

DEC 18 2025

INCENTIVE AGREEMENT
BETWEEN THE PENINSULA CLEAN ENERGY AUTHORITY AND MENLO PARK
MENLO PARK CITY SCHOOL DISTRICT CITY SCHOOL DISTRICT

This Agreement is entered into this 18th day of December, 2025 by and between the Peninsula Clean Energy Authority, a joint powers authority of the state of California, hereinafter called "PCEA," and Menlo Park City School District hereinafter called "Customer Agency."

* * *

WHEREAS, PCEA was formed on February 29, 2016; and

WHEREAS, PCEA was formed to support decarbonization, provide local electricity services, and to reduce the adverse public wellbeing and economic impacts of climate change in its member jurisdictions; and

WHEREAS, PCEA has created a program to incentivize its Customer Agencies, those being served by an electric meter and currently receiving electricity as a PCEA customer, to undertake projects that replace fossil fuel equipment with heat pump or electric equipment; and

WHEREAS, PCEA invited Customer Agencies to apply for PCEA-provided funding for such projects in the form of its SchoolsBE Loan Program; and

WHEREAS, PCEA has approved SchoolsBE projects from the Customer Agency applicants that have applied for funding based on urgency, shovel-readiness, total fossil fuel savings, community visibility, and Diversity Equity and Inclusion (DEAI) benefit; and, if required, these Agreements have been approved by the PCEA Board of Directors; and

WHEREAS, PCEA has selected SchoolsBE projects from the Customer Agency applicants that have applied for funding on a first-come, first-serve basis; and, if required, these Agreements have been approved by the PCEA Board of Directors; and

NOW, THEREFORE, in consideration of the mutual promises and benefits set forth herein, the sufficiency of which is hereby acknowledged, it is agreed by the Parties to this Agreement as follows:

1. Exhibits and Attachments

The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by this reference:

- Exhibit A—Program Terms & Conditions
- Exhibit B—Funding
- Exhibit C—Project Description

2. Project Performance by Customer Agency

In consideration of the funding set forth in this Agreement and in Exhibit B, Customer Agency shall perform the Project defined in Exhibit C in accordance with the terms, conditions, and specifications set forth in this Agreement and in Exhibit A.

3. Funding

For each Project PCEA shall make incentive payments to Customer Agency as specified in Exhibit B. The total not to exceed amount for this Agreement shall not exceed Six Hundred Thousand dollars. (\$600,000). In the event that the PCEA makes any advance payments, Customer Agency agrees to refund any amounts in excess of the amount owed by the PCEA at the time of contract termination or expiration. PCEA reserves the right to withhold payment if PCEA determines that the Customer Agency has not complied with the provisions of this Agreement, inclusive of all Exhibits.

4. Term

Subject to compliance with all terms and conditions, the term of this Agreement shall be from January 1, 2026 through January 1, 2029.

5. Termination; Availability of Funds

This Agreement may be terminated by Customer Agency or by the Chief Executive Officer of the PCEA or his/her designee at any time in the event that Customer Agency terminates the Project or Customer Agency exceeds the timeline to complete the Project.

PCEA may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits in the event of unavailability of PCEA funds by providing written notice to Customer Agency as soon as is reasonably possible after PCEA learns of said unavailability funding.

6. Relationship of Parties

Customer Agency understands and agrees that it is solely responsible for all aspects of the Project, including, but not limited to, design, consultation, maintenance, and operations. Customer Agency is responsible for securing industry professionals for all aspects of their Project and PCEA shall not provide, select, or hire professional staff for the completion of the Project. In addition, Customer Agency agrees and understands that the work services performed under this Agreement are performed as an independent contractor and not as an employee of PCEA and that neither Customer Agency nor its employees acquire any of the rights, privileges, powers, or advantages of PCEA employees.

7. Hold Harmless

a. General Hold Harmless

Customer Agency shall indemnify and save harmless PCEA and its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from this Agreement, the performance of any work or services required of Customer Agency under this Agreement, or payments made pursuant to this Agreement brought for, or on account of, any of the following:

- (A) injuries to or death of any person, including Customer Agency or its employees/officers/agents;
- (B) damage to any property of any kind whatsoever and to whomsoever belonging;
- (C) any sanctions, penalties, or claims of damages resulting from Customer Agency's failure to comply, if applicable, with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or

(D) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of PCEA and/or its officers, agents, employees, or servants. However, Customer Agency's duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which PCEA has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Customer Agency to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

8. Payment of Permits/Licenses

Customer Agency bears responsibility to obtain any license, permit, or approval required from any agency for work/services to be performed under this Agreement at Customer Agency's own expense prior to commencement of said work/services. Failure to do so will result in forfeit of any right to compensation under this Agreement.

9. Insurance

PCEA shall not be responsible for the provision of any insurance policy on behalf of the Customer Agency.

The parties understand and agree that Customer Agency shall not commence work without insurance coverage appropriate to its specific project and as reviewed by Grantee's own legal counsel and/or Risk Manager.

10. Goodwill and Publicity

Either Party may make any press release or public announcement of the specific terms of this Agreement or the Project including, but not limited to, regarding the financing or building systems thereunder (except for filings or other statements or releases as may be required by applicable law) without the prior written consent of the other Party. Both Parties shall make reasonable efforts to coordinate with the other regarding publicity under this paragraph. The Customer Agency shall credit Peninsula Clean Energy in any and all publicity, notices, and announcements regarding the Project and/or this Agreement.

11. Right to Inspect

Peninsula Clean Energy has a right to inspect the physical location of the Project upon twenty-four (24) hours written notice to the Customer Agency.

12. Compliance With Laws

The Project to be performed by Customer Agency pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances, and regulations, including but not limited to the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs and activities receiving any Federal or County financial assistance. The Project shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, County, or municipal law or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement.

13. Retention of Records; Right to Monitor and Audit

(a) Customer Agency shall maintain all required records relating to services provided under this Agreement for three (3) years after PCEA makes final payment and all other pending matters are closed, and Customer Agency shall be subject to the examination and/or audit by PCEA, a Federal grantor agency, and the State of California.

(b) Customer Agency shall comply with all program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies and as required by PCEA.

(c) Customer Agency agrees upon reasonable notice to provide to PCEA, to any Federal or State department having monitoring or review authority, to PCEA's authorized representative, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.

14. Merger Clause; Amendments

This Agreement, including the Exhibits and Attachments attached to this Agreement and incorporated by reference, constitutes the sole Agreement of the parties to this Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of this Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any Exhibit and/or Attachment to this Agreement, the provisions of the body of the Agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not

expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the parties.

15. Controlling Law; Venue

The validity of this Agreement and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California.

16. Notices

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via facsimile to the telephone number listed below or transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of PCEA, to:

Name/Title: Shalini Swaroop, Chief Operating Officer
Address: 2075 Woodside Road, Redwood City, CA 94061
Telephone: 650-474-5002
Email: sswaroop@peninsulacleanenergy.com

In the case of Customer Agency, to:

Name/Title: Kristen Gracia, Superintendent
Address: 181 Encinal Avenue, Atherton, CA 94027
Telephone: (650) 321-7140
Email: kgracia@mpcsd.org

17. Electronic Signature

PCEA and Customer Agency wish to permit this Agreement, and future documents executed pursuant to this Agreement, to be digitally signed in accordance with California law. Any party that agrees to allow digital signature of this Agreement may revoke such agreement at any time in relation to all future documents by providing notice pursuant to this Agreement.

18. No Recourse Against PCEA's Member Agencies

Customer Agency acknowledges and agrees that PCEA is a Joint Powers Authority, which is a public agency separate and distinct from its member agencies. All debts, liabilities, or obligations undertaken by PCEA in connection with this Agreement are undertaken solely by PCEA and are not debts, liabilities, or obligations of its member agencies. Customer Agency waives any recourse against PCEA's member agencies.


* * *

In agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

PENINSULA CLEAN ENERGY
AUTHORITY

MENLO PARK CITY SCHOOL DISTRICT

Chief Operating Officer, Peninsula Clean
Energy Authority



Superintendent, Menlo Park City
School District

Date: _____

Date: 12/19/25

Exhibit A
Terms and Conditions

1. Definitions

- Customer Agency –For the SchoolsBE Program, a Local School Agency Customer (Agency) is defined as a public school or public school district serving students between the grades K-14, including:
 - Public elementary, middle, and high schools
 - Community colleges
 - Public charter schools
 - San Mateo County Office of Education
- Project – a planned electrification retrofit construction project at an Agency’s building, facility, or group of buildings and/or facilities.
- Project Site – The physical address or addresses, and/or facilities where the Project will occur.
- Therm – a unit of measure for the sale of methane gas is equivalent to 100,000 British Thermal Units.
- Fossil Fuel – a greenhouse gas emitting fuel, including methane gas, propane, fuel oil, diesel, or gasoline.
- GHG – greenhouse gasses.

2. Customer and Project Eligibility

Eligible Projects must meet the following criteria:

1. Projects must be located at facilities currently served by PCEA, and the proposed equipment must be served by electric meters which are served by PCEA.
2. Projects must be located at an existing public school, public school district, or the County Office of Education.
3. Project construction may not have commenced prior to the date of application of the project.
4. The Project must replace fossil fuel equipment on-site used for space heating, water heating, cooking, clothes drying, pool heating, lab processes, or other use types with heat pump or electric equipment. Replacement of backup gas generators or cogeneration systems is an ineligible measure.
5. The Project must be past the concept phase and can feasibly begin construction in the 18-month period following submission of the application.

3. Customer Eligibility

Customer Agency must meet the following criteria:

1. Is a current Peninsula Clean Energy customer.
2. The customer must be a county or local government Agency (see Definitions).
3. The Customer currently receives service from Peninsula Clean Energy at the location of the retrofit project and meters to serve the equipment to be installed.
4. The Customer must be in good credit standing from when the Customer's program application is approved through the funding of the loan. A Customer's credit standing will be determined according to a Payment History Screening, which may be based upon the existence of any 24-hour disconnection notices and payment plans in the last 12 months.

4. Eligible Costs

Eligible electrification project costs that may be covered under the incentive or loan may include projects costs may include:

- Electrification equipment costs.
- Implementation costs, such as material costs, labor, lift rentals, etc.
- Engineering and Design.
- Costs associated with building code compliance which must be addressed in direct relation to electrification measures.
- Initial and ongoing Measurement & Verification (M&V) expenses, only if paid upfront.
- Under the loan disbursement.
- Training, if paid upfront under the loan disbursement.
- Quality Assurance (QA) Provider costs.

The following charges are not eligible for project funding

- In-house labor or project management costs for electrification measure installation.
- Equipment installed prior to project application.
- Efficiency projects that save electricity usage but do not result in fuel switching or reduce methane gas usage.
- User behavioral activities: behavioral measures, e.g., customer staffing or occupant behavior programs.
- Add-ons to existing renovation projects.

Exhibit B

In consideration of the project by Customer Agency described in Exhibit C and subject to the terms of the Agreement and Exhibit A, PCEA shall pay Customer Agency based on the following fee schedule and terms:

SchoolsBE incentive amount and therm savings

SchoolsBE program incentives

- Maximum incentive based on projected methane savings at a rate of \$16 per therm saved per year.
- Additional equity incentive based on unduplicated student count reported through CALPADS enrolled in the school during the 2024-25 school year at a rate of \$500 per unduplicated student per year. This category documents students eligible for free/reduced price meals, English learners, and/or foster youth.
- The maximum amount of incentive support available for each jurisdiction is \$600,000 per year.
- Must meet minimum 25% match requirements.

Project fossil fuel savings and associated incentive

- Estimated Therm Savings: 49,750 per year.
- Estimated Therm Incentive: \$600,000 (the maximum per district amount).
- Student Equity Incentive: N/A since this project hit the maximum threshold.
- Total SchoolsBE incentive value: \$600,000.

Project cost and match funding

- Total project cost: \$14,462,020.
- Match funding amount from non-PCEA dollars: \$13,862,020.
- Source of match funding: Measure U Bond Funding.

Payment schedule and invoicing

- Payments will be made upon completed project installation.
- Invoicing will be initiated by Customer Agency via email to PCEA to email address as determined by PCEA. Invoice will include verification of completed

installation as signified by ribbon-cutting, certificate of occupancy, final invoice from contractor, or other verification as determined by PCEA.

Documentation of Therms savings calculation

	Estimated Therm Savings	Incentive at \$16 per therm
Encinal School	10,743	\$171,888
Hillview Middle School	11,321	\$181,136
Oak Knoll Elementary	9,460	\$151,360
Laurel School Upper Campus	10,605	\$169,680
Laurel School Lower Campus	7,621	\$121,936
Total Potential Incentive Size	49,750	\$796,000
Calculated by Blake Herrschaft on Nov 6, 2025		
Because the projects will result in a combined incentive of above the program's \$600,000 per district limit, the CALPADS equity adder has not been included in the calculation.		

Exhibit C

Full HVAC replacement Encinal School, Hillview Middle School, Oak Knoll Elementary School, Laurel School Upper Campus, and Laurel School Lower Campus, including electrification of HVAC systems via heat pump; providing the additional benefit of air conditioning in areas that previously lacked cooling. The projects are scheduled to be installed over the summer of 2026, 2027, and 2028.