AGENDA

MIDDLE FORK PROJECT
FINANCE AUTHORITY

Special Meeting

Thursday, October 10, 2019, 8:30 a.m.
Placer County Water Agency
American River Room
144 Ferguson Road
Auburn, California

and

Friday, October 11, 2019, 8:00 a.m.
20900 Soda Springs Road
Foresthill, California

October 10, 2019, 8:30 a.m., PCWA Business Center and then depart for Middle Fork American River Project, reconvene approximately at 3:00 p.m. at Hell Hole Dormitory

Members of the Board of Directors:

PLACER COUNTY WATER AGENCY
Primo Santini, District 2, Vice-Chair
Mike Lee, District 3

COUNTY OF PLACER
Jim Holmes, District 3, Chair
Robert Weygandt, District 2

A. Call to Order; 8:30 a.m. at Placer County Water Agency

1. Roll call

2. Pledge of Allegiance

B. Public Comment: This is the time for any member of the public to address the Board of Directors on any matter not on the agenda that is within the subject matter jurisdiction of the Authority. Members of the public are requested to come to the podium and use the microphone.

C. Agenda Review and Changes
D. **Consent Calendar**: All items listed under the consent calendar are considered to be routine and may be approved by one motion.

- **Pg. 1** 1. Consider approving July 18, 2019, minutes.
- **Pg. 7** 2. Receive and file Check Register 19-04 expenses disbursed.
- **Pg. 9** 3. Receive and file Treasurer’s Investment Reports for months ended July 31 and August 31, 2019.

E. **General Items**:

- **Pg. 23** 1. Consider approving contract with Davis Farr LLP to provide financial statement auditing services for the year ending December 31, 2019.
- **Pg. 31** 2. Receive report on the potential refinancing of the Authority’s 2006 Revenue bond:
  a. Authorize staff to perform due diligence for a refinancing of the Authority’s Revenue Bond;
  b. Consider approving agreements for financial and legal services related to the refunding of the 2006 Revenue Bond with Montague DeRose & Associates in an amount not to exceed $150,000; Kronick, Moskovitz, Tiedemann & Girard (Bond Counsel) in an amount not to exceed $70,000; and Jones Hall (Disclosure Counsel) in an amount not to exceed $40,000.
  c. Authorize staff to prepare an independent financial feasibility study and report in support of the debt refinancing:
     i. Consider approving an agreement with Thomas R. Johnson LLC for work associated with the feasibility study in an amount not to exceed $8,000;
     ii. Authorize the Executive Director, or his designee, to execute a contract for a financial feasibility study and report in an amount not to exceed $150,000.
- **Pg. 73** 3. Receive report on 2019 Budget and Actual Schedules for the period ended August 31, 2019.
- **Pg. 83** 4. Consider approving the proposed 2020 Middle Fork Project Finance Authority Budget.
- **Pg. 101** 5. Adopt Resolution 19-___ approving a revised Energy Marketing Oversight Policy.
- **Pg. 115** 6. Receive and file draft revised Placer County Water Agency Energy Risk Management Policy. Information only.

F. **RECESS TO BEGIN MIDDLE FORK AMERICAN RIVER PROJECT TOUR – OCTOBER 10 & 11**

- **Pg. 139** ITINERARY ATTACHED
Approximately 9:30 a.m. begin driving tour to Middle Fork American River Project facilities with overnight stay at Placer County Water Agency’s dormitory at Hell Hole Reservoir.

G. RECONVENE AND CALL TO ORDER, October 10, 2019, 3:00 p.m. (approximate), at Hell Hole Dormitory:

1. Board workshop to discuss strategic planning initiatives for the next year.

   This is a workshop session. The Chair may not entertain any motions and the Board may not take any actions. The Board may, however, provide informal direction to staff and request that issues be brought back for action at a future Board meeting.

H. RECESS

I. RECONVENE AND CALL TO ORDER, October 11, 2019, 8:00 a.m. (approximate), at Hell Hole Dormitory

1. Board workshop to discuss strategic planning initiatives for the next year.

   This is a workshop session. The Chair may not entertain any motions and the Board may not take any actions. The Board may, however, provide informal direction to staff and request that issues be brought back for action at a future Board meeting.

J. Adjournment

THE NEXT RESOLUTION NUMBER IS 19-06.

The administrative affairs of the MFP Finance Authority are managed by PCWA. Inquiries regarding the MFP Finance Authority should be directed to the PCWA General Manager’s office (530) 823-4860 for reply.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact PCWA at (530) 823-4860. Notification by Friday noon preceding the meeting will enable the Authority to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102-35.104 ADA Title II]

In accordance with Government Code Sec. 54954.2(a) this notice and agenda were posted in the Placer County Water Agency’s outdoor bulletin board at the Agency’s Business Center at 144 Ferguson Road, Auburn, California, on or before October 4, 2019.

Any writing that is a public record under the Public Records Act that relates to an agenda item for an open session of the Board meeting that is distributed less than 72 hours prior to the meeting will be made available for public inspection at the time the writing is distributed to any Board members. Also, any such writing will be available for public inspection at the Placer County Water Agency’s office located at 144 Ferguson Road, Auburn, California, during normal business hours.
Tentative Schedule of Upcoming Middle Fork Project Finance Authority Board Meetings

- **Thursday, January 16, 2020, 10:00 a.m.** – Regular Board of Directors’ meeting at Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California
MINUTES

MIDDLE FORK PROJECT
FINANCE AUTHORITY

Thursday, July 18, 2019
10:00 a.m., Regular Meeting

Board Members Present: Chairman Jim Holmes, Vice-Chair Primo Santini, Mike Lee and Robert Weygandt

Board Members Absent: None

Agency Personnel Present: Einar Maisch, PCWA General Manager and Middle Fork Project (MFP) Finance Authority Executive Director; Scott Morris, PCWA and MFP Finance Authority General Counsel; Joseph Parker, PCWA Director of Financial Services and MFP Finance Authority Treasurer; Ryan Cline, Power Scheduling Manager; Andy Fecko, Director of Strategic Affairs; Tony Firenzi, Deputy Director of Technical Services; Jannet Hendrix, Finance Manager; Dan Kelly, Staff Counsel; Shelley Langan; Human Resources Manager; Jay L’Estrange, Director of Power Generation; Shane Motley, Power Scheduling Manager; Carrie Parks, Deputy Director of Financial Services; Ben Ransom, Senior Environmental Scientist; Darin Reintjes, Power Scheduling Manager; Katie Swanberg, Power Scheduling Manager; Michael Willihnganz, Director of Administrative Services; Lori Young, Deputy PCWA and MFP Finance Authority Clerk to the Board

County Personnel Present: Todd Leopold, Placer County Chief Executive Officer and MFP Finance Authority Secretary; Shanti Landon, District 2 Director for Supervisor Robert Weygandt; Vanessa Liebermann, Senior Management Analyst; Beverly Roberts, District 3 Director for Supervisor Jim Holmes; Brett Storey, Senior Management Analyst

A. Call to Order:

1. Roll call

Chair Holmes called the regular meeting of the Middle Fork Project Finance Authority Board of Directors to order at 10:00 a.m. in the American River Room, Placer County Water Agency Business Center, 144 Ferguson Road, Auburn, California.
2. Pledge of Allegiance

Led by Chair Holmes.

B. Public Comment:

The Chair invited the public to comment. No members of the public commented.

C. Agenda Review and Changes

There were none.

D. Consent Calendar:

1. Approve April 18, 2019, minutes.

2. Receive and file Check Register 19-03 expenses disbursed.

3. Receive and file Treasurer’s Investment Reports for months ended April, May, and June, 2019.

Motion by Director Lee approving Consent Calendar items 1, 2, and 3; motion seconded by Director Weygandt and adopted by unanimous vote of Directors present.

E. General Items


Ryan Cline reported that traditionally the Resource Adequacy (RA) market is an annual market and transactions are completed in the summer for delivery the following year. However, in December, the California Public Utilities Commission changed the RA requirements and that now load serving entities (LSE’s) need to acquire RA for three years instead of one year at a time. Given the new ruling, LSE’s are buying their capacity needs through 2022. The price for this product has dramatically increased. Under previous contracts, the price per unit the Agency was paid was about $2.25 per kilowatt-month, putting 2019 and 2020 annual revenue for RA at approximately $5.6 million. These contracts are $5.92 per unit placing annual revenue for 2021 and 2022 at approximately $14.5 million.

Motion by Director Santini adopting Resolution 19-04 approving three contracts between Tenaska Power Services and Placer County Water Agency for the sale of Resource Adequacy Capacity produced by the Middle Fork American River Project from January 1, 2021, to December 31, 2022;
motion seconded by Director Weygandt and adopted by unanimous roll call vote of Directors present.

2. Receive Middle Fork Project energy marketing and hydrology report.

Ryan Cline provided a PowerPoint presentation. In June of 2018, revenue for 2019 was forecast at $37,440,000. He explained how hydrology and energy market prices affect revenue. The current forecast for year-end generation is 1,500,000 megawatt hours and current projections place 2019 total revenue between $65-70 million.

3. Hell Hole Dam Core Raise Project update.

Jay L’Estrange provided a PowerPoint presentation on the status of the Hell Hole Dam Core Raise Project (handout provided). He provided the history of the project and explained the next sequence of operations.

4. Update on Middle Fork American River Project FERC relicensing, implementation, planning, and budget projections.

Joseph Parker reported cost estimates for implementation of the Federal Energy Regulatory Commission (FERC) license were originally developed in 2011. These costs have been carried in the 5-year budget since that time. It appears the FERC license will be issued in the near term.

Ben Ransom provided a PowerPoint presentation reviewing the FERC licensing process timeline (handout provided). In 2011, PCWA filed its application for a new license and requested a 401 Water Quality Certification from the State Water Resources Control Board (SWRCB). Between 2012 and 2018 PCWA withdrew and resubmitted its request for water certification annually at the request of the SWRCB.

Dan Kelly reported the withdrawal and resubmittal scheme used by states to avoid issuing a 401 Water Quality Certificate is unlawful. He provided the background to the Hoopa v. FERC case. On January 25, the District of Columbia Circuit Court issued a decision that if a state does not issue a 401 within one year of the date the application is initially filed, then it has waived its authority to do so. On February 22 the Agency filed a Petition for Declaratory Order with FERC citing Hoopa v. FERC and asking for a finding that the state had waived its authority to issue a 401. FERC issued an order on April 18 unanimously declaring the state had waived its authority – that there was no 401 issued for the Middle Fork Project (MFP) Relicensing. On April 17, the day before the hearing, the SWRCB actually issued a final 401 for the MFP. FERC did not address the issuance of that certification when it issued the Declaratory Order on the Agency’s behalf. The SWRCB and other non-governmental organizations requested rehearing before FERC of the Declaratory Order finding there was no 401 required for the project. On June 17 FERC granted a rehearing on the Petition for Declaratory Order and staff expects FERC will deny the substance of the rehearing petitions when it issues the final
license. Staff expects a license to be issued later this summer or early fall at which time staff also believes the SWRCB will bring a legal action challenging FERC’s decision on the waiver.

Ben Ransom summarized operational requirements of the anticipated new license including revised minimum instream flows, new reservoir spill ramp-down flows, new pulse flows, new recreational river flows, and reservoir elevation targets. Capital improvement projects required to meet the new license requirements include the Outlet Works Modifications, Small Diversion Modifications, Hell Hole Seasonal Storage Improvement Project, and road management. Required recreation facility enhancements include campground rehabilitation, boat ramp extensions, day-use area improvements, and whitewater boating put-in enhancements. The new license will require us to periodically monitor the environmental conditions of the MFP.

He reviewed FERC license requirement resource needs and the five-year budget projection for FERC projects. The remoteness of the MFP has a substantial effect on costs and weather limits the construction window. There is approximately a 10% increase in operational costs and an 89% increase in capital improvements since the 2011 estimates.

Joseph Parker reviewed the 2019-2024 Financial Plan Projection Schedule (handout provided).


Joseph Parker gave a briefing on 2019 Mid-Year Budget Financial Report (handout provided).

6. Update on French Meadows Forest Restoration Project.

Brett Storey provided a PowerPoint presentation (handout provided). Funding for the first three years of the project is in place - $9 million in funding and another $3.5 million of expected timber and biomass receipts. Contracts for about half of the acres have been awarded to date with additional contracts to be awarded in the next few months. Project implementation started in June and is ongoing. People are using this project as an example of how to move forward in the future with forestry operations. He explained focus areas for this year and treatments used including campground thinning, mastication, mechanical thinning, hand thinning, and road rehabilitation.

7. Consider adopting Resolution 19-05 authorizing the establishment of banking services with U.S. Bank.

Joseph Parker reported PCWA is transitioning to U.S. Bank and a resolution is needed to allow the MFPFA to engage banking services with U.S. Bank.

Motion by Director Santini adopting Resolution 19-05 authorizing the establishment of banking services with U.S. Bank; motion seconded by Director Weygandt and adopted by unanimous roll call vote of Directors present.

F. Reports by Directors
No reports received.

G. **Reports by Legal Counsel**

Scott Morris noted there are a lot of water bills still moving through the State Legislature. The Legislature went into recess on July 12 and will be back in session August 12. August 30 is the last day to meet and report bills and September 30 is the last day for any bill to be passed.

H. **Reports by Secretary**

No reports received.

I. **Reports by Executive Director**

The MFPFA Board retreat is October 10-11 and Gray Allen will attend in Mike Lee’s absence.

J. **Adjournment**

The Chair adjourned the meeting at 11:12 a.m.

______________________________________  _____________________________
Lori Young, Deputy Clerk to the Board  Date
This page intentionally left blank
The Board of Directors of the Middle Fork Project Finance Authority as of this date 10/10/2019, do hereby receive and file the following check register listing for the period from 7/06/2019 to 9/27/2019 from the MFP Finance Authority Checking Account.

<table>
<thead>
<tr>
<th>Payee</th>
<th>Description</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>PLACER COUNTY WATER AGENCY</td>
<td>MFP REIMBURSEMENT</td>
<td>Jul 12, 2019</td>
<td>1,399,759.69</td>
</tr>
<tr>
<td>PLACER COUNTY WATER AGENCY</td>
<td>MFP REIMBURSEMENT</td>
<td>Jul 19, 2019</td>
<td>437,097.32</td>
</tr>
<tr>
<td>PLACER COUNTY WATER AGENCY</td>
<td>MFP REIMBURSEMENT</td>
<td>Jul 26, 2019</td>
<td>330,792.70</td>
</tr>
<tr>
<td>PLACER COUNTY WATER AGENCY</td>
<td>MFP REIMBURSEMENT</td>
<td>Aug 2, 2019</td>
<td>969,552.20</td>
</tr>
<tr>
<td>PLACER COUNTY WATER AGENCY</td>
<td>MFP REIMBURSEMENT</td>
<td>Aug 9, 2019</td>
<td>378,342.92</td>
</tr>
<tr>
<td>UNION BANK</td>
<td>ADMINISTRATION FEES</td>
<td>Aug 9, 2019</td>
<td>875.00</td>
</tr>
<tr>
<td>PLACER COUNTY WATER AGENCY</td>
<td>MFP REIMBURSEMENT</td>
<td>Aug 16, 2019</td>
<td>480,095.30</td>
</tr>
<tr>
<td>PLACER COUNTY WATER AGENCY</td>
<td>MFP REIMBURSEMENT</td>
<td>Aug 23, 2019</td>
<td>340,776.37</td>
</tr>
<tr>
<td>PLACER COUNTY WATER AGENCY</td>
<td>MFP REIMBURSEMENT</td>
<td>Aug 30, 2019</td>
<td>398,555.45</td>
</tr>
<tr>
<td>PLACER COUNTY WATER AGENCY</td>
<td>MFP REIMBURSEMENT</td>
<td>Sep 6, 2019</td>
<td>902,526.50</td>
</tr>
<tr>
<td>PLACER COUNTY WATER AGENCY</td>
<td>MFP REIMBURSEMENT</td>
<td>Sep 13, 2019</td>
<td>573,889.87</td>
</tr>
<tr>
<td>KRONICK MOSKOVITZ</td>
<td>LEGAL SERVICES</td>
<td>Sep 20, 2019</td>
<td>5,115.00</td>
</tr>
<tr>
<td>PLACER COUNTY TREASURER</td>
<td>DEBT SERVICE</td>
<td>Sep 20, 2019</td>
<td>2,845,364.43</td>
</tr>
<tr>
<td>PLACER COUNTY WATER AGENCY</td>
<td>MFP REIMBURSEMENT</td>
<td>Sep 20, 2019</td>
<td>83,814.76</td>
</tr>
<tr>
<td>PLACER COUNTY WATER AGENCY</td>
<td>MFP REIMBURSEMENT</td>
<td>Sep 27, 2019</td>
<td>632,715.98</td>
</tr>
</tbody>
</table>

CHECK REGISTER TOTAL $9,779,273.49
Treasurer’s Discussion

Middle Fork Project Finance Authority Treasurer’s Report

July 31, 2019

This Treasurer’s Report includes three sections: 1. Portfolio Summary, 2. Portfolio Details – Investments, and 3. Activity by Type for the prior month.

For the purpose of clarification, the following definitions of investment terms are provided:

**Book Value** is the purchase price of a security plus amortization of any premium or discount. This may be more or less than face value depending upon whether the security was purchased at a premium or at a discount.

**Par (Face) Value** is the principal amount of a security and the amount of principal that will be paid at maturity.

**Market Value** is the value at which a security can be sold at the time it is priced including accrued interest. Individual securities market prices are obtained from Union Bank, (safekeeper and third party custodian). Market values are only relevant if the investment is sold prior to maturity. A gain or loss would be realized only if the specific investment were to be sold. It is the Authority’s practice to hold to maturity.

The investments held in the portfolio are in accordance with the Investment Policy of Middle Fork Project Finance Authority and California Government Code.
MFP Finance Authority
Portfolio Management
Portfolio Summary
July 31, 2019

<table>
<thead>
<tr>
<th>Investments</th>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>% of Portfolio</th>
<th>Term</th>
<th>Days to Mat/Call</th>
<th>YTM 365 Equiv.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Investment Funds</td>
<td>53,501,591.30</td>
<td>53,501,591.30</td>
<td>53,501,591.30</td>
<td>49.05</td>
<td>1</td>
<td>1</td>
<td>2.379</td>
</tr>
<tr>
<td>Checking Accounts</td>
<td>5,936,941.80</td>
<td>5,936,941.80</td>
<td>5,936,941.80</td>
<td>5.44</td>
<td>1</td>
<td>1</td>
<td>0.010</td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td>13,000,000.00</td>
<td>13,152,050.00</td>
<td>13,009,072.51</td>
<td>11.93</td>
<td>1,328</td>
<td>1,086</td>
<td>2.503</td>
</tr>
<tr>
<td>Federal Agency Coupon Securities</td>
<td>28,000,000.00</td>
<td>28,004,130.00</td>
<td>27,988,141.20</td>
<td>25.66</td>
<td>867</td>
<td>380</td>
<td>2.183</td>
</tr>
<tr>
<td>Treasury Coupon Securities</td>
<td>6,000,000.00</td>
<td>5,999,160.00</td>
<td>5,991,452.26</td>
<td>5.49</td>
<td>562</td>
<td>197</td>
<td>2.320</td>
</tr>
<tr>
<td>Miscellaneous Coupon Securities</td>
<td>2,700,000.00</td>
<td>2,701,107.00</td>
<td>2,647,044.31</td>
<td>2.43</td>
<td>1,400</td>
<td>1,202</td>
<td>2.681</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td><strong>109,138,533.10</strong></td>
<td><strong>109,294,980.10</strong></td>
<td><strong>109,074,243.38</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>446</strong></td>
<td><strong>268</strong></td>
<td><strong>2.219</strong></td>
</tr>
</tbody>
</table>

Cash and Accrued Interest

Accrued Interest at Purchase *

Ending Accrued Interest

Subtotal

Total Cash and Investments Value

<table>
<thead>
<tr>
<th>Investments</th>
<th>July 31</th>
<th>Month Ending</th>
<th>Fiscal Year To Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Year</td>
<td>218,401.81</td>
<td>1,369,649.33</td>
<td>* 25,500.00 Accrued at Purchase is Included in Book Value.</td>
</tr>
</tbody>
</table>

Average Daily Balance

Effective Rate of Return

The investments held in portfolio are in accordance with the Investment Policy of the Middle Fork Project Finance Authority.

Joseph H. Parker, CPA

Reporting period 07/01/2019-07/31/2019

Portfolio MFP
AC
Run Date: 08/12/2019 - 08:25
# MFP Finance Authority
## Portfolio Management
### Portfolio Details - Investments
#### July 31, 2019

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Investment #</th>
<th>Issuer</th>
<th>Average Balance</th>
<th>Purchase Date</th>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>Stated Rate</th>
<th>Days to Term Mat/Call</th>
<th>YTM 365</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Investment Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LAIF 10001</td>
<td>Local Agency Investment Fund</td>
<td>53,501,591.30</td>
<td>53,501,591.30</td>
<td>53,501,591.30</td>
<td></td>
<td>2.379</td>
<td>1</td>
<td>1</td>
<td>2.379</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal and Average</strong> 58,454,112.35</td>
<td></td>
<td>53,501,591.30</td>
<td>53,501,591.30</td>
<td>53,501,591.30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.379</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Checking Accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5616-OPERATIONS 10000</td>
<td>Union Bank of California</td>
<td>5,936,941.80</td>
<td>5,936,941.80</td>
<td>5,936,941.80</td>
<td></td>
<td>0.010</td>
<td>1</td>
<td>1</td>
<td>0.010</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal and Average</strong> 3,912,285.50</td>
<td></td>
<td>5,936,941.80</td>
<td>5,936,941.80</td>
<td>5,936,941.80</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>037833AR1 10072</td>
<td>Apple Inc.</td>
<td>05/03/2018</td>
<td>3,000,000.00</td>
<td>3,035,850.00</td>
<td>2,996,675.48</td>
<td>2.85</td>
<td>1,099</td>
<td>644</td>
<td>2.916</td>
<td>05/06/2021</td>
<td></td>
</tr>
<tr>
<td>13063DDG0 10078</td>
<td>State of California</td>
<td>01/31/2019</td>
<td>3,000,000.00</td>
<td>3,027,810.00</td>
<td>2,932,232.14</td>
<td>2.25</td>
<td>1,704</td>
<td>1,522</td>
<td>2.832</td>
<td>10/01/2023</td>
<td></td>
</tr>
<tr>
<td>459058GH0 10085</td>
<td>INTL BK BECON &amp; DEVELOP</td>
<td>02/26/2019</td>
<td>3,000,000.00</td>
<td>3,047,880.00</td>
<td>3,013,648.72</td>
<td>2.75</td>
<td>878</td>
<td>722</td>
<td>2.511</td>
<td>07/23/2021</td>
<td></td>
</tr>
<tr>
<td>742651DQ2 10062</td>
<td>Private Export Funding</td>
<td>08/08/2017</td>
<td>1,000,000.00</td>
<td>999,650.00</td>
<td>1,000,002.70</td>
<td>1.45</td>
<td>737</td>
<td>14</td>
<td>1.892</td>
<td>08/15/2019</td>
<td></td>
</tr>
<tr>
<td>742651DP4 10092</td>
<td>Private Export Funding</td>
<td>07/15/2019</td>
<td>3,000,000.00</td>
<td>3,040,860.00</td>
<td>3,066,513.47</td>
<td>2.45</td>
<td>1,827</td>
<td>1,810</td>
<td>1.978</td>
<td>07/15/2024</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal and Average</strong> 11,629,270.99</td>
<td></td>
<td>13,000,000.00</td>
<td>13,152,050.00</td>
<td>13,009,072.51</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.503</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Agency Coupon Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3133EFDT1 10063</td>
<td>Federal Farm Credit Bank</td>
<td>09/28/2017</td>
<td>1,000,000.00</td>
<td>995,730.00</td>
<td>1,000,000.00</td>
<td>1.66</td>
<td>1,085</td>
<td>413</td>
<td>1.658</td>
<td>09/17/2020</td>
<td></td>
</tr>
<tr>
<td>3130A52D8 10075</td>
<td>Federal Home Loan Bank</td>
<td>01/31/2019</td>
<td>3,000,000.00</td>
<td>3,028,920.00</td>
<td>3,008,333.65</td>
<td>2.86</td>
<td>623</td>
<td>441</td>
<td>2.621</td>
<td>10/15/2020</td>
<td></td>
</tr>
<tr>
<td>313378WQ2 10086</td>
<td>Federal Home Loan Bank</td>
<td>03/20/2019</td>
<td>3,000,000.00</td>
<td>3,041,970.00</td>
<td>3,006,904.13</td>
<td>2.50</td>
<td>1,087</td>
<td>953</td>
<td>2.433</td>
<td>03/11/2022</td>
<td></td>
</tr>
<tr>
<td>3130ADN32 10088</td>
<td>Federal Home Loan Bank</td>
<td>06/07/2019</td>
<td>3,000,000.00</td>
<td>2,999,160.00</td>
<td>3,020,541.67</td>
<td>2.12</td>
<td>249</td>
<td>194</td>
<td>2.123</td>
<td>02/11/2020</td>
<td></td>
</tr>
<tr>
<td>3130AGCH99 10089</td>
<td>Federal Home Loan Bank</td>
<td>06/04/2019</td>
<td>3,000,000.00</td>
<td>3,055,310.00</td>
<td>3,003,504.31</td>
<td>2.25</td>
<td>353</td>
<td>295</td>
<td>2.197</td>
<td>05/22/2020</td>
<td></td>
</tr>
<tr>
<td>3137TEALF2 10068</td>
<td>Federal Home Loan Mtg Corp</td>
<td>01/31/2018</td>
<td>3,000,000.00</td>
<td>2,984,370.00</td>
<td>2,983,847.35</td>
<td>1.37</td>
<td>810</td>
<td>263</td>
<td>2.145</td>
<td>04/20/2020</td>
<td></td>
</tr>
<tr>
<td>3134CTY5P2 10090</td>
<td>Federal Home Loan Mtg Corp</td>
<td>07/01/2019</td>
<td>3,000,000.00</td>
<td>2,987,130.00</td>
<td>3,000,000.00</td>
<td>2.00</td>
<td>1,005</td>
<td>244</td>
<td>2.000</td>
<td>04/01/2022</td>
<td></td>
</tr>
<tr>
<td>3134C7W4C 10091</td>
<td>Federal Home Loan Mtg Corp</td>
<td>07/01/2019</td>
<td>3,000,000.00</td>
<td>2,992,350.00</td>
<td>3,000,833.33</td>
<td>2.00</td>
<td>1,822</td>
<td>330</td>
<td>2.000</td>
<td>06/26/2024</td>
<td></td>
</tr>
<tr>
<td>3135G0D75 10069</td>
<td>Federal National Mtg Assn</td>
<td>01/31/2018</td>
<td>3,000,000.00</td>
<td>2,985,390.00</td>
<td>2,981,155.89</td>
<td>1.50</td>
<td>873</td>
<td>126</td>
<td>2.149</td>
<td>06/22/2020</td>
<td></td>
</tr>
<tr>
<td>3135G0T60 10070</td>
<td>Federal National Mtg Assn</td>
<td>01/31/2018</td>
<td>3,000,000.00</td>
<td>2,983,800.00</td>
<td>2,981,020.87</td>
<td>1.50</td>
<td>911</td>
<td>364</td>
<td>2.155</td>
<td>07/30/2020</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal and Average</strong> 27,986,191.20</td>
<td></td>
<td>28,000,000.00</td>
<td>28,004,130.00</td>
<td>27,988,141.20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.183</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury Coupon Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9128283N8 10071</td>
<td>U.S. Treasury</td>
<td>01/31/2018</td>
<td>3,000,000.00</td>
<td>2,996,940.00</td>
<td>2,997,455.79</td>
<td>1.87</td>
<td>699</td>
<td>152</td>
<td>2.084</td>
<td>12/31/2019</td>
<td></td>
</tr>
<tr>
<td>9128284C1 10074</td>
<td>U.S. Treasury</td>
<td>01/31/2019</td>
<td>3,000,000.00</td>
<td>3,002,220.00</td>
<td>2,993,996.47</td>
<td>2.25</td>
<td>425</td>
<td>243</td>
<td>2.556</td>
<td>03/31/2020</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal and Average</strong> 8,893,632.36</td>
<td></td>
<td>6,000,000.00</td>
<td>5,999,160.00</td>
<td>5,991,452.26</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2.320</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Coupon Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>742651DR0 10073</td>
<td>Private Export Funding</td>
<td>01/15/2019</td>
<td>2,700,000.00</td>
<td>2,701,107.00</td>
<td>2,647,044.31</td>
<td>2.05</td>
<td>1,400</td>
<td>1,202</td>
<td>2.681</td>
<td>11/15/2022</td>
<td></td>
</tr>
<tr>
<td>CUSIP</td>
<td>Investment #</td>
<td>Issuer</td>
<td>Average Balance</td>
<td>Purchase Date</td>
<td>Par Value</td>
<td>Market Value</td>
<td>Book Value</td>
<td>Stated Rate</td>
<td>Days to Term</td>
<td>Mat/Call</td>
<td>YTM 365</td>
</tr>
<tr>
<td>-------</td>
<td>--------------</td>
<td>--------</td>
<td>-----------------</td>
<td>---------------</td>
<td>-----------</td>
<td>-------------</td>
<td>------------</td>
<td>-------------</td>
<td>--------------</td>
<td>-----------</td>
<td>---------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2,646,416.70</td>
<td></td>
<td>2,700,000.00</td>
<td>2,701,107.00</td>
<td>2,647,044.31</td>
<td>1,400</td>
<td>1,202</td>
<td>2.681</td>
<td></td>
</tr>
</tbody>
</table>

Subtotal and Average

Total and Average 113,521,909.10 109,138,533.10 109,294,980.10 109,074,243.38 446 268 2.219
# MFP Finance Authority
## Portfolio Management
### Portfolio Details - Cash
#### July 31, 2019

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Investment #</th>
<th>Issuer</th>
<th>Average Balance</th>
<th>Purchase Date</th>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>Stated Rate</th>
<th>Days to Mat/Call</th>
<th>YTM 365</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
<td>* Accrued Interest at Purchase</td>
<td>0.00</td>
<td>0.00</td>
<td>283,448.46</td>
<td>283,448.46</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ending Accrued Interest</td>
<td>283,448.46</td>
<td>283,448.46</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Subtotal</td>
<td>283,448.46</td>
<td>283,448.46</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total Cash and Investment Value</td>
<td>113,521,909.10</td>
<td>109,138,533.10</td>
<td>109,578,428.56</td>
<td>109,357,691.84</td>
<td>446</td>
<td>268</td>
<td>2.219</td>
</tr>
</tbody>
</table>

* 25,500.00 Accrued at Purchase is Included in Book and Market Values
# MFP Finance Authority
## Portfolio Management
### Activity By Type
#### July 1, 2019 through July 31, 2019

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Investment #</th>
<th>Issuer</th>
<th>Stated Rate</th>
<th>Transaction Date</th>
<th>Purchases or Deposits</th>
<th>Redemptions or Withdrawals</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Local Agency Investment Funds (Monthly Summary)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LAIF</td>
<td>10001</td>
<td>2.379</td>
<td></td>
<td>357,394.92</td>
<td>5,475,000.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Subtotal</td>
<td></td>
<td>357,394.92</td>
<td>5,475,000.00</td>
<td>53,501,591.30</td>
</tr>
<tr>
<td></td>
<td>Checking Accounts (Monthly Summary)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5616-OPERATIONS</td>
<td>10000</td>
<td>0.010</td>
<td></td>
<td>13,804,243.09</td>
<td>11,712,098.25</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Subtotal</td>
<td></td>
<td>13,804,243.09</td>
<td>11,712,098.25</td>
<td>5,936,941.80</td>
</tr>
<tr>
<td></td>
<td>Medium Term Notes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>742651DP4</td>
<td>10092</td>
<td>2.450</td>
<td>07/15/2019</td>
<td>3,067,110.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Subtotal</td>
<td></td>
<td>3,067,110.00</td>
<td>0.00</td>
<td>13,090,072.51</td>
</tr>
<tr>
<td></td>
<td>Federal Agency Coupon Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3134GTYP2</td>
<td>10090</td>
<td>2.000</td>
<td>07/01/2019</td>
<td>3,000,000.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3134GTWG4</td>
<td>10091</td>
<td>2.000</td>
<td>07/01/2019</td>
<td>3,000,000.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Subtotal</td>
<td></td>
<td>6,000,000.00</td>
<td>0.00</td>
<td>27,988,141.20</td>
</tr>
<tr>
<td></td>
<td>Treasury Coupon Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>912828WW6</td>
<td>10067</td>
<td>1.625</td>
<td>07/31/2019</td>
<td>0.00</td>
<td>3,000,000.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Subtotal</td>
<td></td>
<td>0.00</td>
<td>3,000,000.00</td>
<td>5,991,452.26</td>
</tr>
<tr>
<td></td>
<td>Miscellaneous Coupon Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td></td>
<td>2,647,044.31</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>23,228,748.01</td>
<td>20,187,098.25</td>
<td>109,074,243.38</td>
</tr>
</tbody>
</table>

Run Date: 08/12/2019  08:25

Portfolio MFP
AC
PM (PRF_PM) 7.3.0
Report Ver. 7.3.6.1
Middle Fork Project Finance Authority

Treasurer’s Investment Report
August 31, 2019

144 Ferguson Road • Auburn, California 95604
Telephone: (530) 823-4875
Treasurer’s Discussion

Middle Fork Project Finance Authority Treasurer’s Report

August 31, 2019

This Treasurer’s Report includes three sections: 1. Portfolio Summary, 2. Portfolio Details – Investments, and 3. Activity by Type for the prior month.

For the purpose of clarification, the following definitions of investment terms are provided:

**Book Value** is the purchase price of a security plus amortization of any premium or discount. This may be more or less than face value depending upon whether the security was purchased at a premium or at a discount.

**Par (Face) Value** is the principal amount of a security and the amount of principal that will be paid at maturity.

**Market Value** is the value at which a security can be sold at the time it is priced including accrued interest. Individual securities market prices are obtained from Union Bank, (safekeeper and third party custodian). Market values are only relevant if the investment is sold prior to maturity. A gain or loss would be realized only if the specific investment were to be sold. It is the Authority’s practice to hold to maturity.

The investments held in the portfolio are in accordance with the Investment Policy of Middle Fork Project Finance Authority and California Government Code.
MFP Finance Authority
Portfolio Management
Portfolio Summary
August 31, 2019

<table>
<thead>
<tr>
<th>Investments</th>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>% of Portfolio</th>
<th>Term</th>
<th>Days to Mat/Call</th>
<th>YTM 365 Equiv.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Investment Funds</td>
<td>59,251,591.30</td>
<td>59,251,591.30</td>
<td>59,251,591.30</td>
<td>52.84</td>
<td>1</td>
<td>1</td>
<td>2.379</td>
</tr>
<tr>
<td>Checking Accounts</td>
<td>1,174,578.64</td>
<td>1,174,578.64</td>
<td>1,174,578.64</td>
<td>10.05</td>
<td>1</td>
<td>1</td>
<td>0.010</td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td>12,000,000.00</td>
<td>12,273,900.00</td>
<td>12,008,888.65</td>
<td>10.71</td>
<td>1,377</td>
<td>1,145</td>
<td>2.554</td>
</tr>
<tr>
<td>Federal Agency Coupon Securities</td>
<td>28,000,000.00</td>
<td>28,104,650.00</td>
<td>27,971,764.83</td>
<td>24.95</td>
<td>867</td>
<td>349</td>
<td>2.183</td>
</tr>
<tr>
<td>Treasury Coupon Securities</td>
<td>9,000,000.00</td>
<td>9,075,720.00</td>
<td>9,073,647.01</td>
<td>8.09</td>
<td>666</td>
<td>404</td>
<td>2.032</td>
</tr>
<tr>
<td>Miscellaneous Coupon Securities</td>
<td>2,700,000.00</td>
<td>2,736,747.00</td>
<td>2,648,386.10</td>
<td>2.36</td>
<td>1,400</td>
<td>1,171</td>
<td>2.681</td>
</tr>
<tr>
<td><strong>Investments</strong></td>
<td><strong>112,126,169.94</strong></td>
<td><strong>112,617,186.94</strong></td>
<td><strong>112,128,856.53</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>451</strong></td>
<td><strong>271</strong></td>
<td><strong>2.303</strong></td>
</tr>
</tbody>
</table>

Cash and Accrued Interest
Accrued Interest at Purchase *
Ending Accrued Interest 461,804.86 461,804.86
Subtotal 461,804.86 461,804.86

Total Cash and Investments Value 112,126,169.94 113,078,991.80 112,590,661.39 451 271 2.303

Total Earnings August 31 Month Ending Fiscal Year To Date
Current Year 203,415.94 1,573,054.65

Average Daily Balance 108,746,065.29 102,066,380.05
Effective Rate of Return 2.20% 2.31%

The investments held in portfolio are in accordance with the Investment Policy of the Middle Fork Project Finance Authority.

Joseph H. Parker, CPA

Reporting period 08/01/2019-08/31/2019
Run Date: 09/1/2019 - 13:22
# MFP Finance Authority
## Portfolio Management
### Portfolio Details - Investments
#### August 31, 2019

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Investment #</th>
<th>Issuer</th>
<th>Average Balance</th>
<th>Purchase Date</th>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>Stated Rate</th>
<th>Days to Term Mat/Call</th>
<th>YTM</th>
<th>Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Investment Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LAIF</td>
<td>10001</td>
<td>Local Agency Investment Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>59,251,591.30</td>
<td></td>
<td>59,251,591.30</td>
<td></td>
<td>59,251,591.30</td>
<td></td>
<td>2.379</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Subtotal and Average</td>
<td></td>
<td></td>
<td></td>
<td>53,687,075.17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Checking Accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5616-OPERATIONS</td>
<td>10000</td>
<td>Union Bank of California</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,174,578.64</td>
<td></td>
<td>1,174,578.64</td>
<td></td>
<td>1,174,578.64</td>
<td></td>
<td>0.010</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Subtotal and Average</td>
<td></td>
<td></td>
<td></td>
<td>5,783,317.18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium Term Notes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>037833AR1</td>
<td>10072</td>
<td>Apple Inc.</td>
<td>05/03/2018</td>
<td>3,000,000.00</td>
<td>3,050,940.00</td>
<td>2,996,832.55</td>
<td>2.850</td>
<td>1,099</td>
<td>613</td>
<td>2.916</td>
<td>05/06/2021</td>
</tr>
<tr>
<td>13063DDG0</td>
<td>10078</td>
<td>State of California</td>
<td>01/31/2019</td>
<td>3,000,000.00</td>
<td>3,054,240.00</td>
<td>2,933,587.50</td>
<td>2.250</td>
<td>1,704</td>
<td>1,491</td>
<td>2.832</td>
<td>10/01/2023</td>
</tr>
<tr>
<td>459058GH0</td>
<td>10085</td>
<td>INTL BK BACON &amp; DEVELOP</td>
<td>02/26/2019</td>
<td>3,000,000.00</td>
<td>3,065,640.00</td>
<td>3,013,073.63</td>
<td>2.750</td>
<td>878</td>
<td>691</td>
<td>2.511</td>
<td>07/23/2021</td>
</tr>
<tr>
<td>742651DP4</td>
<td>10092</td>
<td>Private Export Fundin</td>
<td>07/15/2019</td>
<td>3,000,000.00</td>
<td>3,103,080.00</td>
<td>3,065,394.97</td>
<td>2.450</td>
<td>1,827</td>
<td>1,779</td>
<td>1.978</td>
<td>07/15/2024</td>
</tr>
<tr>
<td>Subtotal and Average</td>
<td></td>
<td></td>
<td></td>
<td>12,460,586.86</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Agency Coupon Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3133EDT1</td>
<td>10063</td>
<td>Federal Farm Credit Bank</td>
<td>09/28/2017</td>
<td>1,000,000.00</td>
<td>998,990.00</td>
<td>1,000,000.00</td>
<td>1,660</td>
<td>1,085</td>
<td>382</td>
<td>1.658</td>
<td>09/17/2020</td>
</tr>
<tr>
<td>3130AF2D8</td>
<td>10075</td>
<td>Federal Home Loan Bank</td>
<td>09/30/2019</td>
<td>3,000,000.00</td>
<td>3,037,350.00</td>
<td>3,007,757.59</td>
<td>2.860</td>
<td>623</td>
<td>410</td>
<td>2.621</td>
<td>09/17/2020</td>
</tr>
<tr>
<td>313378WG2</td>
<td>10086</td>
<td>Federal Home Loan Bank</td>
<td>09/30/2019</td>
<td>3,000,000.00</td>
<td>3,074,730.00</td>
<td>3,006,743.83</td>
<td>2.500</td>
<td>1,087</td>
<td>922</td>
<td>2.433</td>
<td>03/11/2022</td>
</tr>
<tr>
<td>3130ADN32</td>
<td>10088</td>
<td>Federal Home Loan Bank</td>
<td>09/30/2019</td>
<td>3,000,000.00</td>
<td>3,003,480.00</td>
<td>3,000,000.00</td>
<td>2.125</td>
<td>249</td>
<td>163</td>
<td>2.123</td>
<td>02/11/2022</td>
</tr>
<tr>
<td>3135AGH99</td>
<td>10089</td>
<td>Federal Home Loan Bank</td>
<td>09/30/2019</td>
<td>3,000,000.00</td>
<td>3,007,920.00</td>
<td>3,003,375.00</td>
<td>2.250</td>
<td>353</td>
<td>264</td>
<td>2.197</td>
<td>05/22/2022</td>
</tr>
<tr>
<td>3137TECEF</td>
<td>10068</td>
<td>Federal Home Loan Mgt Corp</td>
<td>01/31/2018</td>
<td>3,000,000.00</td>
<td>2,990,880.00</td>
<td>2,985,718.31</td>
<td>1.375</td>
<td>810</td>
<td>232</td>
<td>2.145</td>
<td>04/05/2020</td>
</tr>
<tr>
<td>3134CTYP2</td>
<td>10090</td>
<td>Federal Home Loan Mgt Corp</td>
<td>07/01/2019</td>
<td>3,000,000.00</td>
<td>3,004,140.00</td>
<td>3,000,000.00</td>
<td>2.000</td>
<td>1,005</td>
<td>213</td>
<td>2.000</td>
<td>04/02/2022</td>
</tr>
<tr>
<td>3134CTW4G</td>
<td>10091</td>
<td>Federal Home Loan Mgt Corp</td>
<td>07/01/2019</td>
<td>3,000,000.00</td>
<td>3,009,600.00</td>
<td>3,000,833.33</td>
<td>2.000</td>
<td>1,822</td>
<td>299</td>
<td>2.000</td>
<td>06/26/2024</td>
</tr>
<tr>
<td>3135G0D75</td>
<td>10069</td>
<td>Federal National Mgt Assn</td>
<td>01/31/2018</td>
<td>3,000,000.00</td>
<td>2,985,390.00</td>
<td>2,984,730.10</td>
<td>1.500</td>
<td>873</td>
<td>295</td>
<td>2.149</td>
<td>06/22/2020</td>
</tr>
<tr>
<td>3135G0T60</td>
<td>10070</td>
<td>Federal National Mgt Assn</td>
<td>01/31/2018</td>
<td>3,000,000.00</td>
<td>2,991,990.00</td>
<td>2,982,606.87</td>
<td>1.500</td>
<td>911</td>
<td>333</td>
<td>2.155</td>
<td>07/30/2020</td>
</tr>
<tr>
<td>Subtotal and Average</td>
<td></td>
<td></td>
<td></td>
<td>27,976,441.18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury Coupon Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9128283N8</td>
<td>10071</td>
<td>U.S. Treasury</td>
<td>01/31/2018</td>
<td>3,000,000.00</td>
<td>2,999,070.00</td>
<td>2,997,974.68</td>
<td>1.875</td>
<td>699</td>
<td>121</td>
<td>2.084</td>
<td>12/31/2019</td>
</tr>
<tr>
<td>9128284C1</td>
<td>10074</td>
<td>U.S. Treasury</td>
<td>01/31/2019</td>
<td>3,000,000.00</td>
<td>3,005,970.00</td>
<td>2,994,762.35</td>
<td>2.250</td>
<td>425</td>
<td>212</td>
<td>2.556</td>
<td>03/31/2020</td>
</tr>
<tr>
<td>9128285V8</td>
<td>10093</td>
<td>U.S. Treasury</td>
<td>08/30/2019</td>
<td>3,000,000.00</td>
<td>3,070,680.00</td>
<td>3,080,909.98</td>
<td>2.500</td>
<td>869</td>
<td>867</td>
<td>1.472</td>
<td>01/15/2022</td>
</tr>
<tr>
<td>Subtotal and Average</td>
<td></td>
<td></td>
<td></td>
<td>6,190,886.42</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Coupon Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>742651DR0</td>
<td>10073</td>
<td>Private Export Fundin</td>
<td>01/15/2019</td>
<td>2,700,000.00</td>
<td>2,736,747.00</td>
<td>2,648,386.10</td>
<td>2.050</td>
<td>1,400</td>
<td>1,171</td>
<td>2.681</td>
<td>11/15/2022</td>
</tr>
</tbody>
</table>

Portfolio MFP
AC
PM (PRF_PM2) 7.3.0
<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Investment #</th>
<th>Issuer</th>
<th>Average Balance</th>
<th>Purchase Date</th>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>Stated Rate</th>
<th>Days to Term Mat/Call</th>
<th>YTM 365</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Subtotal and Average</td>
<td></td>
<td>2,647,758.49</td>
<td></td>
<td>2,700,000.00</td>
<td>2,736,747.00</td>
<td>2,648,386.10</td>
<td>1,400</td>
<td>1,171</td>
<td>2.681</td>
</tr>
<tr>
<td></td>
<td>Total and Average</td>
<td></td>
<td>108,746,065.29</td>
<td></td>
<td>112,126,169.94</td>
<td>112,617,186.94</td>
<td>112,128,856.53</td>
<td>451</td>
<td>271</td>
<td>2.303</td>
</tr>
</tbody>
</table>
## MFP Finance Authority
### Portfolio Management
### Portfolio Details - Cash
### August 31, 2019

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Investment #</th>
<th>Issuer</th>
<th>Average Balance</th>
<th>Purchase Date</th>
<th>Par Value</th>
<th>Market Value</th>
<th>Book Value</th>
<th>Stated Rate</th>
<th>Days to Maturity</th>
<th>YTM 365</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Average Balance</td>
<td></td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ending Accrued Interest</td>
<td></td>
<td></td>
<td>461,804.86</td>
<td>461,804.86</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td>461,804.86</td>
<td>461,804.86</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total Cash and Investment Value</td>
<td>106,746,065.29</td>
<td>112,126,169.94</td>
<td>113,078,991.80</td>
<td>112,590,661.39</td>
<td>451</td>
<td>271</td>
<td>2.303</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* 14,333.33 Accrued at Purchase is Included in Book and Market Values
MFP Finance Authority  
Portfolio Management  
Activity By Type  
August 1, 2019 through August 31, 2019

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Investment #</th>
<th>Issuer</th>
<th>Stated Rate</th>
<th>Transaction Date</th>
<th>Purchases or Deposits</th>
<th>Redemptions or Withdrawals</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Local Agency Investment Funds (Monthly Summary)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LAIF</td>
<td>10001</td>
<td>Local Agency Investment Fund</td>
<td>2.379</td>
<td></td>
<td>5,750,000.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td>5,750,000.00</td>
<td>0.00</td>
<td>59,251,591.30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Checking Accounts (Monthly Summary)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5616-OPE</td>
<td>10000</td>
<td>Union Bank of California</td>
<td>0.010</td>
<td></td>
<td>6,636,996.10</td>
<td>11,399,359.26</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td>6,636,996.10</td>
<td>11,399,359.26</td>
<td>1,174,578.64</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Medium Term Notes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>742651DQ2</td>
<td>10062</td>
<td>Private Export Funding</td>
<td>1.450</td>
<td>08/15/2019</td>
<td>0.00</td>
<td>1,000,000.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td>0.00</td>
<td>1,000,000.00</td>
<td>12,008,888.65</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Federal Agency Coupon Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>27,971,764.83</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Treasury Coupon Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9128285V8</td>
<td>10093</td>
<td>U.S. Treasury</td>
<td>2.500</td>
<td>08/30/2019</td>
<td>3,071,700.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td>3,071,700.00</td>
<td>0.00</td>
<td>9,073,647.01</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Miscellaneous Coupon Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Subtotal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,648,386.10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>15,458,696.10</td>
<td>12,399,359.26</td>
<td>112,128,856.53</td>
</tr>
</tbody>
</table>

Run Date: 09/11/2019  13:22
TO: Middle Fork Project Finance Authority Board of Directors

FROM: Joseph H. Parker, CPA, Treasurer

DATE: September 19, 2019

RE: Financial Statement Audit Services for the year ending December 31, 2019

______________________________________________________________________________

Recommendation:
Approve contract with Davis Farr LLP to provide financial statement auditing services for the year ending December 31, 2019.

Discussion:
Attached herewith is the engagement letter (contract) from Davis Farr LLP dated September 18, 2019, to provide the Authority with financial statement auditing services for the year ending December 31, 2019.

In 2015, PCWA formally bid for audit services and Davis Farr LLP was selected to be the auditors for Placer County Water Agency. Because PCWA maintains the books and records of the Authority and the internal control environment is the same, the Authority’s Policy states that PCWA’s auditors will audit the Authority’s financial statements. The December 31, 2019 year-end financial statement audit will be the 5th year Davis Farr LLP has served as the Authority’s audit firm.

The engagement letter discusses more specifics regarding the scope of work Davis Farr will perform during their financial statement audit. Accompanying their engagement letter and as required by Government Auditing Standards, Davis Farr has provided the Authority with a copy of their most recent quality control review report for the year ended May 31, 2016.

We are anticipating the 2019 financial statement audit to commence in March 2020 with the conclusion of the auditing, reporting and financial statements in April 2020. The audited financial statements will be submitted to the Board once the audit is completed.

Fiscal Impact:
The attached engagement letter sets forth a fixed fee totaling $6,375 for the Authority’s 2019 audit.
September 18, 2019

Middle Fork Project Financing Authority
Attn: Joseph Parker, Treasurer
144 Ferguson Road
Auburn, California 95603

Dear Mr. Parker:

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide Middle Fork Project Financing Authority (the “Entity”).

ENGAGEMENT OBJECTIVES
We will audit the financial statements of the governmental activities which collectively comprise the Entity’s basic financial statements as of December 31, 2019 and for the year then ended, and the related notes to the financial statements.

Accounting Standards generally accepted in the United States of America (“US GAAP”) provide for certain required supplementary information (“RSI”), such as management’s discussion and analysis (“MD&A”), to supplement the Entity’s basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Entity’s RSI in accordance with auditing standards generally accepted in the United States of America (“US GAAS”). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by US GAAP and will be subjected to certain limited procedures but will not be audited.

1. Management’s Discussion and Analysis

OUR RESPONSIBILITIES
The objective of our audit is the expression of an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with US GAAP and to report on the fairness of the additional information referred to above when considered in relation to the financial statements taken as a whole.

We will also provide a report, which does not include an opinion on, internal controls related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance which could have a material effect on the financial statements as required by Government Auditing Standards. The report on internal control and compliance will each include a paragraph that states the report is solely to describe the scope and testing of internal control over financial reporting and compliance, and the results of that
testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance and that the report is not suitable for any other purpose.

Audit
Our audit will be conducted in accordance with US GAAS, the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion and render the required reports. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If, for any reason, we are unable to complete the audit, or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts (e.g., tests of the physical existence of inventories, direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions, etc.). We may also request written representations from the Entity’s attorneys as part of the engagement, and they may bill the Entity for responding to this inquiry.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the Entity or to acts by management or employees acting on behalf of the Entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal controls, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with US GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. We will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and any material abuse that comes to our attention. Our responsibility, as auditors, is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.
Internal Control
Our audit will include obtaining an understanding of the Entity and its environment, including internal controls sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Tests of controls relative to the financial statements are required only if control risk is assessed below the maximum level. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

An audit is not designed to provide assurance on internal controls or to identify control deficiencies. However, we will inform management and those charged with governance of internal control matters that are required to be communicated under professional standards.

Compliance
As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Entity’s compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

The services described above do not relieve management or those charged with governance of their responsibilities.

THOSE CHARGED WITH GOVERNANCE
The preparation and presentation of the financial statements of the Entity are the responsibility of management with oversight from those charged with governance. Those charged with governance are also responsible for overseeing the strategic direction of the Entity and any obligations related to its accountability, resolving disagreements between management and us regarding financial reporting, appointing us to perform the services described above, and informing us about all known or suspected fraud involving the Entity. In turn, we will provide those charged with governance with any communications required by the professional standards described above.

MANAGEMENT’S RESPONSIBILITIES
Management is responsible for all management decisions and performing all management functions, and for designating an individual, preferably from senior management, with suitable skill, knowledge, or experience to oversee these services, any bookkeeping services, tax services, or other services we provide. Management is responsible for evaluating the adequacy and results of the services performed and accepting responsibility for them.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with (a) access to all information they are aware of that is relevant to the preparation and fair presentation of the financial statements, (b) additional information
that we may request for the purpose of this engagement, and (c) unrestricted access to persons within the Entity from whom we determine it necessary to obtain information.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities, for the selection and application of accounting principles, for the safeguarding of assets, and for the preparation and fair presentation of the financial statements in conformity with US GAAP even though we may assist management with their preparation. Accordingly, management may be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and that management has reviewed and approved the financial statements and related notes prior to their issuance and has accepted responsibility for them.

Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Entity involving (a) management, (b) employees who have significant roles in internal controls, and (c) others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of any known allegations of fraud or suspected fraud affecting the Entity received in communications from employees, former employees, regulators, or others. In addition, management is also responsible for identifying and ensuring that the Entity complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

During the course of our engagement, we will request information and explanations from management regarding the Entity. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide certain representations in a written representation letter. The procedures we will perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. In view of the foregoing, the Entity agrees to release our firm, its shareholders, and other personnel from any liability and costs relating to our services under this letter resulting from false or misleading representations made to us by any member of the Entity's management.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other related studies. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. Management is responsible for providing its views on our current findings, conclusions, and recommendations, as well as management’s planned corrective actions, for the report, and for the timing and format for providing that information.
**OTHER SERVICES**
The Entity must obtain our written consent before including its financial statements and our report in an offering or other document, or otherwise distributing our report or referencing our Firm in connection with an offering. Management agrees to provide reasonable notice to allow sufficient time for us to perform certain additional procedures. Management will also provide us with a copy of the final reproduced material for our approval before it is distributed. Our fees for such services are in addition to those discussed elsewhere in this letter, and the specific terms of any such future services will be determined at the time the services are to be performed.

As a result of our prior or future services, we might be requested to provide information or documents to the Entity or a third party in a legal, administrative, or arbitration or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to the Entity as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request. For all requests, we will observe the confidentiality requirements of our profession and will notify management promptly of the request.

**ENGAGEMENT FEES**
Our fixed fees for the services previously outlined above are as follows:

<table>
<thead>
<tr>
<th>Service</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Statements</td>
<td>$5,275</td>
</tr>
<tr>
<td>State Controller’s Report</td>
<td>1,100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,375</strong></td>
</tr>
</tbody>
</table>

Our fees are based upon the complexity of the work to be performed, timing of the engagement, experience level of the personnel required, and estimates of the professional time to complete the required services.

Additionally, our fees are dependent on the availability, quality, and completeness of the Entity’s records and, where applicable, upon the Entity’s personnel providing the level of assistance identified in the “prepared by client” request list distributed at the end of our planning work (e.g., Entity employees preparing confirmations and schedules we request, locating documents selected by us for testing, etc.).

Should our assumptions with respect to these matters be incorrect, or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. If significant additional time is necessary, we will discuss it with management and arrive at a new fee estimate as soon as reasonably practicable. In addition, fees for any related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, will be billed separately from the fee referred to above and will be subject to separate arrangements.

We consider telephone calls and meetings on accounting and reporting matters to be an integral part of the engagement and no additional fees are charged for these services. If, however, there is a significant transaction or new accounting issue that requires us to spend a substantial amount of time that was not anticipated in our fees, there may be additional billings.

The fee estimate above assumes no adjustments will be necessary for routine accounting entries normally made before the beginning of the engagement. If, for any reason, we are
asked to assist in the preparation of these entries, before beginning this service, we will provide
an estimate of the time required to perform such services and the additional fees to be billed.

Invoices will be submitted as the work progresses and a final invoice will be submitted upon
completion of the services. Invoices are payable upon receipt. If our invoices for this, or any
other engagements the Entity may have with us, are not paid within 30 days, we may suspend
or terminate our services for this and any other engagements. In the event our work is
suspended or terminated as a result of nonpayment, the Entity agrees we will not be
responsible for any consequences.

OTHER ENGAGEMENT MATTERS
This letter sets forth the rights and responsibilities of the parties with respect to the services to
be provided. This engagement is being undertaken solely for the benefit of the parties to this
agreement and no other person shall be entitled to enforce the terms of this agreement.

Enclosed, as required by Government Auditing Standards, is a copy of the report on the most
recent peer review of our firm. Our next peer review is required to be finalized by November
2019.

The undersigned is the engagement partner responsible for supervising the engagement and
signing the report.

We appreciate the opportunity to provide these services and believe this letter accurately
summarizes the significant terms of our engagement. Please sign the enclosed copy of this
letter and return it to us.

Very truly yours,

Jennifer Farr, CPA
Davis Farr LLP

The services and arrangements described in this letter are in accordance with our
understanding and are acceptable to us.

Middle Fork Project Financing Authority

By__________________________________      By__________________________________
Treasurer                                 Chairman of the Board

Date__________________________           Date______________________________
System Review Report

DAVIS FARR LLP
Irvine, California;
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Davis Farr LLP (the firm) in effect for the year ended May 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm’s compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards and an examination of a service organization control (SOC) 1 Type 2.

In our opinion, the system of quality control for the accounting and auditing practice of Davis Farr LLP in effect for the year ended May 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Davis Farr LLP has received a peer review rating of pass.

Gyl Decauwer LLP
Ontario, California
June 29, 2016
MEMORANDUM

TO: Middle Fork Project Finance Authority Board of Directors
FROM: Joseph H. Parker, CPA - Treasurer
DATE: September 30, 2019
RE: Potential Refinancing of MFP Debt

RECOMMENDATION:
1) Receive report on the potential refinancing of the Authority’s 2006 Revenue Bond:
   a) Authorize Staff to perform due diligence for a refinancing of the Authority’s Revenue Bond;
   b) Consider approving agreements for financial and legal services related to the refunding of the 2006 Revenue Bond with Montague DeRose and Associates in an amount not to exceed $150,000; Kronick, Moskovitz, Tiedemann & Girard (Bond Counsel) in an amount not to exceed $70,000; and Jones Hall (Disclosure Counsel) in an amount not to exceed $40,000.
   c) Authorize Staff to prepare an independent financial feasibility study and report in support of the debt refinancing:
      i) Consider approving an agreement with Thomas R. Johnson LLC for work associated with the feasibility study in an amount not to exceed $8,000;
      ii) Authorize the Executive Director, or his designee, to execute a contract for a financial feasibility study and report in an amount not to exceed $150,000.

BACKGROUND:
In 2006, the Authority issued the Middle Fork Project Finance Authority Revenue Bond, Series 2006 which was purchased by the Placer County Treasury in a face amount of $100,000,000. This Bond was used for the financing of the Middle Fork Project FERC relicensing and other betterments to the Middle Fork Project. As of October 1, 2019 the outstanding principal balance of the Bond will be $72,028,393 with a fixed interest rate of 3.471%.

Under current market conditions a net present value savings can be obtained by refinancing the Bond. Staff would like to perform due diligence, draft refinancing documents and prepare to execute the refinancing with the assistance of Montague DeRose and Associates as financial advisor, Kronick, Moskovitz, Tiedemann & Girard as bond counsel and Jones Hall as disclosure
counsel. Tom Johnson will assist with the independent financial feasibility study and report. The cost of the financial feasibility study and report is estimated to range from $100,000 - $155,000.

**FISCAL IMPACT:**

Based on the current market conditions, there are currently estimated net present value savings of over $1 million from refinancing the Authority debt. This estimated net present value savings would include the transaction costs for the financial and legal services, which are estimated as follows: The KMTG’s fee estimate at $70,000, Jones Hall’s fee estimate at $40,000, Montague DeRose’s fee estimate at $150,000, underwriters’ fees and other associated costs.

Once the refinancing commences, the professional fees incurred must be paid even if the refinancing can’t be completed. However, some of the fees are contingent on the completion of the refinancing (underwriter’s fees). The full amount of all professional service and underwriting fees will only be payable if the refinancing is completed and the fees will be funded from the proceeds of the refinancing bonds.

Funding for the independent financial feasibility study, report and associated costs will come from Power Division, Operations Budget within the Department of Financial Services.
CONTRACT BETWEEN MIDDLE FORK PROJECT FINANCE AUTHORITY AND
MONTAGUE DEROSE AND ASSOCIATES, LLC
FOR MUNICIPAL ADVISORY SERVICES

This contract by and between the MIDDLE FORK PROJECT FINANCE
AUTHORITY, hereinafter referred to as “the Authority” and Montague DeRose and Associates,
LLC hereinafter referred to as “the Consultant” shall be effective on the date executed by the
Authority.

REＣＩＴＡLＳ

A. The Authority requires Municipal Advisory Services, in an amount not to exceed
$150,000.

B. The Consultant is qualified and experienced to provide such services.

NOW, THEREFORE, IT IS MUTUALLY AGREED by the parties as follows:

ARTICLE 1. SCOPE OF WORK

The Authority retains Montague DeRose and Associates, as municipal advisor in
connection with the execution and delivery of Middle Fork Project Finance Authority Revenue
Bonds (the “Refunding Bonds”) to refinance the Authority’s Middle Fork Project Finance
Authority Revenue Bond, Series 2006. Any additional services to be performed or paid for must
be evidenced by a written amendment to this contract. The Consultant shall serve as the Authority’s
municipal advisor for all of the work which the Consultant is to perform under this contract, and
shall consult with and advise the Authority, as necessary, during the performance of any work
required by this contract.

The following describes the scope of municipal advisory services to be provided to the
Authority by the Consultant.

Analyse Options and Develop Financing Plan- Working closely in conjunction with
Authority staff and other financing team members, the Consultant shall produce cash flow and
financing models or, where warranted, review and comment upon existing models to evaluate
future cash flows under a variety of potential scenarios. Based on historic and projected operations,
existing and proposed bond documents, market conditions and credit rating considerations, the
Consultant shall advise regarding the financial feasibility of the bond issue by helping identify and
quantify, where possible, the financial impacts, trade-offs, risks, and potential credit rating
implications of issuing the Refunding Bonds.

Set Financing Terms- The Consultant shall prepare and update cash flows for the
Refunding Bonds as market conditions change. The Consultant shall advise on financing terms,
specifically including security features such as reserve funds, principal amortization and term of repayment, optional redemption features, coupon structure, etc. Moreover, the Consultant shall ensure that all financing terms are in accordance with established debt policies and procedures.

Coordinate Related Service Providers- Upon request, the Consultant shall secure competitive bids or quotes for investment banking services, financial printers, paying agents/registrars, trustees, and other consultants. The Consultant shall apply its knowledge and experience to help determine which providers offer quality service at the greatest value. During the course of the transaction, the Consultant shall also maintain and update both a working group list and financing schedule as well as assume primary responsibility for assuring that all financing team members adhere to such schedule. The Consultant’s staff shall attend all meetings, including Authority Board and internal staff meetings, as requested.

Document the Obligation- The Consultant shall assist in the preparation of preliminary and final official statements, the bond indenture and other financing documents which fully describe all the terms and conditions of the Refunding Bonds. The Consultant shall review and comment upon all legal documents as well as any feasibility reports, checking for accuracy and helping to negotiate the most flexible yet marketable terms for the Refunding Bonds.

Coordinate Rating and Credit Enhancement Process- The Consultant shall establish realistic and cost-effective credit rating objectives and devise an appropriate plan of action for achieving these objectives. Specifically, the Consultant shall perform the following services: consult on financial, administrative, and other credit factors; assist in the development of strategic plans; develop action plans to obtain credit rating goals; and prepare or assist in the preparation of presentation materials.

In addition to the above, the Consultant shall also recommend the most effective rating presentation method for a given transaction, such as site visits, conference calls, or meetings. The Consultant shall assist in the preparation of concise and effective presentation materials and also prepare Authority staff for various lines of questioning that may emerge during discussions. The Consultant also shall work to identify possible sources of credit enhancement and assess the net benefits of utilizing such enhancement.

Market and Sell the Bonds- With a negotiated sale, the Consultant shall represent the Authority in all areas of pricing and sale, assisting in the negotiation of covenants, coupons, expenses, takedowns, and yields to ensure that the Refunding Bonds are sold at the most favorable interest rates given market conditions. The Consultant shall keep Authority staff abreast of the latest market developments, obtain feedback from institutional investors and other market participants, and provide its own pricing views. The Consultant shall conduct pre-pricing calls with Authority staff and the underwriter, set marketing priorities, monitor all orders, and evaluate requests for re-pricing. The Consultant shall recommend approval of final pricing only after we have assured the Authority that the Refunding Bonds have achieved a fair cost of capital based on up-to-the-minute market conditions.

Post-Sale Activities — After the bond sale, the Consultant will assist the Authority with all closing activities, including revisions to the final official statement, its printing and distribution,
assembling all costs of issuance, and arrangements with the underwriter and trustee for wire and securities transfers at closing. The Consultant will provide an extensive post-sale analysis which incorporates a financing summary, review of the market environment, results of bond pricing, participation of underwriters and an analysis of distribution of the Refunding Bonds by investor type.

ARTICLE 2. CONSULTANT’S COMPENSATION

Payment for the services performed by the Consultant shall be as set forth in Exhibit “A”, attached hereto and incorporated herein by reference, and shall be considered as full compensation for all personnel, materials, supplies, services and equipment used in carrying out the work, and for all the Consultant’s costs and expenses, including any taxes required to be paid by the Consultant. The per-mile reimbursement rate is based on and equal to the U.S. Federal Government (IRS) per-mile reimbursement rate and this rate shall supersede or control over all inconsistencies and conflicts in any proposal. The Consultant shall submit monthly statements showing the work performed for each component during the preceding month. Such statements, if determined to be correct by the Authority, shall be paid within 30 days of their receipt.

ARTICLE 3. TERMINATION OF CONTRACT

This contract will terminate the earlier of 45 days following the closing of the financing or July 1, 2020.

The Authority may terminate this contract or any part thereof at any time upon 10 days written notice to the Consultant. In the event of any such termination, the Consultant is to be fairly compensated for all work performed to the date of termination, and the Authority shall be entitled to all work including, but not limited to, the drawings, designs and costs estimates, performed to that date.

If the Authority fails to pay the Consultant within 30 days of the date provided for any payments hereunder, the Authority agrees that the Consultant shall have the right to consider such default a breach of this contract, and the duties of the Consultant terminated upon 5 days written notice.

ARTICLE 4. NOTICE OF DETRIMENTAL INFORMATION

The Consultant shall promptly notify the Authority of the discovery of any information that would be detrimental to the successful completion of the approval process. The Consultant shall provide in writing to the Authority said detrimental information within 24 hours of the time of discovery.

The Authority shall then promptly review such detrimental information and notify the Consultant to proceed with or terminate the remainder of the work.
ARTICLE 5. INSURANCE

A. Indemnity- To the extent permitted by California Civil Code section 2782.8, the Consultant shall indemnify and hold harmless, and when requested by the Authority to do so, defend the Authority, its directors, volunteers, employees, and independent contractors from any and all claims, demands or charges, and from any loss or liability including attorney’s fees and expenses of litigation arising out of the negligence, recklessness, or willful misconduct of the Consultant, its employees or anyone employed by the Consultant in the performance of the contract.

B. Workers’ Compensation- The Consultant shall maintain for the entire duration of this contract such insurance as will protect it from claims under workers’ compensation and employers’ liability acts, such insurance to be maintained, as to type and amount, in strict compliance with State and Federal statutes, with employers’ liability limits to be not less than $1,000,000 per accident.

WORKERS’ COMPENSATION PROVIDER: Travelers Indemnity Company

INSURANCE POLICY NUMBER: UB-4K043043-19-42

POLICY EFFECTIVE DATES: 02/01/2019-02/01/2020

C. Commercial General and Automobile Liability- The Consultant shall maintain for the entire duration of this contract such broad form commercial general liability and automobile liability insurance as shall protect the Authority, Directors, employees, volunteers, and independent contractors from claims which may arise from the Consultant’s operation under this contract whether such operations be by the Consultant or by its employees, subcontractors, consultants or anyone directly or indirectly employed by any of the foregoing. The liability insurance shall include but shall not be limited to protection against claims arising from bodily or personal injury or damage to property resulting from operations, equipment, or products of the Consultant or by its employees, subcontractors, consultants or anyone directly or indirectly employed by any of the foregoing. The amount of commercial general liability insurance will not be less than $1,000,000 combined single limit per occurrence coverage for bodily and personal injury and property damage, and $2,000,000 general aggregate. The amount of Automobile Liability insurance will not be less than $1,000,000 per occurrence. The Consultant shall be required to provide prior to beginning work a certificate of insurance and an additional insured endorsement for his commercial general liability and automobile liability policies, and it shall name the Authority, its directors, employees and volunteers as covered insureds.

D. Errors and Omissions- The Consultant shall maintain, for the entire duration of this contract, such errors and omissions insurance as shall protect it from claims based on negligent errors, or omissions, which may arise from the Consultants operations under this contract, whether such operations be by the Consultant or by its employees, subcontractors, consultants or anyone else directly or indirectly employed by any of the foregoing. The amount of this insurance shall not be less than $1,000,000.
E. **Certificates of Insurance** - The Consultant shall provide the Authority with certificates of insurance, and if requested by the Authority, certified copies of the policies required by paragraphs B, C, and D of this Article. Approval of the insurance by the Authority shall not relieve or decrease the liability of the Consultant. The certificates shall provide that 30 days written notice of any material change or cancellation of the insurance will be provided to the Authority, and the certificate for the insurance and an Additional Insured Endorsement required by paragraph C of this Article, and the underlying policy therefore, shall expressly include the Authority as an additional insured thereunder. All insurance shall be issued by insurers with a Best’s rating of no less than AV or equivalent or as otherwise approved by the Authority.

**ARTICLE 6. MISCELLANEOUS PROVISIONS**

A. **Consulting Standard** - All work to be performed by the Consultant under this contract shall be done in accordance with the prevailing professional standards and in conformance with applicable laws, rules and regulations, and the Consultant represents to the Authority that it and its employees are fully experienced and properly qualified to perform the work and services called for herein, and that it is properly licensed, equipped, organized and financed to perform such work and operations.

B. **Consultant is Independent Contractor** - The Consultant shall finance its own operations hereunder, shall operate as an independent contractor and not as the agent or employee of the Authority, and nothing in this contract shall be construed to be inconsistent with this relationship or status.

C. **Consultant’s Records** - The Consultant shall maintain and make available for inspection by the Authority and its auditors accurate records of its costs, disbursements and receipts with respect to any work under this contract that is to be compensated for on the basis of the Consultant’s salary or other costs or percentage of work completed. Such inspections may be made during regular office hours at any time until 6 months after the final payment under this contract is made to the Consultant.

D. **Responsibility for Changes in Work** - If the Authority or any persons other than the Consultant make any changes in the work performed by the Consultant hereunder which affect the Consultant’s work, any and all liability arising out of such changes is waived as against the Consultant, and the Authority shall assume full responsibility for such changes, unless the Authority has given the Consultant prior notice and has received from the Consultant such written consent for such changes.

E. **Use of Unsigned Plans** - The Consultant is not responsible and liability is waived by the Authority as against the Consultant for use by the Authority or any other person of any data, reports, plans or drawings not signed by the Consultant.

F. **Litigation Costs** - Should litigation be necessary to enforce any terms or provisions of this contract or to collect any portion of the amount payable under this contract, litigation and collection expenses, witness fees, court costs and reasonable attorneys’ fees shall be paid to the prevailing party in the amounts set by the court.
G. Arbitration- All questions between the parties as to their rights and obligations under this contract are subject to arbitration if agreed to by both parties. In case of any dispute, either party may request arbitration by submitting a written request for arbitration to the other party. If the other party agrees to arbitration, the disputed matter shall be referred to and decided by two competent persons who are experts in the subject matter of the dispute, one to be selected by the Authority and the other by the Consultant. In case these two experts cannot agree, they shall select a third arbitrator and the decision of any two of them shall be binding on both parties.

H. Assignment- This contract shall be binding upon the heirs, successors, executors, administrators and assigns of the parties; however, no assignment or subcontract by one party shall be valid without the prior written consent of the other party.

K. Notices- All notices that are required to be given by one party to the other under this contract shall have been deemed to have been given if delivered personally or enclosed in a properly addressed envelope and deposited in a United States Post Office for delivery by registered or certified mail addressed to the parties at the following addresses, unless such addresses are changed by notice to the other party:

MIDDLE FORK PROJECT FINANCE AUTHORITY
P.O. BOX 6570
AUBURN, CALIFORNIA 95604

MONTAGUE DEROSE AND ASSOCIATES, LLC
2801 TOWNSGATE RD, SUITE 221
WESTLAKE VILLAGE, CA 91361

L. Invalidity of Contract Provisions- Should any provision of this contract be found or deemed to be invalid, this contract shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end, the provisions of this contract are declared to be severable.

M. Authority Responsibilities- The Authority shall be responsible for completing the environmental documentation for the Project. Also, the Authority shall be responsible for obtaining all necessary permits and providing timely review of the Consultant’s submittal so as not to unduly delay the Consultant.

N. Place of Making and Performance of Contract- This contract shall be deemed to have been made in Placer County, California and deemed to be required to be performed in Placer County, California.

O. Financial Disclosure- The Consultant shall make all disclosures required by the Authority’s conflict of interest code in accordance with the Consultant category designated by the Authority, unless the Authority’s General Manager determines in writing that the Consultant’s duties are more limited in scope than is warranted by the Consultant category and that a narrower disclosure category should apply. The Consultant also agrees to make disclosure in compliance
with the Authority’s conflict of interest code if, at any time after the execution of this contract, the Authority determines and notifies the Consultant in writing that the Consultant’s duties under this contract warrant greater disclosure by the Consultant than was originally contemplated. The Consultant shall make disclosures in the time, place and manner set forth in the Authority’s conflict of interest code and as directed by the Authority.

ARTICLE 7. SPECIAL CONDITIONS- Not applicable.

MIDDLE FORK PROJECT FINANCE AUTHORITY

By ___________________________ Dated: ______________
Chair of the Board

ATTEST:

______________________________
Clerk, Board of Directors

MONTAGUE DEROSE ASSOCIATES, LLC

By ___________________________ Dated: ______________.
Its ____________________________
EXHIBIT “A”

A. **Compensation for Work** The Consultant shall be paid on a time and materials basis for all work performed under this contract at the rates set forth in Exhibit “B” attached hereto and incorporated herein by reference, with the total not to exceed $150,000.

B. **Fees for Additional Services** If the Consultant is required by the Authority to perform any services in addition to those required under Exhibit “A”, the Consultant’s compensation for such services shall be at the Consultant’s fees for professional services specified in Exhibit “B” attached hereto and incorporated herein by reference.
## EXHIBIT “B”

<table>
<thead>
<tr>
<th>Position</th>
<th>2019 Hourly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>$375</td>
</tr>
<tr>
<td>Senior Managing Director</td>
<td>$360</td>
</tr>
<tr>
<td>Managing Director</td>
<td>$350</td>
</tr>
<tr>
<td>Senior Vice President</td>
<td>$335</td>
</tr>
<tr>
<td>Vice President</td>
<td>$325</td>
</tr>
<tr>
<td>Assistant Vice President</td>
<td>$295</td>
</tr>
<tr>
<td>Associate</td>
<td>$265</td>
</tr>
<tr>
<td>Analyst</td>
<td>$250</td>
</tr>
<tr>
<td>Research Analyst</td>
<td>$220</td>
</tr>
</tbody>
</table>
EXHIBIT “C”

Montague DeRose and Associates, LLC
Regulatory Disclosures
September 24, 2019

Fiduciary Duty
MDA is registered as a Municipal Advisor with the Securities and Exchange Commission (“SEC”) and the Municipal Securities Rulemaking Board (“MSRB”). As such, MDA has a Fiduciary Duty to the Authority and must provide both a Duty of Care and a Duty of Loyalty that entails the following.

Duty of Care

a) exercise due care in performing its municipal advisory activities;

b) possess the degree of knowledge and expertise needed to provide the Authority with informed advice;

c) make a reasonable inquiry as to the facts that are relevant to the Authority’s determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Authority; and

d) undertake a reasonable investigation to determine that MDA is not forming any recommendation on materially inaccurate or incomplete information; MDA must have a reasonable basis for:

   i. any advice provided to or on behalf of the Authority;
   
   ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Authority, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Authority’s securities; and
   
   iii. any information provided to the Authority or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty
MDA must deal honestly and with the utmost good faith with the Authority and act in the Authority’s best interests without regard to the financial or other interests of MDA. MDA will eliminate or provide full and fair disclosure (included herein) to the Authority about each material conflict of interest (as applicable). MDA will not engage in municipal advisory activities with the Authority as a municipal entity if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the Authority’s best interests.

Conflicts of Interest and Other Matters Requiring Disclosures

- As of the date of the Agreement, there are no actual or potential conflicts of interest that MDA is aware of that might impair its ability to render unbiased and competent advice or
to fulfill its fiduciary duty. If MDA becomes aware of any potential conflict of interest that arise after this disclosure, MDA will disclose the detailed information in writing to the Authority in a timely manner.

- The compensation paid to MDA increases the cost of borrowing to the Authority. The increased cost occurs from compensating MDA for municipal advisory services provided. This cost may or may not be offset by the benefits MDA brings to the pricing process for the bonds.
- MDA does not act as principal in any of the transaction(s) related to this Agreement.
- During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this agreement and the revised writing will be promptly delivered to the Authority.
- MDA does not have any affiliate that provides any advice, service, or product to or on behalf of the Authority that is directly or indirectly related to the municipal advisory activities to be performed by MDA;
- MDA has not made any payments directly or indirectly to obtain or retain the Authority’s municipal advisory business;
- MDA has not received any payments from third parties to enlist MDA’s recommendation to the Authority of its services, any municipal securities transaction or any municipal finance product;
- MDA has not engaged in any fee-splitting arrangements involving MDA and any provider of investments or services to MDA;
- MDA does not have any other engagements or relationships that might impair MDA’s ability either to render unbiased and competent advice to or on behalf of the Authority or to fulfill its fiduciary duty to the Authority, as applicable;
- MDA serves a wide variety of other agencies that may from time to time have interests that could have a direct or indirect impact on the interests of another MDA client. For example, MDA serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the Authority. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, MDA could potentially face a conflict of interest arising from these competing client interests. MDA fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with the Authority; and
- MDA does not have any legal or disciplinary event that is material to the Authority’s evaluation of the municipal advisor or the integrity of its management or advisory personnel.

**Legal Events and Disciplinary History**

Neither the firm nor any of its directors, officers, or employees is currently, or in the past has been under investigation or has been notified of an investigation or inquiry by any regulatory agency
relating to the sale, purchase, marketing or other activity related to the securities industry since MDA was founded in 1995.

However, prior to founding Montague DeRose and Associates in 1995, Doug Montague, worked for 11 years as an investment banker for Lehman Brothers and CS First Boston, serving California Districts. While working for CS First Boston in 1994, the firm was retained by the County of Orange to underwrite its 1994 Taxable Pension Obligation Bonds, Series A & B. This transaction, along with all others completed by the County in 1994, were reviewed by the SEC in connection with the County's December 1994 bankruptcy filing.

The SEC took the position that both CS First Boston and the investment bankers who completed the pension bond financing were negligent in not uncovering and fully disclosing the risky position of the County's Investment Pool in the bond offering documents. In November 1996, after CS First Boston and the bankers, including Mr. Montague declined to enter into a settlement relating to the SEC's alleged complaints, the SEC filed a civil complaint in U.S. District Court relating to the matter. CS First Boston and the bankers contended that this was a clear case of 20/20 hindsight. They maintained that they acted professionally and according to industry standards in the structuring of the issue and should be counted among the long list of unknowing victims of the misinformation provided by the County in connection with the bond issue.

On January 29, 1998 in order to resolve the issue, the SEC, CS First Boston and the investment bankers entered into a settlement agreement that did not require any of the parties to admit or deny any of the complaints and did not include any public censure of the bankers. Therefore, there was no finding of liability in connection with any aspects of the SEC's complaint. The Authority may electronically access MDA’s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website:


There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

Recommendations

If MDA makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the Authority and is within the scope of the engagement, MDA will determine, based on the information obtained through reasonable diligence of MDA, whether a municipal securities transaction or municipal financial product is suitable for the Authority. In addition, MDA will inform the Authority of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which MDA reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the Authority; and
- whether MDA has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Authority’s objectives.
If the Authority elects a course of action that is independent of or contrary to the advice provided by MDA, MDA is not required on that basis to disengage from the Authority.

**Record Retention**

Effective July 1, 2014, pursuant to the SEC record retention regulations, MDA is required to maintain in writing, all communication and created documents between MDA and the Authority for five years.

**MSRB Rule G-10**

Pursuant to Municipal Securities Rulemaking Board Rule G-10, on Investor and Municipal Advisory Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

Montague DeRose & Associates, LLC is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

Within the Municipal Securities Rulemaking Board (“MSRB”) website at www.msrb.org, the Authority may obtain the Municipal Investor brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.
MIDDLE FORK PROJECT FINANCE AUTHORITY

AGREEMENT FOR BOND COUNSEL SERVICES
(Electric Power Revenue Refunding Bonds)

THIS AGREEMENT is between the Middle Fork Project Finance Authority (the “Authority”) and Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation (KMTG”). The subject matter of the representation governed by this Agreement is described in Paragraph 1. KMTG currently represents the Authority on a variety of other matters pursuant to a separate legal services agreement.

1. **Scope of Services.** The Authority retains KMTG for the purposes of providing such legal services as necessary to complete a proposed financing (the “financing”) to refund its Revenue Bond, Series 2006. The refunding would be accomplished by means of the issuance and sale of electric power revenue refunding bonds (the “Bonds”). In particular, KMTG shall:

   (a) Consult with the Authority and its staff and consultants and assist in the formulation of a coordinated financial and legal program for the financing.

   (b) Confer with the Authority’s other consultants regarding the legal structure of the financing and review any documents to be prepared by such consultants in the proceedings for compliance with law.

   (c) Prepare all resolutions, notices, agreements, and other documents of a legal nature that are necessary for the financing.

   (d) Prepare for and attend all meetings of the Authority’s Board of Directors as necessary for the proper conduct of the proceedings or when requested by the Authority.

   (e) Review those sections of the official statement to be disseminated in connection with the sale of the Bonds concerning the authority for the issuance of the Bonds, the terms of the Bonds, the tax status of interest on the Bonds, and KMTG’s final approving opinion.

   (f) Prepare a comprehensive closing memorandum and prepare and arrange the execution and delivery of a receipt for the Bonds, a receipt for the proceeds of the Bonds, signature certificates, DTC Letter of Representations, CDIAC report of final sale, forms of opinions of other counsel, and all other necessary closing certificates and documents.

   (g) Prepare and deliver to each participant in the financing a complete transcript of the proceedings for the sale and delivery of the Bonds.

   (h) Upon due and proper completion of the proceedings to the satisfaction of KMTG, deliver a final approving legal opinion confirming the validity of the Bonds and an opinion that interest on the Bonds is exempt from State of California personal income taxes, under existing statutes, regulations, rulings, and court decisions.
2. **Services Outside Scope of Agreement.** KMTG’s duties in this engagement are limited to those set forth in Paragraph 1. Among other things, KMTG has not undertaken to do any of the following:

   (a) Perform an independent investigation to determine the accuracy, completeness, or sufficiency of the official statement or other disclosure document.

   (b) Render services under this Agreement in connection with compliance by the Authority after the closing with the covenants contained in the legal documents, including without limitation, the preparation of any annual reports or material events notices required pursuant to the Authority’s continuing disclosure undertaking.

   (c) Render services under this Agreement with respect to any litigation concerning the financing.

   (d) Conduct any investigation regarding the qualification for sale of Bonds in any jurisdiction; however, KMTG will coordinate with the underwriter(s) regarding any statements requested to be added to the official statements so that the Bonds may be sold in particular jurisdictions.

If the Authority requests KMTG to provide any such services, the amount of compensation therefor shall be calculated using the hourly rates (as provided in the general legal services agreement between the Authority and KMTG) that are in effect at the time services are rendered.

3. **Completion of Services.** KMTG’s representation of the Authority with respect to the Bonds will be concluded upon their issuance. Nevertheless, subsequent to issuance, KMTG will prepare and distribute to the participants in the transaction a transcript of the proceedings.

4. **Disclaimer of Guarantee.** KMTG cannot guarantee the successful conclusion of any legal matter. KMTG has made no promises or guarantees to the Authority about the outcome of the Authority’s matters, and nothing in this Agreement shall be construed as such a promise or guarantee.

5. **Compensation.** Compensation for the services to be provided hereunder shall be as follows:

   (a) **Fees.** For services rendered by KMTG with respect to the financing, KMTG shall receive fees in the amount of $70,000.

   (b) **Payment.** The foregoing fees are payable and shall be paid solely from the proceeds of the Bonds and will be payable at the time of the delivery of the Bonds.

   (c) **Fees in the Event of Abandonment of Financing.** If for any reason the financing is abandoned or this Agreement is terminated prior to the delivery of the Bonds, then the Authority shall pay KMTG a fee determined by the extent of the services rendered by KMTG to the date of the abandonment or termination, calculated using the hourly rates (as provided in the general legal services agreement between the Authority and KMTG) that are in effect at the time services are rendered, but not in excess of $10,000. For purposes of this subparagraph, the
financing shall be deemed abandoned if Bonds are not delivered within one year from the date of this Agreement. If Bonds are delivered after one year from the date of this Agreement, KMTG shall be entitled to the fee set forth in subparagraph (a) and the Authority shall receive a credit for any amounts paid pursuant to this subparagraph (c).

(d) Costs and Expenses. In addition to the aforementioned fee for legal services in connection with the proposed financing, at the time of delivery of the Bonds, or, in the event of abandonment of the financing or termination of this Agreement, at the time of such abandonment or termination, the Authority shall pay KMTG for KMTG’s out-of-pocket expenses, such as travel expenses, charges for delivery and courier service, postage, long distance telephone tolls, reproduction of documents, and similar expenses incurred in connection with the financing. It is understood that the aforesaid fee for legal services does not include the cost of printing any of the necessary legal documents or the Bonds.

6. Indemnification. KMTG shall indemnify, defend, and hold harmless the Authority, its directors, officers, employees, volunteers, and independent contractors from and against any and all claims, demands, actions, losses, liabilities, damages, and costs, including reasonable attorneys’ fees, to the extent they arise out of or result from the negligent performance of the professional services provided under this Agreement. This provision is not intended to create any cause of action in favor of any third party against KMTG or the Authority.

7. Insurance Requirements. KMTG shall maintain, for the entire duration of this Agreement, such errors and omissions insurance as shall protect it from claims based on negligent errors, or omissions that may arise from KMTG’s operations under this Agreement, whether such operations be by KMTG or by its employees, subcontractors, consultants, or anyone else directly or indirectly employed by any of the foregoing. The amount of this insurance shall not be less than $1,000,000.

8. The Authority’s Files. At the Authority’s request, upon the termination of services under this Agreement, KMTG will promptly release all of the Authority’s papers and property to the Authority (subject to any applicable protective orders or non-disclosure agreements).

9. Destruction of the Authority’s File. If the Authority does not request the return of the Authority’s papers and property, KMTG will retain the Authority’s file for a period of seven years from the date of delivery of the Bonds, after which time KMTG may have the Authority’s file destroyed. The Authority acknowledges that it will not be notified prior to the destruction of its papers and property and consents to the same. If the Authority desires to have the Authority’s file maintained beyond seven years after the Authority’s matter is concluded, separate arrangements with KMTG must be made.

8. Termination. This Agreement may be terminated by the Authority or KMTG or modified by mutual consent at any time. In the event of termination, KMTG shall be compensated in accordance with Paragraph 5(c) above.
9. **Modification by Subsequent Agreement.** This Agreement may be modified only by a written instrument signed by both parties.

**KMTG:**

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD, A Professional Corporation

DATED: _________________ By: _________________________________________
Jonathan P. Cristy

**AUTHORITY:**

MIDDLE FORK PROJECT FINANCE AUTHORITY

DATED:_______________ By: _________________________________________
Chairman, Board of Directors
JONES HALL
A Professional Law Corporation

AGREEMENT FOR LEGAL SERVICES
(Disclosure Counsel)

THIS AGREEMENT FOR LEGAL SERVICES is made and entered into this ___ day of October, 2019, by and between the MIDDLE FORK PROJECT FINANCE AUTHORITY (the "Client"), and JONES HALL, A PROFESSIONAL LAW CORPORATION, San Francisco, California ("Attorneys").

WITNESSETH

WHEREAS, the Client proposes to refund its outstanding obligations under the Revenue Bond, Series 2006 currently owned by Placer County via issuance of refunding bonds or certificates of participation (the “Certificates”); and

WHEREAS, the Client has determined that Attorneys are specially trained and experienced to provide services as Disclosure Counsel in connection with the sale of the Certificates and Attorneys are willing to provide such services; and

WHEREAS, the public interest, economy and general welfare will be served by this Agreement for Legal Services.

NOW THEREFORE, IT IS HEREBY AGREED, as follows:

1. Duties of Attorneys. Attorneys shall provide legal services in connection with the preparation of the Official Statement to be used in connection with the offering and sale of the Certificates. Such services shall include the following:

   a. Prepare the Official Statement (both preliminary and final) or other disclosure documents in connection with the offering of the Certificates.

   b. Confer and consult with the officers and administrative staff of the Client as to matters relating to the Official Statement.

   c. Attend all meetings of the Client and any administrative meetings and teleconferences at which the Official Statement is to be discussed, deemed necessary by Attorneys for the proper exercise of their due diligence with respect to the Official Statement, or when specifically requested by the Client to attend.

   d. On behalf of the Client, prepare a continuing disclosure certificate of the Client to assist the underwriter with complying with the provisions of SEC Rule 15c2-12.

   e. Subject to the completion of proceedings to the satisfaction of Attorneys, and subject to the scope of services described in this Agreement for Legal Services, provide a letter of Attorneys addressed to the Client and the underwriter that, although Attorneys are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement and make no representation that Attorneys have independently verified the accuracy,
completeness or fairness of any such statements, no facts have come to Attorneys' attention that cause Attorneys to believe that the Official Statement (except for any financial and statistical data and forecasts, numbers, estimates, assumptions and expressions of opinion, and information concerning the Depository Trust Company and the book-entry system for the Certificates, contained or incorporated by reference in the Official Statement and the appendices to the Official Statement, which Attorneys will expressly exclude from the scope of this sentence) as of the date of the Official Statement or the date hereof contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

2. **Duties of Client.**

   a. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Certificates and their security, including all information “material” to such matters (as such term is defined under federal securities laws) and all other documents deemed necessary by Attorneys. We understand that you will direct members of your staff to cooperate with us in this regard.

   b. Based on (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Certificates, (ii) the services set forth under Section 1, and (iii) the time we anticipate devoting to the financing, Attorneys shall be paid compensation in the amount of $40,000. Our fee may change if (i) material changes in the structure or the schedule of the financing occur or (iii) unusual or unforeseen circumstances arise which require a significant increase in our time or responsibility. If, at any time, we believe that circumstances require an adjustment of our original fee, we will advise you of those circumstances and prepare and provide to you an amendment to this engagement letter.

   In addition, Attorneys shall be reimbursed for any costs advanced by Attorneys on behalf of the Client, including delivery and messenger services, duplication costs and expenses for travel outside the State of California, if any, but specifically excluding travel expenses within the State of California.

   Payment of said fees and expenses shall be entirely contingent, shall be due and payable upon the delivery of the Certificates and shall be payable solely from the proceeds of the Certificates and from no other funds of the Client. The fee is not set by law but is negotiable between Attorneys and Client.

3. **Termination of Agreement.**

   a. **Termination by Client.** This Agreement may be terminated at any time by the Client with or without cause upon written notice to Attorneys.

   b. **Termination by Attorneys.** This Agreement may be terminated by Attorneys upon 15 days’ written notice to Client if Client fails to follow written legal advice given by Attorneys.
c. **Termination Upon Execution and Delivery of Certificates.** This Agreement shall terminate upon the execution and delivery of the Certificates.

d. **Consequences of Termination.** In the event of termination, all finished and unfinished documents shall at the option of the Client become its property and shall be delivered to the Client by Attorneys.

4. **Exceptions.** Attorneys’ services pursuant to this Agreement shall not include the following:

   a. Providing a legal opinion approving the legality of the proceedings relating to the Certificates or regarding the exemption of interest thereon from taxation.

   b. Any services rendered in any litigation involving the Client or the financing proceedings relating to the Certificates.


   For any such services that Attorneys and Client subsequently agree to be provided by Attorneys, compensation shall be on the basis of reasonable fees to be agreed upon by the Client and Attorneys.

5. **Advice and Counsel; Attorney-Client Relationship.** It is understood that neither the Attorneys nor any individual representing the Attorneys possesses any authority with respect to any decision of the Client or any Client official beyond the rendition of information, advise, recommendation or counsel.

   Upon execution of this Agreement, the Client will be Attorneys’ client and an attorney-client relationship will exist between Client and Attorneys. Attorneys assume that all other parties will retain such counsel as they deem necessary and appropriate to represent their interests in this transaction. Attorneys further assume that all other parties understand that in this transaction Attorneys represent only the Client, Attorneys are not counsel to any other party, and Attorneys are not acting as an intermediary among the parties. Attorneys’ services as disclosure counsel are limited to those contracted for in this Agreement; the Client’s execution of this Agreement will constitute an acknowledgment of those limitations.

6. **Conflicts; Prospective Consent.** Attorneys represent many political subdivisions and underwriting firms. It is possible that during the time that Attorneys are representing the Client, one or more of Attorneys’ present or future clients will have transactions with the Client. It is also possible that Attorneys may be asked to represent, in an unrelated matter, one or more of the entities involved in the execution and delivery of the Certificates. Attorneys do not believe such representation, if it occurs, will adversely affect Attorneys’ ability to represent Client as provided in this Agreement, either because such matters will be sufficiently different from the execution and delivery of the Certificates so as to make such representations not adverse to Attorneys’ representation of Client, or because it is unlikely that advice given to the other client will be relevant to any aspect of the execution and delivery of the Certificates. Execution of this
Agreement will signify the Client’s consent to Attorneys’ representation of others consistent with the circumstances described in this Section 6.

7. Insurance Requirements. Attorneys shall maintain, for the entire duration of this Agreement, such professional liability insurance as shall protect it from claims based on professional liability that may arise from Attorneys’ operations under this Agreement, whether such operations be by Attorneys or by its employees, subcontractors, consultants, or anyone else directly or indirectly employed by any of the foregoing. The amount of this insurance shall not be less than $1,000,000.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by the respective officers thereunto duly authorized as of the day and year first above written.

MIDDLE FORK PROJECT FINANCE AUTHORITY

By ________________________________

Title: ________________________________

JONES HALL, A Professional Law Corporation

By ________________________________

James A. Wawrzyniak, Jr.
Vice President
Middle Fork Project Finance Authority
Professional Services Agreement

This Agreement is made at Auburn, California, as of the date executed by the last signatory of this Agreement (“Effective Date”) by and between the **Middle Fork Project Finance Authority**, a joint powers authority (“Authority” and/or “MFPFA”) and **Thomas R. Johnson, LLC** (“Consultant”), collectively, referred to as “Parties.” The Parties intended to be bound and mutually agree as follows:

**DESCRIPTION OF SERVICES:** MFP Hydroelectric Power Generation Feasibility Study Coordination

**AGREEMENT TERM:** One year from execution of the Agreement

**TOTAL AGREEMENT VALUE:** Not to exceed $8,000

**ARTICLE 1. AGREEMENT**
The Agreement shall consist of the following Articles and attached Exhibits, which are incorporated and constitute a material part of this Agreement:

- Exhibit A: Services
- Exhibit B: Time of Performance
- Exhibit C: Payment
- Exhibit D: Representatives
- Exhibit E: Facilities and Equipment
- Exhibit F: Supplemental Indemnity and Insurance Requirements
- Exhibit G: Special Terms and Conditions

**ARTICLE 2. SERVICES**
The Consultant shall provide to the Authority the following scope of work in the time, place and manner specified in **Exhibit A, Services**, attached hereto and incorporated herein by reference. Should any provision of Exhibit A, conflict with the Articles of this Agreement, the Articles shall be precedent and prevail unless specific approval by the Authority’s Purchasing Agent is given by expressly acknowledging the conflict and signing Exhibit A.
Any additional scope of work outside of the services shall be approved in writing and mutually agreed upon by both Parties, prior to being performed or paid.

In performing the services for the Authority, the Consultant shall execute and perform work in accordance with professional standards and all safety and other precautions.

**ARTICLE 3. TIME OF PERFORMANCE**

The Consultant shall start, perform and complete the scope of work listed in Exhibit A, Services that will be performed under this Agreement pursuant to the agreed upon schedule and/or duration as specified in Exhibit B, Time of Performance, attached hereto and incorporated herein by reference.

Time is of the essence. If the Consultant fails to complete its services on time through no fault of the Authority, and the Authority incurs additional costs as a result of the delays on the part of the Consultant, the Authority shall be entitled to recover such additional costs from the Consultant.

The Consultant will not be in default, or deemed to be in default, by reason of delays in performance caused by strikes, lockouts, accidents, acts of God, or other delays unavoidable or beyond the Consultant’s reasonable control, or for delays caused by the Authority to furnish information or to approve or disapprove the Consultant’s work promptly, or due to late, slow or faulty performance by the Authority, other Consultants or governmental agencies, the performance of whose work is precedent to or concurrent with the performance of the Consultant’s work. In the case of the happening of any such cause of delay, the time of completion or work schedule may be extended or altered accordingly.

**ARTICLE 4. PAYMENT**

The Authority shall pay the Consultant for the services performed specified in Article 2 above at the times and in the manner as specified in Exhibit C, Payment, attached hereto and incorporated herein by reference. Should any provision of the Exhibit C conflict with the Articles of this Agreement, the Articles shall be precedent and prevail unless specific approval by the Purchasing Agent is given by expressly acknowledging the conflict and signing Exhibit C.

Payment to Consultant under this Agreement shall not exceed the total amount as specified in Exhibit C. Payment shall be considered as full compensation for all personnel, materials, supplies,
services, insurance, and equipment used in carrying out the work, and for all the Consultant’s costs and expenses, including any taxes required to be paid by the Consultant.

Consultant shall not be compensated for services outside of those specified in Article 2, above, or in excess of the amount set forth above without prior written approval of the Authority.

It is the Authority’s practice to pay based on services satisfactorily rendered or performed on a Net 30 day basis. Any other terms of payment shall be specifically approved by the Authority’s Purchasing Agent expressly acknowledging and signing Exhibit C. The Consultant shall submit monthly statements showing the work performed for each component during the preceding month. Such statements, if determined to be correct and approved by the Authority, shall be paid within 30 days of their receipt, if the Consultant’s work is satisfactory and on schedule.

**ARTICLE 5. REIMBURSABLE TRAVEL AND LODGING EXPENSES LIMITATIONS**

If the Consultant is to be compensated for out-of-pocket travel related costs as set forth in Article 4 and **Exhibit C, Payment**, and approved by Authority Representative, Consultant shall be reimbursed for reasonable out-of-pocket travel-related costs and expenses with the following limitations:

- Automobile mileage at the per-mile reimbursement rate equal to the U.S. Federal Government (IRS) per-mile reimbursement.
- Airfare at coach rate.
- Ground transportation by the most direct and practicable route.
- Lodging at the usual and customary single-occupancy rates for the location.
- Meals at the U.S. General Services Administration (GSA) rate structure.

Consultant shall submit monthly to the Authority, reimbursable travel and lodging expense receipts and other documentation supporting the incurred expenses. Reimbursement thereon shall be subject to the Authority’s review and approval.

These travel-related costs and expense requirements shall supersede and prevail over any inconsistencies and conflicts that may be presented in any Consultant’s proposal attached to, or as part of an Exhibit to, this Agreement.
ARTICLE 6. REPRESENTATIVES AND NOTICES

Communications pertaining to this Agreement shall be referred to the respective party representatives as set forth in Exhibit D, Representatives.

All notices that are required to be given to one party by the other under this Agreement shall have been deemed to have been given if delivered personally or enclosed in a properly addressed envelope for delivery by registered or certified mail addressed to the parties at the addresses listed in Exhibit D, unless such addresses are changed by notice to the other party.

ARTICLE 7. FACILITIES AND EQUIPMENT

Except as set forth in Exhibit E, Facilities and Equipment, the Consultant shall, at its sole cost and expense, furnish all facilities and equipment that may be required to furnish services and perform the services in Article 2 pursuant to this Agreement.

ARTICLE 8. INDEMNITY AND INSURANCE REQUIREMENTS

A. Indemnity - To the extent permitted by California Civil Code section 2782.8, the Consultant shall indemnify and hold harmless, and when requested by the Authority to do so, defend the Authority, its directors, volunteers, employees, and independent consultants from any and all claims, demands or charges, and from any loss or liability including reasonable attorney's fees and expenses of litigation arising out of the negligence, recklessness, or willful misconduct of the Consultant, its employees or anyone employed by the Consultant in the performance of the Agreement.

B. Insurance - During the entire term of this Agreement, the Consultant shall maintain insurance coverage and requirements as specified in this Article and in Exhibit F, Supplemental Indemnity and Insurance Requirements. If there are subcontractors, the Consultant shall require and verify that all subcontractors maintain the indemnity and insurance requirements stated herein.

The insurance shall provide the minimum coverage and limits set forth below. Providing coverage in these stated minimum limits shall not be construed to relieve the Consultant from liability in excess of such limits. All deductibles and self-insured retentions must be disclosed and are subject to approval by the Authority. The cost of any claim payments falling within the deductible shall be the responsibility of the Consultant.
1. Workers' Compensation - The Consultant shall maintain, for the entire duration of this Agreement and in strict compliance with State and Federal law, workers’ compensation insurance in an amount that meets the statutory limits for all employees to be engaged in services under this Agreement. Employers’ liability insurance with a limit of not less than $1,000,000 for each occurrence shall also be included for all such employees covering work-related liability not otherwise protected by workers’ compensation insurance or statute. This requirement shall not apply if the following exemption is applicable and certified by the Consultant.

Workers' Compensation Exemption: If the Consultant is exempt from workers' compensation, the Consultant shall certify that the Consultant does not employ anyone in a manner that is subject to the Workers' Compensation Laws of California as per Business and Professions Code Section 7125 by acknowledging and certifying the following:

I certify that my business has no employees and that I do not employ anyone. I am exempt from the legal requirements to provide Workers' Compensation. I understand that upon employing anyone in a manner that is subject to the Workers' Compensation laws of the State of California, I shall notify the Authority immediately as this certification of exemption executed will no longer be valid. Then, within 90 days I shall obtain and submit to the Authority, a Certificate of Workers' Compensation Insurance and continuously maintain this insurance coverage provided by the certificate in accordance with the law. I make this statement under penalty of perjury under the laws of the State of California that the information provided on this exemption statement is true and accurate."

__________ (Consultant must initial if he/she has no employees)

2. Commercial General and Automobile Liability - The Consultant shall maintain for the entire duration of this Agreement such broad form commercial general liability and automobile liability insurance as shall protect the Authority, Directors, employees, volunteers, and independent consultants from claims which may arise from the Consultant's operation under this Agreement whether such operations be by the Consultant or by its employees, subcontractors, consultants, or anyone directly or indirectly employed by any of the foregoing. The liability insurance shall include but shall not be limited to protection against claims arising from bodily or personal injury or
damage to property resulting from operations, equipment, or products of the Consultant or by its employees, subcontractors, consultants or anyone directly or indirectly employed by any of the foregoing. The amount of commercial general liability insurance will not be less than $2,000,000 combined single limits per occurrence coverage for bodily injury, personal injury and property damage. The amount of automobile liability insurance will not be less than $1,000,000 per occurrence. The Consultant shall be required to provide prior to beginning work a certificate of insurance and an additional insured endorsement for the commercial general liability and automobile liability policies. The endorsement shall name the Authority, its Directors, employees, independent contractors, and volunteers as additional insureds.

3. Certificates of Insurance - The Consultant shall provide the Authority with certificates of insurance, and if requested by the Authority, certified copies of the policies required by the Workers' Compensation and the Commercial General and Automobile Liability section of this Article, and any other indemnity and insurance requirements as specified in Exhibit F. Approval of the insurance by the Authority shall not relieve or decrease the liability of the Consultant. Any insurance required to be carried shall be primary, noncontributing, and not excess, to any other insurance carried by the Authority. The Consultant shall provide 30 days written notice of any material change or cancellation of any insurance to the Authority. The certificate for the insurance and the additional insured endorsement required by Commercial General and Automobile Liability of this Article, and the underlying policy thereof, shall expressly include the Authority as an additional insured thereunder. The additional insured endorsement language shall be as follows: "Middle Fork Project Finance Authority, its officials, officers, employees, independent contractors, and designated volunteers are covered as additional insureds" with respect to [the Consultant's] Commercial General Liability and Auto Liability insurance policies. All insurance shall be issued by insurers with an A. M. Best's rating of no less than A : VII or equivalent or as otherwise approved by the Authority.

4. Waiver of Subrogation Endorsement - The insured and insurer(s) agree to waive all rights of subrogation against the Authority, its elected or appointed officers, officials, agents, volunteers employees, and independent contractors for losses paid under the terms of the General Liability Coverage, Automobile Liability Coverage and Workers' Compensation Policies. No policy shall void coverage where a waiver is required. Endorsements for a Waiver of Subrogation are required.
5. Compliance - The Authority requires companies with which it does business to submit proof of insurance. Authorization to proceed shall be contingent upon receipt and verification of the insurance requirements above and those incorporated in **Exhibit F, Supplemental Indemnity and Insurance Requirements**. The Authority reserves the right to cancel without penalty, suspend, or postpone this Agreement if the required insurance documentation is not provided or is not in compliance. The Authority reserves the right to withhold payments to Consultant or cancel the Agreement pursuant to Article 13 should the insurance be cancelled or Consultant otherwise ceases to be insured as required herein.

**ARTICLE 9. INDEPENDENT CONSULTANT**

It is understood and agreed that the Consultant, including the Consultant’s employees or subcontractors, is an independent consultant and that no relationship of employer-employee exists between the parties hereto for any purpose whatsoever. The Consultant shall finance its own operations and shall operate as an independent Consultant, and not as the agent or employee of the Authority. Nothing in this Agreement shall be construed to be inconsistent with this relationship or status. The Consultant shall be responsible for the employment status and safety of its employees who may perform work under this Agreement. The Consultant shall comply with all laws and regulations, including any prevailing wage and other employment laws and regulations, such as California Labor Code sections 1720, et seq., to the extent they are applicable to the work to be performed under this Agreement.

If in the performance of this Agreement, any third persons are employed by the Consultant, such persons shall be entirely and exclusively under the direction, supervision and controls of the Consultant. Except as specifically provided elsewhere in this Agreement, all terms of employment, including hours, wages, working conditions, discipline, hiring and discharging, or any employment or requirements of law, shall be determined by the Consultant. It is further understood and agreed that the Consultant shall issue W-2 or 1099 IRS Forms for income and employment tax purposes, for all of the Consultant’s assigned personnel and subcontractors.

**ARTICLE 10. TAXES**

The Consultant shall pay, when and as due, any and all taxes incurred as a result of the Consultant’s compensation hereunder, including estimated taxes. The Consultant hereby agrees
to indemnify the Authority for any claims, losses, costs, fees, liabilities, damages or injuries suffered by the Authority arising out of the Consultant’s breach of this Article 10.

**ARTICLE 11. ACCOUNTING RECORDS OF CONSULTANT**

During the performance of this Agreement and for a period of twelve (12) months after completing all services hereunder, unless otherwise stated in Exhibit A, Services or a specific task order, the Consultant shall maintain all accounting and financial records related to this Agreement, including, but not limited to, records of Consultant’s costs for all services performed under this Agreement and records of the Consultant’s expenses, in accordance with generally accepted accounting practices. Consultant shall keep such records available for inspection and audit by representatives of the Authority upon reasonable written notice.

**ARTICLE 12. CONFLICTS OF INTEREST AND DISCLOSURES**

Consultant covenants that neither it, nor any officer or principal of its company, has or shall acquire any interest, directly or indirectly, that would conflict in any manner with the interests of the Authority or that would in any way hinder the Consultant’s performance of this Agreement.

**ARTICLE 13. TERMINATION OF AGREEMENT**

Either Party may terminate this Agreement or any part thereof, at any time upon 10 days written notice as discussed in Article 6, above. In the event of any such termination, the Consultant is to be fairly compensated for all work performed to the date of termination for work completed to the satisfaction of the Authority, and the Authority shall be entitled to all work, work product, parts, equipment or access keys/cards that are considered the property of the Authority.

**ARTICLE 14. INVALIDITY OF AGREEMENT PROVISION OR CONTRADICTION**

Should any provision of this Agreement be found or deemed to be invalid or unenforceable, the remainder of the Agreement shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect. Should any provision of the Exhibits prepared by the Consultant conflict with the Articles of this Agreement, the Articles shall be precedent and prevail, unless specific approval by the Purchasing Agent is given by expressly acknowledging the conflict and signing the conflicting Exhibit.

**ARTICLE 15. LITIGATION COSTS AND ARBITRATION**

Should litigation be necessary to enforce any terms or provisions of this Agreement, or to collect any portion of the amount payable under this Agreement, litigation and collection expenses,
witness fees, court costs and reasonable attorneys’ fees shall be paid to the prevailing party in the amounts set by the court.

All questions between the parties as to their rights and obligations under this Agreement are subject to arbitration if agreed to by both parties. In case of any disputes, either party may request arbitration by submitting a written request for arbitration to the other party. If the other party agrees to arbitration, the disputed matter shall be referred to and decided by two competent persons who are experts in the subject matter of the dispute, one to be selected by the Authority and the other by the Consultant. In case these two experts cannot agree, they shall select a third arbitrator and the decision of any two of them shall be binding on both parties.

ARTICLE 16. PLACE OF MAKING AND PERFORMANCE OF AGREEMENT
This Agreement shall be deemed to have been made in the County of Placer, California and deemed to be required to be performed in the County of Placer, California. This Agreement may be signed in any number of counterparts by the Parties, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument. This Agreement, if executed in counterparts, will be valid and binding on a Party as if fully executed all in one copy.

ARTICLE 17. ASSIGNMENT
The expertise and experience of the Consultant are material considerations of this Agreement. The Authority has a strong interest in the qualifications and capabilities of the persons and entities that will fulfill the obligations imposed on the Consultant under this Agreement. In recognition of this interest, the Consultant shall not assign any right or obligation pursuant to this Agreement without the written consent of the Authority. Any attempted or purported assignment without the Authority’s written consent shall be void and of no effect.

ARTICLE 18. BINDING EFFECT
This Agreement shall be binding upon the heirs, successors, executors, administrators and assigns of the parties, subject to the provisions of Assignment, Article 17, above.

ARTICLE 19. ENTIRE AGREEMENT AND AMENDMENT
This Agreement, which includes the Exhibits attached hereto, constitutes the entire agreement of the parties, and hereto supersedes all prior communications, understanding and agreements.
This Agreement may be amended at any time upon mutual assent of the parties. Any such amendment shall be in writing and signed by both parties.

ARTICLE 20. ENFORCEMENT OF AGREEMENT
This Agreement shall be governed, construed and enforced in accordance with the laws of the State of California. Venue of any litigation arising out of or connected to this Agreement shall lie exclusively in the state trial court or Federal District Court in the Counties of Placer or Sacramento, within the Eastern District of California and Parties consent to jurisdiction over their persons and over the subject matter of such litigation in such courts, and consent to service of process issued by such courts. Each party accepts for itself, generally and unconditionally, the exclusive jurisdiction of these courts and waives any defense of forum non conveniens.

This Agreement shall not be interpreted in favor of any party by virtue of said party not having prepared this Agreement.

No right conferred on either party under this Agreement shall be deemed waived, and no breach of this Agreement excused, unless such waiver is in writing and signed by the party claimed to have waived such right. Neither the Authority’s review, approval or acceptance of, nor payment for, the services required under this Agreement shall be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement, and the Consultant shall be and remain liable to the Authority in accordance with applicable law for all damages caused by the Consultant’s negligent performance of any of the services furnished under this Agreement.
By signing below, signatory warrants and represents that he/she has accessed and read all Agreement documents and is fully authorized to execute this Agreement in his/her authorized capacity, that he/she has the authority to bind the entity listed below to contractual obligations and that by his/her signature on this Agreement, the entity on behalf of which he/she acted, executed this Agreement.

Authority: MIDDLE FORK PROJECT FINANCE AUTHORITY
By: Date:
Name:
Title:

Consultant: THOMAS R. JOHNSON, LLC
By: Date:
Name:
Title:

Type of Business Entity:
- Individual/Sole Proprietor
- Corporation
- Limited Liability Company
- Partnership

State of Incorporation: California

X

64
Exhibit A

Services

The following is a summary of the scope of work encompassing the project MFP Hydroelectric Power Generation Feasibility Study Coordination covered by the Agreement.

Feasibility Study Coordination in connection with the Authority’s Debt Refinancing. The services will include, but are not limited to:

- Assist the Authority with the solicitation and selection of a qualified professional service firm to perform the financial feasibility study on the Middle Fork Project.
- Assist with reviewing the final report regarding the financial feasibility study.
- Assist the Authority with any presentation(s) regarding this project to the Authority Board.

Any additional scope of work outside of the services shall be approved in writing and mutually agreed upon by both Parties, prior to being performed or paid and shall be at the rates set forth in the fee schedule(s) incorporated in Exhibit C, Payment.

The Consultant will be expected to learn and comply with all Authority procedures and policies that apply to the services provided.

The Consultant will not be permitted to make binding decisions of a financial nature as a representative of the Authority.
Exhibit B

Time of Performance

The schedule for performing the services shall be one year from execution of the Agreement.
Exhibit C
Payment

The total Agreement cost shall not exceed $8,000 without written amendment to this Agreement.

The Consultant shall be compensated on a time and material basis for all work performed under this Agreement at the rates set forth in the rate(s) and or fee(s) attached hereto and incorporated herein by reference.

The hourly rate for the services to be performed will be $195 per hour for the duration of this agreement.

The Consultant’s rates are inclusive of any routine travel-related costs for performance under this Agreement. Any non-routine travel-related costs may be compensated in accordance with Article 5 subject to pre-authorization by the Authority. All rates and fees shall be included in the not to exceed amount of $8,000.

The Consultant acknowledges that, unless otherwise stated, the rate(s) and or fee(s) listed in Exhibit C shall remain unchanged during the term of this Agreement, as amended.
Exhibit D
Representatives

Primary Contact: Joseph H. Parker, CPA
Authority Treasurer

Site Address: 144 Ferguson Road
Auburn, CA 95603

Mail Address: P.O. Box 6570
Auburn, CA
95604-6570

Telephone: 530-823-4875
Email: jparker@pcwa.net

The Consultant’s Representative for this Agreement is:

Primary Contact: Thomas R. Johnson

Thomas R. Johnson, LLC

Mail Address: 7090 Wells Ave.
Loomis, CA 95650

Telephone: 916-764-2268
Email: trjllc@zetabb.com
Exhibit E
Facilities and Equipment

The Authority shall accommodate working space only when Consultant is working at the Authority’s location.
Exhibit F
Supplemental Indemnity and Insurance Requirements

The following Supplemental Indemnity and Insurance Requirements are incorporated into this Agreement.

Errors and Omissions - The Consultant shall maintain, for the entire duration of this Agreement, such errors and omissions insurance as shall protect it from claims based on negligent errors, or omissions, which may arise from the Consultant's operations under this Agreement, whether such operations be by the Consultant or by its employees, subcontractors, consultants or anyone else directly or indirectly employed by any of the foregoing. Defense Coverage shall not be excluded from Professional Liability or Errors and Omissions Insurance. The amount of this insurance shall not be less than $1,000,000. Any claims-made policies shall include tail coverage for a minimum of five (5) years following the completion of the services performed under this Agreement. If any such claims-made policy is cancelled during the five (5) year period following the completion of the work under this Agreement, the Consultant shall purchase equivalent coverage for the remainder of the aforementioned five (5) year period.
Exhibit G
Special Terms and Conditions

The following Special terms and Conditions are incorporated into this Agreement.

Digital Content Management The Authority shall have full ownership and control, including ownership of any copyrights, of all information prepared, produced, or provided by Consultant pursuant to this Agreement. In this Agreement, the term "information" shall be construed to mean and include: any and all work product, submittals, reports, plans, specifications, and other deliverables consisting of documents, writings, handwritings, typewriting, printing, photostatting, photographing, computer models, and any other computerized data and every other means of recording any form of information, communications, or representation, including letters, works, pictures, drawings, videos, digital media, sounds, or symbols, or any combination thereof. Consultant shall not be responsible for any unauthorized modification or use of such information for other than its intended purpose by the Authority.

Rates and or Fees Rates and or fees offered shall be firm for the duration of the agreement. If an extension for an additional time period is offered by the Authority, any proposed request for price adjustment shall be based on one or more of the following:

Any request for an increase must be substantiated with documentation from the Consultant, a sub-Consultant, manufacturer, supplier, or government Authority and must be submitted in writing.

The Authority reserves the right to accept such changes. Regardless of any adjustment, rate(s) and or fee(s) shall not increase more than five (5) percent during any single 12-month adjustment period.
This page intentionally left blank
MEMORANDUM

TO: Board of Directors

FROM: Joseph H. Parker, CPA, Authority Treasurer

DATE: September 25, 2019

RE: 2019 Budget and Actual Schedules for the Period Ended August 31, 2019

Recommended Action:
Receive 2019 Budget and Actual Schedules for the period ended August 31, 2019.

General Note – Period Ended August 31, 2019
Typically, the MFPFA Board meetings are mid-month following the quarter-end allowing sufficient time to close the financial quarter at month-end and compile the quarterly Budget and Actual Schedules. However, the October 2019 Board meeting is scheduled earlier in the month to accommodate for the MFPFA Board Retreat leaving insufficient time for the normal quarter-end cutoff to meet the Board agenda deadline, thus rather than close the 3rd quarter ending September 30, 2019 mid-month, the August 31, 2019 period end is presented herein.

August 31, 2019 Revenue Budget Report:
The 2019 water year has been favorable at 120% of normal precipitation with the majority of precipitation occurring during the first quarter. In addition, high energy prices due to limited natural gas supply and cold weather in the Pacific Northwest led to an increase in revenues early in the year for the Middle Fork Project. The April snowpack resulted in above average to nearly record level conditions, making it California’s fifth largest snowpack dating back to 1950. Mild spring and summer weather prolonged the snowpack melt, and in conjunction with robust reservoirs, has amplified generation into the summer months. As the year has progressed into late summer, California weather has continued to be mild, and as a result, energy prices have fallen to approximately 25% less than the 5 year average. Despite lower energy prices, the Middle Fork Project continues to exceed budgeted revenues by maximizing generation in order to prepare reservoir levels for the upcoming water year, approximately to the level in which we began 2019. Currently, revenue is at a $22.5 million favorable variance compared to budget.
**Expenditure Budget Report:**
The 2019 budget to actual expenditure variance is favorable as of August 31, 2019, and is expected to remain favorable through the remainder of the year. The $2.9 million (18%) variance includes savings due to the FERC license delay, and lower than expected costs for consulting, facilities repair & maintenance, as well as cost share partnerships.

**August 31, 2019 Budget and Actual Schedules:**
Attached for the Board’s information are the 2019 Budget and Actual schedules for the period ended August 31, 2019 as follows:

- **MFP Finance Authority Budget Schedule** – This schedule summarizes the 2019 adopted and adjusted budgets, proposed/approved budget amendments, and the adjusted August 31, 2019, year-to-date budget. Note: Explanations accompany this schedule on the following page.

- **MFP Finance Authority Budget and Actual Schedule** – This schedule summarizes the MFP Finance Authority financial activity for the period ended August 31, 2019 with the adjusted year-to-date budget and year-to-date actual activity noting variances between the two amounts with referenced explanations.

- **MFP Finance Authority Reserve Schedule** – This schedule summarizes the MFP Finance Authority reserve account activity through August 31, 2019 and indicates the full funding target for each reserve account.

- **PCWA MFP Capital Projects** – This schedule summarizes the Project-to-Date Budget and Expenses through August 31, 2019. PCWA manages and administers these projects and are included because they are funded by the MFP Finance Authority. As the scope of these activities is multi-year, the budget and expense information is included. The project to date adjusted budget includes budget amendments and transfers through August 31, 2019.

- **MFP Finance Authority Power Sales Revenue Chart** – This chart summarizes the revenue budget and the actual revenue by month through August 31, 2019.

- **MFP Finance Authority Power Operating Expenses Chart** – This chart summarizes the expense budget and the actual expenses by month through August 31, 2019.
## MIDDLE FORK PROJECT FINANCE AUTHORITY
### Budget Schedule
#### For the Period Ended
##### August 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>2019 Adopted Budget</th>
<th>Budget Adjustments &amp; Transfers (Note 4)</th>
<th>2019 August 31, 2019 Adjusted Budget</th>
<th>Year-to-date Adjusted Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues and Other Financing Sources (Note 1)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Sales</td>
<td>37,440,000</td>
<td>-</td>
<td>37,440,000</td>
<td>23,444,928</td>
</tr>
<tr>
<td>Interest Income</td>
<td>200,000</td>
<td>-</td>
<td>200,000</td>
<td>125,240</td>
</tr>
<tr>
<td><strong>Total Revenues and Other Financing Sources</strong></td>
<td>37,640,000</td>
<td>-</td>
<td>37,640,000</td>
<td>23,570,168</td>
</tr>
</tbody>
</table>

| **Expenditures:**               |                     |                                        |                                      |                              |
| **Administration:**            |                     |                                        |                                      |                              |
| Operating Supplies/Services    | 2,000               | -                                      | 2,000                                | 1,252                        |
| Administration                 | 70,000              | -                                      | 70,000                               | 43,834                       |
| Professional Services          | 50,000              | -                                      | 50,000                               | 31,310                       |
| **Total Administrative Expenditures** | 122,000             | -                                      | 122,000                              | 76,396                       |

| PCWA Power Division - Operating: |                     |                                        |                                      |                              |
| Power Operations               | 14,336,817          | -                                      | 14,336,817                           | 8,977,715                    |
| General and Administrative     | 5,847,672           | 275,000                               | 6,122,672                            | 3,834,017                    |
| Natural Resources Management   | 3,272,311           | (275,000)                             | 2,997,311                            | 1,876,916                    |
| Power Resources Management     | 1,686,253           | -                                      | 1,686,253                            | 1,055,932                    |
| Routine Capital                | 716,800             | -                                      | 716,800                              | 448,860                      |
| **Total PCWA Power Division - Operating** | 25,859,853          | -                                      | 25,859,853                           | 16,193,440                   |

| **Debt Service**               | 5,690,730           | -                                      | 5,690,730                            | 2,845,365                    |

| **Capital Projects (Note 2):** |                     |                                        |                                      |                              |
| Current Year Capital Project   | 11,624,000          | 7,800,000                             | 19,424,000                           | 19,424,000                   |
| **Total Expenditures and Capital Projects** | 43,296,583          | 7,800,000                             | 51,096,583                           | 38,539,201                   |

| Revenue over (under) Expenditure and Capital Projects | (5,656,583) | (7,800,000) | (13,456,583) | (14,969,033) |

| **Reserve Funding or Use (Note 3):** |                     |                                        |                                      |                              |
| Operating Reserve               | -                   | -                                      | -                                    | -                            |
| Emergency Reserve               | -                   | -                                      | -                                    | -                            |
| Capital Reserve                 | 1,939,214           | (7,800,000)                           | (5,860,786)                          | (14,969,033)                 |
| **Total Reserve Funding / Use** | 1,939,214           | (7,800,000)                           | (5,860,786)                          | (14,969,033)                 |

| Net Revenue                     | (7,595,797)         | -                                      | (7,595,797)                          | -                            |

| **Distributions and Debt Payment Requirement:** |                     |                                        |                                      |                              |
| County                           | -                   | -                                      | -                                    | -                            |
| PCWA                             | -                   | -                                      | -                                    | -                            |
| Additional Principal Payment     | -                   | -                                      | -                                    | -                            |
| **Total Distributions and Debt Payment** | -                   | -                                      | -                                    | -                            |

| Net                              | (7,595,797)         | -                                      | (7,595,797)                          | -                            |

**Note:** See reference discussion on the following page.
Note 1: Revenues and Other Financing Sources

The MFPFA Power Sales budget includes the resource adequacy (RA), carbon free and renewable energy credit (REC) sales amounts based on bi-lateral contracts and 80% of estimated energy production for the year. The power sales amounts have been determined by Energy Marketing projections based on anticipated sales of resource adequacy, carbon free, renewable energy credits and estimated energy sales for January 1 to August 31, 2019.

Note 2: The Capital Projects adopted budget totaling $11.6 million has been mostly funded to date, except for the Enterprise Resource Project for $500,000 as the project still has sufficient carryover funds from 2018. In April 2019, an additional $7.8 million was added to Capital Projects through a Board approved budget amendment.

Note 3: If funds are available, the Reserve Accounts are funded in accordance with the Authority General Financial Policies at year-end closing.

Note 4: There are two Budget Adjustments and Transfers to report to the Board for the period ended August 31, 2019, both of which occurred in the quarter ended June 30, 2019.

In April 2019, the Board approved additional appropriations of $7.8 million from the Capital Reserve to the Hell Hole Dam Core Raise Project, resulting in a Capital Projects budget increase from $11.6 million to $19.4 million.

During the quarter ended June 30, 2019, the board approved a budget transfer to move $275,000 from Natural Resources Management to General Administration, both of which components are within the operating budget. This proposal had no new appropriations for the 2019 Budget.
MIDDLE FORK PROJECT FINANCE AUTHORITY
Budget and Actual Schedule
For the Period Ended
August 31, 2019

<table>
<thead>
<tr>
<th>August 31, 2019 Year-to-date</th>
<th>Budget</th>
<th>Actual</th>
<th>Variances</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ref</td>
</tr>
<tr>
<td>Revenues and Other Financing Sources:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Sales</td>
<td>23,444,928</td>
<td>44,867,990</td>
<td>21,423,062</td>
</tr>
<tr>
<td>Interest Income</td>
<td>125,240</td>
<td>1,193,544</td>
<td>1,068,304</td>
</tr>
<tr>
<td>Total Revenues and Other Financing Sources</td>
<td>23,570,168</td>
<td>46,061,534</td>
<td>22,491,366</td>
</tr>
<tr>
<td>Expenditures:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Supplies/Services</td>
<td>1,252</td>
<td>2,905</td>
<td>(1,653)</td>
</tr>
<tr>
<td>Administration</td>
<td>43,834</td>
<td>11,533</td>
<td>32,301</td>
</tr>
<tr>
<td>Professional Services</td>
<td>31,310</td>
<td>14,130</td>
<td>17,180</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>(289,844)</td>
<td>289,844</td>
</tr>
<tr>
<td>Total Administrative Expenditures</td>
<td>76,396</td>
<td>(261,276)</td>
<td>337,672</td>
</tr>
<tr>
<td>PCWA Power Division - Operating:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Operations</td>
<td>8,977,715</td>
<td>8,311,589</td>
<td>666,126</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>3,834,017</td>
<td>3,220,032</td>
<td>613,985</td>
</tr>
<tr>
<td>Natural Resources Management</td>
<td>1,876,916</td>
<td>559,364</td>
<td>1,317,552</td>
</tr>
<tr>
<td>Power Resources Management</td>
<td>1,055,932</td>
<td>995,216</td>
<td>60,716</td>
</tr>
<tr>
<td>Routine Capital</td>
<td>448,860</td>
<td>210,069</td>
<td>238,791</td>
</tr>
<tr>
<td>Total PCWA Power Division - Operating</td>
<td>16,193,440</td>
<td>13,296,270</td>
<td>2,897,170</td>
</tr>
<tr>
<td>Debt Service</td>
<td>2,845,365</td>
<td>2,845,365</td>
<td>-</td>
</tr>
<tr>
<td>Capital Projects:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Year Capital Project Appropriation</td>
<td>19,424,000</td>
<td>18,924,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Total Expenditures and Capital Projects</td>
<td>38,539,201</td>
<td>35,065,635</td>
<td>3,734,842</td>
</tr>
<tr>
<td>Revenue over (under) Expenditure and Capital Projects</td>
<td>$ (14,969,033)</td>
<td>10,995,899</td>
<td>25,964,932</td>
</tr>
</tbody>
</table>

Note: See 2019 Budget to Actual Variances discussion on the following page.
MIDDLE FORK PROJECT FINANCE AUTHORITY
Budget and Actual Schedule
Discussion of 2019 Budget to Actual Variances
For the Period Ended August 31, 2019

<table>
<thead>
<tr>
<th>Ref</th>
<th>Revenues and Other Financing Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td><strong>Power Sales Revenue</strong> – The Power Sales Revenue is subject to significant volatility due to variations in hydrology, energy market prices and a variety of other factors. Power Sales Revenue for the period ended August 31, 2019 is at $44.9 million. The $21.4 million favorable variance is primarily due to higher than average energy prices and strong precipitation during the first quarter (which led to an increase in generating hours through the summer months). As of July 2019, power sales revenue has exceeded 2019 budget expectations.</td>
</tr>
<tr>
<td></td>
<td><strong>Interest Income</strong> – Interest income for the period ended August 31, 2019 is $1 million greater than the budget.</td>
</tr>
<tr>
<td></td>
<td><strong>Expenditures</strong></td>
</tr>
<tr>
<td>B</td>
<td><strong>Administration</strong> – Administration is under budget by $337,000 for the period ended August 31, 2019, due to savings in administration costs, professional services and investment performance.</td>
</tr>
<tr>
<td>C</td>
<td><strong>PCWA Power Division Operating</strong> – Operations is under budget by $2.9 million through the period ended August 31, 2019, due to savings in consulting services, facilities repair &amp; maintenance costs, cost-share partnership agreements, delays in some routine capital purchases as well as a delay in the FERC license issuance, which is anticipated to be issued early 2020.</td>
</tr>
<tr>
<td>D</td>
<td><strong>Debt Service</strong> – The first semi-annual debt service payment was due on April 1. The second payment is due October 1, 2019 and will be recorded at that time.</td>
</tr>
<tr>
<td></td>
<td><strong>Capital Projects</strong></td>
</tr>
<tr>
<td>E</td>
<td><strong>Current Year Capital Project Appropriation</strong> – Capital Projects in 2019 were budgeted at $11.6 million. In April 2019, the Authority Board approved a budget amendment totaling $7.8 million from the Capital Reserve for the Hell Hole Dam Core Raise Project for work that was anticipated to begin during 2019. This increased the adjusted budget amount to $19.4 million for Capital Projects.</td>
</tr>
<tr>
<td></td>
<td><strong>Revenue over Expenditures and Capital Projects</strong> – This amount is favorable to budget by 173% due to the increased revenue and savings in expenditures as of August 31, 2019.</td>
</tr>
</tbody>
</table>
# MIDDLE FORK PROJECT FINANCE AUTHORITY

## Reserve Schedule

For the Period Ended

August 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>2019 Target</th>
<th>Beginning Balance January 1, 2019</th>
<th>Year-to-Date Interest</th>
<th>Year-to-Date Activity</th>
<th>2019 Balance August 31, 2019</th>
<th>Amount Needed to Fund Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Reserve</strong></td>
<td>$25,750,000</td>
<td>25,750,000</td>
<td>-</td>
<td>-</td>
<td>25,750,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Emergency Reserve</strong></td>
<td>$2,000,000</td>
<td>2,000,000</td>
<td>-</td>
<td>-</td>
<td>2,000,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Capital Reserve</strong></td>
<td>$20,000,000</td>
<td>17,326,350</td>
<td>-</td>
<td>(7,800,000)</td>
<td>9,526,350</td>
<td>10,473,651</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$47,750,000</td>
<td>45,076,350</td>
<td>-</td>
<td>(7,800,000)</td>
<td>37,276,350</td>
<td>10,473,651</td>
</tr>
</tbody>
</table>

**Notes:**

**General Note:** The reserve accounts are funded in accordance with the Authority's General Financial Policies at year-end before any distributions of Net Revenue.

**Operating Reserve:** The Operating Reserve is established by the Authority's General Financial Policies, which set a funding target minimum of one year of operating expenses, currently set at $25.75 million. The Operating Reserve will provide readily available funds for the MFP operations and require prior approval of the Authority's Executive Director and Secretary, or Board before use.

**Emergency Reserve:** The Emergency Reserve is established by the Authority's General Financial Policies, which set a funding target amount that will be aligned with the needs under a severe outage contingency. The current $2 million reserve is intended to fund insurance deductibles and seed monies to commence any significant unforeseen capital expenses. Annually, the level of Emergency Reserve will be assessed to identify the trade-off between insurance (self-insurance and paid insurance), emergency reserve funds, and other financing, and propose recommended changes during the budget process.

**Capital Reserve:** The Capital Reserve is established by the Authority's General Financial Policies and has two components - a sinking fund for current and prior year appropriated projects and a reserve for future capital projects. Currently, the long-term Capital Reserve target is $20 million.
## PLACER COUNTY WATER AGENCY
### MFP Capital Projects
#### As Funded by the Middle Fork Project Finance Authority
##### For the Period Ended August 31, 2019

<table>
<thead>
<tr>
<th>Project No.</th>
<th>Project Description</th>
<th>Total Estimated Project Cost (Note 1)</th>
<th>PTD Budget (December 31, 2018)</th>
<th>2019 Adopted Budget (Note 2)</th>
<th>2019 Budget Funded (Note 2)</th>
<th>Budget Adjustments Quarter 1</th>
<th>Budget Adjustments Quarter 2</th>
<th>Budget Adjustments Quarter 3 (Note 3)</th>
<th>Project-to-Date Adjusted Budget (August 31, 2019)</th>
<th>Prior Years' Expenses</th>
<th>2019 Year-to-Date Expenses</th>
<th>Project-to-Date Expenses</th>
<th>Outstanding Encumbrances</th>
<th>Project-to-Date Available Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>MINOR PROJECTS - TOTAL</td>
<td></td>
<td>$1,852,223</td>
<td>375,000</td>
<td>375,000</td>
<td>2,227,223</td>
<td>36,833</td>
<td>1,023</td>
<td>37,855</td>
<td>16,559</td>
<td>2,172,809</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MAJOR PROJECTS - AUTHORIZED</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14007P</td>
<td>French Meadows Powerhouse Reliability Upgrades</td>
<td>Ongoing</td>
<td>1,880,424</td>
<td>1,450,000</td>
<td>1,450,000</td>
<td>77,345</td>
<td>3,407,769</td>
<td>1,019,499</td>
<td>464,134</td>
<td>1,483,633</td>
<td>143,745</td>
<td>1,780,390</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14003P</td>
<td>Hell Hole Powerhouse Reliability Upgrades</td>
<td>Ongoing</td>
<td>668,009</td>
<td>-</td>
<td>-</td>
<td>668,009</td>
<td>4,840</td>
<td>641</td>
<td>5,481</td>
<td>91,359</td>
<td>571,169</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12003P</td>
<td>Hillside Slope Stability - Middle Fork Project</td>
<td>1,711,245</td>
<td>1,511,245</td>
<td>300,000</td>
<td>300,000</td>
<td>1,811,245</td>
<td>1,086,112</td>
<td>-</td>
<td>1,066,112</td>
<td>-</td>
<td>745,133</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14009P</td>
<td>Middle Fork Powerhouse Reliability Upgrades</td>
<td>Ongoing</td>
<td>3,929,870</td>
<td>2,700,000</td>
<td>2,700,000</td>
<td>6,629,870</td>
<td>2,080,333</td>
<td>-</td>
<td>2,469,962</td>
<td>355,685</td>
<td>3,804,223</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14010P</td>
<td>Ochow Powerhouse Reliability Upgrades</td>
<td>Ongoing</td>
<td>1,139,815</td>
<td>750,000</td>
<td>750,000</td>
<td>1,889,815</td>
<td>253,993</td>
<td>-</td>
<td>599,924</td>
<td>347,964</td>
<td>941,927</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12015A</td>
<td>Project Wide Communications Upgrade</td>
<td>13,853,000</td>
<td>15,253,271</td>
<td>-</td>
<td>-</td>
<td>15,253,271</td>
<td>12,191,894</td>
<td>1,106,928</td>
<td>13,298,821</td>
<td>1,870,563</td>
<td>83,887</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12029A</td>
<td>Project Wide SCADA Reliability Upgrades</td>
<td>670,000</td>
<td>100,000</td>
<td>100,000</td>
<td>770,000</td>
<td>565,407</td>
<td>26,577</td>
<td>591,984</td>
<td>19,857</td>
<td>158,159</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14012P</td>
<td>Ralston Powerhouse Reliability Upgrades</td>
<td>Ongoing</td>
<td>1,330,089</td>
<td>2,650,000</td>
<td>2,650,000</td>
<td>3,980,089</td>
<td>45,673</td>
<td>37,055</td>
<td>607,962</td>
<td>3,289,399</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14013P</td>
<td>FERC License Implementation - Project Infrastructure</td>
<td>28,464,000</td>
<td>17,327,275</td>
<td>1,105,000</td>
<td>1,105,000</td>
<td>26,232,275</td>
<td>16,161,149</td>
<td>857,241</td>
<td>9,018,390</td>
<td>12,917,364</td>
<td>4,296,521</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14014P</td>
<td>FERC License Implementation - Project Recreation Facilities</td>
<td>16,886,000</td>
<td>1,812,040</td>
<td>944,000</td>
<td>944,000</td>
<td>2,756,040</td>
<td>867,150</td>
<td>2,105,492</td>
<td>97,397</td>
<td>1,553,151</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17004P</td>
<td>French Meadows Forest management</td>
<td>80,000</td>
<td>375,000</td>
<td>750,000</td>
<td>1,125,000</td>
<td>359,912</td>
<td>88,099</td>
<td>448,011</td>
<td>126,559</td>
<td>550,430</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17013P</td>
<td>Sediment Removal</td>
<td>5,000,000</td>
<td>6,000,000</td>
<td>-</td>
<td>-</td>
<td>6,000,000</td>
<td>4,502,455</td>
<td>695,412</td>
<td>5,197,866</td>
<td>379,176</td>
<td>422,958</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17019W</td>
<td>ERP System</td>
<td>1,802,691</td>
<td>1,477,691</td>
<td>500,000</td>
<td>-</td>
<td>1,477,691</td>
<td>589,067</td>
<td>11,760</td>
<td>600,827</td>
<td>-</td>
<td>876,561</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL MAJOR PROJECTS</td>
<td></td>
<td>53,374,729</td>
<td>11,249,000</td>
<td>10,749,000</td>
<td>-</td>
<td>7,800,000</td>
<td>77,345</td>
<td>72,001,074</td>
<td>31,707,485</td>
<td>4,261,747</td>
<td>35,969,232</td>
<td>16,957,632</td>
<td>19,073,907</td>
<td></td>
</tr>
</tbody>
</table>

### PROJECTS CLOSED IN 2019
#### MAJOR PROJECTS CLOSED

<table>
<thead>
<tr>
<th>Project No.</th>
<th>Project Description</th>
<th>Total Estimated Project Cost (Note 1)</th>
<th>PTD Budget (December 31, 2018)</th>
<th>2019 Adopted Budget (Note 2)</th>
<th>2019 Budget Funded (Note 2)</th>
<th>Budget Adjustments Quarter 1</th>
<th>Budget Adjustments Quarter 2</th>
<th>Budget Adjustments Quarter 3 (Note 3)</th>
<th>Project-to-Date Adjusted Budget (August 31, 2019)</th>
<th>Prior Years' Expenses</th>
<th>2019 Year-to-Date Expenses</th>
<th>Project-to-Date Expenses</th>
<th>Outstanding Encumbrances</th>
<th>Project-to-Date Available Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>18013P</td>
<td>FM PENSTOCK COUPLING INV</td>
<td>Ongoing</td>
<td>100,000</td>
<td>-</td>
<td>-</td>
<td>(77,345)</td>
<td>22,655</td>
<td>22,655</td>
<td>-</td>
<td>22,655</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL PROJECTS CLOSED 2019 (Note 3)</td>
<td></td>
<td>100,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22,655</td>
<td>22,655</td>
<td>-</td>
<td>22,655</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### TOTAL CAPITAL PROJECTS

$$55,326,952 \quad 11,624,000 \quad 11,124,000 \quad - \quad 7,800,000 \quad - \quad 74,250,952 \quad 31,766,972 \quad 4,262,770 \quad 36,029,742 \quad 16,974,190 \quad 21,246,717$$

**Note 1:** Major Projects may be comprised of a variety of sub-projects for which appropriations will be allocated, administered and accounted for as separate "Projects" at the PCWA project management level, as PCWA is the lead entity for MFP Projects. For budgeting purposes, the Total Estimated Project Cost for the powerhouse reliability projects is defined as "Ongoing" because underlying sub-projects will be added, completed and removed over time.

**Note 2:** The 2019 Capital Project approved budget is $11,624,000. A budget amendment in the amount of $7,800,000 was approved by the Authority Board on April 18, 2019. The Adjusted 2019 CIP budget is $19,424,000.

**Note 3:** In August 2019, the French Meadows Penstock Coupling Investigation project was closed. Accordingly, the remaining balance in the project’s budget totaling $77,345 was transferred to the French Meadows Powerhouse Reliability Upgrades project. There is no change to the overall budget.
Middle Fork Project Finance Authority
Power Sales Revenue
Budget to Actual 2019

Revenue

<table>
<thead>
<tr>
<th>Month</th>
<th>Budget</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$3,774,909</td>
<td>$3,940,278</td>
</tr>
<tr>
<td>February</td>
<td>7,128,690</td>
<td>14,796,317</td>
</tr>
<tr>
<td>March</td>
<td>9,281,094</td>
<td>20,510,130</td>
</tr>
<tr>
<td>April</td>
<td>11,194,977</td>
<td>25,559,846</td>
</tr>
<tr>
<td>May</td>
<td>13,247,213</td>
<td>29,086,289</td>
</tr>
<tr>
<td>June</td>
<td>17,181,180</td>
<td>32,898,171</td>
</tr>
<tr>
<td>July</td>
<td>21,387,488</td>
<td>39,268,994</td>
</tr>
<tr>
<td>August</td>
<td>26,222,459</td>
<td>44,867,990</td>
</tr>
<tr>
<td>September</td>
<td>29,795,031</td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>29,897,926</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>33,184,440</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>37,440,000</td>
<td></td>
</tr>
</tbody>
</table>

Revenue Budget
Actual Revenue
<table>
<thead>
<tr>
<th>Month</th>
<th>Operating Exp Budget</th>
<th>Op Exp Actual Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$1,437,808</td>
<td>$1,439,740</td>
</tr>
<tr>
<td>February</td>
<td>2,870,444</td>
<td>2,886,472</td>
</tr>
<tr>
<td>March</td>
<td>5,795,193</td>
<td>5,179,775</td>
</tr>
<tr>
<td>April</td>
<td>8,158,784</td>
<td>6,455,426</td>
</tr>
<tr>
<td>May</td>
<td>9,966,388</td>
<td>7,952,062</td>
</tr>
<tr>
<td>June</td>
<td>12,857,521</td>
<td>10,440,112</td>
</tr>
<tr>
<td>July</td>
<td>14,820,284</td>
<td>12,240,268</td>
</tr>
<tr>
<td>August</td>
<td>16,193,442</td>
<td>13,296,270</td>
</tr>
<tr>
<td>September</td>
<td>18,569,962</td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>19,839,681</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>22,335,157</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>25,859,855</td>
<td></td>
</tr>
</tbody>
</table>

Middle Fork Project Finance Authority
Power Operating Expenses
Budget to Actual 2019
MEMORANDUM

TO:       Board of Directors Middle Fork Project Finance Authority
FROM:     Joseph H. Parker, CPA, Treasurer
DATE:     October 10, 2019
RE:       Proposed 2020 MFP Finance Authority Annual Budget

Overview

Attached herewith is the Proposed 2020 Middle Fork Project Finance Authority Budget, totaling $43.8 million, which is comprised of a $33.7 million operating budget and a $10.1 million capital budget. The 5-year Budget is provided with 2019 (Adjusted and Projection), the Proposed 2020 Budget (amounts bolded), as well as the following four years (2021 - 2024) in the following attached schedules:

- Budget Schedule Years 2019 - 2024
- Reserve Schedule Years 2019 - 2024
- MFP Capital Plan as funded by the Authority 2020 - 2024

In accordance with the Board’s General Financial Policies, the budget was prepared with the consultation and involvement of both PCWA and Placer County staff for presentation to the Authority Board.

The following pages provide additional details regarding budgetary changes from 2019, discussion and analysis, and other background information.

2020 Proposed Budget - Overview

Power Sales:

The proposed 2020 Power Sales revenue reflects a $1.2 million increase, or 3.2% from the Adjusted 2019 Budget. Power Sales revenue is comprised of two primary revenue sources: Energy and Energy Products. Energy and ancillary services are sold directly to the CAISO while Energy Products are conveyed through bilateral agreements resulting in net revenue.
The Energy component of the Power Sales budget is based on 80% of average generation, or 800,000 MWh each year and projected energy prices. Energy prices have increased because of several factors: Growth of solar generation in California has given rise to the “duck curve” in daily grid demand, whereas an abundance of solar power generation supplies substantial mid-day demand thus, causing daily steep ramping energy requirements from other sources in the late afternoon/early evening hours, when solar power diminishes. As a result, energy prices are more volatile, spiking more frequently and with more severity. Additionally, a reduction in Pacific Northwest power imports as a result of increasing local demands and natural gas transport limitations have pushed up future energy prices.

The Energy Products component of the Power Sales budget include resource adequacy, renewable energy credits and carbon-free credits. The pricing and revenue from the bilateral contracts remains unchanged in the 2020 Proposed Budget as compared to the 2019 Adjusted Budget.

The 2020 Total Operating Expenditures are increased by $2.0 million, or 6.3% compared with the Adjusted 2019 Budget. The following discussion provides a comparison between the Adjusted 2019 Budget and the Proposed 2020 Budget for the Operating Budget Expenditures:

Administration:

The Proposed 2020 Budget amounts are similar to the 2019 Budget with a slight increase in administration expenses of $28,000.

PCWA Power Division – Operating:

Power Operations is decreased by a net $200,000, or 1.4% from the Adjusted 2019 Budget. The net decrease is the result of the following:

- A decrease in operating services for less facilities and equipment repair and maintenance work totaling $519,000
- An increase in labor for the estimated 2% COLA (floor), a negotiated 2% EPMC phase-out and other benefit changes totaling $109,000
- A shift in employee benefit expenses for OPEB (retiree health care), CalPERS unfunded liability, and workers’ compensation claim allowance totaling $622,000 from Department Budgets to General and Administration
- An increase in Contracted Services for additional consulting for a new Probable Maximum Flood Study, the Afterbay slope investigation, and Inundation Maps
- An increase in shop supplies totaling $47,000
**General and Administrative** is increased by $1.1 million, or 18.5%, primarily the result of an increase in Personnel Services totaling $1 million as benefit payments that were previously included in Department Budgets moved into the General and Administrative Budget, in addition to an increase in labor due to an estimated 2% COLA increase, a 2% negotiated EPMC phase-out and other benefit changes. Operating Services also increased due to rising insurance costs totaling $330,000, which was partially offset by a decrease in consulting service needs totaling $250,000.

**Natural Resources Management** is increased by $1.2 million, or 40.7%, which is primarily attributed to the anticipated additional FERC Licensing Implementation costs. The FERC License issuance is anticipated in late 2019 or early 2020 thus, increasing the budget by $849,000. Required monitoring and related studies will commence with the new license issuance, such as implementing a Sediment Management Plan, a Fish Population Monitoring Plan, and developing an Entrainment Study Plan. Consulting service needs increased $140,000 in addition to an increase in the environmental budget of $120,000 for Weather Modification Services (cloud seeding).

**Power Resources Management** for the energy marketing activities is expected to decrease by a net $41,000, or 2.4% compared to the Adjusted 2019 Budget. Personnel Services decreased by $50,000 due to benefit payments totaling $87,000 that were previously included within the Department Budget moved to General and Administration partially offset by an increase in labor of $37,000. Additionally, power settlements increased $21,000 while membership dues decreased $13,000.

**Routine Capital** is decreased by $147,000, or 20.5%. The Routine Capital Budget is for the purchase of replacement or new vehicles and equipment and varies annually based on needs.

**Debt Service** is the same as the Adjusted 2019 Budget with semi-annual principal and interest payments of $2.8 million.

**Capital Plan** – The 2020 Capital Projects appropriations and 5-Year Capital Plan reflect necessary additional investments in infrastructure, as determined by three significant factors: the age of the existing capital infrastructure, the revenue benefits that derive from being available to generate energy at all times for the California energy market, and the requirements of the new FERC license, which is anticipated to be issued in late 2019 or early 2020.
The Proposed 2020 MFP Capital Plan appropriations total $10.1 million, and are segmented into three broad categories:

1. Upgrade or Enhancement Projects,
2. Renewal, Replacement and Reliability Projects, and
3. FERC License Implementation Projects.

Over the next 5-years, the Upgrade or Enhancement Projects total $6.0 million or 10% of the 5-year amount and are considered “one-time” expenditures (performed every 20 – 30 years) as these projects implement new technology and enhance generation flexibility for more efficient, effective and improved generating or operating capabilities of the MFP.

The second category of Renewal, Replacement and Reliability Projects total $17.3 million or 28% of the 5-year amount, with an annual average total of $3.5 million.

The FERC License Implementation Projects are also considered “one-time” capital projects which total $39.5 million or 63% of the 5-year total Capital Plan. With the FERC license anticipated in late 2019 or early 2020, these capital projects have specific implementation requirements based on the new FERC license.

For years beyond 2024, capital projects, primarily renewal and replacement projects, are currently estimated to be approximately $2 - $6 million per year. In addition, there will be a few upgrade or enhancement projects to be completed as well as certain FERC license implementation projects and annual resource needs.

Reserves – The Authority’s General Financial Policies adopted in April 2013 requires reserve funding which is rooted in the Authority’s JPA requirement to establish and maintain prudent reserve levels. This Policy sets forth three reserve categories: Operating, Capital, and Emergency. Reserve funding and reporting is to be part of the annual budget process. The reserve category full funding targets in priority funding order with the funding amount set by the Authority Treasurer, as follows:

Operating Reserve: Operating reserve target amount is currently at $25.75 million, which is approximately one year of operating expenses.

Emergency Reserve: Emergency reserve target is based on the total amount of emergency funds considered necessary under a severe outage contingency and will be
evaluated with other funding/financing resources. The emergency reserve target is currently set at $2.0 million for insurance deductible and other immediate needs.

**Capital Reserve:** The current capital reserve funding target is $20 million, however, given the continual resource needs for unforeseen and unplanned capital projects this amount may need to be raised in the future to $30 million. These recent unforeseen capital project resource needs have been the sediment removal, core raise of Hell Hole dam, leaking surge shaft, and the LL Anderson spillway modification.

Currently, the Capital Reserve target funding is $20 million and is not yet funded to its current target level. The Capital Reserve functions as a “sinking-fund” for annual capital project appropriations and thus help supplement capital project funding.

Pursuant to the Authority Policy, the appropriation for next year’s budget (2020) will be funded when approved by the Board.

**Five Year Budget Schedule (2020 – 2024)**

In the Budget Schedule, Power Sales revenue exhibits an increase in 2020 as a result of higher anticipated increase in energy prices. In years 2021-2024 revenue projections increase as prices for resource adequacy bilateral contracts have increased.

Also worth noting is that the 5-year Capital Plan increased $17.1 million from the 2019 5-year Capital Plan to $62.7 million as the FERC License issuance is anticipated in late 2019 or early 2020 and there are mandatory project implementation requirements within the first 5 years. The Proposed 2020 5-year Budget is expected to use the Capital Reserves for years 2020 – 2024. Once FERC License Implementation is near completion, the Capital Reserves will be replenished and are expected to be fully funded by the end of 2024.
## MIDDLE FORK PROJECT FINANCE AUTHORITY
### Budget Schedule
#### Years 2019 - 2024

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Sales (Note 1)</td>
<td>$37,440,000</td>
<td>62,000,000</td>
<td>38,643,064</td>
<td>47,309,260</td>
<td>47,607,820</td>
<td>48,866,380</td>
<td>49,484,940</td>
</tr>
<tr>
<td>Interest Income</td>
<td>200,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>37,640,000</strong></td>
<td><strong>63,000,000</strong></td>
<td><strong>39,643,064</strong></td>
<td><strong>48,309,260</strong></td>
<td><strong>48,607,820</strong></td>
<td><strong>49,866,380</strong></td>
<td><strong>50,484,940</strong></td>
</tr>
</tbody>
</table>

| Expenditures and Other Uses: |  |  |  |  |  |  |  |
| Administration:          |  |  |  |  |  |  |  |
| Operating Supplies/Services | 2,000         | 2,000          | 2,000         | 2,100         | 2,200         | 2,300         | 2,400         |
| Administration     | 70,000        | 73,000         | 98,000        | 100,600       | 103,200       | 106,700       | 110,200       |
| Professional Services | 50,000        | 50,000         | 50,000        | 51,300        | 52,600        | 54,000        | 55,400        |
| **Total Administration Expenditures** | **122,000**  | **125,000**    | **150,000**   | **154,000**   | **158,000**   | **163,000**   | **168,000**   |

PCWA Power Division - Operating:

| Power Operations          | 14,336,817     | 13,736,817     | 14,134,915     | 14,700,000    | 15,288,000    | 15,900,000    | 16,536,000    |
| General and Administrative| 6,122,672      | 6,122,672      | 7,252,397      | 7,542,000     | 7,844,000     | 8,158,000     | 8,484,000     |
| Natural Resources Management | 2,997,311     | 1,247,311      | 4,216,251      | 4,947,000     | 4,347,000     | 2,905,000     | 2,765,000     |
| Power Resources Management | 1,686,253     | 1,686,253      | 1,645,742      | 1,712,000     | 1,780,000     | 1,851,000     | 1,925,000     |
| Routine Capital            | 716,800        | 716,800        | 570,000        | 593,000       | 617,000       | 642,000       | 668,000       |
| **Total PCWA Power Division - Operating** | **25,859,853** | **23,599,853** | **27,819,305** | **29,494,000** | **29,976,000** | **29,456,000** | **30,378,000** |

Debt Service (Note 2):

| Debt Service            | 5,690,730       | 5,690,730       | 5,690,730       | 5,690,730     | 5,690,730     | 5,690,730     | 5,690,730     |
| **Total Operating Expenditures** | **31,672,583** | **29,325,583** | **33,660,035** | **35,338,430** | **35,724,730** | **35,309,730** | **36,236,730** |

Capital Investment Program Appropriations:

| Upgrades               | 6,100,000       | 6,100,000       | 3,350,000       | 3,000,000     | 2,900,000     | 450,000       | 575,000       |
| Renewal, Replacement and Reliability | 3,475,000 | 3,475,000 | 3,550,000 | 2,000,000 | 3,500,000 | 6,050,000 | 2,150,000 |
| FERC License Implementation Projects | 1,549,000 | 1,549,000 | 3,181,366 | 8,690,216 | 16,039,458 | 10,322,250 | 1,231,600 |
| Hell Hole Dam Core Raise | 8,300,000 | 8,300,000 | -         | -           | -            | -            | -            |
| **Total Appropriations to Capital Projects** | **19,424,000** | **19,424,000** | **10,081,366** | **11,990,216** | **19,829,458** | **16,822,250** | **3,956,600** |
| **Total Expenditures and Appropriations** | **51,096,583** | **48,749,583** | **43,741,401** | **47,328,946** | **55,554,188** | **52,131,980** | **40,193,330** |

Revenue over/(under) Expenditure and Appropriations:

| Revenue over/(under) Expenditure and Appropriations | (13,456,583) | 14,250,417 | (4,098,337) | 980,314 | (6,946,368) | (2,265,600) | 10,291,610 |
| Appropriation for Next Yrs Budget (Sec 3.2.6) | (4,098,337) | (4,098,337) | (980,314) | - | - | - | - |
| (To)/From Reserves | 13,456,583 | (10,152,080) | - | - | 5,966,054 | 2,265,600 | (8,553,224) |
| **Net Revenue** | **$** | **-** | **-** | **-** | **-** | **-** | **1,738,386** |

Reserves - Projected Year-End Balances:

| Operating Reserve - Target $25.75M | $25,750,000 | 25,750,000 | 25,750,000 | 25,750,000 | 25,750,000 | 25,750,000 | 25,750,000 |
| Emergency Reserve - Target $2.0M | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Capital Reserve - LT Target $20.0M | 3,869,767 | 19,678,430 | 19,678,430 | 19,678,430 | 19,678,430 | 13,712,376 | 11,446,776 |
| **Total** | **31,619,767** | **47,428,430** | **47,428,430** | **41,462,376** | **39,196,776** | **39,196,776** | **47,750,000** |

**General Note:** The amount encumbered for consulting and construction contracts that span more than one fiscal year totals approximately $10.9 million.

**Note 1:** Power Sales are subject to significant fluctuation in both energy prices and hydrology. Revenue is projected based on 80% of the average hydrologic year, relying on operating reserves to cover short periods of drought or mechanical outages. Power sales are based on 100% capacity payment and 80% energy payment. Years 2020-2024 are based on projections determined by the Power Resources Management team.

**Note 2:** At December 31, 2019, the debt outstanding totals $71 million.
## Reserve Schedule
**Years 2019 - 2024**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Reserve [First Priority - (Note 1)]:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>$25,750,000</td>
<td>25,750,000</td>
<td>25,750,000</td>
<td>25,750,000</td>
<td>25,750,000</td>
<td>25,750,000</td>
<td>25,750,000</td>
</tr>
<tr>
<td>Contributions and Uses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance End of Year</td>
<td>$25,750,000</td>
<td>25,750,000</td>
<td>25,750,000</td>
<td>25,750,000</td>
<td>25,750,000</td>
<td>25,750,000</td>
<td>25,750,000</td>
</tr>
<tr>
<td><strong>Emergency Reserve [Second Priority - (Note 2)]:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>$2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Contributions and Uses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance End of Year</td>
<td>$2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>Capital Reserve [Third Priority - (Note 3)]:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>$17,326,350</td>
<td>17,326,350</td>
<td>19,678,430</td>
<td>19,678,430</td>
<td>19,678,430</td>
<td>19,678,430</td>
<td>13,712,376</td>
</tr>
<tr>
<td>Contributions to Reserve</td>
<td>5,967,417</td>
<td>21,776,080</td>
<td>10,081,366</td>
<td>11,990,216</td>
<td>13,863,404</td>
<td>14,556,650</td>
<td>10,509,824</td>
</tr>
<tr>
<td>Appropriation to Projects from Reserve</td>
<td>(19,424,000)</td>
<td>(19,424,000)</td>
<td>(10,081,366)</td>
<td>(11,990,216)</td>
<td>(19,829,458)</td>
<td>(16,822,250)</td>
<td>(1,956,600)</td>
</tr>
<tr>
<td>Subtotal</td>
<td>13,456,583</td>
<td>(2,352,080)</td>
<td>3,033,044</td>
<td>7,071,052</td>
<td>7,071,052</td>
<td>7,071,052</td>
<td>7,071,052</td>
</tr>
<tr>
<td>Balance End of Year</td>
<td>$3,869,767</td>
<td>19,678,430</td>
<td>19,678,430</td>
<td>19,678,430</td>
<td>13,712,376</td>
<td>11,446,776</td>
<td>20,000,000</td>
</tr>
<tr>
<td>Amount Needed to Meet Target, if any</td>
<td>(16,130,233)</td>
<td>(321,570)</td>
<td>(321,570)</td>
<td>(321,570)</td>
<td>(6,287,624)</td>
<td>(8,553,224)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Reserve Balance</strong></td>
<td>$31,619,767</td>
<td>47,428,430</td>
<td>47,428,430</td>
<td>47,428,430</td>
<td>41,462,376</td>
<td>39,196,776</td>
<td>47,750,000</td>
</tr>
</tbody>
</table>

### Notes:

**Note 1:** The Operating Reserve funding target is currently set at $25.8 million to meet operational needs.

**Note 2:** The Emergency Reserve funding target is currently set at $2 million to provide immediate and designated funds for deductible(s) and seed monies to commence any significant unforeseen capital expenditures, thus enabling PCWA to respond immediately to the emergency condition. PCWA will annually assess the level of Emergency Reserve, balancing the trade off between insurance emergency reserve funds and alternative funding, and propose recommended changes as needed.

**Note 3:** The Capital Reserve funding target is currently set at $20 million. Per policy, the Capital Reserve serves as a sinking fund, hence the annual capital investment program appropriations are drawn from the Capital Reserve, and annual contributions to the Capital Reserve are based on total revenue less total operating expenditures up to the funding target.
# PLACER COUNTY WATER AGENCY

## MFP Capital Plan

As Funded by the Middle Fork Project Finance Authority

**2020-2024**

<table>
<thead>
<tr>
<th>Project No.</th>
<th>Project Description</th>
<th>Project Lead</th>
<th>Project Type</th>
<th>Total Estimated Project Cost (Note 2)</th>
<th>Prior Funding</th>
<th>Proposed 2020</th>
<th>Projected 2021</th>
<th>Projected 2022</th>
<th>Projected 2023</th>
<th>Projected 2024</th>
<th>TOTAL 2020-2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>MINOR PROJECTS - TOTAL</td>
<td></td>
<td></td>
<td></td>
<td>$ -</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MAJOR PROJECTS - AUTHORIZED: (Note 1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17004P French Meadows Forest Management</td>
<td>PWR Environmental</td>
<td>$ 2,200,000</td>
<td>375,000</td>
<td>650,000</td>
<td>250,000</td>
<td>100,000</td>
<td>50,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,050,000</td>
</tr>
<tr>
<td>14007P French Meadows Powerhouse Reliability Upgrades</td>
<td>PWR Plant</td>
<td>Ongoing</td>
<td>3,800,000</td>
<td>450,000</td>
<td>750,000</td>
<td>2,670,000</td>
<td>450,000</td>
<td>400,000</td>
<td>-</td>
<td>-</td>
<td>4,720,000</td>
</tr>
<tr>
<td>14003P Hell Hole Powerhouse Reliability Upgrades</td>
<td>PWR Plant</td>
<td>Ongoing</td>
<td>750,000</td>
<td>1,100,000</td>
<td>650,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,750,000</td>
</tr>
<tr>
<td>14009P Middle Fork Powerhouse Reliability Upgrades</td>
<td>PWR Plant</td>
<td>Ongoing</td>
<td>4,100,000</td>
<td>1,450,000</td>
<td>1,250,000</td>
<td>-</td>
<td>100,000</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>3,050,000</td>
</tr>
<tr>
<td>14010P Oxbow Powerhouse Reliability Upgrades</td>
<td>PWR Plant</td>
<td>Ongoing</td>
<td>1,150,000</td>
<td>950,000</td>
<td>100,000</td>
<td>700,000</td>
<td>650,000</td>
<td>75,000</td>
<td>-</td>
<td>-</td>
<td>2,475,000</td>
</tr>
<tr>
<td>14012P Ralston Powerhouse Reliability Upgrades</td>
<td>PWR Plant</td>
<td>Ongoing</td>
<td>2,900,000</td>
<td>800,000</td>
<td>300,000</td>
<td>320,000</td>
<td>250,000</td>
<td>1,000,000</td>
<td>2,670,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>14013P FERC License Implementation - Project Infrastructure</td>
<td>PWR Plant</td>
<td>28,464,000</td>
<td>12,350,000</td>
<td>2,507,840</td>
<td>7,533,060</td>
<td>6,717,200</td>
<td>2,406,600</td>
<td>51,600</td>
<td>-</td>
<td>-</td>
<td>19,216,300</td>
</tr>
<tr>
<td>14014P FERC License Implementation - Project Recreation Facilities</td>
<td>ENG Environmental</td>
<td>16,686,000</td>
<td>2,225,000</td>
<td>673,526</td>
<td>1,157,156</td>
<td>9,322,258</td>
<td>7,915,650</td>
<td>1,180,000</td>
<td>-</td>
<td>-</td>
<td>20,248,590</td>
</tr>
<tr>
<td>17013P Sediment Removal</td>
<td>PWR Plant</td>
<td>Ongoing</td>
<td>6,000,000</td>
<td>1,500,000</td>
<td>-</td>
<td>-</td>
<td>5,000,000</td>
<td>1,000,000</td>
<td>7,500,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>SUBTOTAL - MAJOR AUTHORIZED PROJECTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CAPITAL PROJECTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note 1:** Major Projects are projects that exceed $1 million in total estimated project cost. These projects may be comprised of a variety of sub-projects for which appropriations will be allocated, administered and accounted for as separate “Projects” at the PCWA project management level, as PCWA is the lead entity for MFP projects.

**Note 2:** Total Estimated Project Cost may include prior funding and completed sub-projects. These costs for the powerhouse reliability projects are defined as “Ongoing” because underlying sub-projects will be added, completed and removed over time. Stand alone Project Cost estimates are continually updated as the scope of the project may evolve over time.
French Meadows Forest Management

The Agency is partnering with the Tahoe National Forest, The Nature Conservancy, American River Conservancy, and the University of California, Sierra Nevada Research Institute on the French Meadows Forest Resilience Project. The aim of the French Meadows Forest Resilience Project is to increase the pace and scale of forest restoration in a critical municipal watershed, using an approach of ecologically-based forest management.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Total Estimated Project Cost</th>
<th>2020 Proposed</th>
<th>2021 Projected</th>
<th>2022 Projected</th>
<th>2023 Projected</th>
<th>2024 Projected</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Fork Project Finance Authority</td>
<td>$ 2,200,000</td>
<td>650,000</td>
<td>250,000</td>
<td>100,000</td>
<td>50,000</td>
<td>-</td>
<td>1,050,000</td>
</tr>
</tbody>
</table>

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate "Projects" through PCWA's accounting system, as PCWA is the lead entity for MFP projects.
French Meadows Powerhouse Reliability Upgrades

Powerhouse reliability upgrades encompass projects that will sustain or increase generator availability (the percentage of time a generator is available to be synchronized to the grid and produce electricity) and projects that will improve employee safety.

1. Generator Protection Upgrade
2. Turbine PRV Replacement

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Total Estimated Project Cost</th>
<th>2020 Proposed</th>
<th>2021 Projected</th>
<th>2022 Projected</th>
<th>2023 Projected</th>
<th>2024 Projected</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Fork Project Finance Authority</td>
<td>Ongoing</td>
<td>$450,000</td>
<td>750,000</td>
<td>2,670,000</td>
<td>450,000</td>
<td>400,000</td>
<td>4,720,000</td>
</tr>
</tbody>
</table>

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate "Projects" through PCWA's accounting system, as PCWA is the lead entity for MFP projects.
Powerhouse reliability upgrades encompass projects that will sustain or increase generator availability (the percentage of time a generator is available to be synchronized to the grid and produce electricity) and projects that will improve employee safety.

1. Hell Hole Governor Upgrade
2. Hell Hole Cottage Garage Rebuild
3. Hell Hole Substation Rebuild

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Total Estimated Project Cost</th>
<th>2020 Proposed</th>
<th>2021 Projected</th>
<th>2022 Projected</th>
<th>2023 Projected</th>
<th>2024 Projected</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Fork Project Finance Authority</td>
<td>Ongoing</td>
<td>$1,100,000</td>
<td>650,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,750,000</td>
</tr>
</tbody>
</table>

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate "Projects" through PCWA's accounting system, as PCWA is the lead entity for MFP projects.
PLACER COUNTY WATER AGENCY
MFP Capital Plan
As Funded by the Middle Fork Project Finance Authority
2020 - 2024

Middle Fork Powerhouse Reliability Upgrades

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Total Estimated Project Cost</th>
<th>2020 Proposed</th>
<th>2021 Projected</th>
<th>2022 Projected</th>
<th>2023 Projected</th>
<th>2024 Projected</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Fork Project Finance Authority</td>
<td>Ongoing $1,450,000</td>
<td>1,250,000</td>
<td>-</td>
<td>100,000.00</td>
<td>250,000</td>
<td>3,050,000</td>
<td></td>
</tr>
</tbody>
</table>

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate "Projects" through PCWA's accounting system, as PCWA is the lead entity for MFP projects.
**Oxbow Powerhouse Reliability Upgrades**

Powerhouse reliability upgrades encompass projects that will sustain or increase generator availability (the percentage of time a generator is available to be synchronized to the grid and produce electricity) and projects that will improve employee safety.

1. Generator Excitation System Replacement

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Total Estimated Project Cost</th>
<th>2020 Proposed</th>
<th>2021 Projected</th>
<th>2022 Projected</th>
<th>2023 Projected</th>
<th>2024 Projected</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Fork Project Finance Authority</td>
<td>Ongoing</td>
<td>$950,000</td>
<td>100,000</td>
<td>700,000</td>
<td>650,000</td>
<td>75,000</td>
<td>2,475,000</td>
</tr>
</tbody>
</table>

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate “Projects” through PCWA's accounting system, as PCWA is the lead entity for MFP projects.
Ralston Powerhouse Reliability Upgrades

Powerhouse reliability upgrades encompass projects that will sustain or increase generator availability (the percentage of time a generator is available to be synchronized to the grid and produce electricity) and projects that will improve employee safety.

1. Penstock Coupling Investigation
2. Upper Penstock Access Improvements
3. Afterbay Dam Radial Gate Hoist Improvement

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Total Estimated Project Cost</th>
<th>2020 Proposed</th>
<th>2021 Projected</th>
<th>2022 Projected</th>
<th>2023 Projected</th>
<th>2024 Projected</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Fork Project Finance Authority</td>
<td>Ongoing</td>
<td>$800,000</td>
<td>300,000</td>
<td>320,000</td>
<td>250,000</td>
<td>1,000,000</td>
<td>2,670,000</td>
</tr>
</tbody>
</table>

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate “Projects” through PCWA’s accounting system, as PCWA is the lead entity for MFP projects.
These capital projects consist of infrastructure work required under the new FERC license. The work includes:

1. Hell Hole Dam Low Level Outlet Upgrades
2. Hell Hole Dam Seasonal Storage
3. LL Anderson Dam Low Level Outlet Upgrades
4. Interbay Dam Low Level Outlet Upgrades & Stream Gage Installation
5. Duncan Creek Diversion Dam Upgrade & Trail
6. North & South Fork Long Canyon Diversion Upgrades
7. Middle Fork Project Cooperative Road Management

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Total Estimated Project Cost</th>
<th>2020 Proposed</th>
<th>2021 Projected</th>
<th>2022 Projected</th>
<th>2023 Projected</th>
<th>2024 Projected</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Fork Project Finance Authority</td>
<td>$28,464,000</td>
<td>2,507,840</td>
<td>7,533,060</td>
<td>6,717,200</td>
<td>2,406,600</td>
<td>51,600</td>
<td>19,216,300</td>
</tr>
</tbody>
</table>

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate "Projects" through PCWA's accounting system, as PCWA is the lead entity for MFP projects.
This project consists of work to rehabilitate recreational facilities that will be required by the new FERC license. The work includes:

1. Afterbay Picnic Area, Afterbay Boat Ramp, MF Stream Gage Trail Improvements, and Indian Bar Access Area
2. French Meadows RV Dump Station and Campground
3. French Meadows South Shore Water Supply
4. Hell Hole Boat Ramp Extension and Parking, General Parking, and Potable Water
5. Middlefork Powerhouse Pedestrian Bypass
6. Hell Hole Recreation Work Station and Storage Facility

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Total Estimated Project Cost</th>
<th>2020 Proposed</th>
<th>2021 Projected</th>
<th>2022 Projected</th>
<th>2023 Projected</th>
<th>2024 Projected</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Fork Project Finance Authority</td>
<td>$16,686,000</td>
<td>673,526</td>
<td>1,157,156</td>
<td>9,322,258</td>
<td>7,915,650</td>
<td>1,180,000</td>
<td>20,248,590</td>
</tr>
</tbody>
</table>

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate “Projects” through PCWA’s accounting system, as PCWA is the lead entity for MFP projects.
Sediment Removal

The project includes removing accumulated sediment from Middle Fork Interbay regulating reservoir within the Middle Fork American River Hydroelectric Project. Work in Interbay will be limited to a five-week-long system outage in October 2020 when reservoir levels can be lowered. Included in the work will be sediment excavation, hauling, processing, and placement at select sacrificial sediment augmentation locations, permanent fill embankment, and temporary fill embankment locations.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Total Estimated Project Cost</th>
<th>2020 Proposed</th>
<th>20201 Projected</th>
<th>2022 Projected</th>
<th>2023 Projected</th>
<th>2024 Projected</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Fork Project Finance Authority</td>
<td>Ongoing $1,500,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,000,000</td>
<td>1,000,000</td>
<td>7,500,000</td>
</tr>
</tbody>
</table>

This project is a Major Project, or project category, with a total estimated project cost at more than $1 million, as defined by MFPFA policy as Potential, Planned or Authorized. Major Projects may be comprised of a variety of sub-projects that will be allocated, administered and accounted for as separate “Projects” through PCWA’s accounting system, as PCWA is the lead entity for MFP projects.
RECOMMENDATION:

Update Appendix A of the Energy Marketing Oversight Policy (EMO Policy) of the Middle Fork Project Finance Authority (MFPFA), to streamline the Placer County Water Agency (PCWA) marketing process regarding energy or energy-related products.

DISCUSSION:

Currently the approved EMO Policy provides a set of market conditions under which PCWA staff can proceed with sales; therefore, approval is implicit provided PCWA staff stays within the approved parameters. However, the current wording in Appendix A mandates that the approval of these negotiated conditions be brought back the MFPFA for approval. A main reason for this proposed change is to provide PCWA staff a path for approval that is not dependent on a redundant process which may delay the agreements since the MFPFA only meets quarterly and the PCWA Board meets every two weeks. The proposed change is shown below wherein staff is recommending that the “MFPFA approval” be struck and the word “award” be added to allow the PCWA Board to appropriately move forward with the agreement:

“Agency staff are authorized to market MFP energy and energy related products directly with counter-parties or through a marketing agent or broker, and to recommend contracts for MFPFA approval award and execution by the Agency....”
RESOLUTION NO. 19-_____ OF THE BOARD OF DIRECTORS
OF THE MIDDLE FORK PROJECT FINANCE AUTHORITY APPROVING
A REVISED ENERGY MARKETING OVERSIGHT POLICY
FOR THE MIDDLE FORK PROJECT

WHEREAS, Placer County Water Agency ("Agency") is the owner of the Middle Fork American
River Project ("MFP") which produces hydroelectric power; and

WHEREAS, the Agency holds license no. 2079, issued by the Federal Energy Regulatory
Commission ("FERC") and has submitted to FERC an application seeking relicensing of the MFP to the
Agency; and

WHEREAS, the Agency is authorized to operate and maintain the MFP and to execute contracts
for the sale of electrical energy products produced by the MFP, subject to the approval of the
County of Placer ("County"); and

WHEREAS, pursuant to Board of Supervisors Resolution 2006-13, adopted January 10, 2006,
the County has delegated to the Middle Fork Project Finance Authority ("Finance Authority"), a joint
powers authority of which the County and the Agency are members, its authority to approve
contracts for sale of power from the MFP; and

WHEREAS, pursuant to Resolution 06-01 of the Board of Directors of the Agency, the Agency
has delegated to the Finance Authority its authority to approve contracts for the sale of electric
energy from the MFP; and

WHEREAS, the Finance Authority has previously approved an Energy Marketing Oversight
Policy ("EMO Policy") to direct staff-level coordination and information exchange regarding energy
markets generally, and MFP participation in those markets specifically; and

WHEREAS, the Agency, as owner and operator of the MFP, maintains an Energy Risk
Management Policy that authorized participation in energy markets with specified MFP energy
products by designated Agency employees; and

WHEREAS, the EMO Policy needs certain language clarifications and/or wording changes for
conformance with the Agency’s Energy Risk Management Policy;

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of the Middle Fork Project Finance Authority that

1. The revised Energy Marketing Oversight Policy for the Middle Fork Project, attached and made a part of this Resolution, is hereby approved; and

2. The Finance Authority directs the Secretary and Executive Director of the Finance Authority to implement the EMO Policy and continue to recommend policy updates as needed.

The foregoing resolution was duly passed at a regular meeting of the Board of Directors of the Middle Fork Project Finance Authority held on October 10, 2019 by the following vote on roll call:

AYES DIRECTORS:

NOES DIRECTORS:

ABSENT DIRECTORS:

Signed and approved by me after its passage this 10th day of October 2019.

____________________________________
Chair, Board of Directors
MIDDLE FORK PROJECT FINANCE AUTHORITY

ATTEST:

____________________________________
Secretary
MIDDLE FORK PROJECT FINANCE AUTHORITY
Energy Marketing Oversight Policy

Initially Adopted: October 16, 2014
Prior Revised: July 20, 2017 and Revised and Adopted: January 17, 2019
Current Draft: September 24, 2019
Middle Fork Project Finance Authority

Energy Marketing Oversight Policy

OVERVIEW

The Middle Fork Project Finance Authority ("Finance Authority" or "MFPFA") was established on January 10, 2006, under a Joint Exercise of Powers Agreement (JPA) by and between the County of Placer (County) and the Placer County Water Agency (Agency). One of the primary responsibilities of the Finance Authority is the approval of electrical energy sales from the Middle Fork American River Hydroelectric Project (MFP).

The County and the Agency have adopted resolutions delegating their authority to approve contracts for sale of power from the Middle Fork Project to the MFPFA. All contracts for the sale of MFP energy and energy products must be reviewed and approved by the MFPFA as referenced by the Joint Exercise of Powers Agreement for the MFPFA, Article IV, Section 4.03. Through this policy, the MFPFA delegates certain authorities to the Agency to enter into and execute the contractual relationships necessary to sell MFP energy products, subject to the procedures defined herein. The Agency, through its Energy Risk Management ("ERM") Policy further delegates certain energy contracting authority, subject to specified thresholds, to Agency staff in order to facilitate energy product transactions.

The Agency owns and operates the MFP to dispatch water and generate electrical energy consistent with the following prioritized objectives:

1. Operating the MFP in a Safe and Prudent Manner - All operations of the MFP facilities will be conducted with safety of staff and the public as a paramount concern.
2. Meeting Regulatory Requirements - All operations of the MFP will be conducted in accordance with regulatory requirements.
3. Reliability and Asset Preservation – The MFP shall be operated and maintained in a manner that ensures a high level of reliability and long-term preservation of asset value.
4. Managing Water Supply for Placer County – Water management within the MFP shall ensure a reliable water supply to meet the consumptive needs of Placer County residents and businesses.
5. Energy Generation – Consistent with the above priority objectives and the guidance contained in this policy, the Agency shall market, at favorable times and
Energy Marketing Oversight Policy

rates, the energy generation, ancillary services capabilities, and other energy attributes of the MFP with the goal of maximizing revenue.

PURPOSE

The purposes of this EMO Policy are to:

1. Provide a framework for cooperation between County and Agency staff to ensure that a high level of communication of information, strategies, opportunities, and perspectives on matters related to MFP energy marketing is maintained;

2. Ensure that the authority to engage in energy market transactions is provided and exercised in a manner consistent with the risk and revenue objectives of the Finance Authority as outlined in this and other Finance Authority policies;

3. Define an approach and the parameters for the marketing of MFP energy and energy related products that (a) reflects MFP’s contractual, regulatory, and operational constraints, (b) promotes transparency and competition, (c) provides a framework for managing market and counter-party risks, and (d) maximizes the value of MFP energy products; and

4. Provide a framework through which recommendations to the Finance Authority Board by the Executive Director and Secretary, related to MFP energy marketing, can be developed.

SCOPE

This EMO Policy applies to all employees and authorized agents of the Agency and the County transacting directly or indirectly in energy markets with regard to the MFP.

ENERGY MARKETING OVERSIGHT WORKING GROUP (EMOWG)

Responsibility and Membership:

Energy marketing oversight will be the responsibility of the Finance Authority’s Executive Director and Secretary. Together they will select staff from their respective organizations forming an Energy Marketing Oversight Working Group (“EMOWG”) to prepare all information related to joint energy marketing and to provide information to the Executive Director and Secretary, allowing them the opportunity to make recommendations to the Finance Authority Board as needed. The EMOWG will ensure that energy marketing
strategies are consistent with this EMO Policy, all Finance Authority Policies, and Federal and state regulations.

The EMOWG shall be comprised of six staff members: three from the Agency and three from the County, appointed by the Finance Authority Executive Director and Secretary, respectively. The EMOWG shall meet at least quarterly with the Executive Director and Secretary in order to inform them on items of interest to the Finance Authority.

The purpose and responsibilities of the EMOWG are to:

1. Ensure the marketing of energy and energy related products from the MFP is in accordance with this EMO Policy;
2. Monitor market conditions, trends and opportunities;
3. Review the Agency’s compliance with its Energy Risk Management Policy;
4. Review the Agency’s Annual Operating Plan for MFP water management, storage and generation and associated revenue estimates;
5. Regularly update the Executive Director and Secretary on the near and long-term energy marketing and financial risk management strategies available to maximize the value of the MFP, while minimizing risk;
6. Participate in marketing strategy discussions with Agency’s energy marketing operations staff, and monitor performance;
7. Develop power sales performance metrics and reporting guidelines;
8. Create a Strategic Business Plan to provide guidance to Agency and County management and staff regarding power marketing strategies, concepts, and operational needs. The Plan shall be updated every five years or as energy market conditions evolve; and
9. Facilitate communications between the Agency and the County related to power sales, water sales, regulatory actions, legislative affairs, and other processes or circumstances that affect the operation of the MFP.

In order to inform the Executive Director and Secretary of the current state of the energy market and the MFP’s participation in that market, the EMOWG shall develop and maintain the following products for review by the Executive Director and Secretary:

1. In accordance with the Finance Authority’s General Financial Policies Section 3.3.2
(1), the EMOWG shall work with the MFPFA Treasurer to develop the Proposed Annual Budget to be submitted to the Finance Authority Board annually at their October meeting.

2. Each year, when hydrological conditions are known, the EMOWG shall prepare an Annual Marketing Report for MFP energy-related products for the calendar year.

   a. The Annual Marketing Report will include information regarding the total projected MFP energy product and ancillary services sales, projected renewable attribute sales, projected energy product purchases to manage sales positions, and projected revenue or cost for each of these categories.

   b. The EMOWG will present the Annual Marketing Report to the Executive Director and Secretary as an informational item. If projected MFP revenues will not be sufficient to fund the annual budgeted appropriations, the Finance Authority Treasurer shall notify the MFPFA at the next regularly scheduled meeting.

INFORMATION EXCHANGE AND REVIEW

The Agency shall regularly provide the following to the EMOWG in order to ensure the most current information is available for review in relation to energy marketing strategy discussions:

1. An Annual Operating Plan that reflects MFP hydrology, market conditions, Agency water needs and regulatory requirements;

2. The projected market value of water stored within the MFP system available for production of energy and ancillary energy market products;


POWER SALES AND ENERGY MARKETING

The intent of this section is to meet the specific requirement of the Bond Purchase Contract, dated March 29, 2006, between the MFPFA and the Placer County Treasurer, Section 6 Representations, Warranties, Covenants and Agreements of the Authority, paragraph (t) regarding “power sales policies.”
This power sales and energy marketing section establishes guidelines, for the periodic marketing to qualified counter-parties, necessary to promote the primary goal of maximizing revenue from MFP energy products and attributes. This policy will function in conjunction with or complement the following Finance Authority and Agency policies:

- Finance Authority’s General Administrative Policies
- Finance Authority’s Operations Protection Policies
- Finance Authority’s General Financial Policies
- Agency’s Energy Risk Management Policy

The MFPFA recognizes that price volatility in energy market products, along with the amount of water and energy available each year from the MFP, are outside the control of the Agency. As such, the MFPFA also recognizes that the Agency is unable to (a) precisely forecast annual MFP revenue and (b) ensure, in any year, that MFP revenues will exceed the project’s operating costs or reserve funding requirements. Reflecting this, the primary goal of the Finance Authority, in its delegation of authority to enter into various energy related sales agreements through this policy, is to maximize revenue in each year, while also working to stabilize revenue in future years to the extent possible.

**MFP Energy and Energy Related Marketing Solicitation Processes**

The marketing of MFP energy and energy related products will be conducted in competitive and transparent solicitation processes, through qualified brokers or agents, and/or on liquid commodity exchanges.

The Agency is authorized to:

1. Participate in California Independent System Operator (“CAISO”) markets and/or on other exchange-traded platforms that offer liquidity, transparency, and adequate counter-party credit assurances.

2. Market MFP energy and energy related products to end-users on a term basis. The Agency will conduct public solicitation processes of sufficient scope to attract qualified counter-parties. The results of these solicitations shall be presented to the EMOWG for review, prior to recommending to the Executive Director and Secretary that contracts be considered for approval by the MFPFA and award by the Agency Board.
3. Retain the services of energy marketing professionals. For the solicitation of energy marketing agent professional services, the Agency will solicit written quotes from qualified agents or brokers, which shall be presented to the EMOWG for review, prior to recommending to the Executive Director and Secretary that service contracts be considered for approval by the MFPFA and award by the Agency Board. Physical and financial transactions made through energy marketing agents or brokers shall be subject to the Agency ERM policy.

4. Participate in solicitations proffered by entities that are in need of MFP energy related products or services. Offers shall be approved by the EMOWG before submittal to the proffering entity, and any resulting contract shall be presented for review by the EMOWG, prior to recommending to the Executive Director and Secretary it be considered for approval by the MFPFA and award by the Agency Board.

**Authorized Marketable MFP Energy Products, Term of Contract Commitments, & Price Structures**

Appendix A, which is included and made a part of this Energy Marketing Oversight Policy, summarizes the parameters under which Agency staff can market MFP energy and related products, specifically addressing:

a. The type and nature of energy and energy related products Agency staff can market;
b. The tenure or contract term and quantity under which Agency staff can commit MFP energy and energy related products; and
c. The types of price structures Agency staff can market MFP energy and energy related products.

The product marketing limitations described in Appendix A are intended to guide marketing efforts; the making of contracts for sale of MFP products is subject to the policies described in this section.

**Speculative Trading**

Speculative buying and selling of energy products are prohibited.

Speculation is defined as buying energy not needed to fill a contractual obligation, or selling energy or energy related products that exceeds MFP’s physical or expected output. In no event shall transactions be executed that speculate on market conditions.
**Middle Fork Project Finance Authority**

**Energy Marketing Oversight Policy**

**Risk Oversight**

In conjunction with energy marketing, the Agency will adopt and maintain an Energy Risk Management Policy, which will include an energy risk management governance and organization structure. The risk governance structure shall be appropriately segregated at the operational level so that sufficient and appropriate checks and balances between functions exist such that the reviewing, monitoring and reporting of energy transactions are independent of trading activities. Included in this Agency policy shall be the establishment of the following:

- An Energy Risk Oversight Committee to oversee risks associated with energy marketing activities, counter-party credit, market liquidity, and to ensure compliance with trading transacting authorities and guidelines and standards of conduct.
- Consistent with industry practice, the duties of execution of energy transactions, risk monitoring and settlement reporting shall be separated into the following three functional areas: Front Office, Middle Office and Back Office
Under most circumstances, it is anticipated that MFP energy and energy products will be marketed separately (i.e. on an unbundled basis); however, there is no prohibition on bundling products where value dictates that approach is appropriate.

Agency staff are authorized to market MFP energy and energy related products directly with counter-parties or through a marketing agent or broker, and to recommend contracts for MFPFA-approval-award and execution by the Agency, subject to the following parameters:

A. Authorized Marketable Energy Products

Agency staff are authorized to market the following energy products:

1. Energy
2. Ancillary Services
3. Resource Adequacy
4. Renewable Energy Credits
5. Carbon Free Credits

B. Approved MFP Energy Products Marketing Contract Term & Quantity Commitments

Maximum Contract Term Commitment:

a. MFP energy and energy products can be sold forward for a term of contract up to, but not exceeding, sixty (60) months.

Maximum Aggregate Contract Quantity:

a. For a term from the then current date up to twelve (12) months forward: Agency Staff can market up to 100% of the estimated energy and energy products output of the MFP on a forward basis.

b. For a term beginning thirteen (13) months to sixty (60) months forward from the then current date: Given unknown hydrological conditions, Agency staff will not market aggregate quantities of MFP energy and energy related products that
exceed the historical minimum annual output of the MFP (i.e. 300,000 MWh per year).

C. Approved Pricing Structures

Agency staff are authorized to sell MFP energy and energy related products using the following price structures:

1. Fixed price: involves the marketing and physical delivery or financial obligation of energy and/or energy-related products at a fixed price.

2. Index or “Market Price”: involves the marketing and physical delivery or financial obligation of energy and/or energy related products at prices that are indexed to a specific delivery point at reported market clearing prices.
This page intentionally left blank
M E M O R A N D U M

TO: Board of Directors
FROM: Joseph Parker, CPA, Treasurer
DATE: October 10, 2019
RE: Revised PCWA Energy Risk Management Policy

RECOMMENDATION:
For informational purposes only.

DISCUSSION:
PCWA’s Energy Risk Management Policy (ERM Policy) was last updated and adopted on January 17, 2019. PCWA staff is recommending the attached revised ERM Policy be adopted by the PCWA Board at its October 17, 2019 meeting.

Changes to the policy include the addition of an introductory section that restates the delegations of authority by both the Authority and the Agency; clarification that contract periods shall not exceed five years from the date of the agreement, and adding the PCWA General Manager to the matrix of authorized personnel and product limits.

The ERM Policy revisions were discussed with the Energy Marketing Oversight Working Group on September 23, 2019.
Placer County Water Agency

Energy Risk Management Policy

Chapter 3, Article 14
of the Personnel and Administrative Manual

Section 3600

Initially Adopted: October 16, 2014
Prior Revised: January 17, 2019
Current Draft: September 26, 2019
# CONTENTS

OVERVIEW .......................................................................................................................... 1

AUTHORITY .......................................................................................................................... 1

SCOPE ................................................................................................................................. 1

PURPOSE .............................................................................................................................. 1

MFP ENERGY RISK MANAGEMENT OBJECTIVES ................................................................. 2

GENERAL AND POTENTIAL RISKS ................................................................................... 2

Energy Price Volatility and Liquidity Risk ........................................................................... 3

Counterparty Credit Exposure and Contractual Performance Risk ...................................... 4

MFP Operational Performance Risk ................................................................................... 4

Regulatory, Legislative and Market Rules Risk ..................................................................... 4

GOVERNANCE AND ORGANIZATION STRUCTURE ............................................................ 5

Board of Directors ............................................................................................................ 5

General Manager ................................................................................................................ 6

Front, Middle and Back Office Functions ............................................................................. 6

Energy Risk Oversight Committee ..................................................................................... 7

Director of Energy Marketing ............................................................................................ 8

Director of Financial Services .......................................................................................... 10

Director of Power Generation Services ............................................................................. 10

MARKETING AND TRANSACTING AUTHORITY AND GUIDELINES ................................ 11

General Transacting Guidelines ....................................................................................... 11

Counterparty Credit Risk ................................................................................................... 11

Authorized Personnel ....................................................................................................... 11

Authorized Products and Limitations ................................................................................. 12

Permissible Financial Transaction Instruments and Limits .................................................. 12

Term Limits for all products ............................................................................................... 12

Prohibited Products and Transactions .............................................................................. 12

REPORTING ....................................................................................................................... 12

STANDARDS OF CONDUCT ............................................................................................... 12
<table>
<thead>
<tr>
<th>Appendix</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix A</td>
<td>Compliance Statement</td>
<td>14</td>
</tr>
<tr>
<td>Appendix B</td>
<td>Energy Marketing Delegation of Authority Memorandum</td>
<td>15</td>
</tr>
<tr>
<td>Appendix C</td>
<td>Approved Energy Transaction Products</td>
<td>16</td>
</tr>
<tr>
<td>Appendix D</td>
<td>Energy Marketing Product Limits</td>
<td>17</td>
</tr>
<tr>
<td>Appendix E</td>
<td>PCWA Energy Risk Management Organizational Structure</td>
<td>19</td>
</tr>
</tbody>
</table>
OVERVIEW

Placer County Water Agency (Agency) is the owner and operator of the Middle Fork American River Hydroelectric Project (MFP, Middle Fork Project or Project) (FERC Project No. 2079), which has a rated capacity of 224 MW.

This Energy Risk Management Policy (ERM Policy) provides a framework for the prudent management of risks and delegation of authorities governing the Agency’s energy transaction activities in the CAISO, bilateral and forward energy markets.

This ERM Policy identifies energy market risks and corresponding risk management objectives, and details key organizational control structures and policy matters, providing prudent risk management processes based upon sound energy risk management principles.

AUTHORITY

This ERM Policy operates under the authority of the Agency’s Board of Directors and shall become effective upon approval of the Board.

Any amendments to this ERM Policy require the approval of the Agency’s Board.

SCOPE

This ERM Policy applies to all energy marketing activities, which includes the purchase and sale of physical energy products and related financial instruments. This ERM Policy applies to all Agency employees and authorized agents engaged directly or indirectly in transactions involving MFP energy products.

This ERM Policy summarizes the Agency’s risk management framework to consistently and comprehensively apply risk management and internal control practices to risks encountered in its business.

PURPOSE

The purpose of this ERM Policy is to formally establish an Energy Risk Management Program, and document the organizational structure utilized by the Agency to maximize energy product revenue in recognition of the risk inherent in California’s energy markets.
MFP ENERGY RISK MANAGEMENT OBJECTIVES

- Market Risk Management Objectives: Understand, prioritize and manage inherent California energy market risk factors:
  - Identify, evaluate and track risk factors;
  - Minimize uncertainty regarding operational reliability, internal coordination and water supply; and
  - Engage in energy product transactions via participation in authorized markets with authorized strategies.

- Control Objectives:
  - Mitigate operational risk through coordination and investment policies that seek to maximize generation availability and operational flexibility;
  - Mitigate transactional risk by monitoring compliance with the Agency’s Energy Risk Management Policy, Strategies and Procedures; and
  - Mitigate regulatory risk by monitoring all regulatory agencies for potential changes that may affect MFP performance, developing adaptation strategies, as needed.

GENERAL AND POTENTIAL RISKS

The energy risk management process involves the identification, evaluation, and management of energy marketing risks, and is comprised of six key energy risk elements: identification, measurement, monitoring, control, reporting and corrective action. Subsequent sections of this ERM Policy, coupled with associated energy marketing strategies and procedures, provide guidance for each aspect of the risk management process.

The effectiveness of this ERM Policy in managing energy risk will be systematically reviewed and, when appropriate, modified through the Board approval process.

Energy market risks addressed in this ERM Policy are: Energy Price Volatility and Liquidity, Counterparty Credit Exposure and Contractual Performance, MFP Operational Performance, and Regulatory, Legislative and Market Rule Changes.
Descriptions and management techniques for each element are as follows:

**Energy Price Volatility and Liquidity Risk**

- **Description:** The price of energy products in CAISO, bilateral and forward markets can be unpredictable and volatile. Extended periods of low energy prices can expose the Agency to outcomes inconsistent with the Agency’s financial objectives, while periods of elevated prices offer the opportunity to lock-in attractive value and revenue through bilateral and/or forward sales.
- **Risk Management Techniques:**
  - Invest in maximizing the physical generation capability, operational flexibility, and reliability of the MFP;
  - Invest in best practice hydrological and forecast information, optimizing the available fuel (i.e. water) supply;
  - Develop and implement an energy marketing strategy that leverages MFP generation, attributes and ancillary service capabilities;
  - Remain abreast of all market rules to maximize opportunities via appropriate bid strategies;
  - Develop and implement bilateral and/or forward energy market strategies that maximize MFP revenue, while adhering to prudent risk management techniques; and
  - Maintain high levels of coordination among MFP marketing, operations, and finance staff, enabling timely market responses to favorable energy prices and/or unanticipated outages.

- **Description:** Illiquidity and lack of price transparency in CAISO, bilateral and forward energy markets may lead to sub-optimal prices for MFP energy products.
- **Risk Management Techniques:**
  - Maintain capabilities to sell a range of MFP energy products in multiple markets;
  - Develop access to multiple counterparties;
  - Develop fundamental energy market outlooks; and
  - Access real-time product price data through third parties, energy trading platforms, price reports and/or other sources, as necessary, to assess market prices.
Placer County Water Agency

Energy Risk Management Policy

Counterparty Credit Exposure and Contractual Performance Risk

- Description: Exposure to economic loss resulting from counterparty non-performance or default on their financial obligations to the Agency.
- Risk Management Techniques:
  - Establish and maintain credit criteria for all counterparties; and
  - Actively monitor Agency exposures to each counterparty, ensuring that aggregate Agency obligations and exposures are within pre-established limits.

MFP Operational Performance Risk

- Description: The risk the Agency defaults on its contractual obligations to a counterparty, potentially exposing the Agency to lost revenue and/or penalties.
- Risk Management Techniques:
  - Manage the Agency’s financial exposure to performance risk using contractual tools (e.g. unit contingent obligations);
  - Require active engagement between Agency marketing and operations staff, ensuring timely communication and a mutual understanding of MFP operational capabilities and contractual obligations;
  - Access bilateral and forward markets to preserve options to quickly resolve outstanding obligations;
  - Invest in best practice hydrological and forecast information to optimally dispatch the available water supply; and
  - Have access to adequate financial reserves in order to manage the impact of performance interruptions.

Regulatory, Legislative and Market Rules Risk

- Description: The risk that regulatory and/or legislative actions adversely impact MFP operations and/or the marketing of MFP energy and energy related products.
- Risk Management Techniques:
  - Monitor regulatory proceedings and legislative initiatives impacting the MFP;
  - Where appropriate, participate in regulatory or legislative proceedings to mitigate adverse impacts to the MFP, and to advance outcomes favorable to the Project;
Energy Risk Management Policy

- Collaborate with similarly situated merchant power generators to mitigate the impacts of regulations and/or legislation adverse to the Project, and to promote and/or support regulations and legislation favorable to the MFP;
- Monitor and participate in CAISO Market Initiatives; and
- Undertake routine internal review of bidding and optimization strategies in light of dynamic regulatory and market conditions.

GOVERNANCE AND ORGANIZATION STRUCTURE

The risk governance structure follows a top-down approach whereby the Board of Directors considers and adopts an ERM Policy establishing objectives, organizational structure, authority and guidelines, implemented by the General Manager and his/her designated staff.

This ERM Policy sets forth distinct roles and responsibilities, and establishes controls and procedures to be implemented by designated staff to ensure the adequate functioning of the risk management control environment.

Appendix E provides an organizational chart summarizing structure and functionality within this Energy Risk Management Policy.

The principles of good risk management policy embodied herein shall be emphasized throughout all aspects of the Agency’s energy marketing business.

At the operational level, marketing activities and risk monitoring activities shall be separated to ensure sufficient and appropriate checks and balances between these functions, such that oversight of energy transactions is independent of marketing activities.

Formal delineation and delegation of authority are required and shall clearly define the permissions granted to employees and agents making decisions and taking actions on behalf of the Agency.

**Board of Directors**

The Board of Directors is responsible for considering and approving the ERM Policy.
Placer County Water Agency

Energy Risk Management Policy

General Manager

The General Manager shall:

- Implement this ERM Policy, including enforcement of the risk management organizational structure outlined herein, and oversee the development of procedures for the administration of the energy risk management program;

- Authorize individuals (employees or agents) to execute energy marketing transactions on behalf of the Agency;

- Ensure there is a clear separation of duties and activities among and between (a) the Energy Risk Oversight Committee, (b) the Front Office, (c) the Middle Office and Back Office;

- Adopt or reject energy marketing strategy recommendations endorsed by the Energy Risk Oversight Committee;

- Review the effectiveness of this ERM Policy; and

- Undertake actions as necessary to resolve issues with ERM Policy compliance.

Front, Middle and Back Office Functions

Based on industry best practices, the responsibilities of the Front Office and Middle/Back Offices shall be separate business functions (i.e. transacting and monitoring/settlement functions). Appropriate segregation of duties should be established and maintained throughout the system of controls over financial and operational risks. However, based on the nature and volume of transaction activity, the Middle and Back Office functions may be performed by the same departmental personnel. Within the Agency, energy marketing and risk oversight shall be performed by departmental personnel as outlined below and further detailed in the Procedures documents.

- Front Office – The Front Office is primarily responsible for resource planning, market assessment, energy marketing, and revenue optimization, which includes identifying and developing energy marketing opportunities and strategies for consideration by the Energy Risk Oversight Committee and General Manager. The Front Office is also responsible for implementing approved strategies and advancing the Agency’s goal of maximizing MFP revenue, while transacting within the authorized limits.
Energy Risk Management Policy

• **Middle Office** – The Middle Office institutes, supervises, and reviews all energy risk monitoring activities, is responsible for reporting to the GM and Energy Risk Oversight Committee on energy risk management issues, and provides recommendations when changes in policy or operating procedures are warranted.

• **Back Office** – The Back Office is responsible for invoice settlements, transaction recording, bookkeeping and accounting, and contract administration.

**Energy Risk Oversight Committee**

The Agency’s General Manager shall establish an Energy Risk Oversight Committee (“ROC”) to serve in an advisory capacity to the General Manager. The ROC shall be a management level committee tasked with assisting the General Manager in evaluating and monitoring energy risk management processes, controls, functions, implementation and compliance with this ERM Policy, as well as sharing knowledge and information.

ROC membership shall be comprised of the following four Agency staff:

• Director of Financial Services (Chairman)
• Director of Energy Marketing
• Director of Strategic Affairs
• Director of Power Generation Services

Outside advisors with specific expertise in energy risk or performance metrics, energy marketing best management practices, energy marketing strategies, forward markets and forward trading, or similar relevant expertise may be approved by the General Manager to participate in the ROC.

The ROC shall meet, at a minimum, each quarter or more often as opportunity or need dictates.

The ROC has no authority to act independently. Its role is to monitor, investigate and report compliance with the ERM Policy. The ROC shall report to the General Manager.

In its function, the ROC shall:

• Review the Agency’s risk exposures.

• Review operational performance metrics and operational outlooks as they relate to energy marketing;
Placer County Water Agency

Energy Risk Management Policy

- Review marketing strategies developed by the Agency’s energy marketing team and, where appropriate, recommend those strategies to the General Manager;

- Review risk exposure control, monitoring and reporting procedures and requirements;

- Review the internal control infrastructure supporting this ERM Policy and ensure it provides adequate risk oversight and compliance;

- Assess the adequacy and functioning of system controls supporting energy marketing risk assessment, measurement, and compliance regarding this ERM Policy;

- Receive and review risk management reports prepared by staff regarding the Agency’s compliance with the ERM Policy, including deviations, exclusions, exceptions and violations;

- Review the Agency’s ERM Policy annually and make recommendations to the General Manager;

- Ensure that energy marketing and risk management staff have the necessary training, skills, abilities, and experience to execute their duties;

- Review bilateral contract provisions (e.g. unit contingency, Force Majeure, payments, material adverse change, financial margining, etc...) for the sale of energy products and make recommendations to the General Manager;

- Review potential counterparties for bilateral transactions and make recommendations to the General Manager;

- Review and recommend credit limits for each counterparty to the General Manager; and

- Review the overall effectiveness of energy risk controls in accordance with this ERM Policy, recommending improvements, as appropriate, to the General Manager.

Director of Energy Marketing

The Director of Energy Marketing shall:

- Be responsible for managing Front Office activities;
Placer County Water Agency

Energy Risk Management Policy

- Undertake the daily administration and management of marketing the Agency’s energy products in accordance with this ERM Policy;
- Develop and maintain a resource (hydrology) plan, summarizing projected monthly energy and energy-related attribute sales for the then current water year, and fundamental energy market outlooks;
- Identify and develop energy marketing strategies for consideration by the ROC and GM;
- Maintain regular communication with Operational staff, exchanging information regarding MFP operations and maintenance and the Agency’s energy market obligations;
- Maintain regular communication with the Middle Office regarding marketing activities (such as new transactions, new products, counterparty positions, credit and risk exposures, and updated price curves);
- Maintain regular communication with the Back Office regarding energy price settlements, invoice true-ups, and dispute resolution;
- Ensure all transactions are captured in the designated deal-entry system timely and accurately;
- Mitigate the Agency’s energy market financial exposures using contractual tools to minimize risk;
- Develop multiple counterparties for energy trades, and ensure new energy related contracts are reviewed by Risk Management, Finance and Legal;
- Report periodically to the ROC, General Manager or Board of Directors regarding energy marketing performance and strategies;
- Proactively disclose to the ROC any material issues that arise in the course of business that encroach on ERM Policy restrictions, or involve significant risk; and
- Monitor regulatory proceeding and legislative initiatives and engage legal counsel when appropriate. Collaborate with other power generators to mitigate the impacts of regulations, while monitoring and participating in CAISO Market Initiatives.
Placer County Water Agency

Energy Risk Management Policy

**Director of Financial Services**

The Director of Financial Services shall:

- Manage Middle and Back Office activities;
- Administer and manage the energy risk management program;
- Serve as Chairman of the ROC;
- Acquire and implement an energy deal capture system (designated system), supporting deal entry and risk reporting to maintain a system of records of all energy transactions;
- Develop counterparty risk tolerances, and establish and maintain criteria for counterparties credit limits, including monitoring exposure;
- Establish and maintain an active financial review process for all counterparties;
- Review all energy contract vehicles (i.e. WSPP, EEI, ISDA, etc…) prior to execution;
- Maintain regular communication with the Front Office regarding energy trading activities;
- Provide reports to the ROC, General Manager and Board of Directors regarding adherence to this ERM Policy; and
- Proactively disclose to the ROC any material issues that arise in the course of business that encroach on the ERM Policy restrictions, or carry material implications for the effective administration of the energy risk management program.

**Director of Power Generation Services**

The Director of Power Generation Services shall:

- Manage operation and maintenance of the MFP generation assets;
- Maintain regular communication with the Front Office regarding MFP current and forthcoming operations, operational availability, and planned maintenance that could impact the Agency’s energy market obligations;
- Provide analysis of the MFP’s operational reliability as information for the ROC; and
Placer County Water Agency

Energy Risk Management Policy

- Provide recommendations for increasing the MFP’s operational capacity and reliability as it may impact energy marketing activities.

MARKETING AND TRANSACTING AUTHORITY AND GUIDELINES

Energy marketing activities shall be limited to the products, quantities, and term limits specified below and in Appendix C.

General Transacting Guidelines

Agency staff and authorized agents shall comply with this ERM Policy, all applicable CAISO tariff sections, protocols and procedures, applicable counterparty credit limits, and the provisions of bilateral contracts executed with counterparties for transactions in forward markets.

All bilateral transactions shall only be executed with approved counterparties using standard contract vehicles (i.e. WSPP, EEI, ISDA, etc...) with appropriate energy risk management provisions in favor of the Agency.

All energy marketing financial transactions shall conform to the terms and limits specified within this ERM Policy, and/or be in accordance with energy marketing strategies adopted by the General Manager.

Counterparty Credit Risk

Energy transactions shall only be executed with contractually enabled counterparties, within the credit limits established by the Director of Financial Services and approved by the General Manager.

Authorized Personnel

Only personnel/agents authorized by the General Manager pursuant to a written “Delegation of Authority Form” (Appendix B) can negotiate, transact and execute transactions on behalf of the Agency in wholesale energy markets.

When authorized, the General Manager’s Delegation of Authority Form shall be provided to the Director of Financial Services for appropriate monitoring.
Authorized Products and Limitations

The Agency may only transact in the energy-market products listed in Appendix C.

Permissible Financial Transaction Instruments and Limits

Permissible instruments and limits (including quantity, dollar, and term) for forward marketing shall be specified in Forward Energy Marketing Strategy proposals presented to the ROC and General Manager.

Term Limits for all products

The term or duration of sale of authorized energy products per Appendix C of this ERM Policy, shall be in accordance with the limits detailed in Appendix D of this ERM Policy.

Prohibited Products and Transactions

The following transactions are prohibited:

- Any transaction prohibited by Federal and/or State laws and regulations;
- The sale or purchase of financial options not backed by physical generation;
- The sale of energy not backed by physical generation;
- Transactions with unapproved counterparties and with counterparties where approved credit limits have been or will be exceeded; and
- Transactions involving products, quantities and durations not specifically authorized by this ERM Policy; and
- The sale or purchase of energy and related products that obligate the Agency for a period of time greater that five years from the date of the agreement.

REPORTING

The General Manager shall establish standard reporting protocols to keep the Board of Directors, ROC and staff with responsibilities in energy risk management apprised.

STANDARDS OF CONDUCT

In accordance with this ERM Policy and California law, personnel involved in transacting and oversight of energy marketing, contract negotiation, and risk management, may not participate in decisions in which they have a financial conflict of interest. General Manager, Front Office Personnel, and ERMC members are required to complete, on an annual basis, the Form 700
Disclosure forms and submit these forms to the Agency Clerk to the Board. Each staff member engaged in energy transactions, risk management or energy operations has the sole responsibility of identifying and reporting any potential conflict of interest, and ensuring that he or she does not participate in decisions when a financial conflict of interest exists. If the employee has a reportable interest, it is their responsibility to disclose the interest and inform their supervisor of the potential conflict. Supervisors should ensure employees are not involved in a decision-making capacity with respect to any of their reportable interest. Annually, employees involved in transacting and oversight of energy marketing, contract negotiation, and risk management shall complete the Compliance Statement (attached in Appendix A) acknowledging review of the ERM Policy and compliance with its processes, terms and limitations.
Appendix A – Compliance Statement

Compliance Statement

I, the undersigned employee hereby acknowledge receipt and review of Agency’s Energy Risk Management Policy dated ______________ (the “ERM Policy”).

I further acknowledge that this ERM Policy defines the process of Agency’s energy risk management efforts, I understand those processes and shall comply with those ERM Policy products, processes, terms and limits.

If I become aware of non-compliance or any potential non-compliant situation with the ERM Policy, either directly or indirectly, I will report such noncompliance or any potential non-compliance situation to any member of the ROC, other than my direct supervisor, and to the Director of Financial Services.

____________________________________
Signature

____________________________________
Type or Print Name

____________________________________
Title

____________________________________
Date

Annually, this form is required to be completed and submitted to the Director of Financial Services for regulatory filing.
Energy Risk Management Policy

Appendix B – Energy Marketing Delegation of Authority Memorandum

Energy Marketing Delegation of Authority Memorandum

By means of this memorandum, I, the General Manager of Placer County Water Agency (Agency), delegate authority, to the extent provided below, to negotiate, transact and execute on behalf of the Agency in wholesale energy markets.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
</table>

Effective date as of General Manager’s signature below, the aforementioned individual, while serving in said position is hereby authorized to negotiate, transact and execute on behalf of the Agency into the CAISO wholesale and bilateral energy markets:

- Buy Bilateral Forward Energy
- Sell Bilateral Forward Energy
- Buy Physical Day-Ahead Energy
- Sell Physical Day-Ahead Energy
- Buy Physical Real-Time Energy
- Sell Physical Real-Time Energy
- Buy Resource Adequacy Capacity
- Sell Resource Adequacy Capacity
- Schedule Ancillary Service Products
- Sell Carbon Free Energy
- Sell Renewable Energy Credits
- Sell Carbon Free Energy

Requisition Submitted:

<table>
<thead>
<tr>
<th>Name [Requesting Official – Department Head]</th>
<th>Title</th>
</tr>
</thead>
</table>

Acknowledged and agreed:

<table>
<thead>
<tr>
<th>Name [Delegate]</th>
<th>Title</th>
</tr>
</thead>
</table>

Approved:

<table>
<thead>
<tr>
<th>General Manager Signature</th>
<th>Date</th>
</tr>
</thead>
</table>

Upon execution, this authorized form shall be provided to the Director of Financial Services.
Appendix C – Approved Energy Transaction Products

- Resource Adequacy Capacity and other capacity attributes:
  This product is contracted on a term basis with qualified counterparties.

- Renewable Energy Credits:
  This product is contracted on a term basis with qualified counterparties.

- Carbon Free Credits:
  This product is contracted on a term basis with qualified counterparties.

- Physical Day-Ahead and Real-Time Energy Sales scheduled through the CAISO:
  Transaction quantities shall not exceed the transmission or operations constrained generation potential of each MFP generator that is separately bid into the CAISO wholesale energy market.

- Physical Day-Ahead and Real-Time Energy Purchases scheduled through the CAISO:
  For any given time hour, purchases shall be limited to the quantity of energy that has been awarded in the CAISO Day-ahead market, or that has been sold in a bilateral forward transaction.

- Ancillary Service Products scheduled through the CAISO:
  Any type and level of Ancillary Service product that is within the safe operating range of the generating unit and is consistent with the CAISO Tariff conditions and operating protocol.

- Bilateral Forward transactions:
  Shall be conducted in accordance with the forward energy marketing strategy adopted by the General Manager.
Appendix D – Energy Marketing Product Limits

The Middle Fork Project Finance Authority has delegated to PCWA the authority to enter into short term agreements for the sale of energy and related products created by the Middle Fork Project, where short term is defined as a period not exceeding five years from the date of the agreement. The purpose of this delegation was to facilitate the regular conduct of business. Long term agreements for the sale of energy and related products, exceeding five years, must be approved by the Middle Fork Project Finance Authority Board of Directors.

The PCWA Board of Directors has delegated to its General Manager, or his designee, the authority to enter into short term agreements for the sale of energy and related products created by the Middle Fork Project. The purposes of this delegation are to facilitate the regular conduct of business.

The PCWA General Manager may delegate to the Director of Energy Marketing, and his staff, the authority to enter into agreements for the sale of energy and related products created by the Middle Fork Project, as detailed in the matrix below.

The following matrices summarizes the authorized personnel and product limits:

<table>
<thead>
<tr>
<th>Title</th>
<th>Product</th>
<th>Deliver Lead Time</th>
<th>Term</th>
<th>MW Size</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle Fork Project Finance Authority Board of Directors and PCWA Board of Directors</td>
<td>Resource Adequacy/Capacity</td>
<td>No Limit</td>
<td>No Limit</td>
<td>≤ MFP Capacity Rating</td>
<td>No Min/Max</td>
</tr>
<tr>
<td></td>
<td>Renewable Energy Credits</td>
<td>No Limit</td>
<td>No Limit</td>
<td>≤ MFP R.E.C. Rating</td>
<td>No Min/Max</td>
</tr>
<tr>
<td></td>
<td>Carbon Free Energy Certificates</td>
<td>No Limit</td>
<td>No Limit</td>
<td>≤ MFP Annual Carbon Free Output</td>
<td>No Min/Max</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title</th>
<th>Product</th>
<th>Deliver Lead Time</th>
<th>Term</th>
<th>MW Size</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager</td>
<td>Resource Adequacy/Capacity</td>
<td></td>
<td>Up to 60 months</td>
<td>&lt; MFP Capacity Rating</td>
<td>No Min/Max</td>
</tr>
<tr>
<td></td>
<td>Renewable Energy Credits</td>
<td></td>
<td>Up to 60 months</td>
<td>&lt; MFP R.E.C. Rating</td>
<td>No Min/Max</td>
</tr>
<tr>
<td></td>
<td>Carbon Free Energy Certificates</td>
<td></td>
<td>Up to 60 months</td>
<td>&lt; MFP Annual Carbon Free Output</td>
<td>No Min/Max</td>
</tr>
</tbody>
</table>
## Placer County Water Agency

### Energy Risk Management Policy

<table>
<thead>
<tr>
<th>Title</th>
<th>Product</th>
<th>Deliver Lead Time</th>
<th>Term</th>
<th>MW Size</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Director of Energy Marketing</strong></td>
<td>CAISO Day Ahead Energy Sales</td>
<td>As Required by CAISO</td>
<td>≥ 1 Hour</td>
<td>≤ Available MFP MWs</td>
<td>CAISO Price Cap</td>
</tr>
<tr>
<td>CAISO Day Ahead Energy Purchases</td>
<td>As Required by CAISO</td>
<td>≥ 1 Hour</td>
<td>≤ Bilateral Forward transaction</td>
<td>CAISO Price Cap</td>
<td></td>
</tr>
<tr>
<td>CAISO Day Ahead Ancillary Services</td>
<td>As Required by CAISO</td>
<td>≥ 1 Hour</td>
<td>≤ Available MFP Ancillary Service MWs</td>
<td>CAISO Price Cap</td>
<td></td>
</tr>
<tr>
<td>CAISO Real Time Energy Sales</td>
<td>As Required by CAISO</td>
<td>≤ 1 Hour</td>
<td>≤ Available MFP MWs</td>
<td>CAISO Price Cap</td>
<td></td>
</tr>
<tr>
<td>CAISO Real Time Energy Purchases</td>
<td>As Required by CAISO</td>
<td>≤ 1 Hour</td>
<td>≤ Day Ahead Energy Sales</td>
<td>CAISO Price Cap</td>
<td></td>
</tr>
<tr>
<td>CAISO Real Time Ancillary Services</td>
<td>As Required by CAISO</td>
<td>≤ 1 Hour</td>
<td>≤ Available MFP Ancillary Service MWs</td>
<td>CAISO Price Cap</td>
<td></td>
</tr>
<tr>
<td>Resource Adequacy/Capacity</td>
<td>No Limit</td>
<td>≤ 365 days</td>
<td>≤ MFP Capacity Rating</td>
<td>No Min/Max</td>
<td></td>
</tr>
<tr>
<td>Renewable Energy Credits</td>
<td>No Limit</td>
<td>≤ 365 days</td>
<td>≤ MFP R.E.C. Rating</td>
<td>No Min/Max</td>
<td></td>
</tr>
<tr>
<td>Bilateral Forward transactions</td>
<td>No Limit</td>
<td>≤ 365 days</td>
<td>≤ MFP Capacity Rating</td>
<td>No Min/Max</td>
<td></td>
</tr>
<tr>
<td>Carbon Free Energy Certificates</td>
<td>No Limit</td>
<td>≤ 365 days</td>
<td>≤ MFP Annual Carbon Free Output</td>
<td>No Min/Max</td>
<td></td>
</tr>
<tr>
<td>Title</td>
<td>Product</td>
<td>Deliver Lead Time</td>
<td>Term</td>
<td>MW Size</td>
<td>Price</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>----------------------------------</td>
<td>-------------------</td>
<td>------------</td>
<td>------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td>CAISO Day Ahead Energy Sales</td>
<td>As Required by CAISO</td>
<td>≥ 1 Hour</td>
<td>&lt; Available MFP MWs</td>
<td>CAISO Price Cap</td>
<td></td>
</tr>
<tr>
<td>CAISO Day Ahead Energy Purchases</td>
<td>As Required by CAISO</td>
<td>&gt; 1 Hour</td>
<td>&lt; Bilateral Forward transaction</td>
<td>CAISO Price Cap</td>
<td></td>
</tr>
<tr>
<td>CAISO Day Ahead Ancillary Services</td>
<td>As Required by CAISO</td>
<td>≥ 1 Hour</td>
<td>&lt; Available MFP Ancillary Service MWs</td>
<td>CAISO Price Cap</td>
<td></td>
</tr>
<tr>
<td>CAISO Real Time Energy Sales</td>
<td>As Required by CAISO</td>
<td>≤ 1 Hour</td>
<td>&lt; Available MFP MWs</td>
<td>CAISO Price Cap</td>
<td></td>
</tr>
<tr>
<td>CAISO Real Time Energy Purchases</td>
<td>As Required by CAISO</td>
<td>≤ 1 Hour</td>
<td>≤ Day Ahead Energy Sales</td>
<td>CAISO Price Cap</td>
<td></td>
</tr>
<tr>
<td>CAISO Real Time Ancillary Services</td>
<td>As Required by CAISO</td>
<td>≤ 1 Hour</td>
<td>&lt; Available MFP Ancillary Service MWs</td>
<td>CAISO Price Cap</td>
<td></td>
</tr>
<tr>
<td>Resource Adequacy/Capacity</td>
<td>No Limit</td>
<td>≤ 90 days</td>
<td>&lt; MFP Capacity Rating</td>
<td>≥ $1.25 kw/Month</td>
<td></td>
</tr>
<tr>
<td>Renewable Energy Credits</td>
<td>No Limit</td>
<td>≤ 90 days</td>
<td>&lt; MFP R.E.C. Rating</td>
<td>≥ $10 Mw/Hour</td>
<td></td>
</tr>
<tr>
<td>Bilateral Forward transactions</td>
<td>No Limit</td>
<td>≤ 90 days</td>
<td>&lt; MFP Capacity Rating</td>
<td>No Min/Max</td>
<td></td>
</tr>
<tr>
<td>Carbon Free Energy Certificates</td>
<td>No Limit</td>
<td>≤ 90 days</td>
<td>&lt; MFP Annual Carbon Free Output</td>
<td>≥ $.50 Mw/Hour</td>
<td></td>
</tr>
</tbody>
</table>
Appendix E – PCWA Energy Risk Management Organizational Structure

PCWA Energy Risk Management ("ERM") Policy
Organizational Chart

PCWA Board
- Establishes ERM Policy

General Manager
- Implements Policy
- Ensures Compliance

Energy Risk Oversight Committee ("ROC")
- Controls, Monitors & Evaluates ERM Processes & Activities

Director of Energy Marketing
- Front Office
  - Fundamental Analysis
  - Marketing
  - Transaction Documentation
  - Scheduling (via NCPA)
  - CAISO Interface
  - Product Development
  - Water Resource Planning

Director of Financial Services
- Middle Office
  - Positions Monitoring
  - Policy Compliance
  - Risk Oversight & Control
  - Transaction Assessment, Monitoring & Reporting
  - Contract Administration
  - Counterparty Credit Risk Criteria and Compliance

- Back Office
  - Transaction Settlements
  - Billing
  - Accounting
ITINERARY
Middle Fork Project Finance Authority
BOARD OF DIRECTORS’ TWO-DAY STRATEGIC PLANNING SESSION AND
TOUR OF MIDDLE FORK AMERICAN RIVER PROJECT FACILITIES
October 10 & 11, 2019
(Times are approximate)

October 10 (Thursday):
8:30 – 9:30 a.m. Convene the Board meeting – PCWA Business Center, 144 Ferguson Road, Auburn, California
9:30 – 10:00 a.m. Travel to Foresthill Community Fire Project, Baltimore Mine Maintenance site, 22899 Foresthill Road, Foresthill, California
10:00 – 10:30 a.m. Tour Foresthill Community Fire Project
10:30 – 12:00pm Travel to French Meadows campground, Mosquito Ridge Road 96, Foresthill, California
12:00 – 1:00 p.m. Lunch and tour Middle Fork Project FERC recreation improvements
1:00 – 1:15 p.m. Travel to French Meadows Forest Management Project site, Mosquito Ridge Road at entrance to Gates Group Campsite
1:15 – 2:30 p.m. Tour French Meadows Forest Management Project site
2:30 – 3:00 p.m. Travel to PCWA dormitory, 20900 Soda Springs Road, Foresthill, California
3:00 – 5:00 p.m. Workshop session
6:00 – 7:00 p.m. Dinner

October 11 (Friday):
6:30 – 8:00 a.m. Breakfast
8:00 – 9:00 am Summary workshop session
9:00 – 9:30 a.m. Tour Hell Hole Dam Core Raise Project
10:00 – 12:00 p.m. Travel to Auburn