

EXHIBIT A SCOPE OF WORK

BACKGROUND

The Energy Efficiency Master Trust Revenue Bonds include Series 2003A (dated April 10, 2003), and Series 2005A (dated April 27, 2005). Each bond is supported by repayments from pledged loans from the Energy Commission Loan program for public agencies. The list of loans, repayment schedule, debt coverage requirement and other pertinent information for each of these bond issues, (2003A and 2005A) is available in the Official Statements for each of these bond issues. Loan payments used in support of the bonds are made semi-annually in June and December of each year to the Energy Commission and will include unscheduled loan payments. The Revenue Bond Official Statements, Bond Indentures, Restated and Amended Master Trust (covering both Bond Issues), Secured Loan Agreements, and Continuing Disclosure Agreements provide specific details of the structure of the bonds and the associated parties.

Auditing requirements are listed below under the Continuing Disclosure Agreement and the Secured Loan Agreement descriptions for each series. This is a very complicated bond structure where the Energy Commission has hired a private sector Bond Trustee, the Bank of New York (BNY), and has invested bond sub-accounts in Guaranteed Investment Contracts and Repurchase Agreements at specified interest rates. Both the 2003A and 2005A bonds have individual Debt Service Reserve Accounts maintained to equal a minimum of 20 percent of the outstanding balance of each bond issue.

The contractor will complete annual audits for each bond issue (2003A and 2005A), for three consecutive Fiscal years (FY) (FY 2010-11, FY 2011-12, and FY 2012-13) as required by the Secured Loan Agreements and the Continuing Disclosure Agreements. The audits will report the statements of all dealings, transactions, all funds, accounts and sub-accounts established in relation to the 2003A and 2005A Energy Efficiency Tax Exempt Revenue Bonds. The contractor will use auditing standards and accounting principles generally accepted in the United States, as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board as a guide for the level of audit required by all parties to the Bond Issues and as stated in the bond documents.

TECHNICAL TASKS:

Task 1 – 2010/11 Fiscal Year Audit for 2003A Bond Issue and 2005A Bond Issue

Task 2 – 2011/12 Fiscal Year Audit for 2003A Bond Issue and 2005A Bond Issue

Task 3 – 2012/13 Fiscal Year Audit for 2003A Bond Issue and 2005A Bond Issue

The following detail applies to Task 1, Task 2 and Task 3. Each Fiscal Year being audited has been identified as a separate task for contract budget purposes.

The contractor shall submit the final annual audits on or before October 15th each year. Each audit will cover the preceding fiscal year, with the first audit period beginning

July 1, 2010 through June 30, 2011. The annual audits will be included in the Energy Commission's annual Continuing Disclosure Report that will be submitted to the Bond Trustee (BNY), as dissemination agent each year. The audits are a key part of this report and will be delivered to the appropriate banking repositories by the dissemination agent. The audits will be delivered to the State Controller's Office.

As part of each annual audit, the contractor shall:

1. Review the Bond documents and related agreements to understand the fund structure and the transactional changes that have occurred since the previous year's audit was conducted,
2. Provide an independent review of the Program Loan Account, Loan Repayment Account, Debt Service Account, Surplus Repayments Account, Debt Service Reserve Account, Master Reserve Account, and the Administrative Expense Fund. Contractor will ensure that any funds scheduled for debt service payment are segregated and identified and interest on the funds and accounts pledged in support of the bonds are being properly tracked, reported and accounted for, including prepayments,
3. Provide a determination of whether the Energy Commission accounting and reporting procedures meet the requirements as set forth in the Bond documents and Continuing Disclosure Agreements,
4. Be available during the course of the contract for audit related questions of the parties to the bonds (Borrower, Issuer, Trustee, Financial Advisors, etc.), provide recommendations to the Energy Commission on procedures to improve and insure quality control of all accounts and sub-accounts pledged in support of the bonds, and provide other related duties to assist the Energy Commission in its management of the Bond Program and its compliance with the legal requirements of the Bond documents.

The contractor shall submit a draft audit to the contract manager for review and approval. Upon approval, the contractor shall submit a final annual audit.

DELIVERABLES AND DUE DATES

<u>Task</u>	<u>Deliverables</u>	<u>Draft Due Date</u>	<u>Final Due Date</u>
1 – FY 2010/11 Audits	2003A Bond Issue 2005A Bond Issue	9/30/11 9/30/11	10/14/11 10/14/11
2 – FY 2011/12 Audits	2003A Bond Issue 2005A Bond Issue	10/1/12 10/1/12	10/15/12 10/15/12
3 – FY 2012/13 Audits	2003A Bond Issue 2005A Bond Issue	10/1/13 10/1/13	10/15/13 10/15/13

The Department of Finance reserves the right to review the contractor's audit reports, management letters, and working papers related to the contracted audit.

REFERENCE INFORMATION: BOND DOCUMENTS

The following information is contained in the Continuing Disclosure Agreements and the Secured Loan Agreements and is included below to assist contractor in understanding the legal requirements of the Energy Commission in reporting accurate financial information to bond holders annually. The 2005A bond issue Master Trust is restated and amended and includes the 2003A bond issue agreements. The 2003A bond issue information is listed below for information.

2005A BOND ISSUE

2005A SECURED LOAN AGREEMENT, SECTION 5.5 BOOKS AND RECORDS; AUDITS. The Energy Commission shall maintain, until the end of the sixth year after any 2005A Bond is Outstanding, separate and apart from all other records and accounts, proper books, records and accounts in which complete and correct entries will be made of all dealings and transactions in relation to 2005A Program Loans and all funds and accounts established hereunder or under the 2005A Bond Indenture. Such accounts shall show the amount of 2005A Program Loan Repayments or other amounts received with respect to each 2005A Program Loan and the date of each remittance of such amounts to the Trustee. These books shall be kept by the Energy Commission according to generally accepted accounting principles and standard accounting practices as applicable.

The Energy Commission's books, records and accounts for the 2005A Program Loans and all funds and accounts established hereunder or under the 2005A Bond Indenture shall be audited in accordance with auditing standards and accounting principles generally accepted in the United States, as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board at least annually by independent certified public accountants selected by the Energy Commission. A copy of each audit report, including statements of net assets, activities and cash flow, and notes to financial statements, shall be filed with the Issuer and the Trustee as soon as they become available, but in no event later than 9 months after the close of the Energy Commission's fiscal year and sent to any 2005A Owner filing with the Energy Commission a written request therefore.

* * * *

2005A SECURED LOAN AGREEMENT, SECTION 5.6 CONTINUING DISCLOSURE.

Under the Continuing Disclosure Agreement between the Energy Commission and the Trustee, as Dissemination Agent, or other dissemination agent acceptable to the Issuer and the Energy Commission, the Energy Commission has undertaken responsibility for compliance with continuing disclosure requirements with respect to Securities and Exchange Commission Rule 15c2-12. Information pertaining to the Issuer, as conduit Issuer of the 2005A Bonds, is not subject to continuing disclosure obligations. The Energy Commission hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement.

Furthermore, the Energy Commission covenants and agrees that, if at the time of any release, addition or modification of a 2005A Program Loan pursuant to Section 3.8 hereof, any Borrower's aggregate Program Loans represent more than 10% of the aggregate principal amount of all Program Loans pledged as Collateral to any Series of Bonds, then such a Borrower will be a "Material Participant" for purposes of this 2005A Secured Loan Agreement and an "Obligated Person" within the meaning of Securities and Exchange Commission Rule 15c2-12, and as such will be required to execute and file with the Energy Commission a continuing disclosure agreement, with the Trustee as dissemination agent, or other dissemination agent acceptable to the Issuer and the Energy Commission, under which such Material Participant will be required to file annual reports containing required financial and operating information and notices of certain events on an ongoing basis in accordance with Securities and Exchange Commission Rule 15c2-12, so long as such Borrower remains a Material Participant.

2005A CONTINUING DISCLOSURE AGREEMENT, SECTION 4(A)(I): The Annual Report shall contain...The Audit report of the Energy Commission's books, records and accounts for the 2005A Program Loans and all funds and accounts established under the 2005A Bond Indenture and the 2005A Secured Loan Agreement as of and for the fiscal year most recently ended of the Energy Commission, prepared in accordance with Section 5.5 of the 2005A Secured Loan Agreement and with auditing standards and accounting principles generally accepted in the United States as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board....

2003A BOND ISSUE

AMENDED AND RESTATED 2003A SECURED LOAN AGREEMENT, SECTION 5.5 BOOKS AND RECORDS; AUDITS. The Energy Commission shall maintain, until the end of the sixth year after any 2003A Bond is Outstanding, separate and apart from all other records and accounts, proper books, records and accounts in which complete and correct entries will be made of all dealings and transactions in relation to 2003A Program Loans and all funds and accounts established hereunder or under the 2003A Bond Indenture. Such accounts shall show the amount of 2003A Program Loan Repayments or other amounts received with respect to each 2003A Program Loan and the date of each remittance of such amounts to the Trustee. These books shall be kept by the Energy Commission according to generally accepted accounting principles and standard accounting practices as applicable.

The Energy Commission's books, records and accounts for the 2003A Program Loans and all funds and accounts established hereunder or under the 2003A Bond Indenture shall be audited in accordance with auditing standards and accounting principles generally accepted in the United States, as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board at least annually by independent certified public accountants selected by the Energy Commission. A copy of each audit report, including statements of net assets, activities and cash flow, and notes to financial statements, shall be filed with the Issuer and the Trustee as soon as they become available, but in no event later than 9 months after the

close of the Energy Commission's fiscal year and sent to any 2003A Owner filing with the Energy Commission a written request therefore.

AMENDED AND RESTATED 2003A SECURED LOAN AGREEMENT, SECTION 5.6 CONTINUING DISCLOSURE. Under the Continuing Disclosure Agreement between the Energy Commission and the Trustee, as Dissemination Agent, or other dissemination agent acceptable to the Issuer and the Energy Commission, the Energy Commission has undertaken responsibility for compliance with continuing disclosure requirements with respect to Securities and Exchange Commission Rule 15c2-12. Information pertaining to the Issuer, as conduit issuer of the 2003A Bonds, is not subject to continuing disclosure obligations. The Energy Commission hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement.

Furthermore, the Energy Commission covenants and agrees that, if at the time of any release, substitution or replacement of a 2003A Program Loan pursuant to Section 3.8 hereof, (1) any 2003A Borrower shall be obligated to make aggregate debt service payments on its 2003A Program Loans in an amount equal to 10% or more of the aggregate annual debt service on the 2003A Bonds, or (2) if any 2003A Borrower's aggregate 2003A Program Loans represent more than 10% of the aggregate principal amount of all 2003A Program Loans pledged as Collateral to any Series of Bonds, then such a 2003A Borrower will be a "Material Participant" for purposes of this Secured Loan Agreement and an "Obligated Person" within the meaning of Securities and Exchange Commission Rule 15c2-12, and as such will be required to execute and file with the Energy Commission a continuing disclosure agreement, with the Trustee as dissemination agent, or other dissemination agent acceptable to the Issuer and the Energy Commission, under which such Material Participant will be required to file annual reports containing required financial and operating information and notices of certain events on an ongoing basis in accordance with Securities and Exchange Commission Rule 15c2-12, so long as such 2003A Borrower remains a Material Participant.

Amended and Restated 2003A Continuing Disclosure Agreement, Section 4(a)(i): The Annual Report shall contain...The audit report of the Energy Commission for the 2003A Program Loans as they then exist as of the end of the fiscal year most recently ended, prepared in accordance with Section 5.5 of the Amended and Restated 2003A Secured Loan Agreement and with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.