising energy costs in the same time period



Fiscal Impact

This report has no fiscal impact on operations

Attachments

- A. FY 2021-22 Mid-Year Budget Report Table

ITEM 11—Attachment A: FY 2021-2022 Mid-Year Budget Comparison

	BUDGET	ACTUAL	DELTA	%D
OPERATIONS				
REVENUE & OTHER SOURCES				
Operating Revenue				
Electricity Sales	508,636,000	548,790,000	40,154,000	7.9%
Uncollectables	(8,939,000)	(9,441,000)	(502,000)	5.6%
Other Operations Revenue	0	112,000	112,000	0.0%
Total Operating Revenue	499,697,000	539,461,000	39,764,000	8.0%
EXPENSES & OTHER USES				
Energy Operating Expenses				
Cost of Energy	442,338,000	459,087,000	16,749,000	3.8%
Data Management/CRM	8,645,000	8,032,000	(613,000)	-7.1%
Billing & Metering	2,752,000	2,709,000	(43,000)	-1.6%
Scheduling	843,000	848,000	5,000	0.6%
Total Energy Operating Expenses	454,578,000	470,676,000	16,098,000	3.5%
Overhead Operating Expenses				
Personnel	9,421,000	8,472,000	(949,000)	-10.1%
Marketing & Communications	1,614,000	1,422,000	(192,000)	-11.9%
Legal, Policy, & Regulatory Affairs	1,592,000	1,403,000	(189,000)	-11.9%
Other Professional Services	850,000	822,000	(28,000)	-3.3%
General & Administrative	3,033,000	2,639,000	(394,000)	-13.0%
Depreciation	60,000	57,000	(3,000)	-5.0%
Total Overhead Operating Expenses	16,570,000	14,815,000	(1,755,000)	-10.6%
Total Operating Expenses	471,148,000	485,491,000	14,343,000	3.0%
NON-OPERATIONS				
NON-OPERATING REVENUE				
Interest Income	798,000	141,000	(657,000)	-82.3%
Grants	894,000	894,000	0	0.0%
Other Non-Operating Revenue	0	210,000	210,000	0.0%
Total Non-Operating Revenue	1,692,000	1,245,000	(447,000)	-26.4%
NON-OPERATING EXPENSES				
Borrowing Interest	898,000	906,000	8,000	0.9%
Local Development Funding	9,007,000	9,007,000	0	0.0%
Capital Expenditures	5,500,000	8,507,000	3,007,000	54.7%
Total Non-Operating Expenses	15,405,000	18,420,000	3,015,000	19.6%
NET NON-OPERATING POSITION	(13,713,000)	(17,175,000)	(3,462,000)	25.2%
TOTAL REVENUES	501,389,000	540,706,000	39,317,000	7.8%
TOTAL EXPENSES	486,553,000	503,911,000	17,358,000	3.6%
NET INCREASE(DECREASE) IN POSITION	14,836,000	36,795,000	21,959,000	148.0%