

**CONTRACT REQUEST FORM (CRF)**

CEC-94 (Revised 5/11)

CALIFORNIA ENERGY COMMISSION


 New Contract - -  Amendment to Existing Contract: - - Amendment Number: \_\_\_\_\_

Division	Contract Manager:	MS-	Phone	CM Training Date
600 Fuels and Transportation Division	Chris Scott	23	916-654-4719	7/1/10

Contractor's Legal Name	Federal ID Number
Department of General Services	68-0142725

Title of Project
DGS- Contracted Fiscal Services

Term	Start Date	End Date	Amount
New/Original Contract	Jan / 01 / 13	December / 31 / 15	\$ 165,000

Line up the Amendment information as best as possible in the following boxes

Amendment #	End Date (mm/dd/yy)	Amount

Business Meeting Information			
Proposed Business Meeting Date	10/10/12	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Discussion
Business Meeting Presenter	Chris Scott	Time Needed:	5 minutes

Agenda Item Subject and Description
Possible approval of a three year Inter Agency Agreement with the Department of General Services (DGS) for \$165,000 to provide accounting services for the Energy Efficiency Master Trust Revenue Bond Series 2003A and 2005A. Contact: Chris Scott. (916) 654-4719.

Business Meeting approval is not required for the following types of contracts: <i>Executive Director's signature is required in all cases.</i>
<input type="checkbox"/> Contracts less than \$10k ( <i>Policy Committee's signature is also required</i> )
<input type="checkbox"/> Amendment for a no-cost time extension. Must be first extension, less than one year and original contract less than \$100k.
<input type="checkbox"/> Contracts less than \$25k for Expert Witness in Energy Facility licensing cases and amendments.

Purpose of Contract or Purpose of Amendment, if applicable
The purpose of this Inter-Agency Agreement is to provide accounting services for preparing records and books including year-end closing of the Energy Efficiency Master Trust Revenue Bond Series 2003A and 2005A program accounts in preparation for the independent yearly audit required by the tax-exempt revenue bond documents.

California Environmental Quality Act (CEQA) Compliance
<p>1. Is Contract considered a "Project" under CEQA?</p> <p><input type="checkbox"/> Yes: skip to question 2      <input checked="" type="checkbox"/> No: complete the following (PRC 21065 and 14 CCR 15378):</p> <p>Explain why contract is not considered a "Project":</p> <p>Contract will not cause direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment because this contract is solely for financial services.</p>
<p>2. If contract is considered a "Project" under CEQA:</p> <p><input type="checkbox"/> a) Contract <b>IS</b> exempt. (Draft NOE required)</p> <p><input type="checkbox"/> Statutory Exemption. List PRC and/or CCR section number: _____</p> <p><input type="checkbox"/> Categorical Exemption. List CCR section number: _____</p> <p><input type="checkbox"/> Common Sense Exemption. 14 CCR 15061 (b) (3)</p> <p>Explain reason why contract is exempt under the above section:</p>
<p><input type="checkbox"/> b) Contract <b>IS NOT</b> exempt. The Contract Manager needs to consult with the Energy Commission attorney assigned to their division and the Siting Office regarding a possible Initial Study.</p>

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Budgets Information								
Contract Amount Funded		Breakdown by FY			Funding Sources			
Funding Source	Amount	FY	Amount	Approved ?	Funding Source	FY	Budget List No.	Amount
ARFVTF	\$		\$	No	Other			\$
ECAA	\$		\$	No	Other			\$
State- ERPA	\$		\$	No	Other			\$
Federal	\$		\$	No	Funding Source			\$
PIER - E	\$		\$	No	Funding Source			\$
PIER - NG	\$		\$	No	Funding Source			\$
Reimbursement	\$		\$	No	Funding Source			\$
RRTF	\$		\$	No	Funding Source			\$
Other: BNY Bond	\$165,000		\$	No	Other: BNY Bond	N/A	100.100	\$165,000
TOTAL: \$165,000		TOTAL: \$ 0			TOTAL: \$165,000			
Reimbursement					Federal Agreement #:			

Contractor's Administrator/ Officer		Contractor's Project Manager	
Name:	Anna Spradling	Name:	Anna Spradling
Address:	707 Third Street	Address:	707 Third Street
City, State, Zip:	Sacramento, CA 95605	City, State, Zip:	Sacramento, CA 95605
Phone/ Fax:	916-376-5232/916-376-5218	Phone/ Fax:	916-376-5232/916-376-5218
E-Mail:	Anna.swanson@dgs.ca.gov	E-Mail:	Anna.swanson@dgs.ca.gov

**Contractor Is**

Private Company (including non-profits)

CA State Agency (including UC and CSU)

Government Entity (i.e. city, county, federal government, air/water/school district, joint power authorities, university from another state)

**Selection Process Used**

Solicitation Select Type Solicitation #: \_\_\_\_\_ - \_\_\_\_\_ # of Bids: \_\_\_\_\_ Low Bid?  No  Yes

Non Competitive Bid (Attach CEC 96)

Exempt Other Governmental Entity

**Civil Service Considerations**

Not Applicable (Contract is with a CA State Entity or a membership/co-sponsorship)

Public Resources Code 25620, et seq., authorizes the Commission to contract for the subject work. (PIER)

The Services Contracted:

- are not available within civil service
- cannot be performed satisfactorily by civil service employees
- are of such a highly specialized or technical nature that the expert knowledge, expertise, and ability are not available through the civil service system.

The Services are of such an:

- urgent
- temporary, or
- occasional nature

that the delay to implement under civil service would frustrate their very purpose.

**Justification:**

**Payment Method**

A. Reimbursement in arrears based on:

- Itemized Monthly
- Itemized Quarterly
- Flat Rate
- One-time

B. Advanced Payment

C. Other, explain: Annual payment of \$55,000.



<b>Retention</b>		
1. Is contract subject to retention?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes
If Yes, Do you plan to release retention prior to contract termination?	<input type="checkbox"/> No	<input type="checkbox"/> Yes

<b>Justification of Rates</b>
N/A

<b>Disabled Veteran Business Enterprise Program (DVBE)</b>	
1. <input checked="" type="checkbox"/> Not Applicable	
2. <input type="checkbox"/> Meets DVBE Requirements	DVBE Amount:\$ _____ DVBE %: _____
<input type="checkbox"/> Contractor is Certified DVBE	
<input type="checkbox"/> Contractor is Subcontracting with a DVBE:	_____
3. <input type="checkbox"/> Contractor selected through CMAS or MSA with no DVBE participation.	
4. <input type="checkbox"/> Requesting DVBE Exemption (attach CEC 95)	

<b>Is Contractor a certified Small Business (SB), Micro Business (MB) or DVBE?</b>	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes
If yes, check appropriate box:	<input type="checkbox"/> SB	<input type="checkbox"/> MB <input type="checkbox"/> DVBE

<b>Is Contractor subcontracting any services?</b>	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes
If yes, give company name and identify if they are a Small Business (SB), Micro Business (MB) and/or DVBE:		
_____	<input type="checkbox"/> No	<input type="checkbox"/> SB <input type="checkbox"/> MB <input type="checkbox"/> DVBE
_____	<input type="checkbox"/> No	<input type="checkbox"/> SB <input type="checkbox"/> MB <input type="checkbox"/> DVBE
_____	<input type="checkbox"/> No	<input type="checkbox"/> SB <input type="checkbox"/> MB <input type="checkbox"/> DVBE

<b>Miscellaneous Contract Information</b>		
1. Will there be Work Authorizations?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes
2. Is the Contractor providing confidential information?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes
3. Is the contractor going to purchase equipment?	<input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes
4. Check frequency of progress reports	<input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Other... _____	
5. Will a final report be required?	<input type="checkbox"/> No	<input type="checkbox"/> Yes
6. Is the contract, with amendments, longer than a year? If yes, why?	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes
Contract work requires specialized skills from DGS, not cost effective to select new contractor each year		

<b>The following items should be attached to this CRF</b>		
1. Scope of Work, Attach as Exhibit A.	<input type="checkbox"/> N/A	<input checked="" type="checkbox"/> Attached
2. Budget Detail, Attach as Exhibit B.	<input type="checkbox"/> N/A	<input checked="" type="checkbox"/> Attached
3. CEC 96, NCB Request	<input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Attached
4. CEC 30, Survey of Prior Work	<input type="checkbox"/> N/A	<input checked="" type="checkbox"/> Attached
5. CEC 95, DVBE Exemption Request	<input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Attached
6. Draft CEQA Notice of Exemption (NOE)	<input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Attached
7. Resumes	<input checked="" type="checkbox"/> N/A	<input type="checkbox"/> Attached
8. CEC 105, Questionnaire for Identifying Conflicts		<input checked="" type="checkbox"/> Attached
9. CEC 106, IT Component Reporting Form		<input checked="" type="checkbox"/> Attached

\_\_\_\_\_  
Contract Manager                      Date                      Office Manager                      Date                      Deputy Director                      Date

The following signatures are only required when contract approval is delegated to the Executive Office and not approved at a Business Meeting. See Business Meeting Information Section.

\_\_\_\_\_  
Presiding Policy Committee                      Date                      Associate Policy Committee                      Date                      Executive Director                      Date

## **Exhibit A Scope of Work**

### **I. Purpose**

The purpose of this Agreement is to provide Accounting Services for preparing records and books including year-end closing of the bond program accounts in preparation for the independent yearly audit required for the Energy Efficiency Master Trust Revenue Bond Series 2003A and 2005A. To prevent potential conflicts of interest, the independent auditor cannot close the books of a client, then audit that work. The revenue bond program includes financial information from three sources: CalStars, independent Trustee controlled accounts, and Energy Commission controlled accounts. Department of General Services, Contracted Fiscal Services (CFS) Unit accounts and prepares the year-end closing for the State Controller's Office and many revenue bond programs controlled by the State of California. CFS's expertise and understanding of requirements for bond programs and bond-required independent auditing procedures is essential to the Energy Commission fulfilling its bond reporting obligations.

The legally required audits are performed by an independent certified public accountant with experience in revenue bond program reporting requirements. The audits provide an independent verification that the cash flows for the bond come from the designated sources as scheduled. The auditor will annually certify that the cash flow supporting the bond payments is sufficient to meet the debt service on the bonds. The audit will be submitted with the Energy Commission's continuing disclosure report due March 10th of each year to the Bond Trustee. The independent audits are required and specified in various bond documents executed with the California Infrastructure and Economic Development Bank, which is the conduit issuer of the bonds, the Energy Commission, and the Bank of New York as Bond Trustee.

### **II. Background**

The Energy Efficiency Master Trust Revenue Bond Series include issues 2003A (dated April 27, 2003 for \$28,005,000) and 2005A (dated May 11, 2005 for \$36,955,000). Each bond series is supported by repayments from pledged loans from the Energy Conservation Assistance Program (ECA) and Local Jurisdiction Account (LJA). The list of loans, repayment schedule, debt coverage requirement and other pertinent information is available in the Official Statements for each of these bond issues, (2003A and 2005A). Loan payments used to support the bonds include contracted repayments received semi annually in June and December as well as unscheduled loan payments. The official bond documents including but not limited to, the Bond Indentures, the Master Trusts, the Secured Loan Agreements, the Tax Certificates, and the Investment Contracts, provide specific details of the structure of the bonds, their sub-accounts and the associated parties. These documents as well as the Official Statements for both bonds are available upon request from the contract manager.

In May 2005 the Energy Commission hired a private sector Bond Trustee, JP Morgan, to act as Trustee of Record and Continuing Disclosure Agent for both bond issues. In October 2006, the Bank of New York purchased JP Morgan's worldwide trust business. Several bond sub-account funds are invested through Guaranteed Investment Contracts (GICs) and a Repurchase Agreement at specified interest rates through Wells

Fargo Bank and the Royal Bank of Canada. Both the 2003A and 2005A bond issues have individual Debt Service Reserve Accounts and accumulated interest earnings which are used to maintain a minimum of 20 percent of the outstanding balance of each bond issue and interest earned on the reserve accounts is used to support a debt service coverage ratio of 110 percent. The bond issues are audited annually. Continuing disclosure reports are filed annually, and rebate arbitrage calculations are prepared annually and filed on a five year computation date cycle.

### **III. Tasks**

The Energy Commission will fully cooperate in supplying account information to CFS in order for CFS to prepare the year-end closing information for the Energy Commission's independent auditing contractor, Gilbert & Associates, Inc. Contractor agrees to provide to the Energy Commission, the services described below:

1. The Contractor shall provide accounting services to the Energy Commission through this interagency agreement. Accounting services will include review of payments, reports, cash receipts, and contracts with the auditor, financial advisor, rebate arbitrage specialist, and other contracts required to support the Bond Program. The List of "Fiscal Functions and Designation of Responsibilities" is attached. The Energy Commission's auditing contractor (Gilbert Associates, Inc.) prepared a document entitled, "CEC's Bond Accounting: Closing Process" which is incorporated by reference herein, and a copy may be obtained from the Contract Manager.
2. The Contractor shall provide services directly to the Energy Commission and upon approval of the Contract Manager, to the independent auditor.
3. The Contractor shall provide other record keeping and accounting assistance as requested by the Contract Manager, and California Energy Commission Grants and Loans staff, in connection with the preparation of the yearly independent audits, within the budget of this agreement.

### **IV. Deliverables**

1. The Contractor shall provide the Energy Commission's Contract Manager with monthly statements for bond issues 2003A and 2005A. These monthly statements shall constitute as the monthly progress reports.
2. The Contractor shall provide the Energy Commission's Contract Manager with year-end closing reports and all other information necessary to prepare the official independent audits of the bond program.

#### **Due Dates:**

- Monthly statements shall be done in arrears by the 15<sup>th</sup> of the following month for the term of the agreement.
- Year-end closing statements for bond issues 2003A and 2005A shall be due by September 1, 2013 (For FY 12/13), September 1, 2014 (For FY 13/14), and September 1, 2015 (For FY 14/15).

## Fiscal Functions and Designations of Responsibility

The following is a list of tasks, functions, and responsible party designations for the California Energy Commission (CEC) and Department of General Services, Office of Fiscal Services, Contracted Fiscal Services (CFS) Unit.

	<u>CEC</u>	<u>CFS</u>
<b>I. <u>Payments</u></b>		
1. Review and approve invoices (including Cost of Issuance and Administrative Costs)	X	
2. Record invoices and bond payments		X
<b>II. <u>Accounting</u></b>		
1. Prepare Journal Entries		X
2. Post to the General Ledger		X
3. Reconcile General Ledger to Trustee Records		X
4. Prepare Accruals for Year-End Reports		X
5. Prepare Amortization Schedules		X
6. Reconcile Loan Schedules to SCO and Trustee records	X	
<b>III. <u>Reports</u></b>		
1. Prepare GAAP Annual Financial Reports required by State Controller		X
2. Prepare Miscellaneous Reports (as needed) for CEC		X
3. Prepare Documentation for Audits including year end closing in format required by the independent auditor and according to procedures attached as "CEC Bond Accounting: Closing Process"		X
4. Prepare Documentation for Loan Transactions and Reports	X	
<b>IV. <u>Cash Receipts</u></b>		
1. Identify and Reconcile Collections and Transfers		X
2. Maintain Cash Register		X
3. Maintain Investment Register		X
<b>V. <u>Miscellaneous Items</u></b>		
1. Establish and maintain contact with State Controller	X	X
2. Establish and maintain contact with Auditors	X	X
3. Establish and maintain contact with Trustee	X	X
4. Recompute Interest Schedule of Bonds when optional and mandatory bond redemptions occur		X
5. Recompute Amortization Schedules of Bond Issuance Costs, Underwriter's Discount and Insurance Costs when optional and mandatory bond redemptions occur		X