



**Board of Directors Meeting  
Wednesday, June 17, 2026**

6:00 pm

In Person:

Board Room  
Ava Community Energy  
1999 Harrison St, Ste 2300  
Oakland, CA 94612

Or from the following locations:

- Clipper Club – 5 Captain Dr. Emeryville, CA 94608
- 4917 Knowlson Terrace, Fremont, CA 94555
- 35653 Scarborough Dr Newark, CA 94560
- 1100 Webster St, 2nd Floor Conference Room, Oakland, CA 94607
- 501 W Weber Ave Building 1 Stockton CA 95203

Via Zoom:

<https://avaenergy-org.zoom.us/j/87023071843>

Or join by phone:

Dial(for higher quality, dial a number based on your current location): US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 929 205 6099 or +1 301 715 8592 or 888 475 4499 (Toll Free) or 877 853 5257 (Toll Free)  
Webinar ID: 870 2307 1843

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@avaenergy.org](mailto:cob@avaenergy.org).

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

**1. Welcome & Roll Call**

**2. Pledge of Allegiance**

### **3. Public Comment**

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

### **4. Closed Session Public Comment**

### **5. Closed Session**

- a. PUBLIC EMPLOYEE PERFORMANCE EVALUATION Pursuant to Government Code Section 54957. Title: Chief Executive Officer
- b. CONFERENCE WITH LABOR NEGOTIATORS Pursuant to Government Code Section 54957.6. Agency Representatives: Inder Khalsa, Jonathan Tedesco, Betsy Andersen, and González. Unrepresented employee: Chief Executive Officer.

### **6. Report Out of Closed Session**

## **CONSENT AGENDA**

### **7. Approval of Minutes from May 20, 2026**

### **8. Contracts Entered Into (Informational Item)**

### **9. FY 2025-2026 Q3 Financial Statements (Informational Item)**

Ava's third quarter financial statements for fiscal year 2025-2026

### **10. PFM Financial Advisors Contract (Action Item)**

Authorize staff to retain PFM Financial Advisors LLC for consulting services related to prepayment bond transactions.

### **11. Fourth Amendment Renewing SmartBidder Master Agreement with Ascend Analytics LLC (Action Item)**

Authorize CEO to negotiate and sign a fourth amendment renewing the Agreement for a new one-year term.

## **REGULAR AGENDA**

*Pursuant to Board direction, any agenda item not started by 9:00 p.m. will be continued to a future meeting unless the Board, by majority vote, elects to hear the item that evening. The Board may also determine an alternate disposition of the item at its discretion.*

**12. CEO Report**

**13. CAC Report**

**14. FY 2026-2027 Annual Budget (Action Item)**

Approve the FY 2026-2027 budget

**15. Prepay Financings (Action Item)**

Authorize staff to enter into all agreements necessary to transact and close two to three Prepay Bond transactions

**16. Board Member and Staff Announcements including requests to place items on future Board of Directors Meeting Agendas**

**17. Adjourn**

The next Ava Board of Directors meeting will be held on Wednesday, July 15, 2026 at 6pm.



# Board Meeting Access Instructions

If you need help finding or accessing the building, please call our Ava representative who is stationed in the building lobby: 510-393-0492.

## Directions

### Directions via BART

If you are taking BART: the 19th Street station is the closest stop to our office and is about a 5 minute walk away. Use the 20th St / Thomas L. Berkeley Way station exit.

### Directions via Bike

Bike riders wanting to park their bike inside the parking garage can enter through the main building lobby. Bike parking is available on the parking garage first level right in front of the garage elevators.

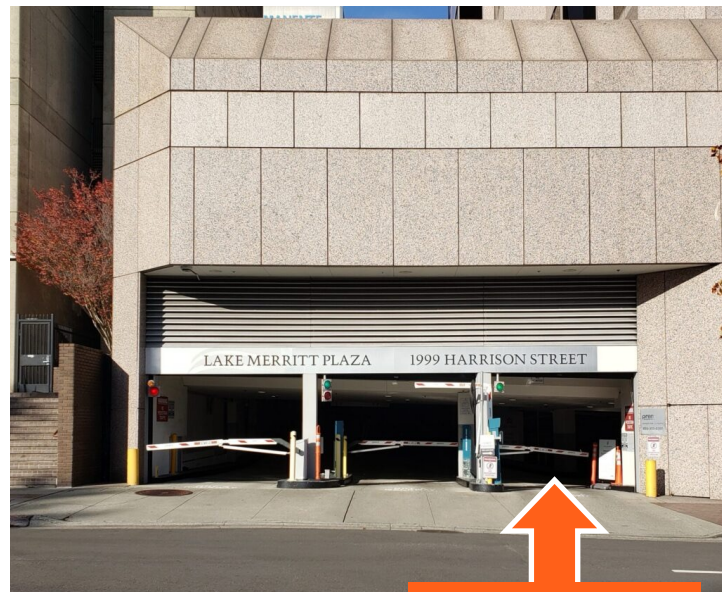
### Directions to Parking Garage via Car

The entrance to the building's attached garage is located on Harrison Street. If you're driving northbound on Harrison Street, as soon as you cross 19th St. the garage entrance is 3/4 down on your left-hand side. If you're heading east on Thomas L Berkeley Way/20th St. Continue East then make a right turn on Harrison Street, and the garage entrance is a quarter block up on your right-hand side.

When you arrive, enter via the gate labeled "Public Parkers". There are four floors of the parking garage, and you will need to take the elevator in the parking garage to the first floor. The parking attendant or an Ava representative will provide access into the building lobby.

The parking garage entry gate will be open until 8pm for CAC and BOD meetings. Attendees can exit the parking garage until 11pm.

**Note that the garage's parking fee is \$30 per use. Street parking is widely available near the building and free after 6pm.**



Public Parkers entrance

## Check-in at Security Desk

When you arrive at our building, please check in with the security desk in the lobby to get access to the elevators. If you have questions or need assistance, an Ava representative will be stationed and identifiable in the lobby. They can be reached at: 510-393-0492.





**Draft Minutes**  
**Board of Directors Meeting**  
**Wednesday, May 20, 2026**  
6:00 pm

In Person:  
Board Room  
Ava Community Energy  
1999 Harrison St, Ste 2300  
Oakland, CA 94612

Or from the following locations:

- Clipper Club – 5 Captain Dr. Emeryville, CA 94608
- 4917 Knowlson Terrace, Fremont, CA 94555
- City of Pleasanton – 200 Old Bernal, Pleasanton, CA 94566
- Stockton City Hall – 425 N El Dorado St., Stockton, CA 95202
- 1755 Harvest Landing Ln., Tracy, CA 95376

Via Zoom:  
<https://avaenergy-org.zoom.us/j/87023071843>

Or join by phone:  
Dial(for higher quality, dial a number based on your current location): US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 929 205 6099 or +1 301 715 8592 or 888 475 4499 (Toll Free) or 877 853 5257 (Toll Free)  
Webinar ID: 870 2307 1843

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**1. (00:24) Welcome & Roll Call**

**Present: Members:** Marquez (Alameda County), Lopez (Albany), Tregub (Berkeley), , Kaur (Emeryville), Keng (Fremont), Roche (Hayward), Barrientos (Livermore), Jorgens (Newark), Balch (Pleasanton), Fugazi (Stockton), Bedolla (Tracy), Sakakihara (Union City), CAC Chair Souza (Community Advisory Committee), Vice-Chair Gonzalez (San Leandro) and Chair Andersen (Piedmont)

**Not Present: Members:** Morada (Dublin), Diallo (Lathrop), Brown (Oakland) and Rickman (San Joaquin County)

**Alternate Member Jorgens** served as representative for the City of Newark (Del Catancio).

**Alternate Member Bedolla** served as the representative for the City of Tracy (Nygard).

**Vice-Chair Gonzalez** joined the meeting at 6:50pm.

## 2. (2:27) Pledge of Allegiance

## 3. (2:50) Public Comment

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

**(3:11) Public Comment – Gerard Manning**, speaking on behalf of his daughter Tara Manning, urged the board to support the Bay Area Air District’s proposed Clean Air Standards phasing out gas water heaters in favor of electric heat pumps. Mr. Manning encouraged Ava to develop an interest-free, on-bill financing program for heat pump water heaters, similar to other CCAs and municipal districts, ahead of the Air District’s October vote.

## CONSENT AGENDA

## 4. Approval of Minutes from April 15, 2026

## 5. Contracts Entered Into (Informational Item)

During the meeting, corrected April 15, 2026 Board of Directors minutes were distributed to the Board to reflect revisions to Item 11 – Procurement Policy Update, including clarification that Member Tregub accepted two friendly amendments prior to consideration of the substitute motion, and a correction to include Member Marquez’s vote in the tally for Consent Item 6 – CAC appointments.

**(6:37) Member Tregub motioned to approve the Consent Agenda including the corrected minutes. Member Roche seconded the motion, which was approved 13/0/0/0/5 (yes/no/abstain/recuse/not present):**

**Yes: Members: Marquez, Lopez, Tregub, Kaur, Keng, Roche, Barrientos, Jorgens, Balch, Fugazi, Bedolla, Sakakihara and Chair Andersen**

**No: none**

**Abstain: none**

**Recuse: none**

**Not Present: Members: Morada, Diallo, Brown, Rickman and Vice-Chair Gonzalez**

## **REGULAR AGENDA**

*Pursuant to Board direction, any agenda item not started by 9:00 p.m. will be continued to a future meeting unless the Board, by majority vote, elects to hear the item that evening. The Board may also determine an alternate disposition of the item at its discretion.*

### **6. (9:59) CEO Report**

**Howard Chang, CEO**, presented the CEO Report and answered questions from the Board. A written version of the report is available in the May 20, 2026 agenda packet.

**(19:04) Public Comment – Bradley Cleveland**, an Oakland resident and consultant with IBEW Local 595, urged Ava Community Energy to apply the workforce and environmental justice selection criteria referenced in Ava’s recently adopted Procurement Policy—including local hire, targeted hire, and apprenticeship requirements—to all future Ava Charge DC fast charging projects currently planned or in development.

### **7. (23:01) CAC Report**

**CAC Chair Souza** presented a spoken CAC Report and answered questions from the Board.

**No public comment**

### **8. (26:37) Integrated Resource Planning (IRP) Process Overview (Informational Item)**

Review the compliance IRP process and timing of submission, and a preview of initial analysis

**Marie Fontenot, Senior Vice President of Power Resources**, presented the IRP Process Overview and answered questions from the Board.

**No public comment.**

### **9. (1:20:18) Fiscal Year 2026-2027 Draft Budget Review (Informational Item)**

Review the estimated draft budget for the next fiscal year

**Howard Chang, CEO**, presented the **FY 2026-2027 Draft Budget Review** and answered questions from the Board.

**Public Comment:**

**(2:18:09) Fangxue Zheng**

**(2:19:56) Jessica Tovar**

**(2:21:15) Bradley Cleveland**

**(2:23:20) Jed Holtzman**

**(2:25:25) Sam Fishman**

**(2:27:25) Colin Andrew Logan**

**(2:29:30) Margie Lewis**

**(2:31:34) Susan Silber**

Multiple speakers expressed concern regarding the proposed no planned incremental contributions to Local Development Funding in the Fiscal Year 2026-2027 Draft Budget and encouraged Ava to continue funding community-based programs and initiatives. Speakers referenced topics including electrification, resilience hubs, workforce development, local hiring, rebates, public health, community partnerships, and support for disadvantaged communities, and several speakers encouraged Ava to replenish the fund in future years if a surplus becomes available.

**(2:33:57) Public Comment - Dohee Kim** commented on public transparency regarding the update to Item 9. Fiscal Year 2026-2027 Draft Budget Review presentation materials. Dohee Kim also encouraged Ava to consider workforce development opportunities and potential revenue-generating strategies related to distributed energy resources and local economic development.

**10. (2:40:01) City of San Leandro's request for default service plan change (Informational Item)**

Update the Board about the City of San Leandro's request to change their default service plan to Bright Choice

**Alex DiGiorgio, Senior Public Engagement Manager**, presented the **City of San Leandro's request for default service plan change** and answered questions from the Board.

**No public comment.**

**11. (2:46:56) Board Member and Staff Announcements including requests to place items on future Board of Directors Meeting Agendas**

- **Vice-Chair Gonzalez** encouraged Ava to explore future opportunities to align electrification programs with Bay Area Air District goals, particularly by supporting higher-impact electrification measures such as heat pump water heaters for low-income households.

- **Member Tregub** also expressed support for a future presentation regarding potential alignment between Ava programs and the Air District's proposed building appliance electrification rules and related customer support efforts.

**12. (2:49:04) Adjourn**

**The meeting was adjourned at 8:56pm.**

The next Ava Board of Directors meeting will be held on Wednesday, June 17, 2026 at 6pm.

# 5/20/26 – Ava Board of Directors

## AI Generated Courtesy Summary - not official minutes

This summary has not been reviewed for accuracy

### 1. Welcome & Roll Call

Chair Betsy Andersen called the Board of Directors meeting to order at 6:07 PM at Ava Community Energy headquarters, 1999 Harrison Street, Suite 2300, Oakland, California 94612, Altamonte Conference Room.

Present: Alameda County, Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Newark, Oakland, Pleasanton, San Joaquin County/Stockton, Tracy, Union City, San Leandro, Piedmont, Community Advisory Committee. A quorum was established.

### 2. Pledge of Allegiance

The Pledge of Allegiance was recited.

### 3. Public Comment

One member of the public, Gerard Manning, speaking on behalf of his daughter Tara Manning (a Berkeley resident), urged the Board to explore on-bill financing programs for heat pump water heater electrification, noting that several other CCAs have implemented such programs and that the Bay Area Air District's pending clean air standards create urgency for action. CEO Howard Chang responded that staff is actively engaged with a broad working group of CCAs and the Air District, evaluating financing solutions, incentives, and contractor support programs for heat pump water heaters and HVAC transitions, though no specific program commitment was ready at that time.

## CONSENT AGENDA

### 4. Approval of Minutes from April 15, 2026

### 5. Contracts Entered Into (Informational Item)

The Clerk noted that the April 15, 2026 minutes had been corrected since posting to more fully describe the procurement policy motion, including the acceptance of two friendly amendments, and to correct a voting record error for one member on Item 6.

Motion to approve Consent Agenda Items 4 and 5 was made and seconded by Director Roche. The motion carried with all present members voting aye.

## REGULAR AGENDA

## 6. CEO Report

CEO Howard Chang presented the quarterly CEO Report. Key highlights included:

The Executive Committee attempted a meeting on May 6 but lost quorum; an initial draft budget was reviewed on a purely informational basis. The next XCOM meeting is scheduled for June 3 at 3:00 PM.

The CalCCA Annual Conference, held May 12–14 in Sacramento, marked CalCCA's tenth anniversary. Ten Ava board members attended. CalCCA now represents 25 CCAs serving over 15 million Californians and has signed over 21 gigawatts of new renewable energy generation statewide. Staff members CEO Howard Chang, Marie Fontenot, Dan Baratoldi, and Dominic Faria served as panelists.

The San Joaquin County Launch is proceeding smoothly. Customer enrollment began in May and, as of May 11, the participation rate stands at approximately 92 percent. Solar customer enrollment will begin in June to align with true-up cycles.

Ava in DC: Ava's policy team joined 22 participants representing 14 CCAs across California, Massachusetts, New Hampshire, New York, and Ohio for federal legislative engagement and education on the CCA model.

A quarterly local development program update was provided in table format, covering transportation electrification, building electrification, resilience programs, and community grants. Staff noted that seven NEM 2 critical municipal facilities projects are on track for completion. The Hayward Juneteenth event was noted to be held at Mount Eden High School, not Heritage Plaza as listed.

Director Marquez requested that future updates continue to highlight workforce development and apprenticeship opportunities, particularly given current economic pressures in the community.

Public comment was received from Bradley Cleveland, consultant with IBEW Local 595, requesting that Ava's procurement policy workforce standards—including local hire, targeted hire, and apprenticeship provisions—be applied to all future AVA Charge DCFC public charging station projects, including the four projects described as shovel-ready and eight in the pipeline.

## 7. CAC Report

CAC Chair Souza reported that the Community Advisory Committee held an orientation meeting on Monday covering Ava's structure, the difference between investor-owned utilities and CCAs, member roles, and procedural rules. Staff members Alex, JP, Adrian, Annie, and Kelly facilitated the session. Most attendees were newly appointed members. Chair Souza expressed enthusiasm for the new membership and encouraged each CAC member to develop a direct relationship with their corresponding board member to serve as a community conduit. The meeting recognized outgoing long-term CAC member Cynthia Landry with a gift of appreciation. Chair Souza noted the session did not have time to review the budget or other program items.

## 8. Integrated Resource Planning (IRP) Process Overview (Informational Item)

Director of Regulatory Affairs John Newton and Director Marie Fontenot presented an overview of Ava's Integrated Resource Planning compliance process. This was an informational item intended to familiarize the Board with the submission requirements and preliminary analysis ahead of a formal approval request at the July board meeting.

State law requires load-serving entities such as Ava to participate in the CPUC's IRP program. LSE plans must be submitted by August 10, 2026 and will inform the CPUC's Preferred System Plan and ultimately the CAISO's transmission planning process. The filing consists of three required documents: a Resource Data Template, a Clean System Power Calculator workbook, and a Narrative Template—all in CPUC-prescribed formats. Required inputs, including load forecasts and GHG benchmarks, are mandated by other state agencies including the California Energy Commission and the California Air Resources Board.

The presentation noted that Ava has brought IRP modeling capabilities fully in-house. Preliminary model results were shown to illustrate how different model constraints—such as annual new build capacity limits—produce significantly different portfolio compositions. The model identified potential value in adding geothermal

resources to Ava's portfolio, which staff indicated will inform an upcoming long-term resource RFO. CEO Chang emphasized that the IRP is primarily a compliance exercise, with highly prescribed assumptions, and that Ava's actual procurement decisions are guided by separate internal analysis.

Directors raised questions regarding data center demand incorporated in the CEC load forecast, the distinction between megawatt and megawatt-hour metrics, the planning reserve margin, and the treatment of in-state versus out-of-state wind. Staff confirmed that data center growth and electrification together account for significant projected demand increases—from approximately 9 terawatt-hours annually to approximately 19 terawatt-hours by 2045. Staff also noted a new Director of Strategic Load role has been created to develop relationships with planning departments and large load customers across Ava's territory.

The Vice Chair requested that, when the filing is brought for board approval in July, the presentation clearly frame what the CPUC requires and demonstrate that each requirement has been satisfied, to enable informed board approval.

## 9. Fiscal Year 2026-2027 Draft Budget Review (Informational Item)

CEO Howard Chang, with support from finance staff, presented the draft Fiscal Year 2026–2027 budget. This was an informational item; formal approval is scheduled for the June 17, 2026 board meeting following review at the Finance and Audit Subcommittee and XCOM.

A significant development occurred on May 15, when PG&E filed an updated Energy Resource Recovery Account (ERRA) filing that materially changed the budget figures. As a result, the budget packet was updated and reposted within 24 hours of the meeting.

**Current Fiscal Year Context (FY 2025–26):** Ava is projecting a net position of approximately \$83 million for the current fiscal year, reflecting better-than-budgeted performance due primarily to softening energy market prices and mid-year adjustments to the value proposition, operating expenditures, and local development contributions.

**FY 2026–27 Draft Budget Summary:** The base case projects an approximately neutral net position. Revenues are projected at approximately \$810 million, slightly lower than the current fiscal year despite load growth, primarily due to declining energy market prices and associated rate adjustments. Retail load is forecasted to grow from approximately 8.4 terawatt-hours to 9 terawatt-hours, reflecting the addition of unincorporated San Joaquin County. The cost of energy is projected at approximately \$756 million—lower than the current year despite higher load, owing to softer commodity prices. Overhead operating expenditures reflect modest increases driven by changes in accounting treatment for credit facility fees, additional software and cybersecurity costs, and the conclusion of a sublease resulting in higher rent obligations.

Staffing is proposed to grow by five FTEs to a total of 108, in areas of contract management, finance, optimization engineering, and data analysis.

**Local Development Fund:** No incremental contribution to the Local Development Fund is proposed for FY 2026–27, given the approximately neutral budget position and the existing fund balance of nearly \$84 million, of which approximately \$29 million is committed to active or planned projects. CEO Chang stated the board should expect opportunities to revisit this at mid-year.

**Scenario Analysis:** Staff presented low and high scenarios reflecting energy price volatility. The low scenario—assuming a one-standard-deviation decline in brown power prices—produces a net loss of approximately \$40 million. The high scenario—using elevated RPS and RA assumptions from PG&E's ERRA filing—produces a net gain of approximately \$27 million.

Multiple members of the public urged the Board to restore funding to the Local Development Fund, citing the impact of the December 2025 mid-year reallocation, the need for building electrification programs, community resilience investments, and workforce development. Speakers included representatives from Local Clean Energy Alliance, IBEW Local 595, Rocky Mountain Institute, SPUR, Reclaim Our Power, and individual community members.

Director Roche noted that the \$84 million fund balance reflects years of committed contributions and expressed confidence in returning to funding the Local Development Fund when a surplus is realized. Director Trager requested a sensitivity analysis showing the impact of a partial contribution (e.g., \$5 million) and a multi-year

spend-down projection for committed funds. CEO Chang acknowledged the importance of local development investment and indicated a mid-year review would provide an opportunity to revisit the contribution level.

Staff noted that future budget processes will likely avoid the early May XCOM review, given that the ERRA filing typically arrives in mid-May with material budget implications.

## 10. City of San Leandro's request for default service plan change (Informational Item)

Public Engagement Manager Alex DiGiorgio presented an informational update on the City of San Leandro's request to change its citywide default service option from Renewable 100 to Bright Choice. The San Leandro City Council passed a resolution making this request, consistent with Ava's default rate product change policy. San Leandro has approximately 20,000 residential accounts and 3,500 nonresidential accounts, representing approximately 3 percent of Ava's total load. Municipal accounts are anticipated to remain on Renewable 100. Customers wishing to remain on Renewable 100 would retain that option if the change is approved.

Staff is currently conducting financial impact analysis. Results and potential mitigation options will be presented to the Board at a future meeting for action. The policy's standard implementation timeline of board approval by May 31 for a March implementation has not been met; an adjusted timeline may be arranged between the CEO and the City of San Leandro per the terms of the policy.

Chair Andersen noted that as Bright Choice's renewable content increases toward the 2030 carbon-free goal, the distinction between the two products—and the financial impact of switching—will diminish over time.

## 11. Board Member and Staff Announcements including requests to place items on future Board of Directors Meeting Agendas

The Vice Chair, who also serves on the Bay Area Air District Board, requested that staff consider, through a future process, how Ava might align its electrification spending with the Air District's goals of reducing indoor combustion pollution—particularly through high-impact items such as heat pump water heaters for lower-income households. Director Trager seconded this interest, requesting a future presentation on Ava's potential alignment with Air District Rule 9-4-9-6 and related clean air standards.

## 12. Adjourn

Chair Andersen announced that the next Ava Board of Directors meeting will be held on Wednesday, June 17, 2026 at 6:00 PM. The meeting was adjourned at 8:56 PM.





### **Consent Item 8**

<b>To:</b>	Ava Community Energy Authority
<b>From:</b>	Howard Chang, Chief Executive Officer
<b>Subject:</b>	<b>Contracts Entered Into</b>
<b>Date:</b>	June 17, 2026

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### **RECOMMENDATION**

Accept the CEO's report on contracts that Ava Community Energy has entered into, as required by the Administrative Procurement Policy, from May 15, 2026 through June 11, 2026.

Counterparty Name	Document Title	Record Type	Contract Purpose	Contract Value	Not To Exceed	Expiration Date	City	State	Ironclad Id
Chapman and Cutler LLP	June 2026 Amendment to the Consulting Services Agreement	Consulting Services Agreement	Contract Purpose: Consultant will perform legal services on behalf of Ava relating to a renewable energy prepayment transaction.; Amendment Purpose: Extend the contract by one year	\$0.00	N/A	2027-06-30	New York	New York	IC-2938
Chargeonomics, LLC	May 2026 Purchase Rider	Purchase Rider	Purchase consulting services for Ava Charge market benchmarking analysis.	\$4,999.00	\$4,999.00	2027-06-01	Danville	California	IC-2846

Counterparty Name	Document Title	Record Type	Contract Purpose	Contract Value	Not To Exceed	Expiration Date	City	State	Ironclad Id
DataEndure	Quote #DATQ25614	Vendor Purchase Template	Consulting services related to authentication changes required for Salesforce (specifically change of ID provider and addition of phishing resistant MFA)	\$4,500.00	\$4,500.00	2027-06-05	Santa Clara	California	IC-2939
Energy Toolbase Software, Inc.	ENERGY TOOLBASE TERMS & CONDITIONS - MONITOR	Vendor Purchase Template	Provide solar and energy storage monitoring services for the Critical Municipal Facilities projects.	\$35,000.00	N/A	2027-05-20	Stuart	Florida	IC-2888

Counterparty Name	Document Title	Record Type	Contract Purpose	Contract Value	Not To Exceed	Expiration Date	City	State	Ironclad Id
GB Endeavors LLC	May 2026 Amendment to the Consulting Services Agreement	Consulting Services Agreement	Contract Purpose: Provide CEO executive coaching services; Amendment Purpose: Extend executive coaching agreement by one year.	\$10,000.00	\$35,000.00	2027-06-30	Oceanside	California	IC-2838
PEN-CAL Administrators, Inc.	May 2026 Amendment to the PEN-CAL Services Agreement	Vendor Purchase Template	Contract Purpose: Provide services in connection with Ava's nonqualified deferred compensation plans; Amendment Purpose: Adding the 457f plan to the 415m plan service agreements	\$0.00	N/A		Livermore	California	IC-2869



## Consent Item 9

<b>To:</b>	Ava Community Energy Authority
<b>From:</b>	Amy Vallandigham, Director of Accounting & Controller
<b>Subject:</b>	Fiscal Year 2025-2026 Q3 Financial Statements
<b>Date:</b>	June 17, 2026

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### **Summary/Recommendation**

This memo updates the Board on Ava's financial position as of March 31, 2026.

### **Financial Impact**

This is an informational item.

### **Analysis and Context**

Ava's current fiscal year (FY) runs from July 1, 2025, through June 30, 2026. Financial position statements are generated every quarter and are audited annually by a third party. The financial statements presented today represent Ava's financial position and activity for the quarter-ending March 31, 2026, and the FY to date. These statements are prepared by Ava's accountant, Maher Accountancy.

### **Committee Recommendation**

The Finance Administrative and Procurement Committee has reviewed these statements without comment.

### **Attachments**

- A. Fiscal year 2025-2026 Q3 Financial Statements.



## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
Ava Community Energy Authority

Management is responsible for the accompanying financial statements of Ava Community Energy Authority (a California Joint Powers Authority) which comprise the statement of net position as of March 31, 2026, and the related statements of revenues, expenses, and changes in net position, and the statement of cash flows for the year to date and three months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Ava Community Energy's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Ava Community Energy Authority because we performed certain accounting services that impaired our independence.

*Maher Accountancy*

San Rafael, CA  
May 11, 2026

**AVA COMMUNITY ENERGY AUTHORITY**  
**STATEMENT OF NET POSITION**  
**As of March 31, 2026**

**ASSETS**

Current assets	
Cash and cash equivalents - unrestricted	\$ 503,347,016
Cash and cash equivalents - restricted	2,543,836
Accounts receivable, net of allowance	66,065,091
Accrued revenue	23,967,367
Other receivables	8,483,581
Prepaid expenses	5,896,907
Investments	17,852,415
Total current assets	<u>628,156,213</u>
Noncurrent assets	
Deposits	992,749
Investments	329,563,117
Loans receivable	2,629,221
Capital assets, net of depreciation and amortization	23,395,196
Total noncurrent assets	<u>356,580,283</u>
Total assets	<u>984,736,496</u>

**LIABILITIES**

Current liabilities	
Accrued cost of electricity	113,243,613
Accounts payable	4,760,109
Advances from grantors	2,543,836
Other accrued liabilities	2,685,137
User taxes and energy surcharges due to other governments	8,481,515
Lease liability	445,735
Security deposits - energy suppliers	4,183,100
Total current liabilities	<u>136,343,045</u>
Noncurrent liabilities	
Lease liability	11,590,429
Total noncurrent liabilities	<u>11,590,429</u>
Total liabilities	<u>147,933,474</u>

**DEFERRED INFLOWS OF RESOURCES**

Rate Stabilization Fund	<u>188,014,795</u>
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**NET POSITION**

Net investment in capital assets	10,460,782
Unrestricted	638,327,445
Total net position	<u>\$ 648,788,227</u>

**AVA COMMUNITY ENERGY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGE IN NET POSITION**  
**Nine Months Ended March 31, 2026**

	<u>Three Months</u>	<u>Year-to-Date</u>
<b>OPERATING REVENUES</b>		
Electricity sales, net	\$ 149,431,243	\$ 737,308,746
Grant revenue	107,344	1,168,639
Other operating revenues	2,064,182	3,952,009
Total operating revenues	<u>151,602,769</u>	<u>742,429,394</u>
<b>OPERATING EXPENSES</b>		
Cost of electricity	180,940,821	616,094,809
Contract services	5,714,840	17,101,843
Staff compensation	6,708,614	18,587,665
Other operating expenses	4,502,221	11,960,464
Depreciation and amortization	274,366	814,871
Total operating expenses	<u>198,140,862</u>	<u>664,559,652</u>
Operating income (loss)	<u>(46,538,093)</u>	<u>77,869,742</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	4,544,443	17,738,138
Interest expense	(236,140)	(717,519)
Nonoperating revenues (expenses), net	<u>4,308,303</u>	<u>17,020,619</u>
<b>CHANGE IN NET POSITION</b>	(42,229,790)	94,890,361
Net position at beginning of period	<u>691,018,017</u>	<u>553,897,866</u>
Net position at end of period	<u>\$ 648,788,227</u>	<u>\$ 648,788,227</u>

**AVA COMMUNITY ENERGY AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Nine Months Ended March 31, 2026**

	<u>Three Months</u>	<u>Year-to-Date</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 233,005,708	\$ 851,328,437
Receipts from grantors	21,238	382,488
Receipts from wholesale sales and other operating receipts	6,792,474	13,439,918
Receipts of supplier security deposits	-	31,044,287
Payments to suppliers for electricity	(188,306,195)	(655,099,256)
Payments for other goods and services	(8,625,690)	(30,489,769)
Payments for staff compensation	(6,963,572)	(18,400,115)
Payments of deposits and collateral	-	(29,840,748)
Payments of taxes and surcharges to other governments	(12,595,254)	(31,812,032)
Net cash provided by operating activities	<u>23,328,709</u>	<u>130,553,210</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Lease payments	(335,632)	(559,387)
Purchases of capital assets	(439,724)	(2,008,064)
Net cash used by capital and related financing activities	<u>(775,356)</u>	<u>(2,567,451)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	111,797,543	174,633,636
Investment income received	7,724,521	12,742,757
Loan principal received	16,415	25,342
Purchase of investments	(116,826,128)	(187,240,564)
Loan issued	-	(750,000)
Net cash provided (used) by investing activities	<u>2,712,351</u>	<u>(588,829)</u>
Net change in cash and cash equivalents	25,265,704	127,396,930
Cash and cash equivalents at beginning of period	480,625,148	378,493,922
Cash and cash equivalents at end of period	<u>\$ 505,890,852</u>	<u>\$ 505,890,852</u>
<b>Reconciliation to the Statement of Net Position</b>		
Cash and cash equivalents - unrestricted	\$ 503,347,016	\$ 503,347,016
Cash and cash equivalents - restricted	2,543,836	2,543,836
Cash and cash equivalents	<u>\$ 505,890,852</u>	<u>\$ 505,890,852</u>

**AVA COMMUNITY ENERGY AUTHORITY**  
**STATEMENT OF CASH FLOWS (Continued)**  
**Nine Months Ended March 31, 2026**

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

	<u>Three Months</u>	<u>Year-to-Date</u>
Operating income (loss)	\$ (46,538,093)	\$ 77,869,742
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization expense	274,366	814,871
(Increase) decrease in:		
Accounts receivable	45,853,336	26,581,710
Other receivables	1,577,651	(1,713,583)
Accrued revenue	30,034,540	37,209,891
Prepaid expenses	889,962	(696,052)
Deposits	95,706	(29,575,969)
Increase (decrease) in:		
Accrued cost of electricity	(2,982,007)	(24,570,779)
Accounts payable	(20,882)	(2,206,100)
Other accrued liabilities	(179,923)	117,479
Advances from grantors	(86,107)	(1,147,401)
Deferred revenue	(517,914)	227,627
User taxes due to other governments	(4,899,396)	26,277
Security deposits from energy suppliers	(172,530)	29,225,717
Rate Stabilization Fund	-	18,389,780
Net cash provided (used) by operating activities	<u>\$ 23,328,709</u>	<u>\$ 130,553,210</u>
<b>NONCASH INVESTING ACTIVITIES</b>		
Change in fair value of investments	\$ (3,240,852)	\$ 5,163,669
Change in interest receivable	\$ 60,774	\$ (168,288)
<b>NONCASH CAPITAL FINANCING ACTIVITIES</b>		
Capital acquisitions included in accounts payable and other liabilities	\$ 681,213	\$ 898,250



### Consent Item 10

<b>To:</b>	Ava Community Energy Authority
<b>From:</b>	Rusty Mills, Senior Vice President and Chief Financial Officer
<b>Subject:</b>	Approval of Financial Services Agreement for energy prepayment financing transactions over the next 12 months
<b>Date:</b>	June 17, 2026

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#### **Summary/Recommendation**

Adopt a Resolution authorizing the execution and delivery of a Financial Services Agreement with PFM Financial Advisors LLC, (“PFM”), as Ava’s Municipal Financial Advisor, to support Ava’s energy prepay financing activity through June of 2027.

#### **Background and Discussion**

Energy prepayment financings are unique financing structures that provide a mechanism under which tax-exempt entities that sell power to end-use customers can reduce their cost of power by realizing energy savings on their long-term contracts. These are complex transactions with several entities. At a minimum, an energy project participant (e.g. Ava), a commodity supplier, a conduit bond issuer (e.g. CCCFA), and a third-party trustee and custodian are involved.

Ava has executed five prepay transactions, including the first ever Community Choice Aggregation (CCA) prepay in 2021, and then subsequent transactions in 2022, 2023, and 2025. Many of the CCA’s in California have utilized this structure to provide discounted power and further enable a value proposition for CCA customers. The bonds have been sold through the California Community Choice Financing Authority (CCCFA) as a conduit issuer, which was initially set up to enable these transactions.

Ava and its customers benefit from tax-exempt municipal bonds, which allow the energy supplier to secure funding at a lower cost than available in taxable markets or through internal capital. The project participant (e.g. Ava) commits to buying a commodity over a 30-year period and receives a discount on its contracted price throughout the term, lowering current and future energy costs. The commodity supplier often enters a separate funding agreement with a creditworthy third-party funding recipient, who receives a lower cost of funding benefit from the issuance and commits to make fixed payments that ultimately support the debt service of the underlying bonds.

In each of the 5 previous energy prepay financings, Ava has engaged PFM to support Ava in the following aspects of the transaction:

- Project management of prepay bond financing process
- Documentation and Planning
- Financial Planning and Modeling
- Certain prepay structure transaction execution support

In each of these financings, as is anticipated in upcoming financings, PFM's fees are paid out of proceeds from the transaction.

### **Authorization**

The details of the requested board approval are as follows: Adopt the Resolution which authorizes Ava to negotiate and execute the Financial Services Agreement with PFM that will authorize Ava to utilize the financial advisory services of PFM for up to three prepay transactions through 6/30/2027, with fees capped at \$250,000 per transaction. The maximum fees under this agreement will be \$750,000, if three prepays are completed.

### **Financial Impact**

The purpose of pursuing the prepay transaction is to achieve meaningful energy procurement cost savings. These transactions are targeting an 8-12% discount at the outset, which translates to approximately \$4-6 million of annual savings. Ava has saved \$34.3 million from 2022 through December 2025 on the energy purchased through the five prepays it has closed, and savings are now expected to average \$22.5 million annually for the next 5 years. With the addition of prepays 6 and 7, savings will be expected to rise to approximately \$30-35 million annually on energy purchased through the Power Supply Contracts during the next five years.

Most of the parties assisting Ava with the prepay will be paid from the proceeds of the prepay bonds, including PFM. Each prepay will have services capped at \$250,000 from PFM. Fees will only be paid when bonds are issued, and Ava is under no obligation to complete all three transactions. Certain fees, such as rating agency fees and green bond designation fees, are not contingent on a successful prepay transaction closing. Ava negotiated to have the prepay

supplier(s) split these costs with Ava if the deal does not close. To minimize this modest risk, Ava will only authorize these fees when necessary.

Additionally, it is important to note that the prepay transaction itself is non-recourse to Ava. The ultimate counterparty with the Prepay Supplier is the CCCFA JPA, so CCCFA is therefore the counterparty to all the underlying agreements. CCCFA is a public entity separate and apart from the parties to the JPA Agreement, and the debts, liabilities and obligations of CCCFA will not constitute debts, liabilities or obligations of Ava or any representative of Ava serving on the governing body of Ava.

**Attachments**

- A. Resolution
- B. Financial Services Agreement with PFM Financial Advisors LLC

**RESOLUTION NO. R-202x-XX**

**A RESOLUTION OF THE BOARD OF DIRECTORS**

**OF AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCIAL SERVICES AGREEMENT WITH PFM FINANCIAL ADVISORS LLC, AS MUNICIPAL FINANCIAL ADVISOR, TO SUPPORT AVA'S ENERGY PREPAY FINANCING ACTIVITY THROUGH JUNE OF 2027.**

**WHEREAS** Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, under the Joint Exercise of Powers 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 Ava and parties to the Joint Powers Agreement (“JPA”) in March of 2020. The city of Stockton was added as a member to Ava in September of 2022. The city of Lathrop was added as a member to Ava in October of 2023. San Joaquin County was added as a member to Ava in July 2024. On October 24, 2023, Ava legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

**WHEREAS** pursuant to the provisions of the Act, Ava and certain other California “community choice aggregators” entered into a joint powers agreement (the “Joint Powers Agreement”) pursuant to which the California Community Choice Financing Authority (the “Issuer”) was organized for the purpose, among other things, of entering into contracts and issuing bonds to assist Ava in financing the acquisition of supplies of clean energy;

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

**WHEREAS** Ava has determined that it is desirable to acquire long-term supplies of clean energy from the Issuer;

**WHEREAS** Ava is requesting that the Issuer agree to enter into one or two transactions to (i) purchase certain quantities of clean energy from a Delaware limited liability company (the “Prepaid Supplier”) the sole member of which is Morgan Stanley Capital Group Inc., a Delaware corporation (“MSCG”) on a prepaid basis and to sell such clean energy to Ava, as described herein (the “MS Project”) and/or (ii) purchase certain quantities of clean energy from a Delaware limited liability company, the sole equity member of which is J. Aron & Company LLC, a New York limited liability

company (the “Electricity Supplier”) on a prepaid basis and to sell such clean energy to Ava, as described herein (the “GS Project” and together with the MS Project, the “Projects”);

**WHEREAS** Ava has determined to authorize a total of two transactions, consisting of one MS Project and one GS Project or, in the alternative two MS Projects or two GS Projects;

**WHEREAS** Ava is requesting that the Issuer finance the costs of the Projects with the proceeds of two separate series of its Clean Energy Project Revenue Bonds, Series 2026 (together, the “Bonds”);

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

**WHEREAS** there have been made available to the Board of Directors of Ava for approval forms of the following agreement to which Ava is a party: Financial Services Agreement.

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

Section 1. The proposed form of the Ava Document, as made available to the Board of Directors for this meeting, is hereby approved. Any of the Chief Executive Officer, Chief Financial Officer or Chair of the Board (each an “Authorized Officer”) is hereby authorized and directed, for and on behalf of Ava, to execute and deliver the Ava Documents in substantially said form, with such changes and insertions therein as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. The proposed agreement will expire on June 30<sup>th</sup> of 2027 and provides the following services to Ava for energy prepay financings: project management; documentation and planning; and financial planning and modelling. The fees for these services shall only be payable from financing proceeds.

Section 3 The not-to-exceed is \$750,000 over the term or \$250,000 per financing.

ADOPTED AND APPROVED this 17<sup>th</sup> day of June 2027.

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Betsy Andersen, Chair

ATTEST:

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Adrian Bankhead, Clerk of the Board

## FINANCIAL SERVICES AGREEMENT

THIS AGREEMENT (“Agreement”), is made as of the date of the last signature affixed hereto (“Effective Date”), by and between the AVA COMMUNITY ENERGY AUTHORITY, a joint powers authority (“Ava”) and PFM FINANCIAL ADVISORS LLC, a Delaware Limited Liability Company whose address is 222 N. Pacific Coast Hwy., 10<sup>th</sup> Floor El Segundo, CA 90245 (“PFMFA”), together with its affiliate, PFM Swap Advisors LLC whose address is 1735 Market Street, 42<sup>nd</sup> Floor, Philadelphia PA 19103 (“PFM Affiliate” or “PFMSA”). The parties shall be collectively referred to as the “Parties” and each individually as a “Party”).

PFMFA and PFM Affiliate shall both be bound to the terms and conditions of this Agreement; provided, however, that each will provide its services pursuant to a separate scope of work (“Scope of Work”), included in Exhibit “A” to this Agreement. Collectively, PFMFA and PFM Affiliate shall be referred to throughout this Agreement as “Consultant”.

### RECITALS:

A. Ava is an independent public agency 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.

B. 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.

C. Ava and Consultant desire to enter into an agreement for Municipal Advisor and Swap Advisor services with Consultant upon the terms and conditions herein in connection with the proposed issuance of bonds by California Community Choice Financing Authority, a conduit joint powers authority (“Issuer”) selected by Ava to issue bonds (the “Bonds”) as part of a prepayment transaction for the purchase of electricity.

NOW, THEREFORE, the Parties mutually agree as follows:

### 1. TERM

The term of this Agreement shall commence on the Effective Date, and shall terminate on June 30, 2027, unless terminated earlier as set forth herein.

**2. SERVICES TO BE PERFORMED**

Consultant shall perform each and every service set forth in Exhibit "A" pursuant to the schedule of performance set forth in Exhibit "B," both of which are attached hereto and incorporated herein by this reference. Upon request of Ava, Consultant or an affiliate of Consultant or a third party referred or otherwise introduced by Consultant, may agree to additional services to be provided by Consultant or an affiliate of Consultant or third party, by a separate writing, including separate scope and compensation, between Ava and Consultant or its respective affiliate or third party. For the sake of clarity, any separate agreement between Ava and an affiliate of Consultant or third party shall not in any way be deemed an amendment or modification of this Agreement.

**3. COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed Seven Hundred and Fifty Thousand and 00/100 dollars (\$750,000) based on the rates and terms set forth in Exhibit "C," which is attached hereto and incorporated herein by this reference.

**4. TIME IS OF THE ESSENCE**

Consultant and Ava agree that time is of the essence regarding the performance of this Agreement.

**5. STANDARD OF CARE**

Consultant agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of specially trained professionals in the San Francisco Bay Area under similar circumstances and in a manner reasonably satisfactory to Ava and agrees that all services shall be performed by qualified and experienced personnel. Consultant shall be responsible to Ava for any errors or omissions in the performance of work pursuant to this Agreement. Should any errors caused by Consultant be found in such services or products, Consultant shall correct the errors at no additional charge to Ava by redoing the professional work and/or revising the work product(s) called for in the Scope of Services to eliminate the errors. Should Consultant fail to make such correction in a reasonably timely manner, such correction may be made by Ava, and the cost thereof shall be charged to Consultant. In addition to all other available remedies, Ava may withhold payment otherwise owed Consultant under this Agreement up to the amount of the cost of correction.

**6. INDEPENDENT PARTIES**

Ava and Consultant intend that the relationship between them created by this Agreement is that of independent contractor. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Consultant's services. None of the benefits provided by Ava to its employees, including but not limited to, unemployment insurance, workers' compensation

plans, vacation and sick leave are available from Ava to Consultant, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Consultant. Payments of the above items, if required, are the responsibility of Consultant. Consultant shall indemnify and hold harmless Ava and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of Ava officials, from any and all liability, damages, claims, costs and expenses of any nature to the extent arising from Consultant's personnel practices. Ava shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to Ava from Consultant as a result of Consultant's failure to promptly pay to Ava any reimbursement or indemnification arising under this section.

**7. NO RECOURSE AGAINST CONSTITUENT MEMBERS OF Ava**

Ava is organized as Joint Powers Authorities in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to Joint Powers Agreement dated December 1, 2016, and is a public entity separate from its constituent members. Ava shall solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. Consultant shall have no rights and shall not make any claims, take any actions or assert any remedies against any of Ava's constituent members in connection with this Agreement.

**8. NON-DISCRIMINATION**

In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law.

**9. HOLD HARMLESS AND INDEMNIFICATION**

General Indemnification. To the fullest extent permitted by law, Consultant shall, at its sole cost and expense, defend, hold harmless and indemnify Ava and their elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and agents serving as independent contractors in the role of Ava officials (collectively "Indemnitees"), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, or other professionals and all costs associated therewith (collectively "Liabilities"), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the negligence or willful misconduct of Consultant, its officers, agents, servants, employees, subcontractors, materialmen, consultants or their officers, agents, servants or employees (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, but only to the extent of Consultant's liability, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties. Consultant shall defend the Indemnitees in any action or actions filed in connection with any Liabilities with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Consultant shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

Consultant's indemnifications and obligations under this section shall survive the expiration or termination of this Agreement.

**10. INSURANCE**

A. General Requirements. On or before the commencement of the term of this Agreement, Consultant shall furnish Ava with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "D," which is attached hereto and incorporated herein by this reference. Such insurance and certificates, which do not limit Consultant's indemnification obligations under this Agreement, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to Ava by certified mail, Attention: Chief Executive Officer." Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to Ava and licensed to do insurance business in the State of California. Endorsements naming Ava as additional insured shall be submitted with the insurance certificates.

B. Subrogation Waiver. Consultant agrees that in the event of loss due to any of the perils for which he/she has agreed to provide comprehensive general and automotive liability insurance, Consultant shall look solely to its insurance for recovery. Consultant hereby grants to Ava, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or Ava with respect to the services of Consultant herein, a waiver of any right to subrogation which any such insurer of Consultant may acquire against Ava by virtue of the payment of any loss under such insurance.

C. Failure to Secure or Maintain Insurance. If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, Ava shall be permitted to obtain such insurance in the Consultant's name or as an agent of the Consultant and shall be compensated by the Consultant for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. Additional Insured. Ava, and its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy

if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. Sufficiency of Insurance. The insurance limits required by Ava are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

F. Maximum Coverage and Limits. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be the minimum coverage and limits specified in this Agreement, or the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is greater.

## **11. CONFLICT OF INTEREST**

Consultant warrants that it, and to its best knowledge, its officers, employees, associates and subcontractors, presently have no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it, its officers, employees, associates and subcontractors, will not employ any person having such an interest. Consultant and its officers, employees, associates and subcontractors, if any shall comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this Agreement, including the Political Reform Act (Gov. Code § 81000, et seq.) and Government Code Section 1090. During the term of this Agreement, Consultant may perform similar services for other clients. Consultant shall incorporate a clause substantially similar to this section into any subcontract that Consultant executes in connection with the performance of this Agreement. Consultant understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff position, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

## **12. PROHIBITION AGAINST TRANSFERS**

Consultant shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of Ava. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from Ava under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to Ava by Consultant.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or joint venturer or syndicate

member or cotenant, if Consultant is a partnership or joint venture or syndicate or co-tenancy, which shall result in changing the control of Consultant, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

### **13. SUBCONTRACTOR APPROVAL**

Unless prior written consent from Ava is obtained, only those persons and subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

In the event that Consultant employs subcontractors, such subcontractors shall be required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the insurance carried by Consultant. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

Consultant agrees to include within their subcontract(s) with any and all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by Consultant shall agree to be bound to Consultant and Ava in the same manner and to the same extent as Consultant is bound to Ava under this Agreement. Subcontractors shall agree to include these same provisions within any sub-subcontract. Consultant shall provide a copy of the Indemnity and Insurance provisions of this Agreement to any subcontractor. Consultant shall require all subcontractors to provide valid certificates of insurance and the required endorsements prior to commencement of any work and will provide proof of compliance to Ava.

### **14. REPORTS**

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by Consultant pursuant to or in connection with this Agreement, shall be the exclusive property of Ava. Consultant shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to Ava the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of Ava, and all publication rights are reserved to Ava. Consultant may retain a copy of any Report furnished to Ava pursuant to this Agreement.

B. All Reports prepared by Consultant may be used by Ava in execution or implementation of: (1) The original project for which Consultant was hired; (2) Completion of the original project by others; (3) Subsequent additions to the original project; and/or (4) Other Ava projects as Ava deems appropriate in its sole discretion.

C. Consultant shall, at such time and in such form as Ava may require, furnish reports concerning the status of services required under this Agreement.

D. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement that has not been publicly released shall be made available to any individual or organization by Consultant without prior approval by Ava.

F. Ava shall be the owner of and shall be entitled upon request to immediate possession of accurate reproducible copies of Reports or other pertinent data and information gathered or computed by Consultant prior to termination of this Agreement or upon completion of the work pursuant to this Agreement.

**15. RECORDS**

Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by Ava that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of Ava or its designees at all proper times, and gives Ava the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of five (5) years after Consultant receives final payment from Ava for all services required under this Agreement.

**16. PARTY REPRESENTATIVES**

The Chief Executive Officer of Ava (“Ava Representative”) shall represent Ava in all matters pertaining to the services to be performed under this Agreement. Michael Berwanger, Managing Director, PFM Financial Advisors LLC and [George Hu, Senior Managing Consultant], PFM Swap Advisors LLC (“Consultant Representatives”) shall represent Consultant in all matters pertaining to the services to be performed under this Agreement.

**17. INFORMATION AND DOCUMENTS**

A. Consultant covenants that all data, reports, documents, discussion, or other information (collectively “Data”) developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed or released by Consultant without prior written authorization by Ava, unless disclosure is required by law or judicial or regulatory process. Consultant, its officers, employees, agents, or subcontractors shall not without written authorization from Ava Representative or unless requested in writing by Ava Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within Ava. Response to a subpoena or court order shall not be considered “voluntary,” provided, to the extent not legally prohibited,

Consultant gives Ava notice of such court order or subpoena.

B. To the extent not legally prohibited, Consultant shall promptly notify Ava should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder or with respect to any project or property located within Ava. Ava may, but has no obligation to, represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to reasonably cooperate with Ava and to provide Ava with the opportunity to review any response to discovery requests provided by Consultant. However, Ava's right to review any such response does not imply or mean the right by Ava to control, direct or rewrite the response.

C. In the event Ava gives Consultant written notice of a "litigation hold", then as to all data identified in such notice, Consultant shall, at no additional cost to Ava, isolate and preserve all such data pending receipt of further direction from Ava.

D. Consultant agrees to comply with the confidentiality provisions set forth in Exhibit "E," attached hereto and incorporated herein by this reference.

E. Consultant's covenants under this section shall survive the expiration or termination of this Agreement.

## **18. NOTICES**

Any notice, consent, request, demand, bill, invoice, report or other communication required or permitted under this Agreement shall be in writing and conclusively deemed effective:

(a) on personal delivery, (b) on confirmed delivery by courier service during Consultant's and Ava's regular business hours, or (c) three Business Days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the Party to be notified as set forth below:

TO AVA  
1999 Harrison Street, Suite 2300  
Oakland, CA 94612  
Attention: Chief Executive Officer

TO CONSULTANT:  
PFM Financial Advisors LLC  
222 N. Pacific Coast Hwy., 10<sup>th</sup> Floor  
El Segundo, CA 90245 Attn: Managing  
Director

## **19. TERMINATION**

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If Consultant fails to cure the default within the time specified (which shall be not less than 10 days) and according to the requirements set forth in Ava's written notice of default, and in addition to any other remedy available to Ava by law, Ava Representative may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. Ava Representative shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days' prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance.

In the event of Ava's termination of this Agreement due to no fault or failure of performance by Consultant, and subject to the ultimate issuance of the Bonds, Consultant shall be paid for services satisfactorily performed up to the effective date of termination solely from the Bond proceeds. Upon termination, Consultant shall immediately deliver to Ava any and all copies of studies, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement. Such materials shall become the property of Ava. Consultant shall have no other claim against Ava by reason of such termination, including any claim for compensation.

## **20. COMPLIANCE WITH LAWS**

Consultant shall keep itself informed of all applicable federal, state and local laws, ordinances, codes, regulations and requirements which may, in any manner, affect those employed by it or in any way affect the performance of its services pursuant to this Agreement. Consultant shall, at all times, observe and comply with all such laws and regulations. Ava, and its officers and employees, shall not be liable at law or in equity by reason of the failure of the Consultant to comply with this paragraph.

Consultant represents and agrees that all personnel engaged by Consultant in performing services are and shall be fully qualified and are authorized or permitted under state and local law to perform such services. Consultant represents and warrants to Ava that it has all licenses, permits, certificates, qualifications, and approvals required by law to provide the services and work required to perform services under this Agreement, including a business license. Consultant further represents and warrants that it shall keep in effect all such licenses, permits, and other approvals during the term of this Agreement.

## **21. CONFLICT OF LAW**

This Agreement shall be interpreted under, and enforced by the laws of the State of California. The Agreement and obligations of the Parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the Superior Court of the [County of Santa Clara], State of California.

## **22. ADVERTISEMENT**

Consultant shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from Ava to do otherwise.

**23. WAIVER**

A waiver by Ava of any breach of any term, covenant, or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

**24. INTEGRATED CONTRACT**

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by a written document signed by both Ava and Consultant.

**25. AUTHORITY**

The individual(s) executing this Agreement represent and warrant that they have the legal authority to do so on behalf of their respective legal entities.

**26. INSERTED PROVISIONS**

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either Party.

**27. CAPTIONS AND TERMS**

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

**28. AVA'S RIGHTS TO EMPLOY OTHER CONSULTANTS**

Ava reserves the right to employ other consultants in connection with the subject matter of the Scope of Services.

**29. EXHIBITS**

The Exhibits referenced in this Agreement are attached hereto and incorporated herein by this reference as though set forth in full in the Agreement. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, or between a provision of this Agreement and a provision of Consultant's proposal, the provisions of this Agreement shall control.

**30. FORCE MAJEURE**

Consultant shall not be liable for any failure to perform its obligations under this Agreement if Consultant presents acceptable evidence, in Ava's sole judgment, that such failure was due to acts of God, embargoes, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Consultant's reasonable control and not due to any act by Consultant.

**31. FINAL PAYMENT ACCEPTANCE CONSTITUTES RELEASE**

The acceptance by Consultant of the final payment made under this Agreement shall operate as and be a release of Ava from all claims and liabilities for compensation to Consultant for anything done, furnished or relating to Consultant's work or services. However, approval or payment by Ava shall not constitute, nor be deemed, a release of the responsibility and liability of Consultant, its employees, subcontractors and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by Ava for any defect or error in the work prepared by Consultant, its employees, subcontractors and agents.

**32. SEVERABILITY**

If any provision in this Agreement is held by a court of competent jurisdiction to be illegal, invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

**33. SUCCESSORS AND ASSIGNS**

The terms and conditions of this Agreement shall be binding on the successors and assigns of the Parties to this Agreement.

**34. NO THIRD PARTY BENEFICIARIES INTENDED**

This Agreement is made solely for the benefit of the Parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

**35. COUNTERPARTS; FACSIMILE/PDF/ELECTRONIC SIGNATURE**

This Agreement may be executed in multiple counterparts, all of which shall be deemed an original, and all of which will constitute one and the same instrument. The Parties agree that a facsimile, PDF or electronic signature may substitute for and have the same legal effect as the original signature.

**36. DRAFTING PARTY**

This Agreement shall be construed without regard to the Party that drafted it. Any ambiguity shall not be interpreted against either Party and shall, instead, be resolved in accordance with other applicable rules concerning the interpretation of contracts.

**37. INFORMATION TO BE FURNISHED TO CONSULTANT**

All information, data, reports, and records in the possession of Ava or any third party necessary for carrying out any services to be performed under this Agreement (“Data”) shall be furnished to Consultant. Consultant may rely on the Data in connection with its provision of the services under this Agreement and the provider thereof shall remain solely responsible for the adequacy, accuracy and completeness of such Data.

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

PFM FINANCIAL ADVISORS LLC  
A Limited Liability Company

By: \_\_\_\_\_ Name: Michael Berwanger  
Title: Managing Director  
Date: \_\_\_\_\_

PFM SWAP ADVISORS LLC  
A Limited Liability Company

By: \_\_\_\_\_ Name: George Hu  
Title: Director  
Date: \_\_\_\_\_

AVA COMMUNITY ENERGY  
AUTHORITY  
A Joint Powers Authority

By: \_\_\_\_\_  
Name: Howard Chang Title: Chief  
Executive Officer  
Date: \_\_\_\_\_

APPROVE AS TO FORM:

---

Inder Khalsa, General Counsel

**Exhibit A**  
**Consultant Work Orders**  
**(See Following Pages)**

**WORK ORDER #1**  
**PFM FINANCIAL ADVISORS LLC**

The terms and conditions of the Agreement between Ava, PFMFA and PFMSA are incorporated into this Scope of Services by reference.

Working with PFMSA, PFMFA will provide the following portion of the Scope of Services:

**PFM Financial Advisors LLC (as Municipal Advisor)**

**Scope of Services Transaction Services**

**PFM will take the lead role acting as Project Manager throughout the prepay bond financing process.**

**Documentation and Planning**

- Develop a financing plan in concert with Ava staff which would include recommendations as to the timing and number of series of bonds to be issued.
- Review transaction legal documentation provide suggestions, modifications and enhancements where appropriate and assist with the negotiation of terms with associated counterparties.
- Coordinate with Ava staff and other advisors as respects the furnishing of data for offering documents, it being specifically understood that PFM is not responsible for the inclusion or omission of any material in published offering documents.
- In coordination with the deal team, develop credit rating presentation and coordinate with Ava the overall presentation to rating agencies.
- Assistance with putting together the necessary disclosure related to Ava (separately and together, if and where relevant) in the disclosure documents.
- Arrange for the closing of the transaction including, but not limited, to bond printing, signing and final delivery of the bonds.

**Financial Planning and Modelling**

- Advise as to the various financing alternatives available to Ava staff.
- Develop alternatives related to debt transaction including evaluation of maturity schedule and cash flow requirements.
- Assist Ava in the procurement of ancillary services relating to debt issuance such as printing, trustee, paying agent, registrar, etc.
- Analyze financial and economic factors to determine if the issuance of prepayment bonds is appropriate.

- Provide financial modeling services and comparables on deal pricing and deal economics.
- As applicable, advise Ava on the condition of the bond market at the time of sale, including volume, timing considerations, competing offerings, and general economic considerations.
- Assist and advise Ava in negotiations with investment banking groups regarding fees, pricing of the bonds and final terms of any security offering, and make recommendations regarding a proposed offering to obtain the most favorable financial terms based on existing market conditions.

**FINANCIAL ADVISORY REQUIRED DISCLOSURES:**

PFMFA is a registered municipal advisor with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. If Ava has designated PFMFA as its independent registered municipal advisor (“IRMA”) for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the “IRMA exemption”), then services provided pursuant to such designation shall be the services described in this Work Order #1, subject to any agreed upon limitations. Verification of independence (as is required under the IRMA exemption) shall be the responsibility of such third party seeking to rely on such IRMA exemption. PFMFA shall have the right to review and approve in advance any representation of its’s role as IRMA to Ava.

MSRB Rules require that municipal advisors make written disclosures to their clients of all material conflicts of interest, certain legal or disciplinary events and certain regulatory requirements. Such disclosures are provided in PFMFA’s Disclosure Statement delivered to Ava prior to or together with this Agreement.

**Team Members:**

*Michael Berwanger, Managing Director*  
*James Carbone, Senior Managing Consultant*  
*Faisal Alif, Analyst*  
*Other personnel to be assigned as necessary*

**WORK ORDER #2**  
**PFM SWAP ADVISORS LLC**

The terms and conditions of the Agreement between Ava, PFMFA and PFMSA are incorporated into this Scope of Services by reference.

Working with PFMFA, PFMSA will provide the following portion of the Scope of Services:

**PFM Swap Advisors LLC ( as Swap Advisor and QIR)**  
**Scope of Services Transaction Services**

- PFMSA will serve Ava as Municipal Advisor and designated Qualified Independent Representative (“QIR”) in the provision of general swap advisory services related to any swap-related communication, interaction or other discussion (“Swap Communication”) between Ava and Swap Dealers (as such term is defined by the Securities and Exchange Commission (“SEC”) and the Commodity Futures Trading Commission (“CFTC”)). PFMSA is obligated to comply with the applicable requirements of CFTC Regulation 17 CFR 23.450(b)(1) in providing QIR services to Ava.
- As QIR to Ava, PFMSA will make available qualified professionals to participate in discussions and other interactions with Swap Dealers as Ava finds necessary or desirable. Additionally, PFMSA will assist Ava with analysis of any proposals from Swap Dealers. PFMSA may assist Ava with other swap related tasks such as helping write a swap policy or other related analysis upon Ava’s request. PFMSA will also assist Ava, as needed, in completing the ISDA Dodd-Frank Protocols and other matters to comply with the regulatory requirements imposed under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- Analyze and model alternative hedge structures and provide price indications;
- Review and comment on all hedge documentation and business terms;
- Assist in counterparty selection and developing terms for a request for bids (if desired);
- Review competitive bids and make a recommendation for award or if so determined;
- Negotiate the pricing terms and structure with the Counterparty(s);
- Coordinate the closing of the transaction.

**SWAP ADVISORY REQUIRED DISCLOSURES**

PFMSA agrees that it will not deal with itself or with any other affiliated company or individual in making purchases or sales of the Swaps or any securities pursuant to this engagement, nor will it take a long or short position in securities subject to purchase or sale in connection with the

Swaps. PFMSA confirms that it has no interest in the purchase or sale of the Swaps other than as described in this Work Order and except for any financial or investment advisory agreement between Ava and PFMSA affiliates, or PFM Financial Advisors LLC.

MSRB Rules require that municipal advisors make written disclosures to its clients of all material conflicts of interest and certain legal or disciplinary events and certain regulatory requirements. Such disclosures are provided in PFMSA's Disclosure Statement delivered to Ava prior to or together with the Agreement.

PFMSA is a registered municipal advisor with the SEC and the Municipal Securities Rulemaking Board (the "MSRB"), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. As of the date of the Agreement, Ava has **not** designated PFMSA as its independent registered municipal advisor ("IRMA") for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption."). Ava agrees not to represent that PFMSA is Ava's IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, without PFMSA's prior written consent.

**Team Members:**

*George Hu, Director*

*Other personnel to be assigned as necessary*

**Exhibit B**  
**Schedule of Performance**

Tasks will be performed at the direction of Ava staff.

**Exhibit C**  
**Compensation**

The compensation to be paid to Consultant under this Agreement, including the services provided by PFM Swap Advisors LLC, for all services described in Exhibit "A" and reimbursable expenses shall not exceed a total of Seven Hundred and Fifty Thousand and 00/100 dollars (\$750,000), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to Ava unless previously approved in writing by Ava. Consultant compensation will be allocated between PFM Financial Advisors LLC and PFM Swap Advisors LLC based upon final known distribution of work between the two parties for their respective scopes of work.

The compensation to be paid to Consultant under Work Orders #1 and #2 for all services and reimbursable expenses shall not exceed a total of Two Hundred and Fifty Thousand and 00/100 dollars (\$250,000.00), per prepayment transaction, as set forth below. Fee is expected to be split \$225,000 for PFM Financial Advisors LLC and \$25,000 for PFM Swap Advisors LLC.

**Payment**

All compensation to be paid to Consultant, including payment to PFM Swap Advisors LLC by Ava under this Agreement shall be paid upon closing of the Bonds and shall be payable solely from the proceeds of the Bonds. In the event that the Bonds do not issue or close for any reason neither Ava nor the Issuer shall owe any monies to Consultant for the services provided pursuant to this Agreement.

**Reimbursable Expenses**

Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by Ava.

**Additional Services**

Consultant shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from Ava Representative prior to commencement of any additional services. Consultant shall submit, at Ava Representative's request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation. Any changes mutually agreed upon by the Parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

**Exhibit D**  
**Insurance Requirements and Proof of Insurance**

**Insurance Statement**

PFM Financial Advisors LLC (“PFM”) has a complete insurance program, including property, casualty, general liability, automobile liability and workers compensation. PFM maintains Professional (E&O)/Cyber Liability coverage which total \$5 million single loss/ aggregate.

Our Professional/Cyber Liability policies are a “claims made” policy and our General Liability policy claims would be made by occurrence.

**Deductibles/SIR:**

Automobile \$100 comprehensive & \$1,000 collision  
General Liability \$0  
Professional (E&O)/ Cyber Liability \$250,000  
Crime \$50,000

**Insurance Company & AM Best Rating**

Professional Liability (E&O)..... AIG Specialty Insurance Company; (A; Stable)  
Cyber Liability..... AIG Specialty Insurance Company (A; Stable)  
Crime..... Berkley Regional Insurance Company; (A+; Stable)  
General Liability..... The Phoenix Insurance Company; (A++ Stable)  
Automobile Liability..... St. Paul Protective Insurance Company (A++ Stable)  
Excess /Umbrella Liability..... Travelers Property Casualty Company of America;  
(A++ Stable)  
Workers Compensation..... Travelers Casualty Ins Co of America; (A++ Stable)  
& Employers Liability

**Exhibit E**  
**Confidentiality Requirements**

Subject to the terms and conditions of the Agreement, current proprietary and confidential information of Ava regarding customers of Ava (“Ava Customers”) and/or other confidential information (collectively “Confidential Information”) may be disclosed to Consultant from time to time in connection herewith solely for the purposes set forth in the Agreement. Such disclosure is subject to the following legal continuing representations and warranties by Consultant:

1. The Confidential Information disclosed to Consultant in connection herewith may include, without limitation, the following information about Ava Customers: (a) names; (b) addresses; (c) telephone numbers and email addresses; (d) service agreement numbers and account numbers; (e) meter and other identification numbers; (f) Ava-designated account numbers; (g) electricity and gas usage (including monthly usage, monthly maximum demand, electrical or gas consumption, HP load, and other data detailing electricity or gas needs and patterns of usage); (h) billing information (including rate schedule, baseline zone, CARE participation, end use code (heat source) service voltage, medical baseline, meter cycle, bill cycle, balanced payment plan and other plans); (i) payment / deposit status; (j) number of units; and (k) other similar information specific to Ava Customers individually or in the aggregate. Confidential Information shall also include specifically any copies, drafts, revisions, analyses, summaries, extracts, memoranda, reports and other materials prepared by Consultant or its representatives that are derived from or based on Confidential Information disclosed by Ava, regardless of the form of media in which it is prepared, recorded or retained.
2. Except for electric and gas usage information provided to Consultant pursuant to this Agreement, Confidential Information does not include information that Consultant proves (a) was properly in the possession of Consultant at the time of disclosure; (b) is or becomes publicly known through no fault of Consultant, its employees or representatives; or (c) was independently developed by Consultant, its employees or representatives without access to any Confidential Information.
3. From the Effective Date, no portion of the Confidential Information may be disclosed, disseminated or appropriated by Consultant, or used for any purpose other than the purposes set forth in the Agreement.
4. Consultant shall, at all times keep the Confidential Information in the strictest confidence and shall take all reasonable measures to prevent unauthorized or improper disclosure or use of Confidential Information. Consultant shall implement and maintain reasonable security procedures and practices appropriate to the nature of the information, to protect the personal information from unauthorized access, destruction, use, modification, or disclosure and prohibits the use of the data for purposes not set forth in the Agreement. Specifically, Consultant shall restrict access to Confidential Information, and to materials prepared in connection therewith, to those employees or representatives of Consultant who have a “need to know” such Confidential Information in the course of their duties with respect to the Consultant program and who agree to be bound by the nondisclosure and confidentiality obligations of this Agreement. Prior to disclosing any Confidential Information to its employees or representatives, Consultant shall require such employees or representatives to whom Confidential Information is to be disclosed to review this Agreement and to agree to be bound by the terms of this Agreement. Consultant shall not

disclose Confidential Information or otherwise make it available, in any form or manner, to any other person or entity that is not Consultant's employee or representative (a "Third Party"), except where that Third Party has separately entered into a nondisclosure agreement with Ava.

5. Notwithstanding the above, Consultant may disclose Confidential Information to the extent required by an order, subpoena, or lawful process requiring the disclosure of such Confidential Information issued by a court or other governmental authority of competent jurisdiction, provided that, to the extent not legally prohibited, Consultant notifies Ava promptly upon receipt thereof to allow Ava to seek protective treatment for such Confidential Information.
6. Consultant shall immediately notify Ava if it reasonably believes that there has been unauthorized access to the Confidential Information by a non-authorized person that could reasonably result in the use, disclosure, or theft of the Confidential Information.
7. It shall be considered a material breach of this Agreement if Consultant engages in a pattern or practice of accessing, storing, using, or disclosing the Confidential Information in violation of the contractual obligations described herein. Consultant understands that if Ava finds that Consultant is engaged in a pattern or practice of accessing, storing, using, or disclosing Confidential Information in violation of this Agreement Ava shall promptly cease all disclosures of Confidential Information to Consultant. Consultant further understands that if Ava receives a customer complaint about Consultant's misuse of data or other violation of the Disclosure Provisions, Ava shall promptly cease disclosing that customer's information to Consultant and shall notify the California Public Utilities Commission of the complaint.
8. Consultant shall be liable for the actions of, or any disclosure or use by, its employees or representatives contrary to this Agreement; however, such liability shall not limit or prevent any actions by Ava directly against such employees or representatives for improper disclosure and/or use. In no event shall Consultant or its employees or representatives take any actions related to Confidential Information that are inconsistent with holding Confidential Information in strict confidence. Consultant shall immediately notify Ava in writing if it becomes aware of the possibility of any misuse or misappropriation of the Confidential Information by Consultant or any of its employees or representatives. However, nothing in this Agreement shall obligate Ava to monitor or enforce the Consultant's compliance with the terms of this Agreement.
9. Consultant shall comply with the consumer protections concerning subsequent disclosure and use set forth in Attachment B to California Public Utilities Commission (CPUC) Decision No. 12-08-045.

10. In addition to any other requirements set forth in the Agreement, within ten (10) business days of receipt of Ava's written request, and at Ava's option, Consultant will either return to Ava all tangible Confidential Information, including but not limited to all electronic files, documentation, notes, plans, drawings, and copies thereof, or will provide Ava with written certification that all such tangible Confidential Information of Ava has been destroyed; provided, however, the foregoing shall not include (i) such copies as Consultant is required to retain by law or regulation, (ii) copies automatically saved electronically as part of a computer disaster recovery or similar back- up system or internal document retention and business continuity policies and procedures, or (iii) materials prepared by Consultant or its advisors for its board of directors or any board committee or other applicable decision-making body to the extent such materials contain Confidential Information.
11. Consultant acknowledges that disclosure or misappropriation of any Confidential Information could cause irreparable harm to Ava and/or Ava Customers, the amount of which may be difficult to assess. Accordingly, Consultant hereby confirms that Ava shall be entitled to apply to a court of competent jurisdiction or the California Public Utilities Commission for an injunction, specific performance or such other relief (without posting bond) as may be appropriate in the event of improper disclosure or misuse of its Confidential Information by Consultant or its employees or representatives. Such right shall, however, be construed to be in addition to any other remedies available to Ava, in law or equity.
12. In addition to all other remedies, Consultant shall indemnify and hold harmless Ava, its officers, employees, or agents from and against and claims, actions, suits, liabilities, damages, losses, expenses and costs (including reasonable attorneys' fees, costs and disbursements) attributable to actions or non-actions of Consultant and/or its employees and/or its representatives in connection with the use or disclosure of Confidential Information.
13. When Consultant fully performs the purposes set forth in the Agreement, or if at any time Consultant ceases performance or Ava requires Consultant cease performance of the purposes set forth in the Agreement, Consultant shall promptly return or destroy (with written notice to Ava itemizing the materials destroyed) all Confidential Information then in its possession at the direction of Ava, subject to Section 10 above. Notwithstanding the foregoing, the nondisclosure obligations of this Agreement shall survive any termination of this Agreement.



### Consent Item 11

<b>To:</b>	Ava Community Energy Authority
<b>From:</b>	Chris Eshleman, Director of Energy Analytics and Electric Supply
<b>Subject:</b>	Adopting a Resolution of the Board of Directors of Ava Community Energy Authority Authorizing the CEO to Negotiate and Execute a Fourth Amendment (“Amendment D”) to the SmartBidder Master Agreement (“the Agreement”) - Software as a Service with Ascend Analytics
<b>Date:</b>	June 17, 2026

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#### **Recommendation**

Adopt a Resolution authorizing the Chief Executive Officer to negotiate and execute a Fourth Amendment to the SmartBidder Master Agreement for Software-as-a-Service (SaaS) bid optimization services with Ascend Analytics LLC (“Ascend”). The proposed Fourth Amendment would renew the Agreement for a one-year term and continue software and support services for all covered storage and renewable generation assets. The Amendment would authorize a not to exceed amount of \$336,110 for the renewal term for the Agreement.

The original Agreement was executed on June 22, 2023, and subsequently amended on March 21, 2024, March 20, 2025, and September 19, 2025 (collectively, the “Agreement”). The proposed Fourth Amendment will ensure continuity of bid optimization services that support Power Resources’ participation in wholesale energy markets and ongoing portfolio optimization activities. The Fourth Amendment will also establish a framework for future annual renewals, transition identified project licenses to annual invoicing, reconcile prior invoices to confirm proper application of applicable discounts, continue application of the existing multi-project discount, and amend Exhibit A (Statement of Services, Support, and Service Level Agreement) of the Agreement to reflect the renewal pricing schedule for the covered projects.

#### **Financial Impact**

The proposed Fourth Amendment will renew the existing SmartBidder Master Agreement for a one-year renewal term beginning June 24, 2026 and ending June 23, 2027 at a cost not to exceed \$336,110. Staff evaluated the renewal pricing and determined it to be competitive with, and generally below, comparable market offerings for energy storage and renewable asset optimization software and related support services.

### **Analysis and Context**

Renewal of the Agreement with Ascend will ensure continuity of critical bid optimization and asset management services for an additional one-year renewal term. Continued use of a centralized optimization platform reduces operational redundancies, streamlines workflows, and enhances the efficient management of Ava's storage and renewable generation assets.

### **Attachments**

- A. Resolution Authorizing the CEO to Negotiate and Execute a Fourth Amendment to the Software as a Service SmartBidder Master Agreement with Ascend Analytics LLC

**RESOLUTION NO. R-2026-XX**

**A RESOLUTION OF THE BOARD OF DIRECTORS**

**OF AVA COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CEO TO NEGOTIATE AND EXECUTE A FOURTH AMENDMENT TO THE SMARTBIDDER MASTER AGREEMENT - SOFTWARE AS A SERVICE WITH ASCEND ANALYTICS**

**WHEREAS** Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, under the Joint Exercise of Powers 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 Ava and parties to the Joint Powers Agreement (“JPA”) in March of 2020. The City of Stockton was added as a member to Ava in September of 2022. The City of Lathrop was added as a member to Ava in October of 2023. San Joaquin County was added as a member to Ava in July 2024. On October 24, 2023, Ava legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception; and

**WHEREAS** Ava and Ascend Analytics LLC (“Ascend”) previously entered into a Master Agreement – Software as a Service for storage and renewable bid optimization software services dated June 22, 2023, which was first amended on March 21, 2024, subsequently amended on March 20, 2025, and further amended on September 19, 2025 (collectively, the “Agreement”); and

**WHEREAS** the Agreement provides software and support services that enable centralized optimization and management of Ava’s storage and renewable generation assets in support of Power Resources’ operational and market participation objectives; and

**WHEREAS** Ava desires to renew the Agreement for an additional one-year renewal term beginning June 24, 2026 and ending June 23, 2027, to ensure continuity of operations, maintain existing functionality and services, and continue efficient management and optimization of portfolio resources through a centralized platform; and

**WHEREAS** Ava and Ascend desire to establish a framework for annual renewals, transition identified project licenses to annual invoicing, reconcile prior invoices, continue the existing multi-project discount, and amend Exhibit A (Statement of Services, Support, and Service Level Agreement) of the Agreement to reflect the renewal pricing schedule; and

**WHEREAS** Ava and Ascend desire to increase the Agreement amount by an amount not to exceed \$336,110 for the renewal term.

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

Section 1. The Board of Directors hereby authorizes the Chief Executive Officer to negotiate and execute, subject to approval by General Counsel, a Fourth Amendment to the Agreement to renew the Agreement for an additional one-year renewal term beginning on June 24, 2026 and ending on June 23, 2027, add additional terms to the Agreement regarding renewals and billing, and increase the Agreement amount by an amount not to exceed \$336,110.

ADOPTED AND APPROVED this 17<sup>th</sup> day of June 2026

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Betsy Anderson, Chair

ATTEST:

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Adrian Bankhead, Clerk of the Board



## CEO Report Item 12

**TO:** Ava Community Energy Board of Directors  
**FROM:** Howard Chang, Chief Executive Officer  
**SUBJECT:** CEO Report (Informational Item)  
**DATE:** June 17, 2026

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### **Recommendation**

Accept Chief Executive Officer (CEO) report on update items below.

### **Executive Committee Meeting**

An Executive Committee Meeting was held on Wednesday, June 3, 2026. Members received an overview of energy prepayment financing, an introduction to asset ownership, and an update on the FY 2026-2027 draft budget. The meeting also included a closed session on the CEO's annual performance evaluation. The next Executive Committee meeting will be held on Wednesday, July 3, 2026 at 3 pm.

### **Finance, Administration and Procurement Subcommittee Meeting**

A Finance, Administration and Procurement Subcommittee Meeting was held on May 27, 2026. Members received updates on the FY 2025-2026 Q3 financial statements and on energy prepayment financing, and a preview of the FY 2026-2027 budget. The next Finance, Administration and Procurement Subcommittee meeting will be held on Wednesday, September 9, 2026 at 3:30 pm.

### **Marketing Regulatory and Legislative Subcommittee Meeting**

A Marketing Regulatory and Legislative Subcommittee Meeting was held on Friday, June 12, 2026. Members received a mid-session review of the 2026 California legislative session, an update on the results of the Health-e Communities pilot, and an overview of the power content label. The next Marketing, Regulatory and Legislative Subcommittee meeting will be held on Friday, September 18, 2026, 2023 at 10 am.

### **GPTW Recognition**

Ava has once again earned a [Great Place To Work Certification](#), marking our third consecutive year of recognition since we began participating in the program three years ago. Great Place To Work is a globally recognized authority on workplace culture and is locally based, with its headquarters in the same building as Ava's office. The certification process evaluates employee experience through a trust index survey and a culture questionnaire. This year, 85% of Ava employees said Ava is a great place to work, compared with 57% of

employees at a typical U.S.-based organization. This continued recognition reflects Ava's ongoing commitment to building a high-trust, inclusive, and mission-driven workplace.

### **Long Term Project Online Date Announcement**

The following projects under contract with Ava have reached commercial operations.

1. **SunZia North:** The SunZia North project is a 74.6 MW share of a larger wind facility located in San Miguel County, New Mexico delivering clean energy into California via the SunZia Transmission project. SunZia North achieved its Commercial Operation Date on May 29, 2026.
2. **SunZia South:** The SunZia South project is 175.4 MW share of a larger wind facility located in Lincoln County, New Mexico delivering clean energy into California for via the SunZia Transmission project. SunZia South achieved its Commercial Operation Date on May 29, 2026.

SunZia Wind North and South are part of a larger 3,500MW 'SunZia Wind' wind facility spanning across Torrance, Lincoln, and San Miguel counties in central New Mexico. The SunZia Transmission project is a 550-mile,  $\pm 525$  kV high-voltage direct current (HVDC) transmission line between central New Mexico and south-central Arizona, with the capacity to transport 3,000 MW of clean, renewable energy. Together, the full SunZia Wind facility and the SunZia Transmission project comprise one of the largest renewable energy infrastructure projects in U.S. history with an expectation of supplying 1 million American homes with clean power. The SunZia project is developed and operated by Pattern Energy. Ava is using SunZia North and South to support compliance with 2026 Mid-Term Reliability obligations.



1 SunZia North wind turbines, Lincoln County, NM



2 Transmission lines connecting to the SunZia project, Central New Mexico

3. **Alpaugh:** The Alpaugh project is a 5 MW solar facility paired with a 5 MW / 20 MWh battery energy storage system ("BESS") located in Tulare County, California, approximately across 277 acres. The Alpaugh project is developed and operated by RWE Clean Energy. The Alpaugh facility achieved its Commercial Operation Date on May 29, 2026. Ava will receive Resource Adequacy from the Alpaugh facility, supporting compliance with 2026 Mid-Term Reliability obligations.



3 Alpaugh Solar Facility, Tulare County CA

4. **Tumbleweed-8hr:** The Tumbleweed 8-hr expansion is a 50 MW battery energy storage system (“BESS”) located in Kern County, California, developed by REV Renewables. Tumbleweed’s expansion doubled the facility’s energy discharge from 200 MWh (4 hours) to 400 MWh (8 hours) maintaining 50 MW of capacity. This unique expansion is a first-of-its-kind effort and California’s first utility-scale 8-hour lithium-ion long-duration storage facility. The Tumbleweed 8-hr battery expansion became operational for Ava on June 1, 2026, and fulfills Ava’s compliance obligation for a long-duration storage resource under the Long-Lead Time (LLT) requirements of the Mid-Term Reliability decision.



4 Tumbleweed Solar Facility, Kern County, CA

**Longterm Renewable Portfolio Update**

Rosamond Central was Ava’s first long-term Agreement to reach commercial operations in late 2020. Since then, Ava’s portfolio of online projects has grown to 890 MW of solar and wind generation, and 395 MW of battery storage capacity. The table below lists the online projects in Ava’s portfolio of long-term wholesale energy agreements, providing renewable generation and storage capacity to California for Ava customers.

Ava’s Online Renewable Generation & Storage Projects	Technology	Start of Delivery	Generation Capacity (MW)	Storage Capacity (MW)
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Rosamond Central	Solar	2020	112	
Altamont	Wind	2021	54.8	
Tecolote	Wind	2021	100	
Henrietta	Storage	2022		10
Luciana	Solar	2022	55.83	
Daggett	Solar + Storage	2023	50	12.5
Oberon	Solar + Storage	2024	125	125
Scarlet I	Solar + Storage	2024	100	30
Kola	Storage	2025		125
Sun Pond	Solar + Storage	2026	42.5	42.5
SunZia North	Wind	2026	74.6	
SunZia South	Wind	2026	175.4	
Tumbleweed-8hr	Storage	2026		50

**Launch of First Prologis Solar Project under Ava Solar Discount Program**

A ribbon-cutting event was held on June 5<sup>th</sup> in East Oakland to celebrate the launch of a new community solar project designed to bring clean, affordable energy to local residents. This is the first of five projects developed in partnership with Prologis through California’s Disadvantaged Communities Green Tariff (DAC-GT) program and marketed to Ava’s customers as Solar Discount. Together, the five solar projects represent 7 MW of capacity and will serve roughly 3,000 customers. The program supports renewable energy development in underserved communities and provides income-qualified customers with access to 100% renewable energy at a 20% discount on their electricity bills. By activating existing industrial rooftops, this partnership expands access to clean energy in disadvantaged communities, strengthens local grid resilience through distributed generation, and delivers long-term economic and environmental benefits. Additional projects are in development in San Leandro, Hayward, and Tracy, continuing to scale impact across the region.

**Heat Pump Water Heater (HPWH) Technology Support**

From May 2020 – March 2025, Ava in partnership with BayREN, StopWaste, and other Bay Area CCAs, administered the Contractor Heat Pump Water Heater Incentive Program to provide \$1,000 post-installation rebates to contractors to increase HPWH market penetration. While the program incentivized 663 HPWH installations in Ava’s service area over the program term, the last year of implementation saw a sharp decline in demand, leaving approximately \$880K in unclaimed incentives. This represented 44% of total installations of 1,500 installed throughout the Bay Area Air District. During the Program average HPWH installation costs increased from \$5,500 in 2020 to just over \$9,000 in 2024, a ~60% increase. With rising install costs effectively offsetting program incentives, Ava is exploring other approaches to lower HPWH costs for customers.

On a regular basis, Ava staff meets with the other Bay Area CCAs to discuss potential program collaboration opportunities to provide support for potential impacts related to the Bay Area Air District’s (“Air District”) Regulation 9, Rule 6 (“Rule 9-6”). This regulation would establish a zero nitrogen oxides (NOx) appliance standard for water heaters across the Bay Area in 2027. Topics discussed include the following:

- **Alternative permit streamlining effort** – With SolarAPP+ Foundation not delivering on the contract with Ava to deliver a HPWH permit streamlining service, Ava staff is exploring working directly with interested Ava member jurisdictions to provide technical support for streamlining HPWH permitting in advance of Rule 9-6.
- **Contractor Incentive Program** - Bay Area CCAs are coordinating on a new incentive offering specific to qualified local contractors that are not currently installing Heat Pump Water Heaters. The offering would incentivize new contractors to add HPWH installations to their business and increase the number of qualified contractors in Ava’s service area.
- **Direct to customer rebates**– Taking learnings from past rebate program efforts, staff is evaluating the effectiveness of a HPWH rebate program that would run in coordination with other CCA rebate programs.
- **Financing solutions** – CCAs are additionally evaluating various financing solutions related to billing solutions and financing providers to consider how they can help drive HPWH installations by helping customers spread payments over time.

Staff is preparing to make program recommendations to Ava leadership in advance of the go-live date for Rule 9-6. The Air District will meet in October to discuss further rulemaking details, including a revision to rule effective date.

**Ava in the Community - June**

To raise awareness of Ava’s service, support our community, and connect customers to our offerings, Ava sponsors and staffs events throughout our service territory all year long. Additionally, we also deliver presentations to community groups. Below is a list of upcoming events we’ll be attending between 6/17 and 7/30. Learn more at <https://avaenergy.org/about-ava/meetings-events/events/>

Date	Event	Type	Location
6/20/2026	Hayward Juneteenth	Sponsoring & Tabling	Mt Eden High School
6/20/2026	Stockton Juneteenth	Sponsoring	San Joaquin County Fairgrounds
6/27/2026	E Bike Test and Ride	Sponsoring & Tabling	Oakland Coliseum BART
7/1/2026	Lathrop Celebration	Sponsoring & Tabling	Lathrop Generations Center
7/10/2026	San Leandro Pride	Sponsoring & Tabling	Downtown Butterfly Plaza
7/9/2026	Lincoln Summer Nights July Circus Theme	Tabling only	Lincoln Square Park
7/18/2026	Family Fun Festival	Tabling and Sponsoring	3700 Pacific Ave, Stockton, CA 95204
7/24/2026	Dublin Leprechauns Title Night	Tabling and Sponsoring	Fallon Sports Park

## San Joaquin County Launch

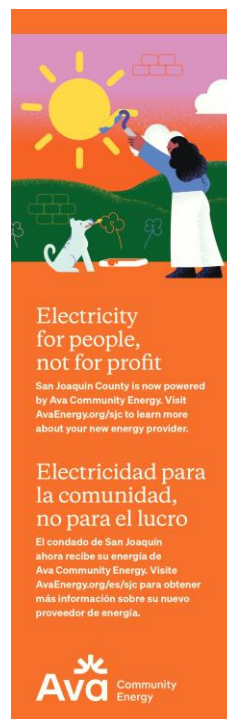
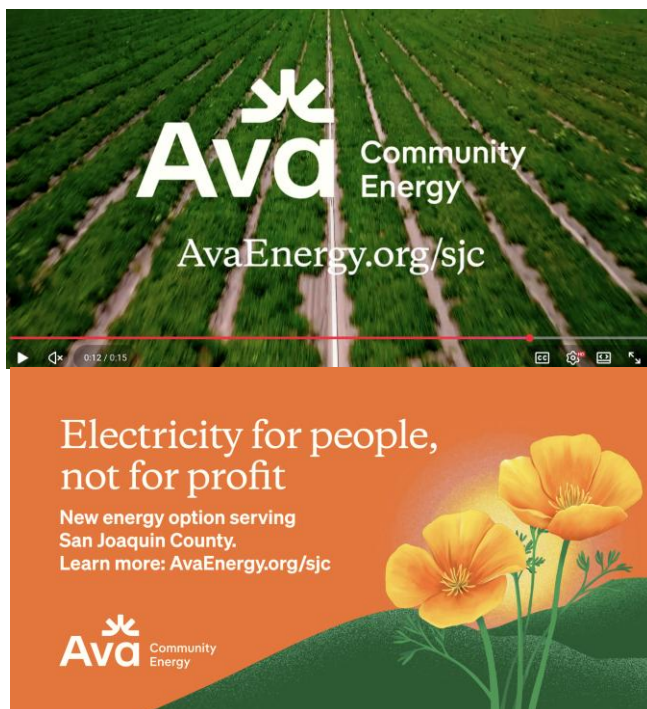
Customers in unincorporated San Joaquin County are now receiving both their final required enrollment notice from Ava and PG&E bills that include Ava generation charges. These charges appear on the first page of the bill and typically again on page 3.

The current participation rate is 92%, consistent with last month. Customer activity is following the expected pattern, with opt-out activity increasing during the initial notice period and then leveling off during the enrollment month. Previous community enrollments have demonstrated a similar trend. Consistent with prior enrollments, staff anticipates a modest increase in opt-out activity following customers' first bill, as some customers may not have engaged with earlier notices or outreach efforts.

Solar customers with a true-up in May and June are starting enrollment with Ava this month and will see their first bill in July. Solar customers will be enrolled throughout the year, aligned with their solar true-up month; the final group will enroll in April 2027.

Ava continues to engage residents in unincorporated San Joaquin County through participation in local community events and advertising across multiple channels. In June, Ava continued running digital advertisements featuring updated creative that reflects the launch of service in the area. These ads are currently running on Google, Meta, YouTube, and AudioGO. In addition, Ava maintains a presence in local print publications, including the Latino Times, San Joaquin Magazine, and Tracy Press.

The unincorporated San Joaquin County service launch campaign is scheduled to conclude on June 30, following the completion of all required customer notices to non-solar residential and commercial customers. After the launch campaign ends, Ava will continue reaching San Joaquin County residents through ongoing brand awareness and customer engagement efforts.





### Staff Report Item 14

<b>To:</b>	Ava Community Energy Board of Directors
<b>From:</b>	Howard Chang, CEO
<b>Subject:</b>	Fiscal Year 2026-2027 Budget
<b>Date:</b>	June 17, 2026

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#### **Recommendation**

Adopt a resolution approving the 2026-2027 fiscal year budget as presented in Exhibit A

#### **Background and Discussion**

Ava’s fiscal year is from July 1 through June 30. Each year the Board of Directors (the “Board”) approves the following fiscal year’s budget. The budget presented today incorporates feedback garnered from previous draft versions presented to the Executive Committee on May 6, 2026, and June 3, 2026, the Board on May 20, 2026, and the Financial, Administrative, and Procurement subcommittee on May 27, 2026.

The proposed budget (the “Budget”) outlines staff’s best estimates for costs and revenues anticipated for the next fiscal year, based on load, market prices, and Power Charge Indifference Adjustment (“PCIA”) charges. Due to these updates, the numbers in this Budget may differ from those presented in previous versions.

This Budget reflects Ava’s current best estimates of energy prices and includes two funding sources to stabilize costs: \$18.9MM drawn from the Rate Stabilization Fund (RSF) and \$5.3MM in additional GASB 62 funds. The GASB 62 funds will be recognized against incremental generation and capacity from the 2023 request for offer (RFO) projects starting in 2027, as outlined in Resolution R-2024-26.

Other factors and assumptions that are represented in this Budget are:

- No recommended changes to Ava's value proposition to customers
- Assumes Ava maintains a 1.25% uncollectable rate
- Energy costs are derived from a blend of contracted and open positions. Open prices are non-stressed, mean-forecasted market prices.
- Implementation of a compliance period procurement methodology over a three-year period of 2024-2027 with an average target of 81% renewable and carbon free energy, which remains unchanged from previous Board-approved targets
- No draws on credit facility or use of reserve funds
- Non-operating revenues assume an average of 3.5% interest rate earned through the fiscal year
- Personnel headcount of 5 incremental additional staff
- No recommendation for Local Development allocation

Although the fiscal year 2026-27 budget forecasts a deficit of \$18.9MM, the fiscal year 2025-26 budget is actualizing with a surplus in excess of \$80MM and reflects Ava's strong financial state. This is in addition to reserves of approximately \$330MM and \$162MM in RSF monies. While Ava has not previously utilized its RSF, it serves to balance over collection and under collection year-over-year.

In 2025, the Board approved the Rate Stabilization Fund Policy (P-22) By resolution R-2025-41 which authorizes the CEO and the Treasurer, or their designee, to utilize the RSF as needed to meet budgetary goals. The Budget includes the estimated amount of RSF deferred revenues (\$18.9MM) intended for use in balancing the budget.

In future meetings, Staff plans to present a detailed proposal to the Board for allocation of the current fiscal year's projected surplus for discussion and approval.

### **Fiscal Impact**

The approved budget establishes the forecast of Ava's fiscal position for the next 12 months.

### **Attachments:**

- A. Exhibit A: 1-Pager of the Fiscal Year 2026-2027 Budget
- B. Resolution Adopting Ava's Fiscal Year 2026-2027 Budget
- C. Resolution R-2025-41 Rate Stabilization Policy Approval
- D. Policy Number 22-Rate Stabilization Fund Policy
- E. Resolution R-2024-26 Renewable Surplus Allocation
- F. Presentation on Fiscal Year 2026-2027 Budget

## EXHIBIT A: 1-PAGER OF FISCAL YEAR 2026-2027 BUDGET

<b>Ava Community Energy</b>	FY 2026	FY 2027	FY 2027	FY 2027
	BUDGET	BUDGET	Delta	%D
	FY 2026	FY 2027		
Wholesale Load (MWh)	8,984,000	9,553,000	569,000	6.3%
Retail Load (MWh)	8,439,000	8,975,000	536,000	6.4%
<b>Revenue &amp; Other Sources</b>				
Electricity Sales	869,170,000	805,476,000	(63,694,000)	-7.3%
Uncollectables	(8,692,000)	(10,068,000)	(1,376,000)	15.8%
GASB 62	35,327,000	24,160,000	(11,167,000)	-31.6%
<b>Total Operating Revenue</b>	<b>895,805,000</b>	<b>819,568,000</b>	<b>(76,237,000)</b>	<b>-8.5%</b>
Price Stress				
<b>Energy Operations</b>				
Cost of Energy	836,970,000	775,323,000	(61,639,000)	-7.4%
Cost of Energy Services	14,056,000	14,218,000	162,000	1.2%
<b>Total Energy Expenses</b>	<b>851,026,000</b>	<b>789,541,000</b>	<b>(61,477,000)</b>	<b>-7.2%</b>
<b>Overhead Expenses</b>				
Personnel	29,639,000	31,470,000	1,831,000	6.2%
Marketing & Communication	3,872,000	3,771,000	(101,000)	-2.6%
Legal, Policy, & Regulatory Affairs	4,243,000	4,258,000	15,000	0.4%
Other Professional Services	3,518,000	4,387,000	869,000	24.7%
General & Administrative	7,095,000	10,420,000	3,325,000	46.9%
<b>Total Overhead Expenses</b>	<b>48,367,000</b>	<b>54,306,000</b>	<b>5,939,000</b>	<b>12.3%</b>
<b>Total Operating Expenses</b>	<b>899,393,000</b>	<b>843,847,000</b>	<b>(55,538,000)</b>	<b>-6.2%</b>
<b>NET OPERATING REVENUES</b>	<b>(3,588,000)</b>	<b>(24,279,000)</b>	<b>(20,699,000)</b>	<b>576.9%</b>
<b>Non-Operating Revenue</b>				
Interest Income	15,066,000	24,351,000	9,285,000	61.6%
Other Non-Operating Revenue	49,000	48,000	(1,000)	-2.0%
<b>Total Non-Operating Revenue</b>	<b>15,115,000</b>	<b>24,399,000</b>	<b>9,284,000</b>	<b>61.4%</b>
<b>Non-Operating Expenses</b>				
Local Development Funding	10,190,000	0	(10,190,000)	-100.0%
Borrowing Interest	1,087,000	0	(1,087,000)	-100.0%
Capital Expenditures	250,000	120,000	(130,000)	-52.0%
<b>Total Non-Operating Expenses</b>	<b>11,527,000</b>	<b>120,000</b>	<b>(11,407,000)</b>	<b>-99.0%</b>
<b>NET NON-OPERATING REVENUES</b>	<b>3,588,000</b>	<b>24,279,000</b>	<b>20,691,000</b>	<b>576.7%</b>
<b>TOTAL NET REVENUES</b>	<b>0</b>	<b>0</b>	<b>(8,000)</b>	<b>0.0%</b>

**RESOLUTION NO. R-2026-XX**  
**A RESOLUTION OF THE BOARD OF DIRECTORS**  
**OF THE AVA COMMUNITY ENERGY AUTHORITY ADOPTING THE FISCAL YEAR**  
**2026-2027 BUDGET**

**WHEREAS** Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, under the Joint Exercise of Powers 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 Ava and parties to the Joint Powers Agreement (“JPA”) in March of 2020. The city of Stockton was added as a member to Ava in September of 2022. The city of Lathrop was added as a member to Ava in October of 2023. San Joaquin County was added as a member to Ava in July 2024. On October 24, 2023, Ava legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception; and

**WHEREAS** Ava operates on a fiscal year budget cycle from July 1<sup>st</sup> through June 30<sup>th</sup>; and

**WHEREAS** draft versions of Ava’s budget for fiscal year 2026-2027 were presented to the Executive Committee on May 6, 2026, and June 3, 2026, the Finance, Administrative & Procurement subcommittee on May 27, 2026, and the Board of Directors (the “Board”) on May 20, 2026 (the “Prior Presentations”); and

**WHEREAS** Staff has incorporated feedback from the Prior Presentations and prepared a revised proposed budget set forth in Exhibit A (the “Proposed Budget”); and

**WHEREAS** in 2024, the Board adopted Resolution R-2024-26, approving the release of deferred revenues for long-term renewable energy and clean storage investments in calendar year 2027 at staff discretion; and

**WHEREAS** the Proposed Budget includes recognition of half of the aforementioned deferred revenues; and

**WHEREAS** in 2025, the Board adopted Resolution R-2025-41, approving the Rate Stabilization Fund Policy (P-22) which authorizes the CEO and the Treasurer, or their designee, to utilize the Rate Stabilization Fund (RSF) deferred revenues as needed to achieve budget objectives; and

**WHEREAS** the Proposed Budget includes the estimated amount of RSF deferred revenues to be utilized for the purpose of balancing the budget.

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

Section 1. The Board of Directors hereby approves and adopts the Proposed Budget, as set forth in Exhibit A, as Ava's fiscal year 2026-2027 budget.

ADOPTED AND APPROVED this 17<sup>th</sup> day of June, 2026.

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Betsy Anderson, Chair

ATTEST:

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Adrian Bankhead, Clerk of the Board

**RESOLUTION NO. R-2025-41****A RESOLUTION OF THE BOARD OF DIRECTORS****OF AVA COMMUNITY ENERGY AUTHORITY ADOPTING A RATE STABILIZATION FUND AND POLICY**

**WHEREAS** The Ava Community Energy Authority (“Ava”) 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 Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

**WHEREAS** Ava currently maintains a GASB 62 Budget Stabilization Fund (the “Fund”) established by resolution R-2020-26, which allows for the accrual and deferral of excess revenue, identified as budget surplus revenues, to be recognized in successive periods to offset uncontrolled cost variations and preserve positive net position for Ava by mechanisms of accounting governed under the Governmental Accounting Standards Board (GASB).

**WHEREAS** the Fund is an integral part of Ava’s waterfall of liquidity resources and is used for short-term budget cycle liquidity challenges and other financial matters necessary for maintaining rate stability year-to-year for Ava’s customers.

**WHEREAS** similar agencies refer to funds that provide a similar rate stability mechanism as a Rate Stabilization Fund (RSF).

**WHEREAS** similar agencies that maintain a RSF have specific policies established that give guidance for management of the RSF.

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

Section 1. The GASB 62 Budget Stabilization Fund is hereby renamed the Rate Stabilization Fund (RSF).

Section 2. The Rate Stabilization Fund Policy attached to the staff report associated with this Resolution, is hereby approved.

ADOPTED AND APPROVED this 17<sup>th</sup> day of September, 2025.

Signed by:

*Betsy S Andersen*

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Betsy Andersen, Chair

ATTEST:

DocuSigned by:

*Adrian Bankhead*

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Adrian Bankhead, Clerk of the Board

## RATE STABILIZATION FUND POLICY

Policy Number: 22  
Approval Date: 9/17/2025  
Agenda Item: Staff Report Item 10  
Approved by Resolution: R-2025-41

### PURPOSE:

The purpose of this Policy is to set guidelines for the processes for funding, utilizing, and managing the Rate Stabilization Fund (RSF) as a source of liquidity to manage financial and operational risk.

### POLICY OBJECTIVES:

The establishment of the RSF will allow Ava to defer revenue in years when fiscal results are strong and to apply deferred revenue in years when financial results are negatively impacted by uncontrollable events. The RSF will provide Ava with a mechanism to protect customers from risks related to energy market volatility, extreme events, and regulatory changes, as well as maintain financial covenants, achieve annual budget objectives, and other such fiscal matters.

### FUNDING MECHANISM:

Funding the RSF is accounted for under Governmental Accounting Standards Board (GASB) rules which codify and standardize the accounting management of revenue recognition for public agencies. Deferrals of revenue as a transfer to the RSF reduces net revenue recognized on budget statements, and net position in that period of deferral, by the same amount.

The Board of Directors (the "Board") has authorized the Chief Executive Officer (CEO) and the Treasurer, or their designee, to defer revenue to the RSF from time to time such amount as may be determined as appropriate from any source designated as surplus in accordance with the budget previously approved by the Board, as established by resolution R-2020-26.

### UTILIZATION MECHANISM:

Recognition of contributions to the RSF is also governed by GASB rules. Recognition of revenues as a transfer from the RSF increases net revenues recognized on budget statements, and net position in that period of recognition, by the same amount.

The Board has authorized the CEO and the Treasurer, or their designee, to utilize deferred revenues from the RSF from time to time in such amounts as necessary to stabilize rates, satisfy financial covenants, achieve budget objectives, and to implement direction provided by the Board.

### REPORTING:

The RSF balance is recorded on Ava's Statement of Net Position. Transfers to and from the RSF are recorded in the Statements of Revenues, Expenses, and Changes in Net Position. Both statements are presented quarterly, and audited annually, in Ava's financial statements.

TARGET FUND BALANCE:

The RSF balance target is 20% of operating expenses.

RSF HOLDINGS AND INVESTMENTS:

RSF balances are not required to be held in a separate account and may be commingled with other funds held by Ava for investment purposes but will be accounted for and reported separately. All Ava fund balances, including the RSF, are subject to Ava's Board-approved and State Government Code compliant investment policy.

**RESOLUTION NO. R-2024-26**  
**A RESOLUTION OF THE BOARD OF DIRECTORS**  
**OF AVA COMMUNITY ENERGY AUTHORITY TO RELEASE \$10,504,837 FROM THE**  
**FY2022-23 SURPLUS TOWARDS LONG-TERM RENEWABLE ENERGY AND**  
**CLEAN STORAGE INVESTMENTS IN 2027**

**WHEREAS** The Ava Community Energy Authority (“Ava”) 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 Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

**WHEREAS** with the approval of the 2022-23 fiscal year budget, the Board of Directors (the “Board”) approved a portion of surplus revenues to be allocated for long-term renewable energy and clean storage investments (the “Allocation”).

**WHEREAS** following the completion of the audit, the Allocation is \$10,504,837 and is held as retained earnings in the GASB 62 Rate Stabilization Fund.

**WHEREAS** Ava is seeking to procure local, incremental generation and capacity from the 2023 RFO and intends to apply the Allocation to this portfolio of projects as they start delivery in 2027.

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

Section 1. Release the Allocation to the General Fund in 2027 at staff discretion of the exact date.

ADOPTED AND APPROVED this 20<sup>th</sup> day of March 2024.

DocuSigned by:

*Jack O. Balch*

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Jack Balch, Chair

ATTEST:

DocuSigned by:

*Adrian Bankhead*

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Adrian Bankhead, Clerk of the Board



# Fiscal Year 2026-2027 Draft Budget

Howard Chang, CEO | June 17, 2026



# Introduction

- Every year in June, Ava Board of Directors (the “Board”) approves the following fiscal year’s budget and staff is seeking formal approval of this proposed final budget at today's regular board meeting
- This budget was reviewed by an ad hoc group of the Ex Comm on 5/6, full board on 5/20, FAP on 5/27, and ExComm on 6/3
- The Budget covers the overall categories of the General Operating Fund:
  - Revenues from Operations
  - Energy Operating Expenses (typically 90%+ of total expenses)
  - Services to Facilitate Energy Operations
  - Operational Overhead to Energy Operations
  - Non-Operating Revenues
  - Non-Operating Expenses, including a Capital Transfer to the Local Development Fund

# Current Fiscal Year 2025-2026 Performance

- Details on “Actuals” are settlements through April and updated projections through June.
- Revenue is expected to settle above budget due to Board action on value proposition in December.
  - Other Operating Revenue is primarily fees and damages to Ava on energy contracts
- Cost of energy is coming in below expectations as market prices softened and higher than expected large hydro generation
- Total overhead is currently estimated at \$7.4MM below budget due to opex reductions
- Non-operating activity is higher than expected as interest rates remain higher-for-longer and with the reduction of Local Development contributions
  - Borrowing interest expenses have been moved to General & Administrative overhead due to accounting treatment changes
- Overall Net Revenues are expected to come in at \$83MM above estimates without using \$35MM budgeted GASB 62 funds.

<b>Ava Community Energy</b>	FY 2026 BUDGET FY 2026	FY 2026 ACTUAL FY 2026	FY 2026 Delta	FY 2026 %D
Wholesale Load (MWh)	8,984,000	8,316,000	(668,000)	-7.4%
Retail Load (MWh)	8,439,000	7,867,000	(572,000)	-6.8%
<b>Revenue &amp; Other Sources</b>				
Electricity Sales	869,170,000	891,462,000	22,292,000	2.6%
Uncollectables	(8,692,000)	(8,933,000)	(241,000)	2.8%
Other Operating Revenue	0	3,204,000	3,204,000	0.0%
GASB 62	35,327,000	0	(35,327,000)	-100.0%
<b>Total Operating Revenue</b>	<b>895,805,000</b>	<b>885,733,000</b>	<b>(10,072,000)</b>	<b>-1.1%</b>
<b>Energy Operations</b>				
Cost of Energy	836,970,000	773,494,000	(63,476,000)	-7.6%
Cost of Energy Services	14,056,000	14,251,000	195,000	1.4%
<b>Total Energy Expenses</b>	<b>851,026,000</b>	<b>787,745,000</b>	<b>(63,281,000)</b>	<b>-7.4%</b>
<b>Overhead Expenses</b>				
Total Overhead Expenses	48,367,000	40,935,000	(7,432,000)	-15.4%
Total Non-Operating Revenue	15,115,000	26,547,000	11,432,000	75.6%
Total Non-Operating Expenses	11,527,000	770,000	(10,757,000)	-93.3%
<b>TOTAL NET REVENUES</b>	<b>0</b>	<b>82,830,000</b>	<b>82,830,000</b>	<b>0.0%</b>

# Fiscal Year 2026-2027 Draft Budget



# Draft Budget Fiscal Year 2026-2027

- **Revenues:** Energy prices continue to soften and with resolution of the CPUC's Track 1 PCIA proceeding, generation rates and PCIA going into calendar year 2027 remain relatively stable. The fiscal year revenues decline because prior fiscal year included higher rates in calendar 2025
- **Cost of Energy:** Lower energy prices reduce open position costs
- **Overhead:** Increase in G&A is predominantly due to increased rent, a change in accounting treatment of credit facility fees, increasing software costs, and addition of five headcount
- **Non-Operating Activity:** Higher interest income and lower borrowing interest due to a change in accounting treatment of credit facility. No incremental contributions to Local Development Funding in fiscal year 2026-2027 with current fund balance at \$84MM

Ava Community Energy	FY 2026	FY 2027	FY 2027	FY 2027
	BUDGET	BUDGET	Delta	%D
	FY 2026	FY 2027		
Wholesale Load (MWh)	8,984,000	9,553,000	569,000	6.3%
Retail Load (MWh)	8,439,000	8,975,000	536,000	6.4%
<b>Revenue &amp; Other Sources</b>				
Electricity Sales	869,170,000	805,476,000	(63,694,000)	-7.3%
Uncollectables	(8,692,000)	(10,068,000)	(1,376,000)	15.8%
GASB 62	35,327,000	24,160,000	(11,167,000)	-31.6%
<b>Total Operating Revenue</b>	<b>895,805,000</b>	<b>819,568,000</b>	<b>(76,237,000)</b>	<b>-8.5%</b>
<b>Energy Operations</b>				
Cost of Energy	836,970,000	775,323,000	(61,647,000)	-7.4%
Cost of Energy Services	14,056,000	14,218,000	162,000	1.2%
<b>Total Energy Expenses</b>	<b>851,026,000</b>	<b>789,541,000</b>	<b>(61,485,000)</b>	<b>-7.2%</b>
<b>Overhead Expenses</b>				
Total Overhead Expenses	48,367,000	54,306,000	5,939,000	12.3%
Total Non-Operating Revenue	15,115,000	24,399,000	9,284,000	61.4%
Total Non-Operating Expenses	11,527,000	120,000	(11,407,000)	-99.0%
<b>TOTAL NET REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>

- *Note: Incorporates the use of the Rate Stabilization Fund (RSF) to offset the forecasted deficit.*
- *Expanded budget view shown in appendix*

# Draft Budget: Forecast Uncertainty

- May 15, 2026 PG&E ERRA filing provided a forecast for 2027 rates and PCIA
  - The filing provides an update on a subset of the underlying assumptions but did not provide updated MPBs
  - While a formal updated filing from PG&E is outstanding, we do not anticipate material changes
  - This is separate from potential changes that may come from the General Rate Case (GRC)
  - PG&E's October ERRA filing will provide the next meaningful update on 2027 rates
- PCIA Tracks 2 and 3 may have material impacts on PCIA and rate setting methodologies. Track 3 scope and timing presents the greatest uncertainty. 3 pre-scoping workshops have been scheduled for June.
- Load forecast uncertainty:
  - Weather conditions present the greatest impact on actualized load volume and shape
  - With the addition of SJC, estimates will become more accurate as Ava receives more data beyond initial enrollment
  - Longer-term: data center and electrification presents significant uncertainty as well
- Energy prices are highly volatile and have softened over the last 6 months in response to a mild winter, accelerated melting snowpack, and new energy capacity coming online. Over the last month, we have seen price forecasts increasing
- New power generation project online dates may be delayed or moved forward impacting power portfolio expenses
- Interest rates and macroeconomic environment may change

# May ERRA Addendum Filings

- The May 15 ERRA filing consists of the filing documents and the series of datasets called the “Working Papers”
  - The filing and working papers can be accessed through the PG&E Azure website here: <https://pgera.azurewebsites.net/Regulation/search>
    - Select the “ERRA 2027 PGE – Forecase [A.25-05-007]” case from the dropdown menu and click search to see all documents available for download
- Staff is still processing the working papers with consultants to get better color on the details
- What is known:
  - 2025 RA PCIA reform is in place at a steady state for 2027
  - Load appears to be materially lower for PG&E due to milder than expected weather to date and community load departure
  - PG&E's revenue requirements remain stable despite the reduction in load, increasing generation rates
- What is not known from the ERRA:
  - Direction on MPB settlement for all attributes
  - A significant portion of the filing is redacted due to market sensitive confidential information and our 3rd party consultant has access to this information, which may be shared on a very limited basis
  - There were some known errors/inconsistencies that are in the process of being validated and reconciled

The screenshot shows the search interface on the PG&E Azure website. The URL is [pgera.azurewebsites.net/Regulation/search](https://pgera.azurewebsites.net/Regulation/search). The page features a blue header with the PG&E logo and navigation links: For My Home, About, Contact Us, Safety, English, Go, and Log In. Below the header is a navigation bar with tabs for Company Info, Newsroom, Environment, Community, and Careers. The main content area is titled "Search for Public Case Documents" and contains a search form. The form includes a dropdown menu for "Case" with "ERRA 2027 PGE - Forecase [A.25-05-007]" selected. Other fields include "Document Type" (set to "All"), "Keyword" (with a note: "When using the 'Keyword' search, confidential documents will not be included in your search results."), "Description/Title Contains", "Party" (set to "All"), "Date(s) from" and "to" (both set to "MM/DD/YY" with a note: "(default is all dates)"), "Sort Order" (set to "File Name"), and "Records Per Page" (set to "100"). There are "Search" and "Clear" buttons at the bottom of the form. At the bottom of the page, there is a footer with links for "For My Home", "For My Business", "Doing Business with PG&E", "About PG&E", "Privacy", and "Accessibility", along with a copyright notice: "PG&E refers to Pacific Gas and Electric Company, a subsidiary of PG&E Corporation. © 2014 Pacific Gas and Electric Company. All rights reserved." and social media icons for Facebook, Twitter, and LinkedIn.

# PCIA Proceeding & Risk Elements

**The CPUC has an ongoing proceeding regarding the PCIA, divided into "Tracks".**

○ **Track 1**

- **CalCCA has appealed CPUC Track 1 decision; appeal is pending**
- Revised the MPB for RA retroactive through 2025
- Major driver for the much higher PCIA most Ava customers see in 2026 versus 2025

○ **Track 2**

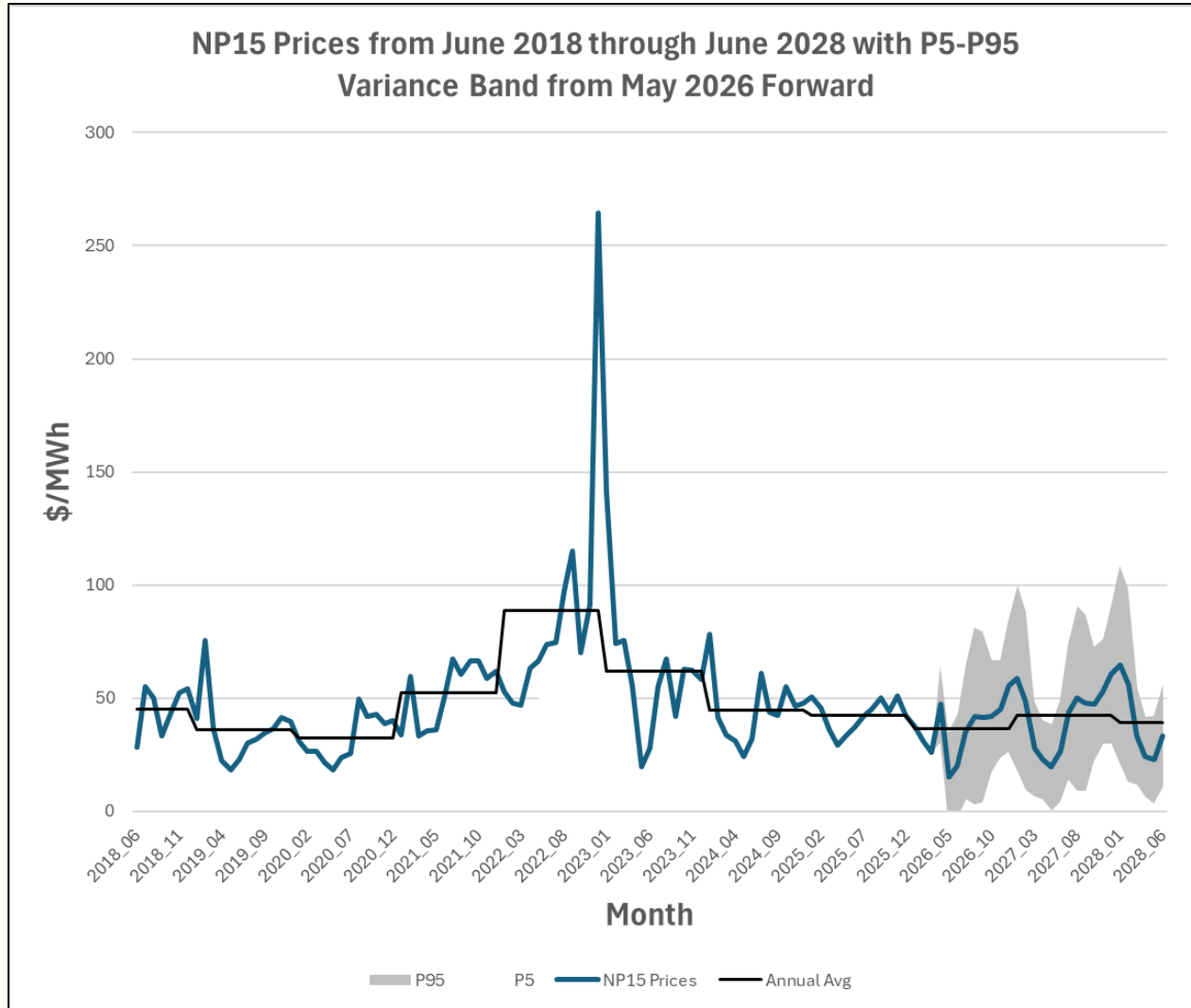
- **Proceeding is ongoing; decision expected in time for inclusion in 2027 rates**
- The CPUC is reviewing the methodology for valuing RECs that PG&E "banked" prior to 2019 but did not actually use for compliance purposes until 2025. An interim methodology values those RECs at \$0. This increases the PCIA for most Ava customers versus what the PCIA would be if those RECs were valued at the current market price for RECs
- Outcome indeterminate; CalCCA proposal would use current market prices for REC value, and lower the PCIA for most Ava customers versus status quo; PG&E proposal would make the status quo interim methodology permanent

○ **Track 3**

- **Scope and timing undetermined**
  - CCAs propose to address reviewing the Track One revisions to MPBs; aligning the RA MPB with the RA Slice of Day framework; reventinging of PCIA resources; PCIA GHG-free methodology; and potentially other structural changes to the PCIA
  - IOUs propose to prioritize changes to RPS MPBs ahead of any other issues, with changes to the brown power MPB next
- Outcome indeterminate; CCA approach would likely reduce PCIA for most Ava customers if adopted while the IOU approach would likely raise the PCIA for most Ava customers if adopted

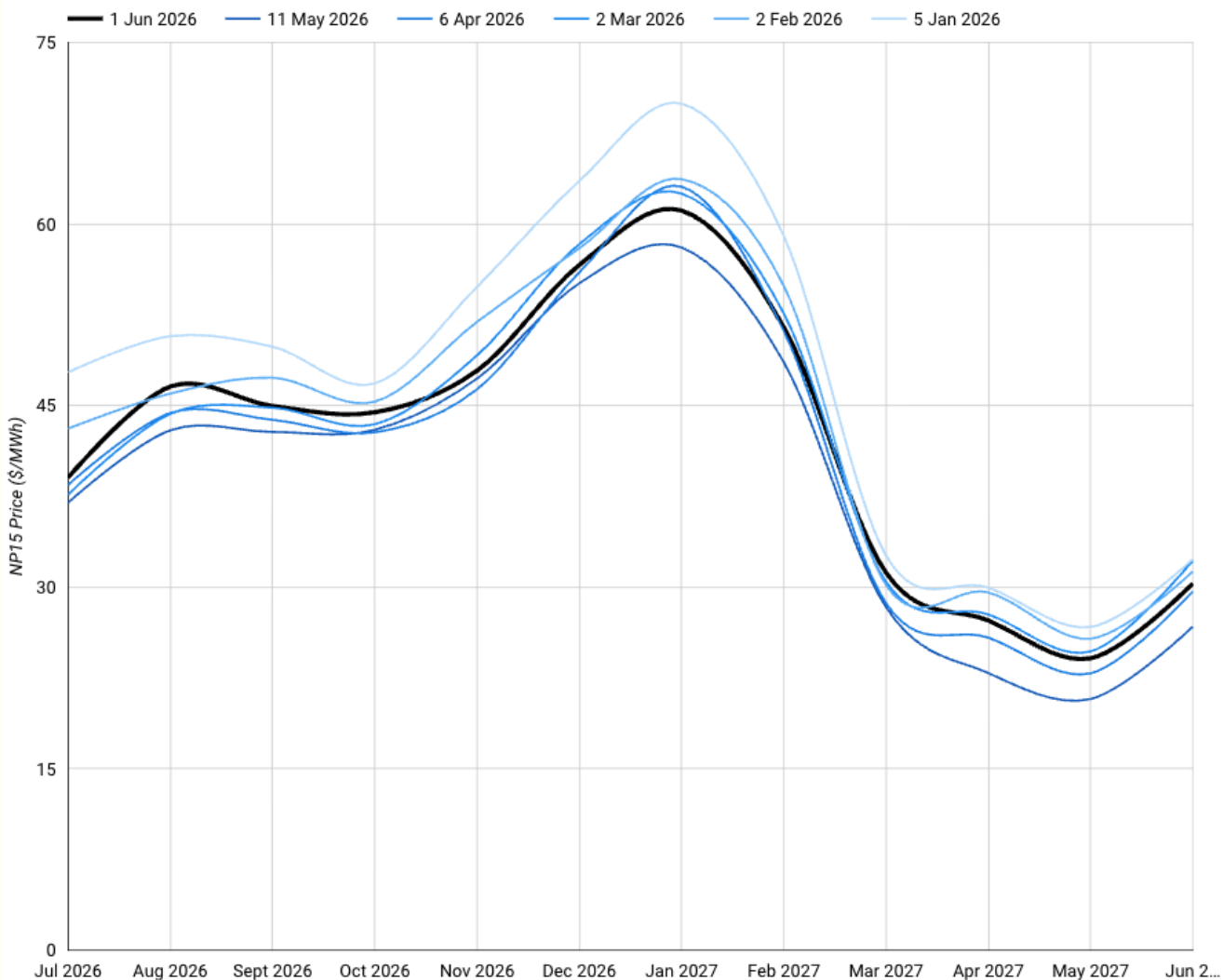


# Historical NP15 Energy Price Actuals



- NP15 is the most liquid pricing for the northern CA region as the closest proxy to Ava’s wholesale prices
- Power prices are set by a number of factors impacting supply and demand, such as weather, natural gas prices, system capacity, transmission congestion, etc.
- Volatility is high due to these uncertain and changing factors year to year
- Customer rates (generation and PCIA) are set based on a forecast while also incorporating a true up of the prior year's forecasted market prices with actualized prices
- 2026 rates were set by 2026 forecasted prices and trueing up 2025 actualized prices. 2027 rates will be set by 2027 forecasted prices and trueing up 2026 actualized prices.

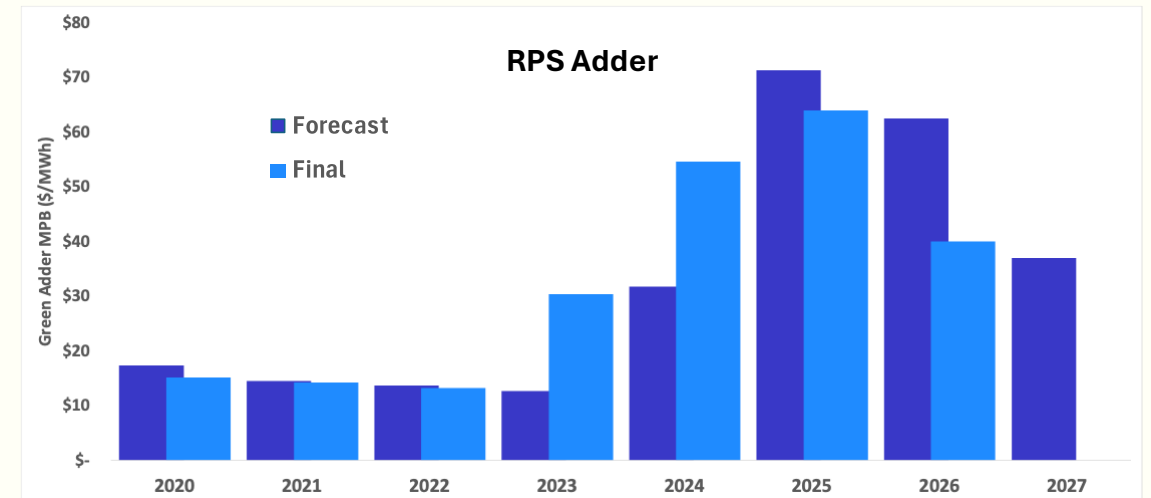
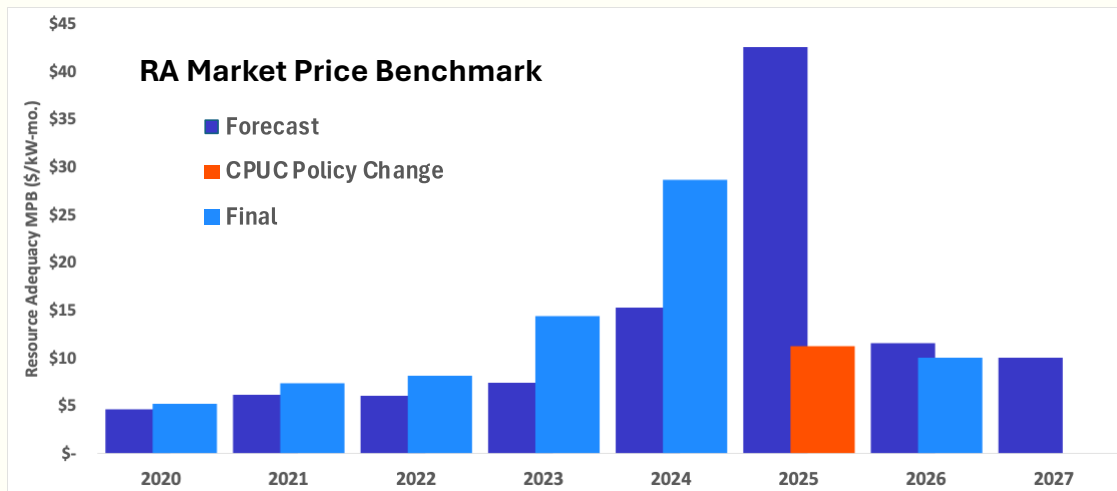
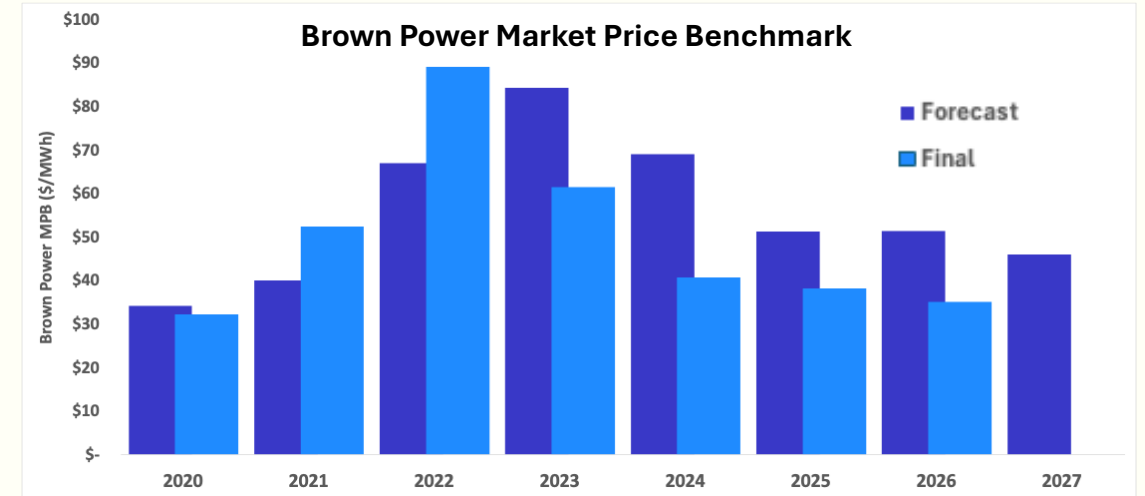
# Forward NP15 Energy Price Forecasts



- This graph reflects forward pricing for FY 2026-2027 pricing broken out by month
  - The individual lines reflect the forward curve at different points in time over the past 6 months
- The spread between the lines ranges from \$5 to \$15 depending on the month, which reflects the volatility in forward pricing

# Market Price Benchmark Trends 2020-2027

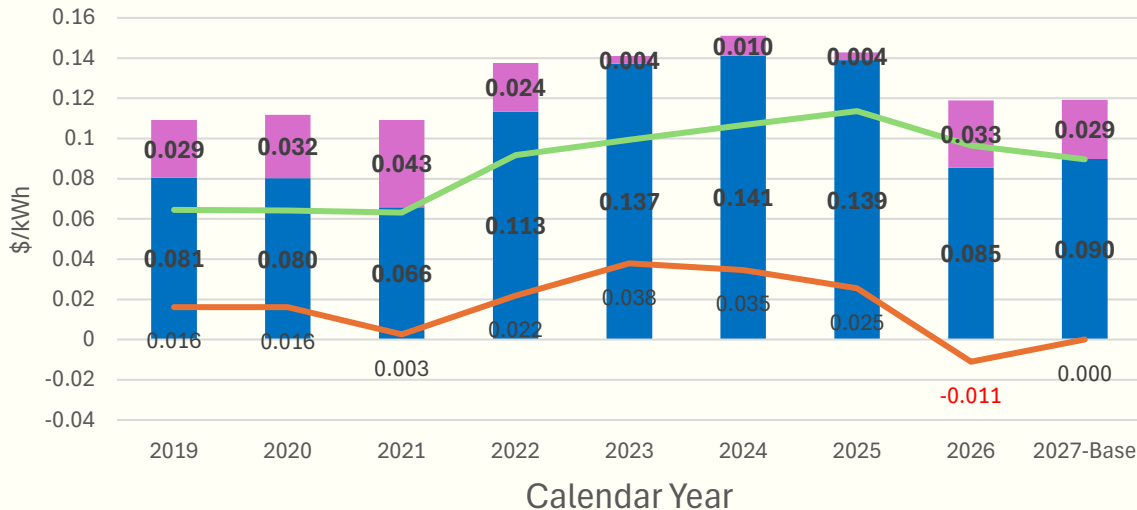
- Forecast MPBs used to develop PCIA and generation rates are calculated in Sept each year:
  - Energy: Avg forward price during Sept for delivery the following year
  - REC: Avg executed contract price in the past 15 months for delivery in following year
  - RA: Avg executed contract price in the past 3 years for delivery the following year
- Forecasted vs. Final MPBs vary significantly, reflecting year to year market volatility
- RA MPB in 2025 reflects regulatory changes, no future PCIA reform is assumed in forecasts
- "Final" numbers in 2026 reflect actuals through March and updated forecast as of April



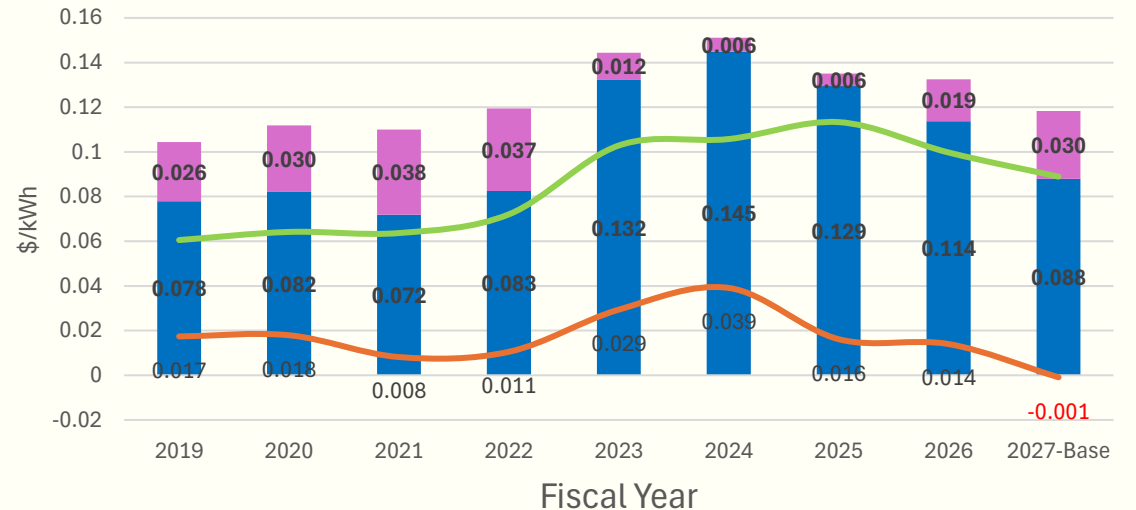
# Historical Generation Rates & PCIA

- Rates increased and PCIA decreased from 2022 to 2025, driven by forecasted increases in energy market prices
- Since 2025 energy costs have softened in addition to substantive PCIA reform, setting PCIA higher and rates lower in 2026
- Lower prices are expected to continue through 2026 and we are forecasting a modest increase to generation rates and a lower PCIA in 2027, though rates remain stable
  - Between calendar year 2025 and 2026, customer rates dropped 20%, and between 2026 and 2027 Ava is estimating rates will increase 0.3% (inclusive of PCIA)
  - Between fiscal year 2025 and 2026, customer rates dropped 2%, and between 2026 and 2027, rates are expected to drop another 11%

Customer Rate Revenue Profile



Customer Rate Revenue Profile



■ Ava Average Rates ■ PCIA Fees ■ Operating Expenses ■ Margin

■ Ava Average Rates ■ PCIA Fees ■ Operating Expenses ■ Margin

# Draft Budget: Revenues

<b>Ava Community Energy</b>	<b>FY 2026 BUDGET FY 2026</b>	<b>FY 2026 ACTUAL FY 2026</b>	<b>FY 2027 BUDGET FY 2027</b>	<b>FY 2027 Delta</b>	<b>FY 2027 %D</b>
Wholesale Load (MWh)	8,984,000	8,310,000	9,553,000	569,000	6.3%
Retail Load (MWh)	8,439,000	7,863,000	8,975,000	536,000	6.4%
<b>Revenue &amp; Other Sources</b>					
Electricity Sales	869,170,000	891,515,000	805,476,000	(63,694,000)	-7.3%
Uncollectables	(8,692,000)	(8,931,000)	(10,068,000)	(1,376,000)	15.8%
Other Operating Revenue	0	3,204,000	0	0	0.0%
GASB 62	35,327,000	0	24,160,000	(11,167,000)	-31.6%
<b>Total Operating Revenue</b>	<b>895,805,000</b>	<b>885,788,000</b>	<b>819,568,000</b>	<b>(76,237,000)</b>	<b>-8.5%</b>

- Despite higher load, revenue from electricity sales is expected to decrease for the fiscal year with Ava's generation rates declining ~11%. Note: calendar rates are flat and fiscal year rates are down because calendar 2025 rates were significantly higher.
- Value proposition remains unchanged at 0.5% discount to PG&E for Bright Choice and a \$0.0175 premium on Renewable 100 products
- Estimated bad debt slightly increased from 1.0% to 1.25% of billings based on rising trends and getting ahead of possible inflation increases due to oil market volatility
- \$24.1MM recognition from GASB 62 deferred revenue
  - \$18.9MM from the Rate Stabilization Fund
  - \$5.2MM related to resolution R-2024-26, which is half of the \$10,504,837 deferred for incremental clean energy generation and storage from the 2023 RFO for projects starting in 2027

# Draft Budget: Base Case Revenue Assumptions

Year	Energy		RPS		RA	
	Brown Power		RPS Adder		All RA (\$/kW-mo)	
	Forecast	Final	Forecast	Final	Forecast	Final
2026	\$ 51.13	\$ 35.04	\$ 62.45	\$ 40.00	\$ 11.53	\$ 10.00
2027	\$ 46.02	\$ 46.02	\$ 36.92	\$ 36.92	\$ 10.00	\$ 10.00

- Base Case Assumptions have MPB’s for calendar year 2026 down to align with market actuals and forwards year to date
- Forward looking prices in cost of energy reflect market price assumptions
- In addition to MPB assumptions, revenue requirement inputs directly from PG&E are critical in determining generation rates
  - In May ERRA filing, PG&E's revenue requirement stayed relatively flat despite declining load in 2027, which needs further diligence

# FY 2026-2027 Scenarios & Sensitivities

Ava looked at possible alternative MPB/revenue scenarios —High-End and Low-End

- **High-end:** calendar year 2026 prices end up as current MPB forecasts from May ERRA filings, which are unchanged from the October ERRA filing
- **Low-end:** calendar year 2026 prices are one standard deviation down from current forward averages for brown power and Ava’s base case RPS and RA estimates
- There is upward pressure on rates based on PG&E's request for increase in revenue requirement in their GRC filing that is anticipated, but unlikely to be implemented in the 2026-27 fiscal year

	Base Case	Low End	High End
<b>Revenues</b>	800,658,000	722,789,000	885,732,000
<b>Cost of Energy</b>	789,541,000	769,507,000	833,389,000
<b>Overhead</b>	54,306,000	54,306,000	54,306,000
<b>Net Non-Op</b>	24,279,000	15,988,000	23,849,000
<b>Net Revenues</b>	(18,910,000)	(85,036,000)	21,886,000
<i>Load (MWh)</i>	9,553,000	9,553,000	9,553,000

**Case estimates do not include RSF contributions in order for scenarios to have an equivalent comparison.**

	Base Case		Low End		High End	
	2026	2027	2026	2027	2026	2027
<b>MPBs</b>						
<b>Power</b>	35.04	46.02	23.70	33.28	40.90	47.61
<b>RPS</b>	40.00	36.92	40.00	36.92	62.45	62.45
<b>RA</b>	10.00	10.00	10.00	10.00	11.53	11.53

# Draft Budget: Overview of Operating Expenses

Ava Community Energy	FY 2026	FY 2026	FY 2027		
	BUDGET	ACTUAL	BUDGET	FY 2027	FY 2027
	FY 2026	FY 2026	FY 2027	Delta	%D
<b>Energy Operations</b>					
Cost of Energy	836,970,000	773,264,000	775,331,000	(61,639,000)	-7.4%
Cost of Energy Services	14,056,000	14,251,000	14,218,000	162,000	1.2%
<b>Total Energy Expenses</b>	<b>851,026,000</b>	<b>787,515,000</b>	<b>789,549,000</b>	<b>(61,477,000)</b>	<b>-7.2%</b>
<b>Overhead Expenses</b>					
Personnel	29,639,000	25,997,000	31,470,000	1,831,000	6.2%
Marketing & Communication	3,872,000	2,467,000	3,771,000	(101,000)	-2.6%
Legal, Policy, & Regulatory Affairs	4,243,000	3,186,000	4,258,000	15,000	0.4%
Other Professional Services	3,518,000	2,359,000	4,387,000	869,000	24.7%
General & Administrative	7,095,000	6,926,000	10,420,000	3,325,000	46.9%
<b>Total Overhead Expenses</b>	<b>48,367,000</b>	<b>40,935,000</b>	<b>54,306,000</b>	<b>5,939,000</b>	<b>12.3%</b>
<b>Total Operating Expenses</b>	<b>899,393,000</b>	<b>828,450,000</b>	<b>843,855,000</b>	<b>(55,538,000)</b>	<b>-6.2%</b>

Expenses are divided into three overall cost center categories:

- **Energy Operations** which includes all energy, energy attributes, ancillary related costs and required management services such as scheduling, data management, and customer billing
  - This category comprises 93.6% of Ava’s total operating expenses
- **Overhead Operations** which includes all personnel and staffing needs as well as work function cost centers required to manage the organization at large, and is about 6.4% of total operating expenses
- **Non-Operating Expenses** which are all capital and capital transfer related costs, including Local Development Fund contributions. This category is presented and discussed in a later slide

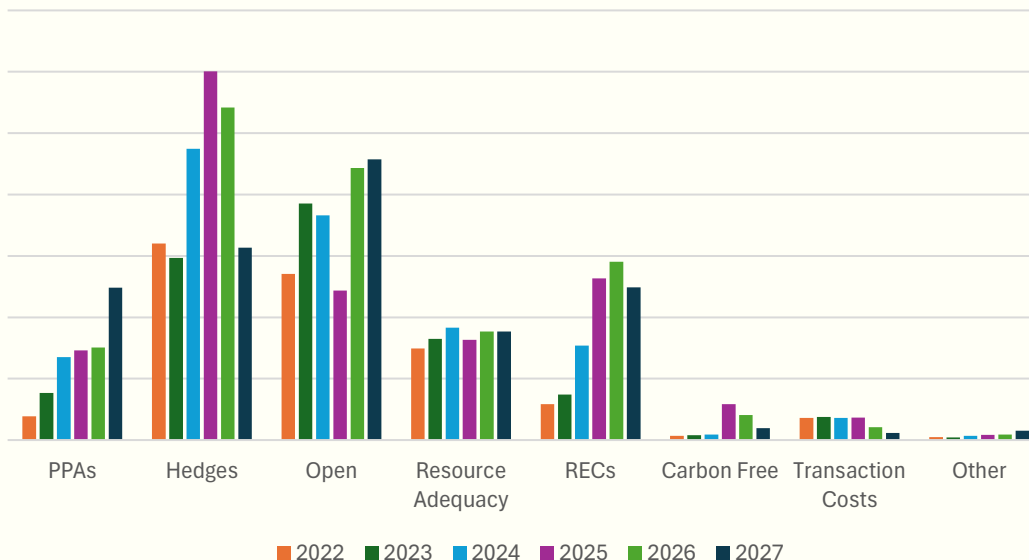
# Draft Budget: Energy Operations

Ava Community Energy	FY 2026	FY 2026	FY 2027		
	BUDGET	ACTUAL	BUDGET	FY 2027	FY 2027
	FY 2026	FY 2026	FY 2027	Delta	%D
<b>Energy Operations</b>					
Cost of Energy	836,970,000	773,264,000	775,323,000	(61,647,000)	-7.4%
<b>Energy Services</b>					
Data Management/CRM	10,080,000	10,238,000	9,980,000	(100,000)	-1.0%
Billing & Metering	3,208,000	3,270,000	3,446,000	238,000	7.4%
Scheduling	768,000	743,000	792,000	24,000	3.1%
Cost of Energy Services	14,056,000	14,251,000	14,218,000	162,000	1.2%
<b>Total Energy Expenses</b>	<b>851,026,000</b>	<b>787,515,000</b>	<b>789,541,000</b>	<b>(61,485,000)</b>	<b>-7.2%</b>

## Energy Costs

- Costs are generally derived from a blend of contracted and open position for all energy attributes
  - Currently, renewables, carbon free, and RA are fully procured
  - Open prices are non-stressed, mean forecasted
  - Material increase in PPAs due to reduced revenue expectations from lower market prices

Fiscal Year Cost of Energy Budget by Attribute



# Draft Budget: Marketing & Communications

	BUDGET FY2026	ACTUALS FY2026	BUDGET FY2027	%Change
<b>MARKETING</b>				
Advertising & Promotions	1,130,000	157,000	913,000	-19.2%
Required Mailings	635,000	557,000	308,000	-51.5%
Communications	1,270,000	769,000	1,540,000	21.3%
Sponsorships	661,000	152,000	930,000	40.7%
Software & Subscriptions	176,000	509,000	80,000	-54.5%
<b>Total</b>	<b>3,872,000</b>	<b>2,144,000</b>	<b>3,771,000</b>	<b>-2.6%</b>

## FY 2027 Summary of Adjustments:

- Continued notifications to unincorporated San Joaquin County solar customers
- Customer mailings for Fremont commercial Renewable 100 transition
- Investment to a brand awareness strategy and launch phase one of a multi-year awareness initiative
- Investment in sponsorships, fellow, partners to activate more robust community engagement

# Draft Budget: General & Administrative

	BUDGET FY2026	ACTUALS FY2026	BUDGET FY2027	%Change
<b>GENERAL OPERATIONS</b>				
Operational Expenses	950,000	2,063,000	2,715,000	185.8%
Memberships & Sponsorships	1,212,000	1,183,000	1,220,000	0.7%
Software & Subscriptions	2,880,000	2,550,000	3,927,000	36.4%
Small Equipment	310,000	60,000	270,000	-12.9%
Rent & Utilities	1,021,000	848,000	1,533,000	50.1%
Conferences & Prof. Development	381,000	53,000	311,000	-18.4%
HR & Recruiting	250,000	164,000	390,000	56.0%
Board & Director Fees	91,000	45,000	54,000	-40.7%
<b>Total</b>	<b>7,095,000</b>	<b>6,966,000</b>	<b>10,420,000</b>	<b>46.9%</b>

## FY 2027 Summary of Adjustments:

- **Operational Expenses:** Increase is primarily due to accounting change for fees with line of credit
- **Memberships Dues & Sponsorships:** Costs associated with JPAs, trade associations, and industry associations (CalCCA, CCCFA, CCPower, CFEE, Veloz, etc.)
- **Software & Subscriptions:** Increases to cover additional software needs for IT, Power Resources, and EAS data and increased cyber security needs
- **Rent & Utilities:** Increase due to initiation of primary lease agreement from a sub-lease agreement and no longer receiving TI related allowance
- **HR & Recruiting:** Some increase in recruiting costs for placing temporary consultants
- **Board & Director Fees:** These are reduced to more closely align with Board practices of requesting stipends

# Draft Budget: Local Development Fund Balance\*

	Program Area	Balance	Earmarked
	Local Development	\$2,800,000	\$2,600,000
BE+EE	Building Electrification	\$14,600,000	\$8,500,000
	Building Efficiency Accelerator	\$1,300,000	\$1,000,000
TE	Vehicle Electrification	\$8,100,000	\$4,500,000
	Ava Charge	\$15,900,000	\$15,900,000
	Bike Electric	\$2,200,000	\$2,200,000
	SmartHome Charging	\$5,700,000	\$1,700,000
Resilience	Critical Municipal Facilities (CMF)	\$5,800,000	\$5,800,000
	SmartHome Battery	\$10,900,000	\$10,900,000
	Resiliency Hubs	\$5,600,000	\$5,600,000
BE+TE	Virtual Power Plant DERMS Platform	\$1,900,000	\$1,900,000
Grants	Community Investment Grants	\$8,800,000	\$8,800,000
	<b>Total</b>	<b>\$83,600,000</b>	<b>\$69,400,000</b>

[Local Development Fund Reconciliation Board Item from March 2025](#)

\*Fund balance as of 1/31/26

# Local Development – FY27 anticipated spend

Program Area	FY '27 Spend	Committed	FY'27 Activities
Program Roadmap	\$500,000	\$500,000	Local Development Programs Roadmap
Ava Charge	\$2,640,000	\$6,750,000	Development, Operations and Marketing for 5 Sites
Critical Municipal Facilities	\$2,000,000	N/A - 25 yr PPA	Complete Projects, Establish operating reserves, bill customers
Grants	\$600,000	\$1,900,000	Issue new solicitation, select at least three grantees and Payments for contracted grants
SmartHome Battery incentives	\$1,250,000	\$10,900,000	Upfront and ongoing payments for SHB
Resilience Hub TA/Incentives	\$1,500,000	\$5,600,000	Upfront incentives and Technical Assistance costs
Building Efficiency Accelerator	\$1,000,000	\$1,000,000	Incentives for Commercial Heat Pump Water Heaters
Ava Bike Electric incentives	\$2,200,000	\$2,200,000	Bike Electric will add \$4M from ACTC
Ava SmartHome Charging incentives	\$300,000	\$600,000	Enrollment incentives and VPP dispatch payment for SmartHome Charging program
<b>Total</b>	<b>\$11,990,000</b>	<b>\$29,450,000</b>	

# Draft Budget: Deferred Revenues & Reserve Funds

Contribution Year	Contribution	Withdraws	Balance	Operating Expenses*	OpEx Year	PctCoverage
2018-2019	40,513,687	-	40,513,687	410,686,000	FY 2019-2020	9.9%
2019-2020	49,704,640	-	90,218,327	383,045,000	FY 2020-2021	23.6%
2020-2021	-	-	90,218,327	471,897,000	FY 2021-2022	19.1%
2021-2022	65,655,073	-	155,873,400	562,667,000	FY 2022-2023	27.7%
2022-2023	75,000,000	-	230,873,400	732,885,000	FY 2023-2024	31.5%
2023-2024	100,000,000	-	330,873,400	814,123,000	FY 2024-2025	40.6%
2024-2025	-	-	330,873,400	899,393,000	FY 2025-2026	36.8%
<b>2025-2026**</b>	-	-	<b>330,873,400</b>	<b>844,230,000</b>	<b>FY 2026-2027</b>	<b>39.2%</b>

\*Operating Expenses are fiscal year ahead for coverage purposes: 2025-26 contribution year aligns with 2026-2027 OpEx  
 \*\*Expected contribution with current policy as of 5/6/2026

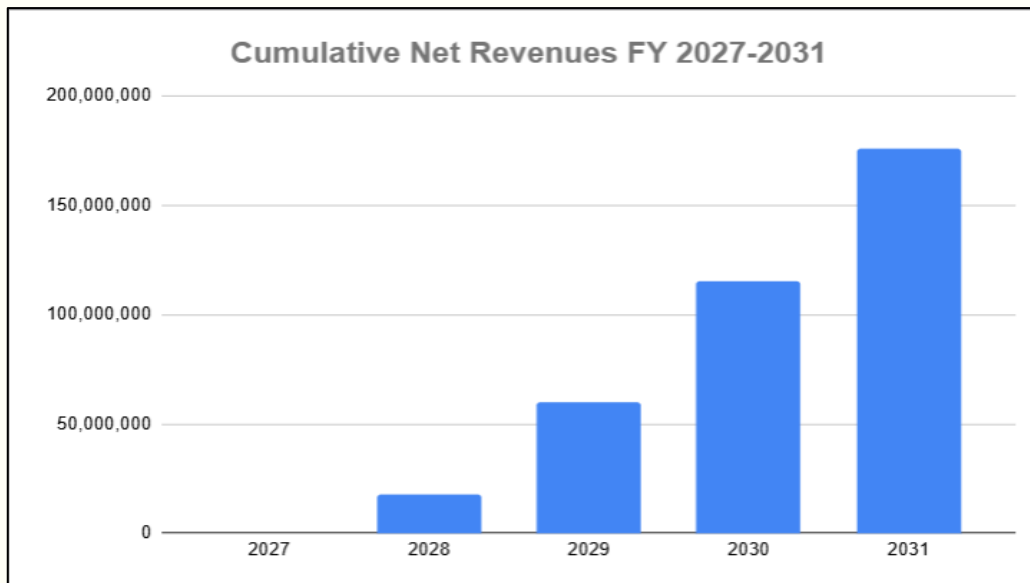
- Current reserve fund balance covers 40.1% of projected operating expenses for FY 2027
- Current FY surplus estimate of \$83MM not included in balances
- Staff will bring recommendations for allocation of the surplus to the Board after completion of the annual audit in November
- Budget includes a release of \$5.2MM, equal to 50% of the deferred revenues related to Clean Energy Investments

Deferred Revenue Usage	Balance	Guidance
		R-2025-23 authorizes recognition of ~\$35MM to balance FY25-26 budget
		R-2025-41 authorizes conversions from previous budget deferrals
Rate Stabilization Fund	162,546,828	R-2025-42 & R-2025-51 authorizes RSF funding allocations
		R-2023-37 authorizes deferral for specified use.
Clean Energy Investments	10,504,837	R-2024-26 authorizes recognition in 2027

Deferred Revenue	
Balances After Utilization	Balance
Rate Stabilization Fund	143,636,828
Clean Energy Investments	5,252,419

# 5-Year Forecast

	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2027	2028	2029	2030	2031
<b>Revenue &amp; Other Sources</b>					
Total Operating Revenue	819,568,000	907,788,000	918,848,000	963,137,000	1,042,726,000
<b>Energy Operations</b>					
Cost of Energy	775,323,000	844,170,000	829,014,000	861,563,000	936,044,000
Cost of Energy Services	14,218,000	15,450,000	15,529,000	15,614,000	15,704,000
<b>Total Energy Operations</b>	<b>789,541,000</b>	<b>859,620,000</b>	<b>844,543,000</b>	<b>877,177,000</b>	<b>951,748,000</b>
Total Overhead Expenses	54,306,000	56,148,000	57,984,000	59,916,000	61,980,000
Total Non-Operating Revenue	24,399,000	25,542,000	26,299,000	29,165,000	32,011,000
Total Non-Operating Expenses	120,000	120,000	120,000	120,000	120,000
<b>Total Net Revenues</b>	<b>0</b>	<b>17,442,000</b>	<b>42,500,000</b>	<b>55,089,000</b>	<b>60,889,000</b>
Wholesale	9,552,943	9,862,296	9,895,603	10,033,986	10,313,390
Retail	8,974,899	9,285,850	9,341,734	9,478,486	9,754,651



- The reliability of any 5-year revenue forecast is limited due to poor visibility into key PG&E inputs, such as revenue requirements and load
  - This forecast does not assume material changes to PG&E revenue requirements, regulatory reform, and market prices.
  - **Actuals will vary based on potential known and unknown changes**
- Forecast Assumptions:
  - No material changes to rate setting and PCIA regulatory methodologies
  - No change to current value proposition
  - Markets perform at non-stressed, mean expected prices
  - Cost of energy services increases at historical growth rate
  - Overhead increases at rate of inflation
  - Interest rates persist at 3.5%
- Surplus revenues can be applied to lowering rates, clean energy procurement, local development funding, working capital needs, RSF/reserves, operational enhancements, etc.

# Conclusion & Authorization

- Staff is seeking approval of the presented fiscal year 2026-2027 budget, including the expectation to utilize \$18.9MM from the Rate Stabilization Fund to fully offset the forecasted deficit
  - Actuals will change relative to budget scenarios based on energy market conditions, developments in CPUC proceedings, and updates to PG&E ERRAs and GRC filings
- Staff will provide a review with the board mid-year, incorporating 2026 actuals and final 2027 rates
  - PG&E's October ERRA filing will provide a meaningful update

# FY 2026-2027 Draft Budget Expanded View

Ava Community Energy	FY 2026	FY 2027		
	BUDGET	BUDGET	FY 2027	FY 2027
	FY 2026	FY 2027	Delta	%D
Wholesale Load (MWh)	8,984,000	9,553,000	569,000	6.3%
Retail Load (MWh)	8,439,000	8,975,000	536,000	6.4%
<b>Revenue &amp; Other Sources</b>				
Electricity Sales	869,170,000	805,476,000	(63,694,000)	-7.3%
Uncollectables	(8,692,000)	(10,068,000)	(1,376,000)	15.8%
GASB 62	35,327,000	24,160,000	(11,167,000)	-31.6%
<b>Total Operating Revenue</b>	<b>895,805,000</b>	<b>819,568,000</b>	<b>(76,237,000)</b>	<b>-8.5%</b>
Price Stress				
<b>Energy Operations</b>				
Cost of Energy	836,970,000	775,323,000	(61,639,000)	-7.4%
Cost of Energy Services	14,056,000	14,218,000	162,000	1.2%
<b>Total Energy Expenses</b>	<b>851,026,000</b>	<b>789,541,000</b>	<b>(61,477,000)</b>	<b>-7.2%</b>
<b>Overhead Expenses</b>				
Personnel	29,639,000	31,470,000	1,831,000	6.2%
Marketing & Communication	3,872,000	3,771,000	(101,000)	-2.6%
Legal, Policy, & Regulatory Affairs	4,243,000	4,258,000	15,000	0.4%
Other Professional Services	3,518,000	4,387,000	869,000	24.7%
General & Administrative	7,095,000	10,420,000	3,325,000	46.9%
<b>Total Overhead Expenses</b>	<b>48,367,000</b>	<b>54,306,000</b>	<b>5,939,000</b>	<b>12.3%</b>
<b>Total Operating Expenses</b>	<b>899,393,000</b>	<b>843,847,000</b>	<b>(55,538,000)</b>	<b>-6.2%</b>
<b>NET OPERATING REVENUES</b>	<b>(3,588,000)</b>	<b>(24,279,000)</b>	<b>(20,699,000)</b>	<b>576.9%</b>
<b>Non-Operating Revenue</b>				
Interest Income	15,066,000	24,351,000	9,285,000	61.6%
Other Non-Operating Revenue	49,000	48,000	(1,000)	-2.0%
<b>Total Non-Operating Revenue</b>	<b>15,115,000</b>	<b>24,399,000</b>	<b>9,284,000</b>	<b>61.4%</b>
<b>Non-Operating Expenses</b>				
Local Development Funding	10,190,000	0	(10,190,000)	-100.0%
Borrowing Interest	1,087,000	0	(1,087,000)	-100.0%
Capital Expenditures	250,000	120,000	(130,000)	-52.0%
<b>Total Non-Operating Expenses</b>	<b>11,527,000</b>	<b>120,000</b>	<b>(11,407,000)</b>	<b>-99.0%</b>
<b>NET NON-OPERATING REVENUES</b>	<b>3,588,000</b>	<b>24,279,000</b>	<b>20,691,000</b>	<b>576.7%</b>
<b>TOTAL NET REVENUES</b>	<b>0</b>	<b>0</b>	<b>(8,000)</b>	<b>0.0%</b>

# Appendix



# PCIA & Operating Headroom

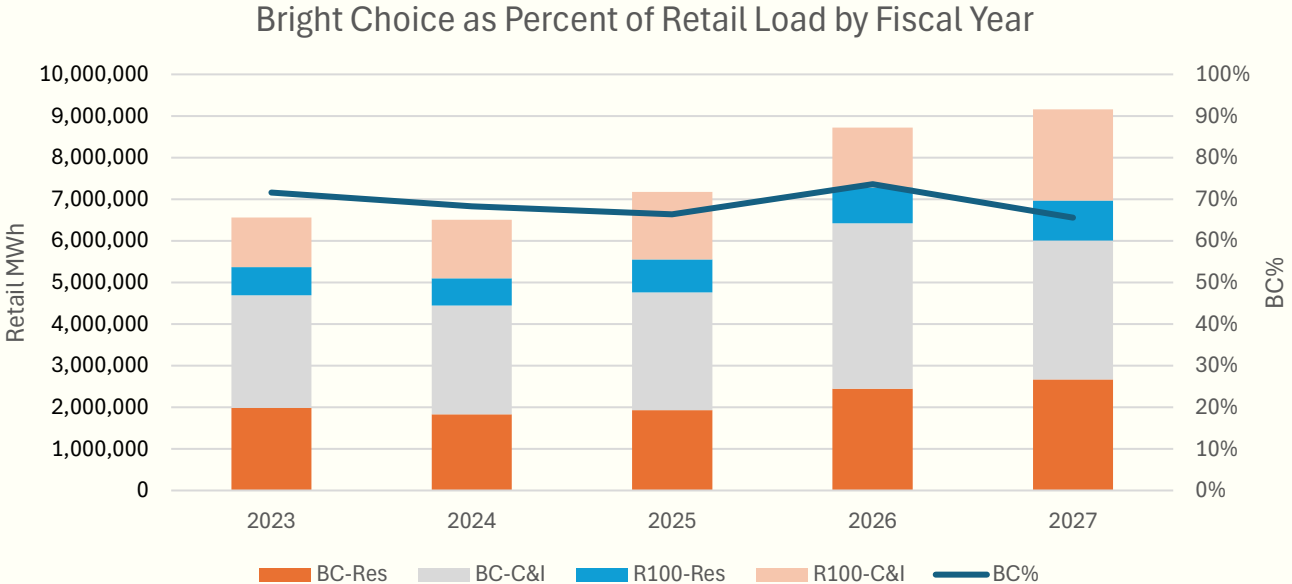
- Ava's generation rates to customers are indexed to PG&E's generation rate
- A portion of the generation cost is a charge from PG&E for the Power Charge Indifference Adjustment (PCIA)
  - The PCIA is how PG&E recovers "stranded costs or credits" for legacy generation resources



- PCIA rates are based on an annual mark-to-market
  - For Energy, Resource Adequacy (RA), and Renewable Portfolio Standard (RPS) resources, the mark-to-market is against "Market Price Benchmarks" (MPBs)
  - Forecasts for MPBs are presented by the Investor-Owned Utilities (IOUs) in May and then updated in October to establish the following year's rates
  - PCIA and rates are "trued up" from forecast to actual, and any over-collection or under-collection is recovered in rates the following year.
  - Higher MPBs --> higher rates and lower PCIA = more operating headroom for Ava
  - Lower MPBs --> lower rates and higher PCIA = less operating headroom for Ava

# Electricity Product Load & Rates

- Renewable 100:
  - Originally set at \$0.01/kWh above PG&E and has migrated down as Ava financials improved
  - Currently priced at \$0.0175/kWh above PG&E rates
- Bright Choice:
  - Originally set at 1.5% discount to PG&E, reduced to a 1% discount in 2021, increased to a 3% discount in 2022, increased to 5% discount to PG&E rates in 2023. Latest adjustment was to 0.5% discount to PG&E in January of 2026
- The percent load of Bright Choice customers is estimated at ~66% for FY 2027



- Growth in Bright Choice in FY 2026 is due to unincorporated SJC
- Growth in Renewable 100 in FY 2027 is due to Fremont opt up
- Annual load and load shape can vary materially year to year and between budget to actuals due to weather, individual customer usage, and expansion to new territories

# Draft Budget: Renewable & Large Hydro Content

Year	Bright Choice				CA-RPS %
	Renewable %	Carbon Free %	TCR*-Emission Factor	PSDR-Emission Factor	Renewable %
2018	41%	87%	101	n/a	29%
2019	60%	85%	135	n/a	31%
2020	40%	54%	n/a	580	33%
2021	41%	55%	n/a	577	36%
2022	45%	63%	n/a	566	39%
2023	49%	66%	n/a	521	41%
2024	52%	71%	n/a	455	44%
2025	56%	76%	n/a	387	47%
2026	60%	81%	n/a	315	49%
2027	64%	85%	n/a	241	52%
2028	67%	90%	n/a	163	55%
2029	71%	95%	n/a	83	57%
2030	75%	100%	n/a	-	60%

- In April 2022, the Board approved the “Path to Zero by 2030” plan for the Bright Choice product, as shown in the table to the left
- Periodically, the Board has approved adjusting targets to fit Ava’s financial position, typically raising targets
- In December 2025, the Board approved a compliance period approach across multiple years instead of single year targets specifically

Year	Annual Targets			Actuals/Forecast			Long/Short
	Renewables	Lg. Hydro	Total	Renewables	Lg. Hydro	Total	
2024	52.0%	29.0%	81.0%	62.0%	33.7%	95.6%	14.6%
2025	56.0%	25.0%	81.0%	54.5%	35.5%	90.0%	9.0%
2026	55.6%	21.0%	76.6%	54.7%	18.0%	72.7%	-3.9%
2027	64.0%	21.0%	85.0%	58.4%	12.3%	70.8%	-14.3%
<b>Period*</b>	<b>57.3%</b>	<b>23.7%</b>	<b>80.9%</b>	<b>57.4%</b>	<b>24.9%</b>	<b>82.3%</b>	<b>1.4%</b>

This table shows where Ava currently stands with procurement relative to the compliance period, and annual, targets

# Draft Budget: Fiscal Year Personnel Details

PERSONNEL	2026 BUDGET	2026 ACTUALS	2027 BUDGET	%Change
Salaries & Wages	23,171,000	21,233,000	23,070,000	-0.4%
Health Care/Benefits	3,242,000	2,456,000	4,884,000	50.6%
Retirement	2,745,000	2,461,000	2,983,000	8.7%
Payroll Expenses	481,000	414,000	533,000	10.8%
<b>Total</b>	<b>29,639,000</b>	<b>26,564,000</b>	<b>31,470,000</b>	<b>6.2%</b>

- FY 2026 Budget was set for 7 additional FTE (105 total) to build more depth and to continue addressing increased workflow in key areas to help scale operations further.
  - Ava is not filling 2 roles bringing the forecasted end of FY 2026 FTE to 103.
- FY 2027 Budget seeks to add 5 FTE (108 total) to provide added expertise and support in key areas and help to meet essential business needs.
  - 1) Contract Management Analyst    2) Finance Manager / Staff Accountant    3) Contract / Settlements Analyst
  - 4) Optimization Software Engineer    5) Data Analyst
- Compensation Adjustments:
  - COLA: 3%; Promotions/Wage Adjustments: 3%; AIP Compensation: 12%
  - Accounting for increased healthcare premiums and associated benefit costs (realized and expected)
- Change to benefits reflects some recategorization of expenses from Salaries & Wages to Health Care/Benefits

# Public Hearing - AB 2561: Ava FY 25-26 YTD

FY 2025 - 2026 Budgeted Headcount	
Total Active FTE Budgeted	105
New FTE Budgeted	7
New FTE Filled to date	5
Average Time to Hire	67 Days
Vacancy Rate	29%
Retention Rate	95%
Average Turnover Rate	5%

Ava has a strong retention rate of 95%, with only 5 terminations so far this year.

Hiring Decision: Ava elected not to fill 2 positions this FY, bringing the total budgeted FTE down to 103.

Challenges faced in hiring:

- Finding a great fit can take time, but it's worth it.
  - We are prudent in our hiring process, strategically planning the timing of hiring, carefully considering all aspects of the role and desired impact.
- Competition for talent is high, especially in the Bay Area

What helps us overcome challenges?

- A strategic and robust hiring approach
- Ava is mission-driven & a certified Great Place to Work!

*\*For recruitment, only new budgeted positions are included. This does not account for other roles, like backfill positions.*

*\*Reporting Period: FY 25-26; July '25 - April '26 (YTD at time of report)*

*\*Average Time to Hire: Days from role posted to start date.*

*\*FTE: Full-time employee; YTD: Year-to-date*

*This slide and data presented ensure compliance to AB 2561, which requires local public agencies to present the status of vacancies and recruitment and retention efforts at a public hearing before the governing board of the local agency at least once per fiscal year.*

# Draft Budget: Legal, Policy, & Regulatory Affairs

	BUDGET FY2026	ACTUALS FY2026	BUDGET FY2027	%Change
<b>LEGAL, POLICY, &amp; REGULATORY AFFAIRS</b>				
Legal Consultants	3,143,000	262,000	3,110,000	-1.0%
Policy & Legislative Consultants	740,000	2,318,000	705,000	-4.7%
Software & Subscriptions	281,000	487,000	325,000	15.7%
Memberships & Sponsorships	79,000	7,000	123,000	55.7%
<b>Total</b>	<b>4,243,000</b>	<b>3,074,000</b>	<b>4,263,000</b>	<b>0.5%</b>

## FY 2027 Summary of Adjustments

### Legal:

- Litigation counsel: funding to cover active litigation; litigation readiness; other potential disputes
- Commercial counsel: all procurement activities other than power resources
- Software and implementation: Legal research resources; contract platform Phase 3 rollout

### Policy and Regulatory Affairs

- Federal and state lobbyists
- Consultants for compliance and CAISO matters
- Potential AI services

# Draft Budget: Professional Services

	BUDGET FY2026	ACTUALS FY2026	BUDGET FY2027	%Change
<b>PROFESSIONAL SERVICES</b>				
Operations	1,125,000	954,000	1,070,000	-4.9%
Human Resources	792,000	372,000	556,000	-29.8%
Technology/IT	860,000	606,000	910,000	5.8%
Power Resources	741,000	492,000	651,000	-12.1%
Other Services	0	0	1,200,000	0.0%
<b>Total</b>	<b>3,518,000</b>	<b>2,424,000</b>	<b>4,387,000</b>	<b>24.7%</b>

## FY 2027 Summary of Adjustments:

- **Technology Consultants:** Expanding operations requires additional engineering and CRM structure and design support
- **Other Services:** Primarily reflects temporary consultants and contractors, which was recategorized and consolidated this year

# Draft Budget: Non-Operating Activity

Ava Community Energy	FY 2026	FY 2027	FY 2027	FY 2027
	BUDGET	BUDGET	Delta	%D
<b>Non-Operating Revenue</b>				
Interest Income	15,066,000	24,351,000	9,285,000	61.6%
Other Non-Operating Revenue	49,000	48,000	(1,000)	-2.0%
<b>Total Non-Operating Revenue</b>	<b>15,115,000</b>	<b>24,399,000</b>	<b>9,284,000</b>	<b>61.4%</b>
<b>Non-Operating Expenses</b>				
Local Development Funding	10,190,000	0	(10,190,000)	-100.0%
Borrowing Interest	1,087,000	0	(1,087,000)	-100.0%
Capital Expenditures	250,000	120,000	(130,000)	-52.0%
<b>Total Non-Operating Expenses</b>	<b>11,527,000</b>	<b>120,000</b>	<b>(11,407,000)</b>	<b>-99.0%</b>
<b>NET NON-OPERATING REVENUES</b>	<b>3,588,000</b>	<b>24,279,000</b>	<b>20,691,000</b>	<b>576.7%</b>

## Non-Operating Revenue

- **Interest Income:** Reflects “higher-for-longer” FED interest rate policy and expected balance drawdowns
  - Rates are estimated to hold at 3.5%
- **Other Non-Operating Revenue:** is expected income AT&T tower rent at the 8<sup>th</sup> Street building

## Non-Operating Expenses

- **Borrowing Interest:** reduced due to changes in line of credit accounting
- **Capital Expenditures:** costs estimated for general improvements at 1999 Harrison St offices
- **Local Development:** no planned incremental contributions in light of the current fund balance and future planning work that is underway





### Staff Report Item 15

<b>To:</b>	Ava Community Energy Authority
<b>From:</b>	Rusty Mills, Senior Vice President and Chief Financial Officer
<b>Subject:</b>	Approval of a Resolution of the Board of Directors of Ava Community Energy Authorizing the Execution and Delivery of a Power Supply Contract or Power Supply Contracts and/or a Clean Energy Purchase Contract or Clean Energy Purchase Contracts and Certain Other Documents in Connection with the Issuance by the California Community Choice Financing Authority of Two Separate Series of Clean Energy Project Revenue Bonds, Series 2026; and Certain Other Actions in Connection Therewith
<b>Date:</b>	June 17, 2026

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#### **Summary/Recommendation**

Adopt a Resolution authorizing the execution and delivery of a Power Supply Contract or Power Supply Contracts and/or a Clean Energy Purchase Contract or Clean Energy Purchase Contracts and certain other documents in connection with the issuance by California Community Choice Financing Authority (“CCCFA”) of two separate series of Clean Energy Project Revenue Bonds, Series 2026; and certain other actions in connection therewith, to enable Ava to enter into its fourth and fifth energy prepayment transactions.

#### **Background and Discussion**

Energy prepayment financings are unique financing structures that provide a mechanism under which tax-exempt entities that sell power to end-use customers can reduce their cost of power by realizing energy savings on their long-term contracts. These are complex transactions with several entities. At a minimum, an energy project participant (e.g. Ava), a commodity supplier, a conduit bond issuer (e.g. CCCFA), and a third-party trustee and custodian are involved.

Ava has executed five prepay transactions in the past, including the first ever CCA prepay in 2021, and then subsequent transactions in 2022, 2023, and 2025. Many of the CCA's in California have utilized this structure to provide discounted power and further enable a value proposition for CCA customers. The bonds have been sold through the California Community Choice Financing Authority (CCCFA) as a conduit issuer, which was initially set up to enable these transactions. The benefits provided to Ava and its customers are derived from the lower cost of funding from tax-exempt financing that is provided to the energy supplier than what they would receive from taxable markets and their own internal cost of capital. The project participant (e.g. Ava) commits to buying a commodity over a 30-year period and receives a discount on its contracted price throughout the term, lowering current and future energy costs. The commodity supplier often enters a separate funding agreement with a creditworthy third-party funding recipient, who receives a lower cost of funding benefit from the issuance and commits to make fixed payments that ultimately support the debt service of the underlying bonds.

After receiving updated proposals in the early Spring, Staff selected Morgan Stanley and Goldman Sachs as prospective banks for Ava's 6<sup>th</sup> and 7<sup>th</sup> energy prepayment transactions. Within each deal, the underwriting bank also serves as commodity supplier to CCCFA. Both firms have substantial CCA prepay execution experience and competitive cost structures. Ava has 4 existing energy prepayment transactions with Morgan Stanley and 1 existing transaction with Goldman Sachs. Entering additional transactions with these banks will allow Ava to realize efficiencies in transaction execution, ongoing operational efficiencies with staff time on monthly and annual reporting and compliance obligations, as well as pooling benefits that enable Ava to apply volumes from its long-term energy contracts across multiple transactions entered with the same energy supplies. While the transaction structures used with each bank are substantially similar, the use of two separate banks provides diversification and risk management benefits to Ava.

Staff will work with the underlying banks to select a funding recipient that optimizes savings to Ava, and enables a desirable maturity date to mitigate refinancing risk based on the current energy prepayment market refinancing calendars.

Additional information was presented to the Finance Administrative and Procurement Committee in May and the Executive Committee in June. Assuming the Board of Directors supports staff's recommendation, the transaction will be presented to the CCCFA Board later in June for its approval before bond sales would occur.

The details of the requested Board approval are as follows: Adopt the Resolution which authorizes Ava to sign:

- Power Supply Contract with CCCFA (Issuer)
- Letter Agreement Regarding PPA Assignments with Morgan Stanley and Goldman Sachs (Prepay Suppliers) with Form of Limited Assignment Agreements with Morgan Stanley & Goldman Sachs and future PPA sellers
- Project Administration Agreement with CCCFA (Issuer)

- PPA Payment Custodial Agreements with Morgan Stanley and US Bank, & Goldman Sachs and US Bank
- Cost Share Memorandum of Understandings (MOUs), by and between Ava, CCCFA and the Prepaid Supplier; and
- Other related documents.

The approval provided shall be subject to the following parameters:

- a) no more than two total prepayment transactions will be completed on behalf of Ava pursuant to the authorizations granted by the Resolution;
- b) the Bonds will not be obligations of Ava, but will be limited obligations of the Issuer payable solely from the revenues and other amounts pledged therefor under each Indenture, including amounts payable by Ava under the Power Supply Contract(s) and/or the Clean Energy Purchase Contract(s), respectively;
- c) the aggregate principal amount of each series of Bonds shall not exceed \$1,250,000,000 per series issued;
- d) the “Monthly Discount” and “Minimum Discount” as provided for in a Power Supply Contract for any MS Project shall be at least 8.0% of the fixed cashflows or equivalent \$ per MWh; and (e) the “Monthly Discount Percentage” as provided for in a Clean Energy Purchase Contract shall result in at least an average annual savings of 8.0% during the Initial Reset Period (as such term is defined in such Clean Energy Purchase Contract).

## **Financial Impact**

The purpose of pursuing the prepay transaction is to achieve meaningful energy procurement cost savings. These transactions are targeting an 8-12% discount at the outset, which translates to approximately \$4-6MM of annual savings. Ava has saved \$34.3 million from 2022 through December 2025 on the energy purchased through the five prepays it has closed, and savings are now expected to average \$22.5M annually for the next 5 years. With the addition of prepays 6 and 7, savings will be expected to rise to approximately \$30-35 million annually on energy purchased over the next five years.

Most of the parties assisting Ava with the prepay will be paid from the proceeds of the prepay bonds. With that said, certain fees, such as rating agency fees and green bond designation fees, are not contingent on a successful prepay transaction closing. Ava negotiated to have the prepay supplier(s) split these costs with Ava if the deal does not close. To minimize this modest risk, Ava will only authorize these fees when necessary.

Additionally, it is important to note that the prepay transaction itself is non-recourse to Ava. The ultimate counterparty with the Prepay Supplier is the CCCFA JPA, so CCCFA is therefore the counterparty to all the underlying agreements. CCCFA is a public entity separate and apart from the parties to Ava’s JPA Agreement, and the debts, liabilities and obligations of CCCFA will not constitute debts, liabilities or obligations of Ava or any representative of Ava serving on the governing body of Ava.

## **Attachments**

- A. Resolution

- B. Presentation
- C. Prepaid Agreement with Morgan Stanley
- D. Master Power Supply Agreement with Goldman Sachs
- E. Power Supply Contract with Morgan Stanley
- F. Clean Energy Purchase Contract with Goldman Sachs
- G. Letter Agreement Regarding PPA Assignments - Morgan Stanley
- H. Letter Agreement Regarding PPA Assignments - Goldman Sachs
- I. Project Administration Agreement with Morgan Stanley
- J. Operational Services Agreement with Goldman Sachs
- K. Trust Indenture
- L. Re-pricing Agreements with Morgan Stanley
- M. Re-pricing Agreements with Goldman Sachs
- N. Preliminary Offering Statement (POS) for Prepay with Morgan Stanley
- O. Preliminary Offering Statement (POS) for Prepay with Goldman Sachs
- P. Ava Appendix A for inclusion in POS
- Q. Form of Limited Assignment for Goldman Sachs
- R. MOU for Cost Share with CCCFA and Morgan Stanley
- S. MOU for Cost Share with CCCFA and Goldman Sachs

**RESOLUTION 2026-[ ]****A RESOLUTION OF THE BOARD OF DIRECTORS OF THE AVA COMMUNITY ENERGY AUTHORIZING THE EXECUTION AND DELIVERY OF A POWER SUPPLY CONTRACT OR POWER SUPPLY CONTRACTS AND/OR A CLEAN ENERGY PURCHASE CONTRACT OR CLEAN ENERGY PURCHASE CONTRACTS AND CERTAIN OTHER DOCUMENTS IN CONNECTION WITH THE ISSUANCE BY THE CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY OF TWO SEPARATE SERIES OF CLEAN ENERGY PROJECT REVENUE BONDS, SERIES 2026; AND CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

**WHEREAS**, Ava Community Energy (formerly East Bay Community Energy) (“Ava”) 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.* (the “Act”), 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 Ava and parties to the Joint Powers Agreement (as defined below) in March of 2020. The City of Stockton, located in San Joaquin County, was added as a member of Ava and party to the Joint Powers Agreement in 2022. The County of Alameda was added as a member of Ava and party to the Joint Powers Agreement in 2024;

**WHEREAS**, pursuant to the provisions of the Act, Ava and certain other California “community choice aggregators” entered into a joint powers agreement (the “*Joint Powers Agreement*”) pursuant to which the California Community Choice Financing Authority (the “*Issuer*”) was organized for the purpose, among other things, of entering into contracts and issuing bonds to assist Ava in financing the acquisition of supplies of clean energy;

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

**WHEREAS**, Ava has determined that it is desirable to acquire long-term supplies of clean energy from the Issuer;

**WHEREAS**, Ava is requesting that the Issuer agree to enter into one or two transactions to (i) purchase certain quantities of clean energy from a Delaware limited liability company (the “*Prepaid Supplier*”) the sole member of which is Morgan Stanley Capital Group Inc., a Delaware corporation (“*MSCG*”) on a prepaid basis and to sell such clean energy to Ava, as described herein (the “*MS Project*”) and/or (ii) purchase certain quantities of clean energy from a Delaware limited liability company, the sole equity member of which is J. Aron & Company LLC, a New York limited liability company (the “*Electricity Supplier*”) on a prepaid basis and to sell such clean energy to Ava, as described herein (the “*GS Project*”) and together with the MS Project, the “*Projects*”);

**WHEREAS**, Ava has determined to authorize a total of two transactions, consisting of one MS Project and one GS Project or, in the alternative two MS Projects or two GS Projects;

**WHEREAS**, Ava is requesting that the Issuer finance the costs of the Projects with the proceeds of two separate series of its Clean Energy Project Revenue Bonds, Series 2026 (together, the “*Bonds*”);

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

**WHEREAS**, there have been made available to the Board of Directors of Ava for approval forms of the following agreements to which Ava is a party:

The following “*MS Project documents*”:

1. Power Supply Contract between Ava and the Issuer;
2. Letter Agreement among Ava, the Prepaid Supplier and MSCG regarding matters relating to Assignment Agreements with form of Limited Assignment Agreement, by and among Ava, the counterparty to the power purchase agreement described therein, and MSCG; and
3. Prepaid Energy Project Administration Agreement, by and between Ava and the Issuer;
4. Cost Share Memorandum of Understanding (MOU), by and between Ava, Morgan Stanley & Co. LLC and CCCFA, if necessary; and

The following “*GS Project documents*”:

1. Clean Energy Purchase Contract between Ava and the Issuer;
2. Letter Agreement between Ava and J. Aron regarding matters relating to Limited Assignment Agreements;
3. A form of Limited Assignment Agreement, by and among Ava, the counterparty to the power purchase agreement to be described therein, and J. Aron;
4. Clean Energy Project Operational Services Agreement, by and between Ava and the Issuer;
5. Cost Share Memorandum of Understanding (MOU), by and between Ava and CCCFA, if necessary; and

The MS Project documents and the GS Project documents collectively referred to herein as the “*Ava Documents*”.

**WHEREAS**, there have also been made available to the Board of Directors of Ava forms of the following additional documents relating to the Projects:

1. Trust Indentures (the “*Indentures*”) each between the Issuer and the trustee to be named therein, providing for, among other things, the issuance of and security for the respective series of Bonds;
2. Prepaid Energy Sales Agreement (the “*Prepaid Agreement*”) between the Issuer and the Prepaid Supplier, providing for the delivery of the prepaid energy supply to the Issuer;
3. Master Power Supply Agreement (the “*Master Power Supply Agreement*”) between the Issuer and the Electricity Supplier, providing for the delivery of the energy supply to the Issuer;
4. Re-Pricing Agreements (the “*Re-Pricing Agreements*”) between the Issuer and the Prepaid Supplier and Electricity Supplier, respectively, providing for the remarketing or refunding of the Bonds from time to time and the establishment of the Monthly Discount available to Ava under the Power Supply Contract and the Clean Energy Purchase Contract, respectively, from time to time during the term of the transactions; and
5. Preliminary Official Statements (the “*Preliminary Official Statements*”), to be used in connection with the offering and sale of the respective series of Bonds, including the information relating to Ava included in each Appendix A thereto (the Indentures, the Prepaid Agreement, the Master Supply Agreement, the Re-Pricing Agreements and the Preliminary Official Statements, together with the Ava Documents, the “*Project Documents*”);

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

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

Section 2. The proposed forms of the Preliminary Official Statements, as made available to the Board of Directors for this meeting, are hereby approved. Any Authorized Officer

is hereby authorized and directed, for and on behalf of Ava, to execute and deliver a certificate as to the information regarding Ava contained therein and in the final versions of the Official Statements, with such changes and insertions therein as the Authorized Officer approving the same may deem necessary or appropriate. Subject to approval by the Issuer, Ava hereby authorizes the distribution of the Preliminary Official Statements to persons who may be interested in the purchase of the Bonds, and the delivery of the Official Statements in final form to the purchasers of the respective Bonds, in each case with such changes as may be approved as aforesaid.

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

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

(a) no more than two total prepayment transactions will be completed on behalf of Ava pursuant to the authorizations granted by this Resolution;

(b) the Bonds will not be obligations of Ava, but will be limited obligations of the Issuer payable solely from the revenues and other amounts pledged therefor under each Indenture, including amounts payable by Ava under the Power Supply Contract(s) and/or the Clean Energy Purchase Contract(s), respectively;

(c) the aggregate principal amount of each series of Bonds shall not exceed \$1,250,000,000 per series issued;

(d) the “Monthly Discount” and “Minimum Discount” as provided for in a Power Supply Contract for any MS Project shall be at least 8.0% of the fixed cash flows or equivalent \$ per MWh; and

(e) the “Monthly Discount Percentage” as provided for in a Clean Energy Purchase Contract shall result in at least an average annual savings of 8.0% during the Initial Reset Period (as such term is defined in such Clean Energy Purchase Contract).

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

Section 6. If the conditions set forth in Section 4 have been met, an Authorized Officer may direct the payment to professionals that provided services to Ava in connection with the Projects. These professional services include legal counsel, bond counsel, tax counsel, Municipal Financial Advisor, Swap Advisor, and any other consultant needed to complete the transactions contemplated herein for Ava. Payment to these professionals will be made from the proceeds of the sale of the Bonds respectively and pursuant to the terms of the applicable agreements executed with Ava.

Section 7. If the conditions set forth in Section 4 have been met, an Authorized Officer may direct the payment to additional vendors and/or parties to the Ava Documents or other Project Documents to complete the issuance of the Bonds. These vendors, if any, will be paid pursuant to an agreement for services rendered in completing the issuance of the Bonds and from the proceeds of the sale of the Bonds.

Section 8. This Resolution shall take effect immediately.

**ADOPTED AND APPROVED** at a regular meeting of the Ava Board of Directors on this 17th day of June, 2026.

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Betsy Andersen, Chair

**Attest:**

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Adrian Bankhead, Clerk of the Board



# 2026 Energy Prepayment Transactions

Rusty Mills, CFO | June 17, 2026



# Energy Prepayment Financing Overview

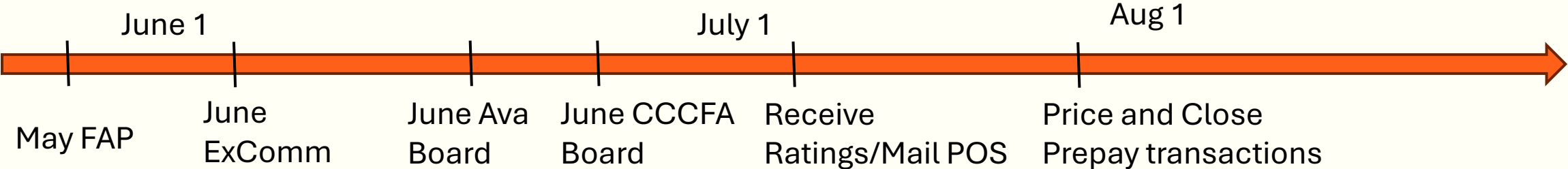
**Goal: Reduce the cost of public power purchases by monetizing tax-exempt debt.**

- IRS Regulations codified in 2005 allow for tax-exempt debt to be issued for the prepayment of electricity to serve load.
- Tax-exempt debt (issued by CCCFA) provides a lower cost of funding than energy prepay financing participants would be able to receive by issuing taxable debt or internal funding.
- Bond investor risk is tied to the energy prepay funding recipient (not Ava), and their ability to pay debt service and redeem bonds in event of default on the bonds.
- Ava enters 30-year energy supply agreements, commits to purchasing a fixed volume of energy during that period, and receive a fixed \$/MWh discount to the market energy price.
- **Objective: Prepay transactions enable Ava to lower its cost of energy on existing and future energy contracts through the discount and enable a customer value proposition into the future.**

# 2026 Prepay Financing Plans & Timeline

## Staff is seeking approval for two prepayment transactions by the Board

- Each would be authorized for up to \$1.25 billion, but likely would be approximately \$1 billion, similar to prior Ava prepay deals
- We selected Morgan Stanley and Goldman Sachs as underwriter and supplier for one transaction each;
  - Further optimizes each related PPA pool of resources with the existing banks
- Staff will seek Green Bond designations for both transactions
- Transactions would occur after approvals by Ava and CCCFA boards in June, subject to market conditions
- Selection of funding recipient will occur closer to pricing; Ava will seek Bond Ratings shortly after in preparation for each bond sale



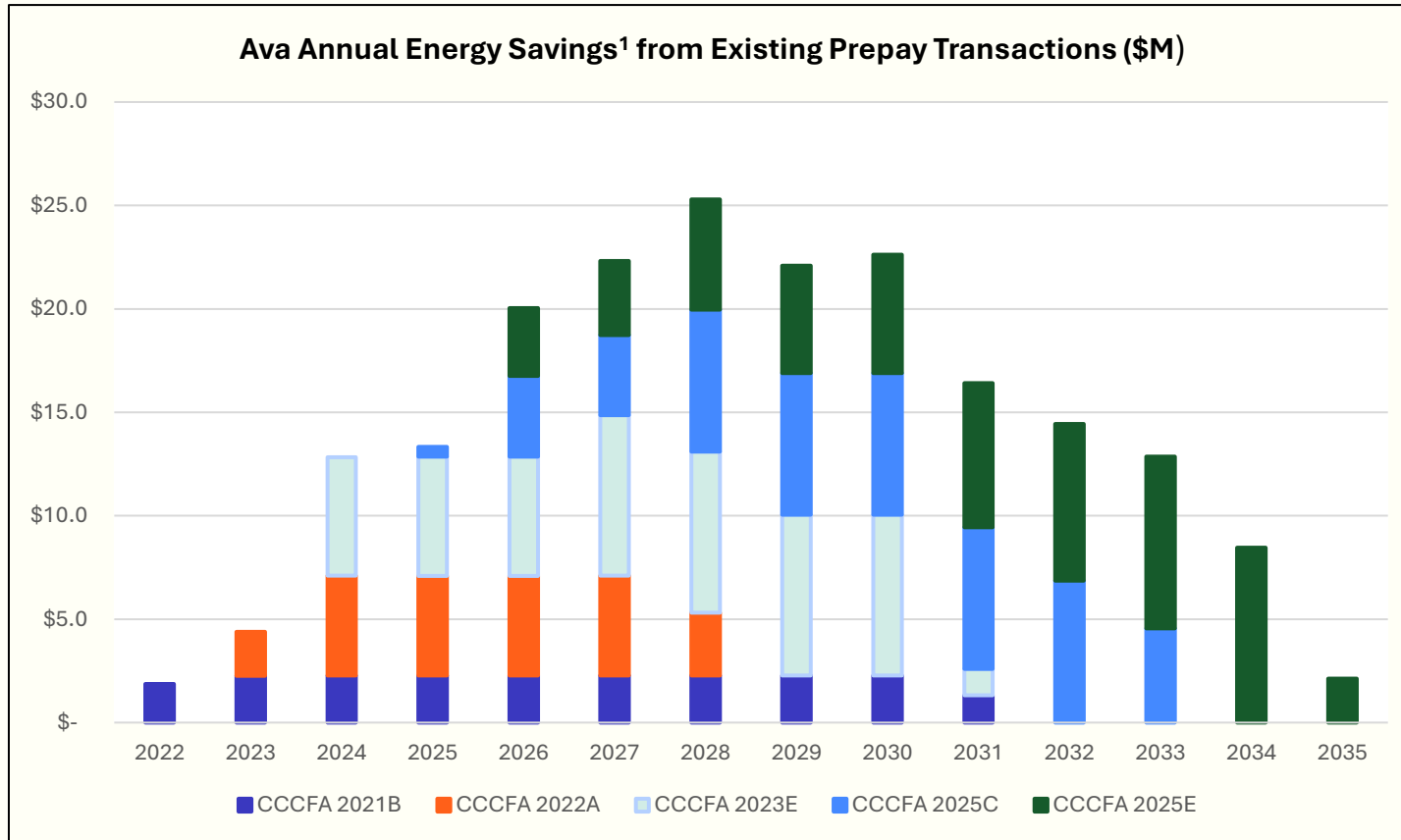
# Summary Of Ava Prepay Transactions

Ava's transactions to date have resulted in over **\$5.1B** in CCCFA bond issuances, with **\$/MWh** discounts improving in more recent transactions driven largely by market conditions.

	CCCFA 2021B	CCCFA 2022A	CCCFA 2023E	CCCFA 2025C	CCCFA 2025E	Total
<b>Project Participant(s)</b>	Ava & SVCE	Ava	Ava	Ava	Ava	N/A
<b>Initial Bond Principal Amount</b>	\$1,234,720,000	\$931,120,000	\$997,895,000	\$1,004,395,000	\$960,730,000	<b>\$5,128,860,000</b>
<b>Delivery Period Start Date</b>	1/1/2022	4/1/2023	1/1/2024	11/1/2025	4/1/2026	N/A
<b>Bond Refinancing Date</b>	8/1/2031	8/1/2028	3/1/2031	10/1/2033	5/1/2035	N/A
<b>Total Discount to Ava (\$/MWh)</b>	\$4.28	\$7.46	\$12.66	\$10.85	\$13.30	<b>\$9.55/MWh</b>
<b>Initial Period Nominal Energy Savings</b>	\$21.4M	\$26.8M	\$49.6M	\$47.1M	\$56.5M	<b>\$201.5M</b>
<b>Initial Period Energy Delivery (MWh)</b>	5.0MM	3.59MM	3.92MM	4.34MM	4.25M	<b>21.1M</b>
<b># of Ava PPAs Currently Assigned<sup>2</sup></b>	2.5	2.5	2	1	2	<b>10</b>

<sup>2</sup>Where a decimal is present, certain Ava PPAs have energy volume allocated on a pro rata basis across multiple prepayment transactions.

# Ava Energy Prepay Savings by Transaction



- Ava’s initial five prepay transactions are expected to provide \$201.5M in energy savings over the initial bond periods.
- Average savings discount: \$9.55/MWh across ~21.1 TWh of Ava energy procured through 2035.
- Annual savings of >\$20M per year from 2026-2030 from the five existing prepays

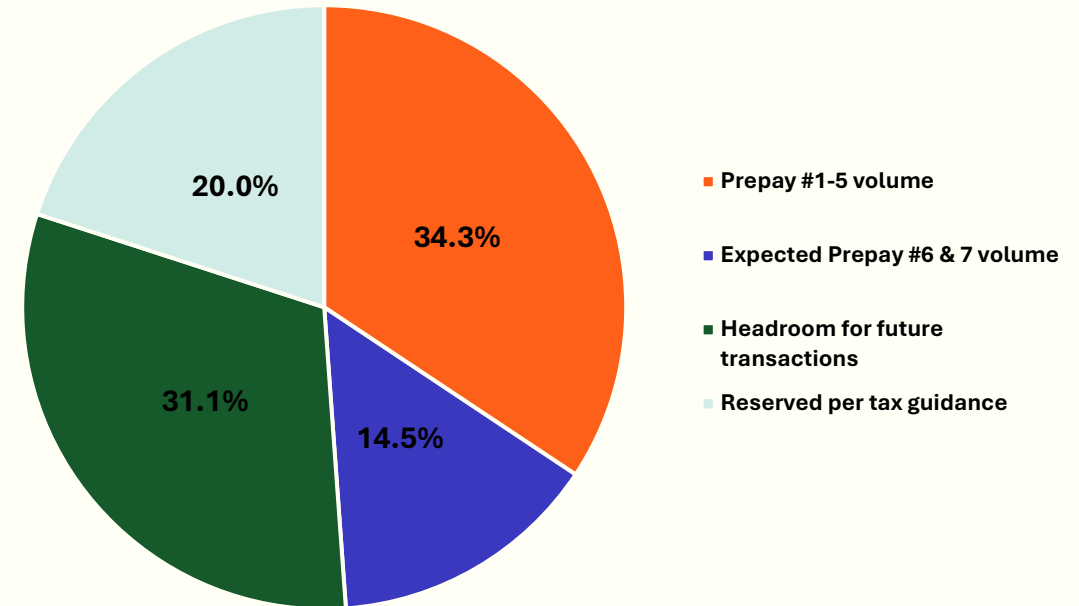
<sup>1</sup> Annual energy savings above reflect total nominal expected discount to be received by Ava through the respective bond refinancing date.

Note: the savings decline in later years (2031-2035) above is a function of Ava’s existing transactions reaching their refinancing date on a rolling basis. At refinancing, Ava would issue a new bond and receive a new \$/MWh discount for the duration of the bond.

# Potential for Future Prepay Transactions

- Under tax guidance, Ava's aggregate load committed to all energy prepayment transactions should be limited to no more than 80% of total expected load in any given year.
- Through 5 transactions: 34% of Ava's forecasted load is committed to energy prepayments in peak years.
- After Prepays #6 & 7, 49% of Ava's forecasted load will be committed across all transactions.
- Following Prepay #7, Ava expects to have load capacity headroom for 3-4 additional prepayment transactions.
  - This is subject to change based on actual volume commitments in forthcoming transaction and will be reviewed over time against Ava's long-term load forecast.

**Energy prepayment load commitments as % of Ava's expected load<sup>4</sup>**



<sup>4</sup>Percentages in chart reflect expected volumes for calendar year 2051, which is the peak aggregate volume commitment for Ava's existing energy prepayment transactions.

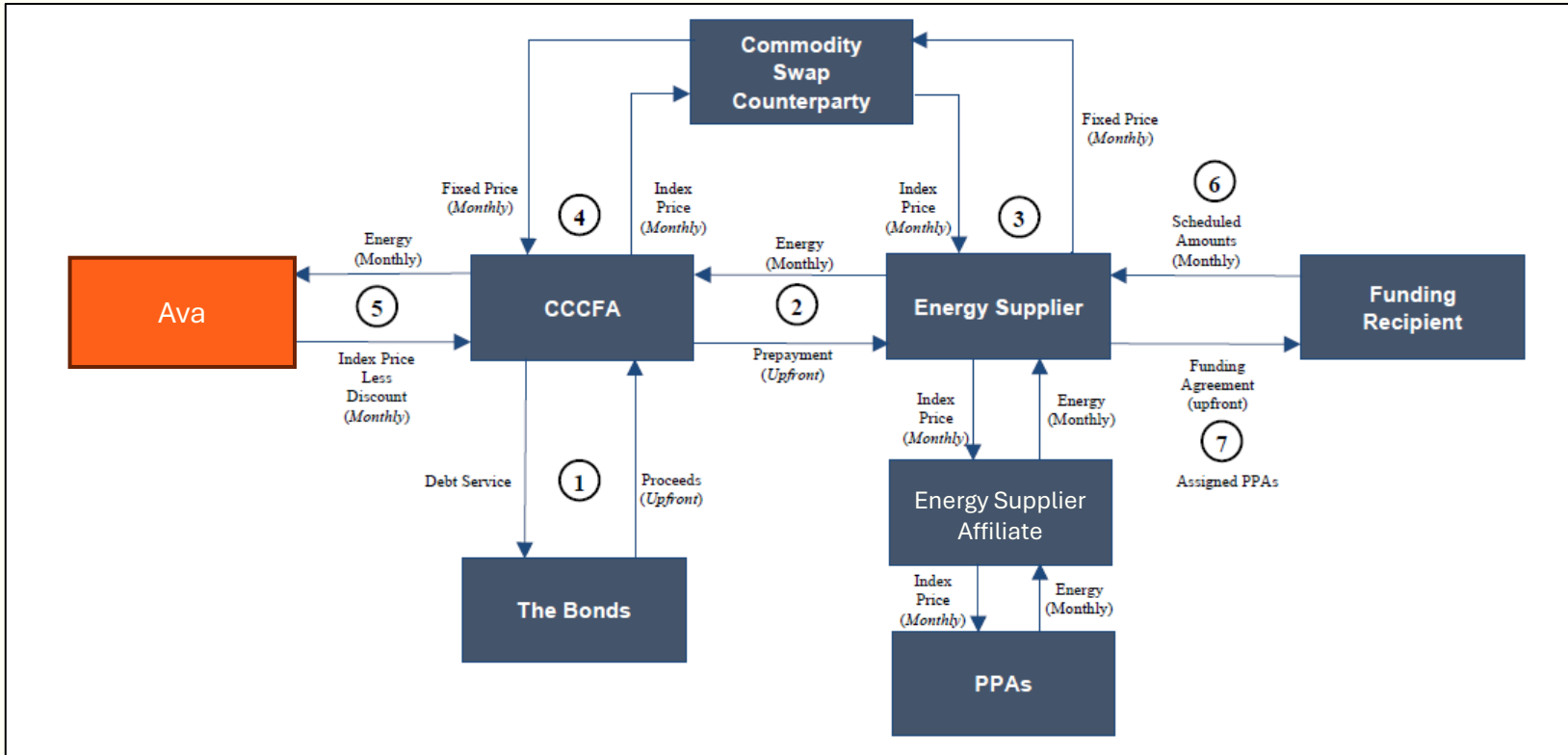
# Summary & Request for Approval

- Prepays currently provide significant savings for Ava ~ \$22.5 million annually
  - Could approach \$40-50 million annually with more prepays
- Budget Planning Risk- Perpetual savings uncertain due to broad structural risks
- Staff recommends continuing to use prepays within legal guidance to maximize savings while monitoring budget risk over the mid-long-term

## **Staff requests authorization to enter into all financing agreements necessary to price and close two prepay transactions subject to the following parameters:**

- No more than two total prepayment transactions will be completed
- The aggregate principal amount of each series of Bonds shall not exceed \$1,250,000,000 per series issued;
- The “Monthly Discount” and “Minimum Discount” shall be at least 8.0% of the fixed cashflows
- The Bonds will be non-recourse and not be obligations of Ava

# Energy Prepayment Transaction Diagram



1. Bond Issuance: CCCFA issues the Bonds to fund the prepayment.
2. Prepayment: CCCFA applies bond proceeds to prepay Energy Supplier for 30 years of energy deliveries.
3. Commodity swap: Energy Supplier enters swap transaction at fixed price.
4. CCCFA commodity swap: CCCFA enters commodity swap at same fixed price to de-risk variability of debt service.
5. Ava: Ava enters energy supply contract to buy energy delivered by Energy Supplier at a fixed discount to Ava's energy contracts.
6. Funding Agreement: Energy Supplier finances bond proceeds with third-party funding recipient to enhance savings potential.
7. Assigned PPA's: Ava assigns its existing and future PPA's to Energy Supplier through a custodial account. Energy Supplier contributes pays and take title to underlying PPA energy.

# Involved Prepay Parties

- **Prepay Supplier/Bond Underwriter:** Morgan Stanley/ Goldman Sachs, among others
- **Municipal Financial Advisor:** PFM Financial Advisors LLC & PFM Swap Advisors LLC
- **Counsel:** Orrick, Herrington & Sutcliffe (CCCFA Bond & Tax Counsel) | Chapman & Cutler LLP (Ava Bond Counsel); Sheppard Mullin (Supplier Counsel)
- **Bond Issuer:** California Community Choice Financing Authority
- **Trustee/Custodial Bank:** US Bank
- **Commodity Swap Counterparty:** Natixis, RBC, BP among others
- **Credit Rating Agency:** Moody's Investor Service Inc
- **Ava Prepay Funding Recipients:** Morgan Stanley, Bank of Nova Scotia and American General Life

# Prepay Structure Risks

Risk	Description	Mitigation
Market risks	Macro factors (Iran, inflation, Fed rate decisions, etc.) may impact bond pricing and Ava savings potential of energy prepayment transactions.	Ava and PFM to coordinate closely with underwriters on market timing to optimize execution.
Refinancing risk	<ul style="list-style-type: none"> <li>Initial prepay bond savings periods are typically 5-10 years.</li> <li>Each transaction must be re-financed at that time</li> <li>Future savings are subject to decrease/increased based on market conditions at refinancing.</li> <li>Energy prepayment transaction volume has meaningfully increased in past few years, so the refinancing market will have a higher supply in the coming years.</li> </ul>	<p>Ava to assess opportunities to stagger Ava transaction refinancing dates to de-risk market and interest rate conditions at re-financing.</p> <p>Issuing transactions in 2026 may result in higher savings than future years when new issuances may compete with refinancings for the same bond purchaser pool.</p>
Load loss risk	Material inability by Ava to deliver contracted MWh in future years may lead to loss of energy discount.	Ava limits its prepay-committed power relative to its long-term load forecast. After Prepays #6 & 7, approximately 49 % of Ava's future load will be committed to prepays.
Out of pocket costs	Requires staff time to execute & manage; ratings agency and green bond fees are paid regardless of transaction's success.	Fees are greatly outweighed by the savings potential.
Tax / regulatory risk	Changes in tax law or RPS standards may impact energy prepayment transactions in the future and potentially cause existing deals to unwind.	Limited ability to mitigate.

**Ava Planning Risk - Loss of discounted power would place some future budgetary pressure on Ava**

# Prepaid Energy Refinancing Risk

Over \$95.6B of prepaid energy financings are coming due for refinancing by 2036, which may result in pressure on future bond pricing, energy discounts, and market access.

