



Verifier's Report

EXECUTIVE SUMMARY



ISSUER

California Community Choice Financing Authority

BORROWER

Marin Clean Energy

BOND

Clean Energy Project Revenue Bonds Series 2021A (Green Bonds - Climate Bond Certified)

STANDARD AND SECTOR CRITERIA

Climate Bonds Standard Version 3.0

- Solar Energy

PAR

\$550,000,000 (Preliminary, subject to change)

EVALUATION DATE

July 23, 2021

SUMMARY OF FINDINGS

Kestrel Verifiers is of the opinion that the Clean Energy Project Revenue Bonds Series 2021A (Green Bonds - Climate Bond Certified) ("Series 2021A Bonds") conform with the Climate Bonds Standard (Version 3.0) as follows:

▪ Use of Proceeds

California Community Choice Financing Authority (the "Issuer" or "CCCFA") intends to issue Climate Bonds for its inaugural debt issuance of the Clean Energy Project Revenue Bonds Series 2021A (Green Bonds - Climate Bond Certified) ("Series 2021A Bonds"). The Series 2021A Bonds will finance a prepayment for 30 years of renewable electricity, delivery of electricity, pay capitalized interest, fund debt service reserves, and pay costs of issuance that serves to benefit Marin Clean Energy ("MCE").

▪ Process for Evaluation and Selection of Projects & Assets

Decision-making regarding bond-financed activities is overseen by CCCFA's Board of Directors and MCE's Board of Directors. MCE's main planning documents that inform and guide the process for project evaluation and selection, are the *Operational Integrated Resource Plan (2021-2030)* and the *Marin Energy Authority: Revised Community Choice Aggregation Implementation Plan and Statement of Intent (Revised 2013)*. MCE falls under the State of California's Renewable Portfolio Standard and long-term contracting requirements.

▪ Management of Proceeds

CCCFA intends to use approximately \$525 million of the bond proceeds to immediately purchase a 30-year supply of renewable electricity and deposit the remaining amount into separate reserve funds.

▪ Reporting

In accordance with the Climate Bonds Standard, Kestrel Verifiers will be engaged to provide one Post-Issuance Report within 24 months of issuance to evaluate and confirm continued conformance of the Series 2021A Bonds with the relevant Standards and Criteria. CCCFA intends to also provide voluntary annual reports for investors, with impact metrics on bond financed activities that may be made available

VERIFIER CONTACTS

- **Monica Reid, CEO**
monica.reid@kestrelverifiers.com
+1 541-399-6806
- **April Strid, Lead ESG Analyst**
april.strid@kestrelverifiers.com
+1 503-860-1125
- **Melissa Audrey, Lead ESG Analyst**
melissa.audrey@kestrelverifiers.com
+1 856-495-5003

on the CCCFA website at CCCFA.org. CCCFA will also post continuing financial disclosures to the Municipal Securities Rulemaking Board (MSRB) annually through the Electronic Municipal Market Access (EMMA) system.

- **Impact and Alignment with United Nations Sustainable Development Goals**

The series 2021A Bonds support UN Sustainable Development Goals *7: Affordable and Clean Energy*, *9: Industry, Innovation, and Infrastructure*, *11: Sustainable Cities and Communities*, and *13: Climate Action* by financing solar power purchase agreements which supports MCE's Clean Energy Project.

- **Assurance Conclusion**

Based on the Reasonable Assurance procedures we have conducted, in our opinion, the Series 2021A Bonds conform, in all material respects, with the Climate Bonds Standard, and the bond-financed activities are aligned with the *Solar Energy Sector Criteria*.



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Legal Name of Issuer:	California Community Choice Financing Authority
Issue Description:	Clean Energy Project Revenue Bonds Series 2021A (Green Bonds - Climate Bond Certified)
Project:	Marin Clean Energy Project
Standard:	Climate Bonds Standard (Version 3.0)
Sector Criteria:	Solar Energy
Par:	\$550,000,000*
Evaluation Date:	July 23, 2021

*Preliminary, subject to change

CLIMATE BONDS DESIGNATION

Through the conduit entity California Community Choice Financing Authority (the "Issuer" or "CCCFA"), Marin Clean Energy (the "Borrower" or "MCE") will issue Clean Energy Project Revenue Bonds Series 2021A (Green Bonds - Climate Bond Certified) to finance power purchase agreements.

This Verifier's Report reflects Kestrel Verifiers' view of the CCCFA's projects and financing, allocation and oversight, and conformance of the Series 2021A Bonds with the Climate Bonds Standard (V3.0) and *Solar Energy* Sector Criteria. In our opinion, the Series 2021A Bonds are aligned with the internationally accepted Climate Bonds Standard and the *Solar Energy* Sector Criteria.

ABOUT THE ISSUER AND BORROWER

The Borrower, Marin Clean Energy ("MCE"), formed in 2008, was the first Community Choice Aggregation ("CCA") Program established in California. It launched service to its first customers in May 2010, and currently serves 30 communities in Marin, Napa, Solano, and Contra Costa counties. MCE is a Joint Powers Authority governed by a 30-member Board of Directors with each community represented by one Supervisor or Councilmember. MCE's mission is to address climate change by reducing energy-related greenhouse gas emissions with renewable energy and energy efficiency at cost-competitive rates while offering economic and workforce benefits and creating more equitable communities.

For the fiscal year ending March 31, 2021, MCE sold 5,256 gigawatt-hours to approximately 540,000 customers, representing approximately \$457,455,000 of revenue and approximately \$30,400,000 of operating income. MCE customers may select from three energy options:

- **Light Green:** 60% of electricity service is from renewable sources
- **Deep Green:** 100% of electricity service is from zero-emission solar and wind sources in California
- **Local Sol:** 100% of electricity service is from locally produced solar power

MCE has become a regional and national leader in deployment of municipal renewable energy and has catalyzed formation of 23 additional CCAs in the State of California. MCE has a goal to provide 85% renewable energy and 95% greenhouse gas-free energy to customers by 2028. MCE meets and exceeds the State's regulatory mandates and greenhouse gas emission reduction targets, and the State Legislature supports CCA expansion.

The Issuer, California Community Choice Financing Agency (CCCFA), is a new Joint Powers Authority comprised of community choice aggregators including its Founding Members: Marin Clean Energy, Central Coast Community Energy, East Bay Community Energy, and Silicon Valley Clean Energy. CCCFA was incorporated and organized in 2021 for a variety of purposes, including to issue tax advantaged bonds to finance energy prepayments of clean energy. This innovative strategy can help MCE, and other Founding Members remain cost-competitive with other utilities. MCE currently provides 60% of all energy to CCCFA affiliate customers.

In California, CCAs, such as Marin Clean Energy, are considered Electric Load-Serving Entities and are therefore subject to specific reporting requirements, renewable portfolio standards, and reliability standards set forth by the California Public Utilities Commission and the California Energy Commission.

CONFORMANCE WITH CLIMATE BONDS STANDARD AND SECTOR CRITERIA

CCCFA engaged Kestrel Verifiers to provide an independent verification on the alignment of the Series 2021A Bonds with the Climate Bonds Standard (V3.0) and Certification Scheme, and the *Solar Energy* Sector Criteria. The Climate Bonds Initiative (CBI) administers the Standard and Sector Criteria. Additionally, Kestrel Verifiers has examined alignment of the Series 2021A Bonds with the United Nations Sustainable Development Goals (UN SDGs).

Kestrel Verifiers is a Climate Bonds Initiative Approved Verifier. The Kestrel review team included environmental scientists. We performed a Reasonable Assurance engagement to independently verify that the bonds meet, in all material respects, relevant criteria.

For this engagement, Kestrel Verifiers reviewed CCCFA's Green Bond Framework as well as relevant plans. We examined public and non-public information and interviewed members of CCCFA. Our goal was to understand the planned use of proceeds, procedures for managing proceeds, and plans and practices for reporting in sufficient detail to verify the bonds.

Verifier's Responsibilities

Kestrel Verifiers' responsibilities for confirming alignment of the Series 2021A Bonds with the Climate Bonds Standard and *Solar Criteria* include:

- assess and certify CCCFA's internal processes and controls, including selection process for projects and assets, internal tracking of proceeds, and the allocation system for funds;
- assess policies and procedures established by CCCFA for reporting;
- assess the readiness of CCCFA to meet the Climate Bonds Standard (V3.0) and *Solar Energy* Sector Criteria; and
- express a Reasonable Assurance conclusion.

Relevant Climate Bonds Sector Criteria and Other Standards

The Series 2021A Bonds align with the Climate Bonds Standard (V3.0) and *Solar Energy* Sector Criteria (Version 2.1).

Assurance Approach

Kestrel Verifiers' responsibility was to conduct a Reasonable Assurance engagement to determine whether the Series 2021A Bonds meet, in all material respects, the requirements of the Climate Bonds Standard. Our Reasonable Assurance was conducted in accordance with the Climate Bonds Standard (V3.0) and the *International Standard on Assurance Engagements (ISAE) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Kestrel Verifiers has relied on information provided by CCCFA. There are inherent limitations in performing assurance, and fraud, error or non-compliance may occur and not be detected. Kestrel Verifiers is not responsible or liable for any opinions, findings or conclusions within the information provided by CCCFA that are incorrect. Our assurance is limited to CCCFA's policies and procedures in place as of July 2021. The distribution and use of this verification report are at the sole discretion of CCCFA. Kestrel Verifiers does not accept or assume any responsibility for distribution to any other person or organization.

Use of Proceeds

California Community Choice Financing Authority is issuing its inaugural Series 2021A Bonds to fund a prepayment for renewable electricity, delivery of electricity, pay capitalized interest, fund debt service reserves, and pay costs of issuance for the benefit of MCE. The Series 2021A Bonds will primarily finance the prepayment of approximately 30 years of clean energy supply consisting of at least three solar power purchase agreements (PPAs).

Transaction Structure

This is the first structured financing of its kind for US municipal solar energy projects. Working through CCCFA as a conduit issuer enables Marin Clean Energy to issue tax-exempt and taxable debt to prepay for renewable energy contracts at a cost-saving discount and presents a model for the 24 other CCA’s in California to follow. Further details on the financing structure between entities are discussed in the Official Statement.

The Clean Energy Project

The structured financing of the Series 2021A Bonds will support MCE’s Clean Energy Project, which involves the procurement of long-term electricity supply at competitive prices. Upon the execution of the Clean Energy Purchase Contract, Marin Clean Energy will assign at least three solar power purchase agreements (PPAs) through a subsidiary of Goldman Sachs; J. Aron & Company LLC.

Table 1. MCE’s Proposed Solar PPA’s Under the Clean Energy Purchase Contract

PPA Seller	Type	COD	Term	MW
Antelope Expansion 2, LLC	Solar	9/1/2018	20 years	105
Great Valley Solar 1, LLC	Solar	9/30/2018	15 years	100
Little Bear Solar 5, LLC	Solar	9/1/2020	20 years	50

The Power Purchase Agreements include a backup plan in the event of a material failure in the solar energy project, which involves supplying power from California’s electric grid. California has a renewable portfolio standard and a healthy mix of renewable power in the grid, but it is not 100% renewable.

The Clean Energy Purchase Contract has a 30-year term. It is expected that MCE will assign new renewable contracts that will be delivered through the remaining term of the Clean Energy Purchase Contract. Pursuant to MCE’s goals and the emission performance standards in California, it is expected that all electric deliveries to MCE through the life of the Clean Energy Purchase Contract will be renewable or zero carbon. A summary of MCE’s proposed solar PPAs can be found in Table 1.

Sector Criteria for Solar Energy (Version 2.1)

As per the Solar Sector criteria, onshore solar electricity generation is an eligible Project and Asset for Climate Bonds Certification.

Process for Project Evaluation and Selection

Marin Clean Energy intends to use proceeds of the Series 2021A Bonds to finance prepayment of energy and renewable energy which is aligned with their mission to expand renewable energy and energy savings within the service area. The new energy investments are evaluated and issued under the authority contained in the California Joint Exercise of Powers Act, giving CCCFA the rights over financing and refinancing of energy prepayment through tax advantaged bonds and other obligations. Allowable investments include the purchase of electric energy with environmental attributes, facility improvements, provisions of working capital, and other renewable programs. CCCFA is governed by a Board of Directors who have expertise in public utilities finance, clean energy policy, and sustainable energy projects and are primarily responsible for CCCFA's general management, business affairs, project oversight.

Marin Clean Energy has two primary planning documents that guide operational planning. MCE's *Operational Integrated Resource Plan (OIRP) (2021-2030)* guides prioritization of potential projects and activities for the next ten years. The OIRP includes a goal for MCE to become 95% greenhouse gas free by 2022 and 85% renewable by 2029 by reducing greenhouse gas emissions through increased use of renewables. The OIRP also reinforces MCE's commitment to improving workforce and supplier diversity, creating energy efficient jobs, supporting disadvantaged communities, engaging communities in energy services, and advancement of environmental justice and racial equity. MCE's foundational planning document, *Marin Energy Authority: Revised Community Choice Aggregation Implementation Plan and Statement of Intent (Revised 2013)*, also guides every aspect of project identification and prioritization. Decision-making regarding projects is overseen by a 30-member Board of Directors, each appointed from member municipalities. Additionally, MCE falls under the State of California's RPS and long-term contracting requirements. Marin Clean Energy is demonstrating leadership toward a future with renewable energy with the thorough project selection guidelines intended to reduce greenhouse gases through sustainable energy practices.

Management of Proceeds

Proceeds from the Series 2021A Bonds will solely be allocated to finance prepayment for renewable energy, pay capitalized interest, fund debt service reserves, and pay costs of issuance. Bonds are limited obligations of CCCFA and are payable solely by the Trust Estate pursuant to the Indenture. The Trust Estate includes only the proceeds, revenues, funds and rights related to the Clean Energy Project.

CCCFA intends to use approximately \$525 million of the bond proceeds to purchase a 30-year supply of renewable electricity. The remaining amount will be deposited into separate reserve funds. Investment of the funds is limited to permissible, qualified investments pursuant to the Indenture.

Reporting

CCCFA will submit annual continuing disclosures to the Municipal Securities Rulemaking Board (MSRB) through the Electronic Municipal Market Access (EMMA) system so long as the Series 2021A Bonds are outstanding. In accordance with the Climate Bonds Standard, Kestrel Verifiers will be engaged to provide one Post-Issuance Report within 24 months of issuance to confirm continued conformance of the Series 2021A Bonds with the relevant Standards and Criteria. Additionally, CCCFA intends to provide voluntary annual reports with impact metrics. It is expected that these reports will be found on CCCFA's website.

MCE has been transparent with reporting information in the past. MCE released an *Operational Integrated Resource Plan (2021-2030)* and produces annual financial reports, both of which can be found on MCE's website: <https://www.mcecleanenergy.org/>. MCE has previously released a *2010-2020 Impact Report: A Decade of Choice and Community Power*, which highlights the impacts of MCE's solar projects on environmental justice goals, workforce development, energy cost savings, and metric tons of greenhouse gas emissions reduced over time.

IMPACT AND ALIGNMENT WITH UN SDGS

The Borrower's Clean Energy Project supports and advances the vision of the UN SDGs. A comprehensive list of targets and background on UN SDGs 7, 9, and 11 are available on the United Nations website: www.un.org/sustainabledevelopment

The Clean Energy Project financed by the Series 2021A bonds, including prepayment of renewable energy, support Targets 7.1, 7.2, 9.4, and 11.6. The prepayment of renewable electricity for Marin Clean Energy customers increases renewable energy production and thus aligns with Targets 7.1, 7.2, and 9.1. CCCFA supports Target 9.4 by financing solar and renewable energy to reduce greenhouse gas emissions and create clean energy production. The increased use of renewable energy helps improve air quality and thus supports Target 11.6. Target definitions are included in Appendix A.



Affordable and Clean Energy (Target 7.1, 7.2)

Possible Indicators

- Renewable energy share in the total final energy consumption
- Renewable energy produced
- Metric tons of greenhouse gas emissions avoided
- Number of people with access to clean energy services



Industry, Innovation, and Infrastructure (Target 9.1, 9.4)

Possible Indicators

- CO₂ emission per unit of value added
- Reduction in fossil fuel use as a result of bond projects
- Total clean energy produced and distributed



Sustainable Cities and Communities (Target 11.6)

Possible Indicators

- Annual mean levels of fine particulate matter in cities reduced
- Metric tons of greenhouse gas emissions avoided



Climate Action (Target 13.2)

Possible Indicators

- Metric tons of greenhouse gas emissions avoided

ASSURANCE STATEMENT AND CONCLUSIONS

Based on the Reasonable Assurance procedures we have conducted, in our opinion, the Series 2021A Bonds conform, in all material respects, with the Climate Bonds Standard, and the bond-financed activities are aligned with the *Solar Energy Sector Criteria*. Marin Clean Energy's solar PPAs finance the Clean Energy Project, which expands access and delivery of clean energy. Marin Clean Energy demonstrates leadership in the municipal energy sector by undertaking a first-of-its-kind structured financing through CCCFA and supporting the expansion of CCAs in California.

ABOUT KESTREL VERIFIERS



For 20 years Kestrel has been a trusted consultant in sustainable finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is a Climate Bonds Initiative Approved Verifier qualified to verify transactions in all asset classes worldwide. Kestrel is a US-based certified Women’s Business Enterprise.

For more information, visit www.kestrelverifiers.com

DISCLAIMER

This Verifier’s Report (“Opinion”) aims to explain how and why the discussed financing meets the CBI Climate Bonds Standard based on the information which was available to us during the time of this engagement (July 2021) only. By providing this Opinion, Kestrel Verifiers is not certifying the materiality of the projects financed by the Climate Bonds. It was beyond Kestrel Verifiers’ scope of work to review issues relating to regulatory compliance and no surveys or site visits were conducted. Furthermore, we are not responsible for surveillance on the project or use of proceeds. Kestrel Verifiers relied on information provided by the issuer and publicly available information. The Opinion delivered by Kestrel Verifiers does not address financial performance of the Climate Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of the Issuer, or its ability to pay principal and interest when due. This is not a recommendation to buy, sell or hold the Bonds. Kestrel Verifiers is not liable for consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions. This Opinion may not be altered without the written consent of Kestrel Verifiers. Kestrel Verifiers reserves the right to revoke or withdraw this Opinion at any time. Kestrel Verifiers certifies that there is no affiliation, involvement, financial or non-financial interest in the issuer or the projects discussed. Language in the offering disclosure supersedes any language included in this Verifier’s Report.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.



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Appendix A.

UN SDG TARGET DEFINITIONS

Target 7.1

By 2030, ensure universal access to affordable, reliable and modern energy services

Target 7.2

By 2030 increase the share of renewable energy in the global energy mix

Target 9.1

Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Target 9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Target 11.6

By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Target 13.2

Integrate climate change measures into national policies, strategies and planning



Appendix B. NOMINATED PROJECTS

The Clean Energy Project

The structured financing of the Series 2021A Bonds will support MCE’s Clean Energy Project, which involves the procurement of long-term renewable electricity supply at competitive prices. Upon the execution of the Clean Energy Purchase Contract, Marin Clean Energy will assign at least three solar power purchase agreements (PPAs) through a subsidiary of Goldman Sachs; J. Aron & Company LLC.

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Appendix C.

ASSURANCE PROCEDURES

REQUIREMENT	ASSURANCE PROCEDURES
1. Use of Proceeds	
1.1 Project Documentation	Review documentation of the Nominated Projects assessed as likely to be Eligible Projects, and list of Nominated Projects that Issuer will keep up-to-date during the term of the Bond.
1.2 Project Nomination	Review planning documents which establish goals, priorities and potential impact.
1.3 Valuation	Review net proceeds of the Bond to ensure they are not greater than the value of the project.
2. Process for Project Evaluation and Selection	
2.1 Environmental Statement & Process	Review statement of the climate-related objectives of the bond. Review documentation of the process that the Issuer followed to identify projects and confirm eligibility requirements for inclusion of Nominated Projects in the Bond.
2.2 Eligibility	Review additional documentation Issuer provided on further aspects of identification process including strategic directions and standards. Review the Issuer's environmental and social integrity policy, and/or Green Bond Framework, and confirm its coverage for the Nominated Projects
2.3 Taxonomy & Technical Criteria	Test nominated projects to determine that they meet the minimum technical requirements of the Climate Bonds Standard
3. Management of Proceeds	
3.1 Documentation of Processes & Procedures	Confirm that the policies, processes and procedures for tracking financial flows of the bond principal between the Issuer's Issuance and the linked Nominated Projects are in place
3.1.1 Tracking of Proceeds	Review the allocation of funds to ensure they can be tracked against nominated projects
3.1.2 Managing of Unallocated Proceeds	Review documentation for the management of proceeds from the Bond Issuance for funds that are not allocated to a nominated project
3.1.3 Earmarking Funds	Confirm that the policies, processes and procedures to identify flows of proceeds related to the Bond have been established
4. Reporting	
4.1 Bond Disclosure Documentation	Review final bond disclosure documentation and ensure previous engagements are followed
4.1.1 Investment Areas	Confirm areas of investment match with selected eligible projects and criteria
4.1.2 Share Estimate	Not Applicable
4.1.3 Temporary Investment Instruments	Review temporary investment instruments
4.1.4 Verifiers	Confirm disclosure of Verifier selected for pre-issuance and post-issuance engagements.
4.1.5 Reporting Approach	Confirm disclosure of intended approach to providing Update Reports and/or undertaking periodic Assurance Engagements during term of bond to reaffirm conformance with the Climate Bond Standard.