

## CONTRACT AMENDMENT: 2021-02-002

### Financial Services for Auction and Reserve Sale (Deutsche Bank National Trust Company.)

Financial Services for Auction and Reserve Sale – Standard Agreement 2021-02 between Deutsche Bank National Trust Company (“Contractor”) and Western Climate Initiative, Inc. (“WCI, Inc.”), which was executed by the parties on October 29, 2021, and amended on December 14, 2022, is hereby further amended as follows:

### Summary of Changes

Amendment Number	002
Effective Date for Amendment	September 25, 2025
Current Agreement Amount	██████████ (USD)
Changes to the Agreement Amount	Net increase of ██████████ (USD)
Amended Maximum Agreement Amount	██████████ (USD)
Previous Agreement Term	Beginning on November 1, 2021, and ending on January 31, 2026.
New Agreement Term	Beginning on September 25, 2025, and ending on January 31, 2028.
Extension of Tasks	Financial Services for Auction and Reserve Sale

### Purpose of this Amendment

Extend the term and budget of the contract so the Contractor can provide continuous financial services administration (“Financial Services”), including all tasks detailed in the Attachment A: Scope of Work that are required to support the Participating Jurisdictions’ Auctions and Reserve Sales (referred to as an “Auction” or “Auctions”). Participating Jurisdictions currently include the States of California and Washington, as well as the Province of Quebec.

### Specific Terms and Conditions which Constitute the Amendment

The term of the Agreement is extended to January 31, 2028.

The Maximum Agreement Amount is increased to ██████████ (USD).

## Approvals

This document and any attachments described herein constitute an amendment to the above-numbered agreement. All provisions of that contract, except those which are explicitly changed by this amendment, shall remain in full force and effect. By signing, the Contractor and WCI, Inc. do hereby accept and approve this amendment.

### Contractor

signature on file	9/30/2025
Authorized Signature	Date
Angelina Gonzalez	Vice President   Account Manager   Santa Ana Escrow Lead
Name	Title
signature on file	9/29/2025
Authorized Signature	Date
Kisha Holder	Managing Director   Head of Escrow and Specialized Agency Services, Americas
Name	Title

### Western Climate Initiative, Inc.

signature on file	9/30/2025
Authorized Signature	Date
Greg Tamblyn	Executive Director
Name	Title

## Justification for a Contract Amendment to Financial Services for Auction and Reserve Sale – Standard Agreement 2021-02

September 24, 2025

### Introduction

Most of the administrative support provided by WCI, Inc. is highly specialized and has been developed through the use of contractors. In November 2021, the WCI, Inc. Board of Directors approved the agreement with Deutsche Bank National Trust Company (“DBNTC”) to develop and provide financial services administration to support WCI, Inc.’s Participating Jurisdictions Auctions and Reserve Sales. The agreement scope was amended on December 14, 2022, to add Washington State as a Participating Jurisdiction, clarify the financial services administration costs to support Washington State Auctions and Reserve Sales, and update the contract representative, with a term ending on January 31, 2026.

WCI, Inc. proposes to amend the current agreement to extend the term of the contract to January 31, 2028, and increase the Maximum Agreement Amount to [REDACTED] (USD), so the Contractor can provide continuous financial services administration.

### Description of Services

Under this amendment, DBNTC will continue to develop and provide financial services administration to support all WCI, Inc.’s Participating Jurisdictions Auctions and Reserve Sales, including the following tasks:

1. Develop Final Work Plan and Schedule;
2. Develop Processes and Procedures for Financial Services;
3. Auction/Reserve Sale Financial Services;
4. New Jurisdictions;
5. Consigning Entity Setup and Payments;
6. Other Activities as Directed;
7. Transition Out.

### Procurement Approach

The competitive procurement process initiated in 2020, which resulted in the selection of DBNTC to provide financial services administration, has been approved by the WCI, Inc. Board of Directors.

DBNTC has demonstrated its qualifications to provide the services described above through its performance under the existing WCI, Inc. contract.

A contract modification is being proposed as the procurement vehicle to extend these required services to WCI, Inc., Participating Jurisdictions through January 31, 2028.

This contract amendment was developed by WCI, Inc. and DBNTC staff based on the initial agreement 2021-02 Fee Proposal for Task 4: New Jurisdictions (Cost per Jurisdiction) and Task 3b. Auction/Reserve Sale Financial Services cost tables, as amended on December 14, 2022, to clarify the financial services administration costs to support Washington State Auctions and Reserve Sales.

No additional steps have been taken to tender ongoing financial services administration.

## Justification for a Non-Competitive Procurement

WCI, Inc.'s Procurement Policy provides for non-competitive procurement in certain instances. In this case, the non-competitive procurement is justified based on the following two allowable exemptions:

- Contract amendments to extend the original term for services and to add additional funding.

## CONTRACT AMENDMENT: 2021-02-001 Financial Services for Auction and Reserve Sale (Deutsche Bank National Trust Company.)

Financial Services for Auction and Reserve Sale – Standard Agreement 2021-02 between Deutsche Bank National Trust Company (“Contractor”) and Western Climate Initiative, Inc. (“WCI, Inc.”), which was executed by the parties on October 29, 2021, is hereby further amended as follows:

### Summary of Changes

Amendment Number	001
Effective Date for Amendment	December 14, 2022
Current Agreement Amount	██████████ (USD)
Changes to the Agreement Amount	Net increase of ██████████ (USD)
Amended Maximum Agreement Amount	██████████ (USD)
Current Agreement Term	Beginning on November 1, 2021, and ending on January 31, 2026.
Extension of Tasks	Financial Services for Auction and Reserve Sale

### Purpose of this Amendment

Amend the scope of the contract so the Contractor can provide continuous financial services administration (“Financial Services”), including all tasks detailed in Attachment A: Scope of Work that are required to support the Participating Jurisdictions Auctions and Reserve Sales (referred to as an “Auction” or “Auctions”). Participating Jurisdictions currently include the States of California and Washington, as well as the Provinces of Quebec and Nova Scotia.

### Specific Terms and Conditions which Constitute the Amendment

The agreement referenced above is modified as follows:

- The Contractor Project Representative is changed to ██████████.
- Washington State is added as a Participating Jurisdiction.
- Washington State standalone Auction Escrow Services shall be provided at a cost of ██████████.
- Washington State standalone Reserve Sales Escrow Services shall be provided at a cost of ██████████.

## Approvals

This document and any attachments described herein constitute an amendment to the above-numbered agreement. All provisions of that contract, except those which are explicitly changed by this amendment, shall remain in full force and effect. By signing, the Contractor and WCI, Inc. do hereby accept and approve this amendment.

### Contractor

signature on file	12/14/2022
_____ Authorized Signature	_____ Date
A. Gonzalez	Assistant Vice President / Account Manager
_____ Name	_____ Title
signature on file	12/14/2022
_____ Authorized Signature	_____ Date
K. Holder	Director, Head of Escrow and Specialized Agency, Americas
_____ Name	_____ Title

### Western Climate Initiative, Inc.

signature on file	12/14/2022
_____ Authorized Signature	_____ Date
Greg Tamblyn	Executive Director
_____ Name	_____ Title

## Justification for a Contract Amendment to Financial Services for Auction and Reserve Sale – Standard Agreement 2021-02

December 14, 2022

### Introduction

Most of the administrative support provided by WCI, Inc. is highly specialized and has been developed through the use of contractors. In November 2021, the WCI, Inc. Board of Directors approved the agreement with Deutsche Bank National Trust Company (“DBNTC”) to develop and provide financial services administration to support WCI, Inc.’s Participating Jurisdictions Auctions and Reserve Sales. The current agreement covers the term from November 1, 2021, to January 31, 2026.

WCI, Inc. proposes to amend the current agreement to add Washington State as a Participating Jurisdiction, clarify the financial services administration costs to support Washington State Auctions and Reserve Sales, and update the contract representative. No additional funding is needed.

### Description of Services

Under this amendment, DBNTC will continue to develop and provide financial services administration to support all WCI, Inc.’s Participating Jurisdictions Auctions and Reserve Sales including the following tasks:

1. Develop Final Work Plan and Schedule;
2. Develop Processes and Procedures for Financial Services;
3. Auction/Reserve Sale Financial Services;
4. New Jurisdictions;
5. Consigning Entity Setup and Payments;
6. Other Activities as Directed;
7. Transition Out.

### Procurement Approach

The competitive procurement process initiated in 2020 that resulted in the selection of DBNTC to provide financial services administration has been approved by the WCI, Inc. Board of Directors.

DBNTC has demonstrated its qualifications to provide the services described above through its performance under the existing WCI, Inc. contract.

A contract modification is being proposed as the procurement vehicle to extend these required services to support Washington State Auctions and Reserve Sales, starting in 2023.

This contract amendment was developed by WCI, Inc. and DBNTC staff based on the current agreement 2021-02 Fee Proposal for Task 4: New Jurisdictions (Cost per Jurisdiction) and Task 3b. Auction/Reserve Sale Financial Services cost tables.

No additional steps have been taken to tender ongoing financial services administration.

## Justification for a Non-Competitive Procurement

WCI, Inc.'s Procurement Policy provides for non-competitive procurement in certain instances. In this case, the non-competitive procurement is justified based on the following two allowable exemptions:

- Contract amendments to extend the original term for services and to add additional funding.



# Financial Services for Auction and Reserve Sale

---

Standard Agreement 2021-02

October 26, 2021





## Financial Services for Auction and Reserve Sale – Standard Agreement 2021-02

## Standard Agreement ("Agreement")

	AGREEMENT NUMBER 2021-02
1. This Agreement is entered into between Western Climate Initiative, Inc. (WCI, Inc.) and the Contractor named below: Deutsche Bank National Trust Company ("Contractor")	
2. The term of this Agreement is: November 1, 2021, through January 31, 2026	
3. The maximum amount of this Agreement is: [REDACTED] (USD)	
4. The parties agree to comply with the terms and conditions set forth on the pages following this first page of the Agreement and of the following attachments, which are by this reference made a part of the Agreement. WCI, Inc. is not an agent of the WCI, Inc. Participating Jurisdictions or any of its funding entities.	

Attachment A – Scope of Work

Attachment B – Invoicing and Payment Provisions

Attachment C – General Terms and Conditions

Attachment D – Organization Conflict of Interest and Confidentiality Statement

Attachment E – Contractor's Technical Proposal

Attachment F – Contractor's Cost Proposal

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

<b>CONTRACTOR</b>		<b>WCI, Inc. Use Only</b>
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)		
Deutsche Bank National Trust Company		
BY (Authorized Signature)	DATE SIGNED (Do not type)	
signature on file	signature on file	
28 October 2021		
PRINTED NAME AND TITLE OF PERSON SIGNING		
A. Gonzalez AVP J. Van Dyne Vice President		
ADDRESS		
1761 E. Saint Andrew Place, Santa Ana, CA, 92705		
<b>CONTRACTEE</b>		
CONTRACTEE'S NAME		
Western Climate Initiative, Inc.		
BY (Authorized Signature)	DATE SIGNED (Do not type)	
signature on file	signature on file	
Oct 29, 2021		
PRINTED NAME AND TITLE OF PERSON SIGNING		
Greg Tamblyn, Executive Director		
ADDRESS		
1107 9th Street, Ste 1070, Sacramento, CA, 95814		



## Financial Services for Auction and Reserve Sale – Standard Agreement 2021-02

Contractor agrees, as part of the Agreement, to provide to WCI, Inc. those services described in the Agreement and the Attachments to the Agreement, including the services described in Attachment A, Scope of Work, and in Attachment E, Contractor's Technical Proposal, (all such services, collectively, the "Work" or the "Work Schedule"), provided, however, that Contractor shall not commence any Work unless expressly authorized by WCI, Inc. in writing to begin performing such Work.

This Agreement may be extended and Contractor may be engaged for additional Work, only by mutual agreement of the parties in writing. The cost of the extension or additional Work must be mutually agreed to by WCI, Inc. and the Contractor based on the scope of work of the requested services.

The parties agree that the Contract for Cap-and-Trade Financial Services for Auctions and Reserve Sales between the parties, dated October 19, 2016, as amended by amendment number 001, effective as of January 1, 2020, and amendment number 002, effective as of May 14, 2020, (the "Old Agreement") is hereby terminated as of the first day of the term of the Agreement notwithstanding any provision to the contrary in the Old Agreement.

To the extent any inconsistencies or ambiguities arise between the provisions of the Agreement including any of the attachments of the Agreement, the following order of precedence shall be used: (1) the provisions appearing directly following the first page of the Agreement before the Attachment A Scope of Work; (2) Attachment C General Terms and Conditions; (3) Attachment B Invoicing and Payment Provisions; (4) Attachment A Scope of Work; (5) Attachment D Organization Conflict of Interest and Confidentiality; (6) Attachment E Contractor's Technical Proposal; and (7) Attachment F Contractor's Cost Proposal.

Project Representatives are responsible for administrative and financial oversight and accountability. The Contractor Project Representative has the authority to make executive level administrative decisions for the Contractor and any subcontractor(s). The Project Representatives during the term of this Agreement will be:

Western Climate Initiative, Inc.	Contractor
Name: Greg Tamblyn	Name: S. Kalaba
Phone: 916.449.9966	Phone: listed on file
Email: <a href="mailto:gtamblyn@wci-inc.org">gtamblyn@wci-inc.org</a>	Email: <a href="#">listed on file</a>

Direct all administrative inquiries to:

Western Climate Initiative, Inc.	Contractor
Attention: Eric Turcotte	Attention: S. Kalaba
Phone: 418.209.8079	Phone: listed on file
Email: <a href="mailto:operations@wci-inc.org">operations@wci-inc.org</a>	Email: <a href="#">listed on file</a>

## Purpose / Background / Overview

### A. Purpose

WCI, Inc. is contracting with Deutsche Bank National Trust Company (“Contractor”) to develop and provide financial services administration (“Financial Services”), including all tasks detailed in the Attachment A: Scope of Work that are required to support the Participating Jurisdictions Auctions and Reserve Sales (referred to as an “Auction” or “Auctions”) which include:

- **Multi-jurisdiction Joint Allowances Auctions (“Joint Auctions”)**, such as the current California-Québec Joint Auctions currently held on a quarterly basis;
- **Jurisdiction-Specific Allowances Auctions (“Jurisdiction Specific Auctions”)**, such as the upcoming two (2) to four (4) Nova Scotia Auctions starting in June-2020;
- **Potential Jurisdiction-Specific Reserve Sales** (e.g., California Reserve Sale, Québec Sale by Mutual Agreement, Nova Scotia Sale by Agreement).

All Financial Services should be designed such that new jurisdictions can be efficiently added in a cost-efficient manner, and without requiring extensive redesign or changes to existing services.

The Financial Services require recording bid guarantees on behalf of each Auction participant (“Participant”), completing transactions for allowances purchased at any Auction, including currency exchange, and payment of proceeds to Participating Jurisdictions. As such, Contractor must provide these services in a manner that exposes Participants and Participating Jurisdictions to the lowest risk possible.

### B. Background

Western Climate Initiative, Inc. (“WCI, Inc.”) is a non-profit corporation formed in 2011 to provide administrative and technical services supporting the implementation of its Participating Jurisdictions’ greenhouse gas (“GHG”) emissions trading programs.

Aiming to fight climate change in the most cost-effective way, the Participating Jurisdictions have established the largest carbon market in the Americas and they are continuing to develop and implement their separately managed economy-wide cap-and-trade programs. Together, the Participating Jurisdictions cap-and-trade programs cover a population of more than 50 million people, representing about 3.5 trillion USD / 4.7 trillion CAD in gross domestic product (GDP) and impose a cap of 388 Mt CO<sub>2</sub> eq. on covered GHG emissions in 2021.

WCI, Inc. is fully funded and directed by the jurisdictions using its services. The Board of Directors for WCI, Inc. currently includes officials from the provinces of Québec, and Nova Scotia, and from the State of California (each a “Participating Jurisdiction” and, collectively, the “Participating Jurisdictions”).

From its creation in 2011 through the end of June 2021, WCI, Inc.’s services have supported 46 Auctions, which have generated approximately \$31.9 billion USD / \$40.6 billion CAD of Auction proceeds for its Participating Jurisdictions and California consigning entities. As of the end of June 2021, there were approximately 950 entities registered in our centralized market registry.

Over the next decade, WCI, Inc. intends to be recognized as the provider of world-class services that enable the success of its Participating Jurisdictions’ emissions trading programs. Because each Participating Jurisdiction has its own regulations and administrative requirements, the secure, reliable

## Financial Services for Auction and Reserve Sale – Standard Agreement 2021-02

and robust services provided by WCI, Inc. must be flexible and expandable to support the evolving needs of its Participating Jurisdictions and the onboarding of new jurisdictions that join in the future.

The Cap-and-Trade services administered by WCI, Inc. include:

- A single market registry for all Participating Jurisdictions;
- Allowance Auction and Reserve Sale that allow each Participating Jurisdiction to auction GHG emission allowances under their respective Cap-and-Trade programs;
- The Financial Services Administration, the focus of this Standard Agreement, that requires the recording of bid guarantees and financial settlement of accounts (i.e., transferring the payments from the allowance purchasers to the sellers) for Auction and Reserve Sale; and
- The performance of analyses by an independent market monitor to support market oversight performed by each Participating Jurisdiction.

To learn more about WCI, Inc.'s recent activities, please refer to the [WCI, Inc. 2020 Annual Report](#). Additional details on Auctions are available on each Participating Jurisdiction's websites: [California](#), [Québec](#) and [Nova Scotia](#).

### C. Overview

This Agreement provides financial services for jurisdiction-specific and multijurisdictional greenhouse gas allowance auctions, as well as jurisdiction-specific allowance sales. Contractor will provide Financial Services that are separated into the "tasks" further detailed in **Attachment A:**

**Scope of Work.** The services to be provided under this Agreement include the following tasks:

1. Develop Final Work Plan and Schedule;
2. Develop Processes and Procedures for Financial Services;
3. Auction/Reserve Sale Financial Services;
4. New Jurisdictions;
5. Consigning Entity Setup and Payments;
6. Other Activities as Directed;
7. Transition Out.

The authority of the Contractor Project Representative to take actions to provide financial services for auctions and reserve sales is subject to the direction of the Participating Jurisdictions based upon their approved procedures. Additionally, during the Agreement, WCI, Inc. may request that the Contractor provide additional services directly related to the Financial Services. The Contractor will undertake additional activities only when directed in writing by WCI, Inc. and both parties agree in writing to such expansion. Upon receipt of any additional technical direction from WCI, Inc., the Contractor will detail its approach in writing for the requested work and an estimate of the level of effort and budget it will need to provide the requested services.

## Attachment A

### Scope of Work

#### Services to be Provided

This Scope of Work ("SOW") describes Financial Services Western Climate Initiative, Inc. ("WCI, Inc.") is seeking from Contractor to support Participating Jurisdictions Auctions which include Financial Services required in both the U.S. and Canada. This includes providing the Services both in French and English for entities and voluntary participants registered in Québec.

All Financial Services should be designed such that new jurisdictions can be efficiently added in a cost-efficient manner, and without requiring extensive redesign or changes to existing services.

If Contractor will subcontract with another entity, WCI, Inc. must understand the nature of the relationship, management structures as they relate to the project, see clearly demarcated responsibilities and have an appreciation of the synergies and advantages to the Services that the partnership will provide.

All Financial Services must be conducted in accordance with the program regulations in effect for WCI, Inc. Participating Jurisdictions (currently: California, Québec and Nova Scotia). If any instruction from WCI, Inc. or the Participating Jurisdictions is unclear, incomplete, or inconsistent with program regulations, other data, or instructions provided to Contractor, the Contractor shall seek clarification from WCI, Inc. and Participating Jurisdictions prior to carrying out the instruction. For all Scope of Work tasks, the Contractor must provide services and consolidate data for all Participating Jurisdiction accounts and all entity accounts for entities registered under the Participating Jurisdiction programs.

WCI, Inc. and Participating Jurisdictions will work with Contractor to develop processes and procedures and reports to be as consistent as possible to reduce the impact of Auction operations on Participating Jurisdictions.

The scope of work for the Financial Services consists of seven (7) tasks as described below.

#### Task 1: Develop Final Work Plan and Schedule

The Contractor will update the Work Plan (if necessary) indicating how it intends to execute each Task and how it will interact with WCI, Inc. and the Participating Jurisdictions. The schedule for completing each Task must be provided with an explanation of the appropriate timeframes for each subtask. After receiving the updated Work Plan, WCI, Inc. and the Participating Jurisdictions will review and provide comments. Upon receiving comments, Contractor will finalize the Work Plan for approval by WCI, Inc.

##### Task 1– Deliverables

- Draft Work Plan: Thirty (30) days after contract initiation
- Final Work Plan: Two (2) weeks after receipt of comments on draft

## Task 2: Develop Processes and Procedures for Financial Services

The purpose of this Task is to develop and update (if necessary) all the processes, procedures, systems, reports, outreach and training materials, and any other materials needed to provide the Financial Services. The Contractor will prepare Processes and Procedures Documents describing the steps and requirements needed to provide Financial Services for Auctions. Processes and procedures should include all aspects of Financial Services, including pre- and post-Auction and Reserve Sale services, account structure, management of cash and physical bid guarantees and payments, currency exchange, proceeds distribution, and consigning entity account set up and payments (as applicable), and financial settlement of Auctions.

All Financial Services, including the account structure proposed for the Financial Services, must be in full compliance with all applicable national, provincial or state and local laws and regulations. The Contractor's account structure must also permit the management of multiple currencies (i.e., U.S dollars and Canadian dollars), while also reducing the impact to the greatest degree possible to the potential Auction applicants and Participating Jurisdictions required to establish accounts.

To set up and manage Financial Services accounts, an account structure must be proposed that provides the Contractor with the ability to manage the submittal of cash and physical bid guarantees and payments submitted by all Auction participants as well as the management of Participating Jurisdiction funds. Information required from potential Auction applicants and the Participating Jurisdictions may be impacted by the proposed account structure or data required for compliance with banking regulations.

Financial Services administration described in this contract requires coordination, integration and compatibility with other WCI, Inc. services including the Market Registry and the Auction Platform.

### 2.1 Market Registry Integration

The Financial Services administrator staff will require access to the Market Registry and must meet all regulatory requirements for access, including meeting all applicable know-your-customer requirements. The Auction application process begins in the Market Registry. The Contractor will have access to potential applicant and applicant data from the Market Registry that is required to perform the Financial Services. When access is granted to the Market Registry it is under the role of an FSA user, which provides the following:

- 1) **Access to Auction XML file:** This file provides data in an XML format for all entities for applicable Participating Jurisdictions that have applied for Auction participation in a current or prior event, and consigning entities. Data in the file include the following:
  - a) Entity Data including Entity Legal Name, Entity Operating Name, Entity Type, Market Registry Account Number, physical and mailing addresses, and jurisdiction of registration
  - b) Entity Account Representative data and contact information including the first and last name, phone number, and email address of account representatives.
- 2) **Access to Auction Application Report:** This file provides data in a comma separated value (CSV) format for all entities that have applied for an Auction or Reserve Sale. The report is updated based on new data uploaded by the FSA or edits made by an entity. An entity can edit data until the end of the application period, except for bid guarantee return instructions which can be edited at any time until the close of an Auction. Data in the file include the following:

- a) Entity Data
- b) Entity Application Data, including bid guarantee return instructions
- c) Entity Financial Services Account Data
  - i) Entity Financial Services Account Data (after upload by FSA)
  - ii) Entity Cash and Physical Bid Guarantee holdings (after upload by FSA)

### **3) Access to Upload Bid Guarantee Data**

- a) Upload Entity Financial Services Account information and cash holdings: This file is used to upload the Financial Services account number and cash holdings for each entity. The file includes up to one record for each entity.
- b) Upload Entity Physical Bid Guarantee holdings: This file is used to upload the non-cash, physical bid guarantee holdings for each entity. The file includes one record for each physical bid guarantee received from each entity.

### **4) For Consignment Services (as applicable):**

- a) Access to Consignment Wiring Instruction Report: This file provides data in a CSV format to transmit consigning entity wiring instructions for the payment of proceeds.
- b) Access to Confirm Consignment Wiring Instructions: This file is used to view and confirm that consigning entity wiring instructions meet requirements for wiring instructions.

## **2.2 Auction Platform Integration**

The Financial Services administrator staff will require access to the Auction Platform. To gain access the staff must have an active Market Registry account and must meet all regulatory requirements for the Market Registry access. The Contractor will have access to qualified bidder Auction results data that is required to perform the Financial Services. When access is granted to the Auction Platform, it is under the role of an FSA user, which provides the following:

- 1) **Access to Financial Settlement Report:** This file provides data in an Excel format for all entities for applicable Participating Jurisdictions that have applied for and been approved to participate in an Auction. Data in the file include the following:
  - a) Entity Data
  - b) Entity Financial Services Account Data
  - c) Entity Financial Settlement Data

## **2.3 Processes and Procedures Required**

These processes and procedures for Financial Services must fully describe:

- 1. Pre-Auction and Reserve Sale Financial Services including:
  - a. Set up and management of Financial Services accounts:
    - i. Process to receive, manage, and update entity and representative information for potential applicants for each event;
    - ii. Process to complete financial qualification process, as required by applicable banking regulations, including requesting and receiving required entity information and completing any required due diligence



- review to comply with U.S. banking regulations (e.g., know-your-customer (KYC) requirements).
- b. Receipt, management, and reporting of cash and physical bid guarantees specific to each Participating Jurisdiction's regulatory provisions.
  - c. Receipt and management of bid guarantee return instructions.
  - d. Transmitting Entity Financial Services Account Data to Participating Jurisdiction by uploading data directly into the Market Registry, using a pre-defined accepted data format.
  - e. Reporting of pre-Auction Application Data and Entity Financial Services Account Data to Participating Jurisdictions.
2. Post-Auction and Reserve Sale Financial Services, currency exchange, and reporting/reconciliation services including:
- a. Financial Services
    - i. Receiving and recording Auction results data for each event from the Auction Administrator.
    - ii. Reporting amounts owed and/or due to be returned from results information received.
    - iii. Receiving and recording cash payment for amounts owed.
    - iv. Returning unused cash bid guarantees or funds received in excess of amounts due.
    - v. Drawing on physical bid guarantee documents for bidders that fail to make payment.
    - vi. Returning physical bid guarantee instruments through secure delivery.
  - b. Currency Exchange
    - i. Provide currency exchange services including alternatives for exchange of funds (U.S. dollars (USD) to Canadian dollars (CAD) and/or CAD to USD) through multiple transaction types.
    - ii. Currency exchange services should be designed to meet the following goal:
      - 1. Allow exchange based on a spot exchange rate or on a known exchange rate available for a set time frame to allow distribution to each Participating Jurisdiction in the appropriate currency that shares any losses or gains.
    - iii. Currency exchange services should include the following:
      - 1. Receiving and completing currency exchange requests based on, at minimum, 1) a specific currency exchange direction, amount, without a known exchange rate (spot transaction), and 2) a specific currency exchange direction, amount, and a known exchange rate available for a set time frame(s).
      - 2. Recording all account amounts debited or credited in appropriate Participating Jurisdiction accounts.

3. Confirming exchange rate currency and amount sold, exchange rate achieved, currency and amount purchased, and date and time of transaction, and date for delivery of funds.
  4. The Contractor must provide a currency exchange plan describing how exchange rate quotes will be provided and accepted, as well as any basis of exchange rate quotes. For example, will exchange rate quotes be received for various ranges in amounts (e.g., up to \$1M, \$1M to \$2.5M, \$2.5M to \$5M, \$5M to \$10M, and >\$10M), will exchange rate quotes include any transaction fee, and will the basis of an exchange rate quote be the Contractor purchase price plus a set margin or a set margin based on the amount.
  5. Transfer funds to, or receive funds from, the other Financial Service Contractor (if applicable), depending on the direction of the currency exchange, as directed by the Participating Jurisdictions.
- c. Distribution of Proceeds
    - i. Accepting direction to distribute proceeds.
    - ii. Distributing proceeds to Participating Jurisdictions.
    - iii. Distributing proceeds to consigning entities (as applicable).
  - d. Reconciliation/Reporting
    - i. Reporting of pre-Auction Financial Services account information, including bid guarantee type and amount data for Auction applicants to Participating Jurisdictions.
    - ii. Reporting of the post-Auction Financial Services account information including entity payments received, bid guarantees returned, and all currency exchange requests completed to Participating Jurisdictions.
    - iii. Reconciling and reporting all funds received, all currency exchange requests completed, and all bid guarantees returned.
  - e. Process and Procedure Updates
    - i. In the event any processes and procedures developed in Task 2 are not meeting the agreed-upon objectives, the processes and procedures will be modified accordingly.

## 2.4 Support Processes and Materials

Contractor must also provide support processes and materials, including:

1. Developing systems including databases and/or reports (or provide and adapt any existing systems the Contractor already owns) required to support the approved processes and procedures, and reporting requirements.
2. Develop communications, outreach, and training materials that complement or integrate into outreach and training materials developed and provided by the Contractor conducting Auction services and the Participating Jurisdictions. The materials anticipated to be needed include the following:

- a. Guidance on establishing Financial Services accounts (consistent with the Contractor's proposed structure for accounts established for each entity or individual).
  - b. Guidance on submitting bid guarantees and providing return instructions.
  - c. Guidance on submitting payment.
  - d. Template emails used in the course of providing all services, including support services.
  - e. Guidance and form(s) used to request information from General Market Participants that may be required by applicable banking regulations.
  - f. Guidance and form(s) used to request a change in bid guarantee return instructions.
  - g. For consigning services (as applicable),
    - Guidance and form(s) used to request or confirm consigning entity wiring instructions used for distribution of proceeds;
    - Guidance and form(s) used to provide a consigning entity statement of proceeds distribution.
3. Providing support to Auction and Reserve Sale potential applicants, applicants, and qualified bidders, as applicable, and responding to questions submitted by phone or email specific to the Financial Services.
  - a. Providing consistent contacts, phone and email, for the Contractor to support questions from entities during standard business hours within all Participating Jurisdictions.
  - b. Providing support services and contact information including phone and email contact to support questions in English and in French (only for entities and voluntary participants registered in Québec).
  - c. Creating documents to collect information (e.g., form to collect information required from General Market Participant, Individual) and outreach material to explain example physical bid guarantee requirements (e.g., example letter of credit, letter of guarantee).
  - d. The primary documents used for outreach include the Auction Notice and supplemental documents available on Participating Jurisdiction webpages. The Contractor will assist in developing language included in these documents specific to Financial Services and review and comment on Participating Jurisdiction changes to these documents.
  - e. Auction participants are encouraged to confirm receipt of bid guarantee and financial settlement payment. As a result, phone and email inquiries can be expected to equal up to one hundred percent of the number of applicants for each event.
  - f. In the case of consigning services, provide support to consigning entities.
4. If requested by WCI, Inc., cooperating with the Participating Jurisdictions and Auction Administrator to participate in a test Auction(s) for participants and/or test Reserve Sale(s) to demonstrate and exercise the procedures and capabilities for Financial Services.

5. Providing all participant materials in English and French to WCI, Inc., the Participating Jurisdictions, and Auction Administrator.
6. Reviewing public notices and training materials developed by WCI, Inc., the Participating Jurisdictions, and Auction Administrator as needed. Current Auction and Report notices, and other [training materials](#) including the [Detailed Auction Requirements and Instructions](#) are available from each Participating Jurisdiction's web pages (e.g. refer to the [California Auction Information Page](#)), also including similar documents specific to Reserve Sale.
7. In the event any processes and procedures developed in this task cannot meet the agreed-upon objectives, including KYC, the processes and procedures will be modified accordingly.

## 2.5 Reporting Requirements

As described previously, Contractor must provide specific reports described below:

1. Financial Services reports are required to transmit Financial Services account and bid guarantee data to the Participating Jurisdictions. There are two (2) files used for reporting by uploading data directly into the Market Registry:
  - a. Financial Services Account information and cash holdings: This file is used to upload the Financial Services account number and cash holding for each entity. The file includes up to one record for each entity.
  - b. Upload Entity Physical Bid Guarantee holdings: This file is used to upload the non-cash, physical bid guarantee holdings for each entity. The file includes one record for each physical bid guarantee received from each entity.
2. Pre-Auction and Reserve Sale reports are required to provide Financial Services information for Auction and Reserve Sale applicants to Participating Jurisdictions, including, but not limited to, 1) Entity Applicant Data and 2) Entity Financial Services Account Data.
3. Post-Auction and Reserve Sale reconciliation reports are required to provide financial settlement information to Participating Jurisdictions concerning Auction and Reserve Sale applicants and qualified bidders, including, but not limited to: 1) Entity Applicant Data, 2) Entity Financial Services Account Data, 3) Entity Financial Settlement Data, 4) Summary Financial Settlement Data, 5) Currency Exchange Data, and 6) Proceeds Distribution Data. For Consigning Services (as applicable), this would include Entity Consignment Data. The purpose of post-Auction reconciliation reports is to document reconciliation of all funds received, bid guarantees returned, currency exchange completed, and proceeds distributed.

For Consigning Services (as applicable), Entity Consignment Data reports would be required to track information for consigning entities in each Auction.

Reports are available to the Contractor through the Market Registry and the Auction Administrator, and other reports are required to be generated by the Contractor. In many cases the data available to the FSA are populated, in whole or in part, in FSA reports to maintain consistency in data availability. A primary report available to the Contractor from the Market Registry is the Application Report. Once an entity applies to participate in an Auction, Event Summary Data, Entity Data and Entity Application Data are populated in this report. Financial Services Account Data are uploaded directly into the Market Registry by the Contractor and is

populated into the Application Report. These data are uploaded directly into the Market Registry. The Entity Data, Entity Application Data, and Financial Services Account data are populated into the pre-Auction and Reserve Sale reports.

Entity Financial Settlement Data is available to the Contractor through the Financial Settlement Report available from Participating Jurisdictions or the Auction Administrator. Post-Auction reconciliation reports are developed to include a status of financial settlement for each qualified bidder. The purpose of the reports is to provide: 1) a summary of proceeds available or distributed, 2) a financial settlement status by entity, and 3) a bid guarantee return status by entity. The reports include subsets of data from several categories including: Entity Data, Entity Application Data, Entity Financial Services Account Data, Entity Financial Settlement Data, Summary Financial Settlement Data, Currency Exchange Data and Proceeds Distribution Data. For Consigning Services (as applicable), Entity Consignment Data would also be included.

Reports may be developed to be specialized by topic and phase of an event (pre or post) or may be developed to include several topics or phases of an event with data populated as data becomes available. Final report titles and formats will be developed through discussions with WCI, Inc., Participating Jurisdictions, and the Contractor. General data categories to be included in the reports are described below:

Reports	General Data Categories to be included in the Reports
Pre-Auction and Reserve Sale	<ul style="list-style-type: none"> <li>- Summary Data</li> <li>- Entity Data</li> <li>- Entity Application Data</li> <li>- Financial Services Account Data</li> <li>- Entity Consignment Data (if applicable)</li> </ul>
Post-Auction and Reserve Sale	<ul style="list-style-type: none"> <li>- Summary Data</li> <li>- Entity Data</li> <li>- Entity Application Data</li> <li>- Financial Services Account Data</li> <li>- Entity Financial Settlement Data</li> <li>- Summary Financial Settlement Data</li> </ul>
Interim and Final Reconciliation	<ul style="list-style-type: none"> <li>- Summary Data</li> <li>- Entity Data</li> <li>- Entity Application Data</li> <li>- Financial Services Account Data</li> <li>- Entity Financial Settlement Data</li> <li>- Summary Financial Settlement Data</li> <li>- Currency Exchange Data (Joint Auctions Only)</li> <li>- Proceeds Distribution Data</li> <li>- Entity Consignment Data (if applicable)</li> </ul>

The Contractor will need to be able to report with both USD and CAD data. Specific data may differ for an Auction or Reserve Sale. As an example, an Auction will report a settlement price, while for a Reserve Sale a tier or category price will be reported. A description of the specific data reported in each data category listed above is provided below:

General Data Category	Specific Data to be Included
Summary Data	<ul style="list-style-type: none"> <li>- Report Date</li> <li>- Report Name</li> <li>- Auction Name (Reserve Sale Name)</li> <li>- Date Report Generated</li> </ul>
Entity Data	<ul style="list-style-type: none"> <li>- Market Registry Entity ID Number</li> <li>- Entity Legal Name</li> <li>- Entity Operating Name</li> </ul>
Entity Application Data	<ul style="list-style-type: none"> <li>- Expected Bid Guarantee Type(s) (Cash, Letter of Credit (LOC), Letter of Guarantee (LOG))</li> <li>- Currency</li> <li>- Bid Guarantee Return Instructions               <ul style="list-style-type: none"> <li>o Return Mailing Address</li> <li>o Return Wire Instruction</li> </ul> </li> </ul>
Entity Financial Services Account Data	<ul style="list-style-type: none"> <li>- Financial Services Account Number</li> <li>- Form(s) of Bid Guarantee Submitted</li> <li>- Bid Guarantee Submittal Data               <ul style="list-style-type: none"> <li>o Cash Bid Guarantee Amount</li> <li>o Physical Bid Guarantee Type(s) (LOC, LOG)</li> <li>o Physical Bid Guarantee Amount(s)</li> <li>o Bid Guarantee Amount Total</li> <li>o Bid Guarantee Deposit Date(s)</li> <li>o Bid Guarantee Amount Total Update Date</li> <li>o Physical Bid Guarantee Expiration Date</li> </ul> </li> </ul>
Entity Financial Settlement Data	<ul style="list-style-type: none"> <li>- For Auction               <ul style="list-style-type: none"> <li>o Current Auction Successful Bid Quantity</li> <li>o Future Auction Successful Bid Quantity</li> <li>o Settlement Price (Current)</li> <li>o Settlement Price (Advance)</li> </ul> </li> <li>- For Reserve Sales               <ul style="list-style-type: none"> <li>o Successful Bid Quantity (Tier 1/Category A)</li> <li>o Successful Bid Quantity (Tier 2/Category B)</li> <li>o Successful Bid Quantity (Tier 3/Category C)</li> <li>o Tier/Category Price (Tier 1/Category A)</li> <li>o Tier/Category Price (Tier 2/Category B)</li> <li>o Tier/Category Price (Tier 3/Category C)</li> </ul> </li> <li>- Total Successful Bid Cost (distinguished by currency for Joint Auctions)</li> <li>- Amount Owed by FSA</li> <li>- Amount Owed by Participant</li> <li>- Cash Payment Received (distinguished by currency for Joint Auctions)</li> <li>- Cash Payment Received Date</li> <li>- Physical Bid Guarantee Draw Date</li> <li>- Total Payment Received</li> <li>- Cash Transferred to Participating Jurisdiction Accounts (CAD)</li> </ul>



General Data Category	Specific Data to be Included
	<ul style="list-style-type: none"> <li>- Cash Transferred to Participating Jurisdiction Accounts (USD)</li> <li>- Cash Transferred to Participating Jurisdiction Accounts Date</li> </ul>
Summary Financial Settlement Data	<ul style="list-style-type: none"> <li>- Total USD Cash Available in Joint Auction Settlement Account</li> <li>- Total CAD Cash Available in Joint Auction Settlement Account</li> <li>- Total Cash Transferred to Participating Jurisdiction Accounts (CAD)</li> <li>- Total Cash Transferred to Participating Jurisdiction Accounts (USD)</li> </ul>
Bid Guarantee Return Data	<ul style="list-style-type: none"> <li>- Bid Guarantee Return Email Notification Date</li> <li>- Cash Returned to Bidder</li> <li>- Cash Return Date</li> <li>- Physical Bid Guarantee Return Date</li> </ul>
Currency Exchange Data (Joint Auctions Only)	<ul style="list-style-type: none"> <li>- FSA Exchange Rate (Multiple)</li> <li>- Currency Amount Sold</li> <li>- Currency Sold (CAD or USD)</li> <li>- Currency Amount Purchased</li> <li>- Currency Amount Purchased (CAD or USD)</li> <li>- Exchange Transaction Date</li> <li>- Exchange Transaction Time</li> <li>- Cash Transferred from Participating Jurisdiction Accounts (CAD)</li> <li>- Cash Transferred from Participating Jurisdiction Accounts (USD)</li> <li>- Cash Transferred from Participating Jurisdiction Accounts Date</li> <li>- Cash Transferred to Participating Jurisdiction Accounts (CAD)</li> <li>- Cash Transferred to Participating Jurisdiction Accounts (USD)</li> <li>- Cash Transferred to Participating Jurisdiction Accounts Date</li> </ul>
Proceeds Distribution Data (Proceeds Data)	<ul style="list-style-type: none"> <li>- Total Allowances Sold CARB (Current)</li> <li>- Total Allowances Sold CARB (Advance)</li> <li>- Total Allowances Sold Québec (Current)</li> <li>- Total Allowances Sold Québec (Advance)</li> <li>- Total Allowances Sold Nova Scotia (Current)</li> <li>- Total Allowances Sold Nova Scotia (Advance)</li> <li>- Settlement Price (Current)</li> <li>- Settlement Price (Advance)</li> <li>- Auction Exchange Rate</li> <li>- Total CAD Paid to Québec (for Joint-Auctions)</li> <li>- Total CAD Paid to Nova Scotia (for Stand-Alone Auctions)</li> <li>- Total USD Paid to CARB (for Joint-Auctions)</li> <li>- Total USD or CAD Paid to Consigning Entities (if applicable)</li> <li>- Currency Proceeds Paid (CAD or USD)</li> <li>- Total Allowances Sold (Current)</li> <li>- Total Allowances Sold (Advance)</li> <li>- Total Auction Proceeds Paid to Consigning Entities (if applicable)</li> </ul>
Entity Consignment Data (Currently)	<ul style="list-style-type: none"> <li>- Consigning Entity Market Registry ID</li> <li>- Consigning Entity Legal Name</li> </ul>

General Data Category	Specific Data to be Included
applicable for California and Nova Scotia only)	<ul style="list-style-type: none"> <li>- Consigning Entity Operating Name</li> <li>- Allowances Consigned</li> <li>- Consigned Allowances Sold</li> <li>- Settlement Price (Current)</li> <li>- Consignment Payment Email Notification Date</li> <li>- Total USD Paid</li> <li>- Total CAD Paid</li> <li>- Consigning Entity Instructions for Proceeds Payment (Wire Instructions)</li> <li>- Consignment Payment Date</li> </ul>

The Contractor must ensure financial and transaction services are coordinated with other cap-and-trade services (e.g., Auction Administrator) and develop a procedure to ensure confidentiality of data and that data security meets all the Participating Jurisdictions' data security requirements. Sharing of data may require the use of specific software and encryption requirements. As an example, access to the Market Registry data requires software that can open encrypted files based on AES-256 encryption.

Finally, the Contractor must coordinate with WCI, Inc. and Participating Jurisdictions to manage the project and ensure all deliverables are met in a timely manner. The Contractor shall provide the following deliverables for the Pre-Auction/Reserve Sale subtask. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

#### Task 2 – Deliverables

- Draft Process and Procedures
  - Pre-Auction
  - Post-Auction
  - Financial Services support processes
  - Financial Services training and outreach materials (materials are expected to be minimal and will be designed to complement or be integrated into materials provided by the Contractor providing Auction Services and the Participating Jurisdictions, total pages of materials to be developed are anticipated to be no more than 10 total pages)<sup>1</sup>
  - For Consignment Services
- Final Process and Procedures
  - Pre-Auction
  - Post-Auction
  - Consigning Entity (applicable only if permitted by the Participating Jurisdiction)
  - Financial Services support processes and training and outreach materials Revised Processes/Procedures Documents, if necessary
- Draft System Configuration/Specialized Reports
- Final System Configuration/Specialized Reports
- Participation in Practice Auction(s)

Note: 1. Contractor must provide training materials in both English and French.



## Task 3: Auction/Reserve Sale Financial Services

### 3.1 Pre-Auction/Reserve Sale Services

The application process currently begins in the Market Registry. The Contractor will have access to potential applicant and applicant data from the Market Registry that is required to perform the Financial Services. Additional data on corporate structure of entities can be provided by the staff of the Participating Jurisdictions if required for the Contractor's account establishment process.<sup>1</sup> Separate management of funds will be required for Joint Auctions, Jurisdiction-Specific Auctions and Reserve Sales as these events can overlap. The Contractor will work with the Participating Jurisdictions to ensure systems and processes can support the acceptable mechanisms for payment guarantees allowed by the Participating Jurisdictions' regulations and that all required terms and conditions for bid guarantees and payments are met.

1. Set up and manage the Financial Services accounts
  - The Contractor will work in coordination with WCI, Inc. and the Participating Jurisdictions to conduct the process to establish accounts on behalf for Auction participants. The Contractor will have access to download entity registration details from the Market Registry. Where needed, Participating Jurisdictions may provide the Contractor with additional entity registration details not available in the Market Registry, including the name and address of each Auction and Reserve Sale applicant's directors and officers, and a list of persons controlling over 10% of the voting rights attached to all the outstanding voting securities of the registering entity. The Contractor may contact the Auction applicants directly if questions arise in review of the entity's ownership and list of controlling persons in order to maintain compliance with applicable banking regulations. The jurisdiction of registration is to be informed of requests submitted directly to its entities.
  - For General Market Participant - Individual applicants, the Contractor will obtain supplemental information directly from the applicant, as needed to establish accounts.
  - Account Set Up. The first time an entity submits an Auction or Reserve Sale application, the Contractor will complete the process to establish a Financial Services account on behalf of the Auction applicant. If an entity participates in both Auctions and Reserve Sales, subaccounts or separate accounts may be required.
  - Account Verification. When the entity submits an Auction or Reserve Sale application for participation in subsequent Auctions or Reserve Sales, the Contractor will verify that there is a Financial Services account(s) associated with the entity based on the Market Registry ID and Entity Legal Name.
  - Account Management. Financial Services accounts must be able to be updated in case of a change in an entity profile in the Market Registry (e.g., a change in the Entity Legal Name).

---

<sup>1</sup> Additional registration data including data specific to corporate structure is reported to Participating Jurisdictions in hardcopy form and may be made available to the Contractor as needed for procedures to establish accounts. The data collected by each Participating Jurisdiction is respectively outlined on the California [Corporate Associations and Structure Form](#), the Québec [Structure and Business Relationships Disclosure Form](#) and the Nova Scotia [Business Relationship form](#). The primary data made available includes: Name and Addresses of Your Entity's Directors and Officers, Names and Address of Persons with Voting Rights, and Parent and Subsidiary Companies.

- Accounts must be able to separately manage multiple concurrent events as activities for up to two (2) Auctions and one (1) Reserve Sale may be occurring concurrently for each Participating Jurisdiction and, at any given time, a total of five events may occur for all current Participating Jurisdictions.
- 2. Receipt and management of bid guarantees
- 3. Receipt and management of bid guarantee return instructions
  - Return instructions for excess funds or physical bid guarantee instruments is available through the Market Registry reports available during and after the Auction and Reserve Sale application process.
  - Entities may need to be provided with additional or amended instructions. Processes and procedures will need to ensure that entities are timely notified if bid guarantee return instructions are amended or revised for any reason.
  - Bid guarantee return instructions, including a Bank Routing Number (ABA Routing Number of Canadian Transit Number) and account number, must be securely transmitted. In cases where funds are submitted in error and must be returned, but return instruction are not available through the Market Registry, Contractor must provide a secure means of receiving information from authorized entity representatives.
- 4. Receipt and management of consigning entity proceeds distribution instructions (applicable only if consignment services permitted by Participating Jurisdiction)
  - Consigning entities may provide instructions through the Market Registry for the receipt of proceeds or may need a secure manner in which to provide these directly to the Contractor. Systems and processes should be developed to address both potentials and allow for confirmation and updates as needed.
  - Consigning entity proceeds distribution instructions must be securely transmitted. Contractor must provide a secure means of receiving information from consigning entities.
- 5. Transmitting Financial Services account and bid guarantee amount data to the Market Registry
  - Auction applicant pre-Auction Financial Services information including Financial Services account numbers and bid guarantee amount(s) and type(s) received must be reported into the Market Registry. Through the Market Registry, the Financial Services information will be transmitted to Participating Jurisdictions.
  - Systems and procedures should support tracking and reporting updates on established accounts to the Market Registry and Participating Jurisdictions.
  - The Contractor will work with the approved participants to have any unacceptable form of financial guarantee amended prior to the financial guarantee submission deadline. In the event that an unacceptable form cannot be amended by the submission deadline, the Contractor will notify the Participating Jurisdictions as appropriate, and will return the guarantee directly to the party identified in the Auction application for return of bid guarantees per the instructions of the appropriate Participating Jurisdiction.

6. The number of potential Applicants for which Auction services are provided may be greater than the actual number of Qualified Bidders if any applicants are not approved to participate in an Auction. As a result, Contractors are advised that the number of entities needing pre-Auction or Reserve Sale services may be greater than the number of entities needing post-Auction or Reserve Sale services.
7. Providing support to Auction and Reserve Sale potential applicants, applicants, and qualified bidders and consigning entities, as applicable, and responding to questions submitted by phone or email as needed.

Financial guarantees submitted by entities are specific to the Participating Jurisdiction in which the entity is registered and must be in one or a combination of the forms allowed by the regulations of the Participating Jurisdictions. For example, bid guarantees for Québec and Nova Scotia entities must be in one or a combination of the following forms: cash (wire transfer); or an irrevocable letter of credit (LOC) or a letter of guarantee (LOG), in either case, issued by a bank constituted under the Bank Act (Canada) or by a Financial Services cooperative constituted under the Act applicable to Financial Services cooperatives (for Québec entities) or by a body corporate to which the Trust and Loan Companies Act applies (for Nova Scotia entities). For California entities bid guarantees must be in one or a combination of the following forms: cash (wire transfer); or an irrevocable letter of credit (LOC) or a Bond. Any non-cash bid guarantee must be issued in a form that may be accepted by the Financial Services Administrator consistent with applicable banking laws and bank practices in the Participating Jurisdiction where the services are provided.

Contractor will restrict participation to corresponding currency during Jurisdiction-Specific Auctions and Reserve Sales for a specific state (United States Dollars) or province (Canadian Dollars). For Joint Auctions, the Contractor will allow participation from entities registered under a Canadian provincial program in USD or CAD. Any Canadian-registered entity must select the currency for Joint Auction participation at the time the application for the Auction is submitted and may not change this selection after the application period is closed. Upon receipt and review of bid guarantees, bid guarantees will be recorded on account and, if applicable, held in the Contractor's vault with the value of the holdings reflected on the account. The Contractor must be able to accept and be able to review, assess, and draw upon any documents (e.g., LOC or LOG) submitted in English or French (only for entities or voluntary participants registered in Québec).

Based on the form(s) of bid guarantee selected, the Auction applicant will also complete instructions for the return of any unused bid guarantee amounts or physical bid guarantee instruments after the Auction is completed.

A bid guarantee submitted in any form other than cash must be payable within three (3) business days of payment request. All other required terms and conditions for physical bid guarantees are to be developed by the Contractor in coordination with the Participating Jurisdictions. Specific deadlines apply to the receipt of all bid guarantees. The Contractor's systems and procedures must identify the date and time of receipt for all bid guarantees.

**Reporting Requirements.** From the start of an Auction application period and continuing until all properly received bid guarantees are reflected, the Contractor will provide the Participating Jurisdictions with a daily electronic report of Auction applicants, which includes the Financial Services account information. Upon receipt and deposit of the applicant's bid guarantee(s), a daily report(s) will be provided to the Participating Jurisdictions to indicate the amount(s) and type(s) of bid guarantee(s) received and, for Joint Auctions, the currency of participation. For participants registered under a Canadian provincial program in a Joint Auction, the Contractor will reconcile the

currency in which the bid guarantee is submitted to the currency selected during the application process. The Contractor will provide the final report of all applicants indicating established Financial Services accounts and all bid guarantees received no later than (2) business days after the applicable bid guarantee submission deadline.

The Contractor shall provide the following deliverables for this Post-Auction/Reserve Sale subtask. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

#### Task 3.1– Deliverables

- Draft Pre-Auction/Reserve Sale Reconciliation Report
- Final Pre-Auction/Reserve Sale Reconciliation Report

### 3.2 Post Auction/Reserve Sale Services

After each Auction and Reserve Sale, the Contractor shall process payments from successful bidders, return excess funds or unused bid guarantee instruments, conduct currency exchange transactions as directed by the Participating Jurisdictions, distribute Auction or Reserve Sale proceeds to the Participating Jurisdictions and consigning entities (as applicable), provide daily reconciliation status reports, and complete a full reconciliation of accounts.

After an Auction or Reserve Sale is certified by the Participating Jurisdictions, generally five business days after an event is conducted, the Contractor will securely access a list of successful bidders (including the quantity and price of allowances purchased) from the Participating Jurisdictions, or the Auction Administrator. The Auction Administrator will be responsible for reporting to the Participating Jurisdictions the results of the Auction or Reserve Sale (awards and prices) and, after the Participating Jurisdictions' approval, and after notification of results has been provided to participants, the Auction Administrator will make available awards and financial settlement instructions to the Contractor through a financial settlement report. For Auction events, bidders may have been successful in the Current Auction or Advance Auction or both, and financial settlement must allow for settlement of all amounts due in one transaction. Auction participants must settle successful allowance bids in the same currency as the bid guarantee provided for such Auction (USD or CAD).

Cash settlement from successful bidders is required to be completed within 7 calendar days after certification of the Auction. For those entities that provided cash bid guarantees, the funds on deposit will be applied to any amounts owed. Entities that provided physical bid guarantees and are successful in an Auction are required to submit cash payment by wire transfer within 7 days after certification of the Auction. If cash is not received by the deadline date and time, the physical bid guarantee must be drawn down to settle any amounts owed.

The Participating Jurisdictions will request one or more currency exchange(s) or quotes consistent with established currency exchange procedures to process any foreign exchange required to complete the distribution of proceeds from the Auction.

### 3.3 Reporting Requirements

**Daily Reconciliation Report.** Following certification of the Auction, until final payment of proceeds, the Contractor will provide a daily report to Participating Jurisdictions of the status of financial settlement. The report will include a complete list of approved applicants (qualified bidders) under the Contractor's responsibility, the amount due from each qualified bidder, the total amount of the bid guarantee submitted, the funds received from each bidder to pay for the allowances purchased in the Auction, the status of the return of excess funds or physical

bid guarantee instrument(s), and the currency of the funds used for settlement. The sum of all payments received in CAD will reflect the sum of all total successful bid costs for CAD participants as provided in the financial settlement report from the Auction Administrator. The sum of all payments received in USD will reflect the sum of all total successful bid costs for USD participants as provided in the financial settlement report provided from the Auction Administrator. If excess funds are received for payment, the Contractor will return funds to the submitting entity and record all transactions in reports for purposes of reconciliation.

**Interim Reconciliation Report.** Within three (3) business days (for Reserve Sale) and six (6) business days (for Auction) after the deadline for receipt of payment, and upon settlement of all currency exchange required, the Contractor will provide an interim reconciliation report indicating payment has been received for all amounts due, all bid guarantees have been returned, and all currency exchange requests completed.

**Disbursement to Participating Jurisdictions and Final Reconciliation Report.** Upon settlement of all currency exchange required, and documentation of final funds available for distribution, the Participating Jurisdictions will provide direction to the Contractor to disburse the proceeds of the Auction to the Participating Jurisdictions. The direction will include the amount of USD to be distributed to California and the amount of CAD to be distributed to Québec (or Nova Scotia for stand-alone Auctions). The funds are wired based on previously confirmed wire instructions. After completing the distribution of proceeds, the Contractor will provide the final reconciliation report to the Participating Jurisdictions by secure FTP. The Participating Jurisdictions will then close the Auction.

The specific post-Auction activities to be provided by Contractor will, at a minimum, include:

- Conduct financial settlement (including confirmation and statements), complete currency exchange, and process distribution of proceeds.
- Auction and Reserve Sale
  - After each Auction is certified, the Contractor will receive and process payments from Auction participants.
  - Upon payment for amounts owed, the Contractor will return any excess funds or physical bid guarantee instrument(s).
  - Daily Reconciliation Reports through the date of the interim final reconciliation report.
  - Interim Reconciliation Reports will confirm all entity payments received, bid guarantees returned, currency exchange requests completed, and funds available for proceeds distribution.
  - The Final Reconciliation Report additionally confirming all proceeds distributed showing complete financial settlement reconciliation of the event.
  - For Jurisdiction-Specific Auctions, the Contractor will provide documents and reports to the appropriate Participating Jurisdiction only.
    - Reporting of the post-Auction Financial Services account information including entity payments received, and bid guarantees returned.
    - Reconciling and reporting all funds received and all bid guarantees returned.
- Processing Distribution of Proceeds

- The Contractor will be provided with instructions for the distribution of Auction/Reserve Sale proceeds by the Participating Jurisdiction(s) conducting the Auction/Reserve Sale.
- Final Reconciliation Report. Upon completion of all the required payments, the Contractor must provide a final reconciliation report by secure FTP to Participating Jurisdiction(s) conducting the Auction/Reserve Sale.
- Financial Services Operation Report

For each event supported by the Contractor, a Financial Services Operations Report will be submitted by secure FTP, including a narrative description and event-specific information. At minimum, the following items shall be included in the written summary for each event:

- A description of any issues encountered with Financial Services, date and time of occurrence, diagnosis of the cause of occurrence, actions taken for resolution, and date and time of resolution.
- Financial Services for Auction and Reserve Sale Data, including:
  - Event applications processed
    - Number of total Auction and Reserve Sale applicants
    - Number of new Financial Services accounts established
      - Range and average number of days to establish new accounts
    - Number of prior Financial Services accounts verified
    - Number of prior Financial Services accounts requiring updated account assessment due to change in entity data
    - Any Financial Services Account Data adjustments made to any entity(ies) accounts (e.g., changes in Bid Cash Bid Guarantee Amount, Physical Bid Guarantee Amount, Bid Guarantee Amount Total) to reflect data entry errors, or other data adjustments
  - Bid Guarantees returned
    - Cash
    - Physical bid guarantee instruments
      - Letter of Credit
      - Letter of Guarantee
      - Bond
  - Range and average number of days required for bid guarantee return from date of event certification
    - Cash
    - Physical bid guarantee instruments



- Date and time of submittal of initial and final reconciliation report
- Consigning entity payments completed (as applicable).
- Support Services. Providing support to Auction and Reserve Sale potential applicants, applicants, and qualified bidders and consigning entities (as applicable) and responding to questions submitted by phone or email as needed.

The Contractor shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

#### Task 3.2- Deliverables

- Draft Post Auction/Reserve Sale Reconciliation Report
  - Summary Financial Settlement Data
  - Entity Financial Settlement Data
  - Bid Guarantee Return Data
  - Entity Consignment Data, if applicable
- Final Post Auction/Reserve Sale Reconciliation Report
- Final Financial Services Operation Report

### Task 4: New Jurisdictions

The purpose of this Task is to add new jurisdictions during the Contract term if additional U.S. states, Canadian provinces or federal agencies join the current Participating Jurisdictions and require Financial Services support. It is the responsibility of the Contractor to update the tools, materials, and procedures to accommodate the addition of new jurisdictions. All Financial Services should be designed such that new jurisdictions can be efficiently added in a cost-efficient manner, and without requiring extensive redesign or changes to existing services. If redesign or changes to existing services are required due to unique services needed by a new jurisdiction, these additional services will be discussed and budgeted before any work commences.

Under this task the Contractor must provide a description of activities to be conducted to bring in a new jurisdiction, including whether any custom design and development activities must occur. Contractor must specify all materials needed to address the addition of new jurisdictions, including additional support resources needed and potential costs estimated with the addition of one or more new jurisdictions. Contractor should assume that any new jurisdiction follows the same format and approach used for California, Québec and Nova Scotia services.

If new Participating Jurisdictions are added the Contractor will need to promptly update the design documentation and the Processes and Procedures Documents.

The Contractor shall provide the following deliverables for this Task. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

#### Task 4 – Deliverables

- Draft Plan to Add New Jurisdiction
- Final Plan to Add New Jurisdiction - The schedule for completing the deliverables shall be defined when a new jurisdiction is added.

## Task 5: Consigning Entity Setup and Payments

Consigning entity setup and payments services must be in full compliance with all applicable national, provincial or state and local laws and regulations.

The majority of consigning entities are electrical distribution utilities and natural gas suppliers (consigning entities) in California while in Nova Scotia, any entity can consign allowances. These entities provide proceeds payment wiring instructions through the Market Registry.

- For California, no more than seventy (70) consigning entities consign in any given Auction, and typically there are between forty (40) and fifty (50) consigning entities.
- For Nova Scotia, no more than twenty-five (25) consigning entities are expected to consign in any given Auction.

There can be other consigning entities related to allowances from closed accounts or other sources as described in the California or Nova Scotia Regulation. In these cases, proceeds payment wiring instructions cannot be provided through the Market Registry. The Contractor must therefore have a secure process to request that consigning entities provide wire instructions for delivery of payment of proceeds from the sale of allowances successfully sold in an Auction. Consignment related to these sources is rare and should not be expected to occur more than ten (10) times in a year.

Following the release of results for each Auction, the corresponding Participating Jurisdiction (California or Nova Scotia) provides the Financial Services contractor with an Auction proceeds report detailing the number of allowances sold and the proceeds payable to each consigning entity. The Contractor generates a statement detailing this information and provides it via email to all account representatives of each of the consigning entities, and the corresponding Participating Jurisdiction. Upon direction from the corresponding Participating Jurisdiction, the Financial Services contractor pays the proceeds to each of the consigning entities as detailed in the Auction proceeds report. Information on consigning entities is only ever provided to the corresponding Participating Jurisdiction and not to be shared with other Participating Jurisdictions or WCI, Inc.

The primary services required for Consignment include the following:

1. Log in to the Market Registry to view and verify cosigning entity wiring instructions.
2. Download consigning entity wiring instructions.
3. Receive wiring instructions from consigning entities not able to transmit wiring instructions via the Market Registry.
4. Receive an Auction proceeds report detailing the number of allowances sold and the proceeds payable to each consigning entity, approved email language and a consigned allowances statement template.
5. Send emails and consigned allowance statements to entities.
6. Pay proceeds to consigning entities.
7. Include consigning entity proceeds paid reporting in Final Post Auction Reconciliation Report.

Québec does not allow consigned allowances, so this task currently applies only to California and Nova Scotia. For expansion of services, the Contractor must have a process to request that consigning entities provide new or confirm existing wire instructions for delivery of payment of proceeds from the sale of allowances successfully sold in the given Auction.



The Contractor shall provide the following deliverables for this task. The schedule for completing the deliverables shall be defined in the Task 1 Work Plan.

#### Task 5 – Deliverables

- Draft Guidance and Form to request consigning entity to provide new or confirm existing wire instructions
- Final Guidance and Form to request consigning entity to provide new or confirm existing wire instructions
- Draft Consigning Entity Statement
- Final Consigning Entity Statement

#### Task 6: Other Activities as Directed

Additionally, during the course of the Contract, WCI, Inc. may request that the Contractor provide additional services directly related to the Financial Services. The Contractor will undertake additional activities only when directed in writing by WCI, Inc. and both parties agree in writing to such expansion. Upon receipt of any additional technical direction from WCI, Inc., the Contractor will detail its approach in writing for the requested work and an estimate of the level of effort and budget it will need to provide the requested services.

The deliverables for this Task will be determined when the work is specified.

#### Task 7: Transition Out

The purpose of this task is to address the need for a smooth transition of services at the end of the period of performance of the contract. The Contractor shall work with WCI, Inc. and another Contractor selected by WCI, Inc., if applicable, at the conclusion of the Contract to transition the services. Task 7 shall be initiated upon the direction of WCI, Inc., but no later than four months prior to the end of the Contractor's contract term. Task 7 activities shall include:

1. Assist in WCI, Inc.'s preparation of a Transition Plan that describes the activities and materials used to provide Financial Services, the methods used to put them in place, and the plan for transitioning the service to a new provider.
2. Participate in a conference call and webinar regarding the Transition Plan with WCI, Inc. and the new service provider.
3. Hand-off transition assistance during the transfer of Financial Services to the new service provider.
4. Cooperate with WCI, Inc. to provide electronic, editable copies of all materials developed to provide Financial Services, including any process and procedure documentation, training materials, scripts, reference materials, related materials, and Support Procedures Manual. The electronic format for the materials shall be specified by WCI, Inc. to ensure compatibility with standard business software such as Microsoft Office. These materials shall be provided at a minimum of one month prior to the end of the Contractor's contract term.
5. Cooperate with WCI, Inc. to provide data from the Financial Services management and tracking system that enables the logs and summaries of the support services, including support staff assistance provided under the contract, to be accessed using standard business software such as Microsoft Office. These materials shall be provided at the end of the Contractor's contract term.

#### Task 7- Deliverables

- Assist WCI, Inc. with Drafting Transition Plan
- Final Transition Plan
- Copies of All Materials
- Data Necessary to Support the Transition

## Attachment B

### Budget Detail and Payment Provisions

#### Invoicing and Payment

For services satisfactorily rendered, and upon receipt and approval of the invoice, WCI, Inc. agrees to compensate the Contractor in accordance with the Contractor's Cost Proposal. The maximum payable will not exceed the value identified in the Agreement. Compensation refers to the consideration to be paid to Contractor for all of Contractor's services provided and costs incurred to fulfill its duties and obligations in connection with the Agreement. All payments made to Contractor for services in the Scope of Work shall be inclusive of all fees, excluding option of currency exchange based on set fees. Financial Services must not include any fees paid to the Financial Services Administrator for services in the Scope of Work by the Auction or Reserve Sale participants.

All tasks shall be payable in arrears for each month. Payment terms are NET 30.

Costs for travel will be incurred and charged for on a cost-reimbursable basis, at cost, and only if duly authorized in writing by the WCI, Inc. Project Manager in advance and per WCI, Inc. policies.

Invoices shall include the Agreement Number and summary of services performed for the amount invoiced. Invoices shall be submitted monthly in arrears. Each item in the invoice must correspond to costs identified in by the Contractor in their final cost bid. Invoices shall be submitted to the following address:

Western Climate Initiative,  
Inc. 1107 Ninth Street, Suite  
1070  
Sacramento, CA 95814

#### Budget Detail

Not-to-exceed budget for the Agreement is [REDACTED] (USD).  
See Attachment F – Contractor's Cost Proposal.

## Attachment C

### WCI, Inc. General Terms and Conditions

#### 1. APPROVAL; AUTHORIZATION

The Agreement shall be of no force or effect until signed by both parties and approved by the Board of Directors of WCI, Inc., if required. Contractor may not commence performance until any such approval in writing has been obtained. Contractor represents that the Agreement has been duly authorized by all necessary corporate or other action on the part of Contractor and that the officer or other person signing the Agreement and any documents related thereto on behalf of Contractor possessed full authority to do so.

#### 2. INSURANCE

Contractor shall carry and maintain in effect such insurance coverages as are required for Contractor to act in its capacity as a bank and to provide the services required of Contractor under the Agreement. Contractor represents that the types and amounts of such insurance coverages are customary for the industry in which Contractor operates and are, in any event, commercially reasonable for the services to be provided by Contractor under the Agreement. Contractor shall cause each of its subcontractors to carry and maintain in effect such insurance coverages as are commercially reasonable for the services to be provided by each such subcontractor in connection with the Agreement. Contractor shall provide WCI, Inc. with current insurance certificates evidencing such insurance coverages prior to commencing the Work, and, upon WCI, Inc.'s request, Contractor shall, but no more than twice every twelve month period during the term of the Agreement, provide WCI, Inc. with new insurance certificates evidencing such insurance coverages. WCI, Inc. and each Participating Jurisdiction (as defined in Section 10 of these General Terms and Conditions) shall be named as an additional insured and certificate holder on all such insurance policies, and subrogation against WCI, Inc. shall be waived. Contractor shall pay any deductibles, and all insurance shall be primary, without right of contribution by any insurance carried by WCI, Inc.

#### 3. SUBSTITUTION OF KEY PERSONNEL

Key personnel includes [REDACTED]

[REDACTED] Contractor shall promptly notify WCI, Inc. of any change in key personnel.

#### 4. PERFORMANCE

Contractor shall perform the Work safely, in accordance with the highest standard of care, skill, and diligence provided by a professional person or company in performance of work similar to the Work, and all Work shall be of good quality and free from material faults and defects. Time is of the essence for the Agreement, and Contractor shall perform the Work in accordance with the Work Schedule. Although the Work may be interrupted, altered, delayed, or accelerated due to a

*force majeure* event as listed in Section 41 of these General Terms and Conditions, the conduct of WCI, Inc.'s business operations, governmental regulation or similar conditions, except as set forth in Sections 5 or 6 of these General Terms and Conditions, no changes in the Work Schedule or any compensation or reimbursement to be paid to Contractor shall be made as a result thereof.

## 5. CHANGE ORDERS

If either party proposes that changes be made in the scope of Work or the Work Schedule, Contractor shall submit a written change order request with the completed description of the proposed change, a statement of cost, revised Work Schedule impact, and any other information requested by WCI, Inc. Contractor bears all risks of performing, and WCI, Inc. shall be under no obligation to pay for, any changed Work without prior written approval of WCI, Inc. of the changes, which approval shall not be unreasonably withheld by WCI, Inc.

## 6. FULL UNDERSTANDING; AMENDMENT

The Agreement contains the full and complete understanding of the parties and supersedes all prior understandings or agreements on the subject matter hereof. The language contained in the Agreement shall prevail over any other language, including that of any proposal submitted by Contractor. No amendment or variation of the terms of the Agreement shall be valid unless made in writing and signed by WCI, Inc. and Contractor. No oral understanding or agreement outside of the Agreement is binding on any of the parties.

## 7. ASSIGNMENT

Neither the Agreement nor any interest in the Agreement is assignable by Contractor, either in whole or in part, without the prior written consent of, and on such terms as may be approved by, WCI, Inc. in the form of a formal written amendment signed by Contractor, WCI, Inc. and Contractor's assignee.

## 8. AUDITS

- A. Financial Audit. If the Agreement allows for Contractor to be paid fees at a daily or an hourly rate or for Contractor to be paid or reimbursed for expenses, Contractor shall maintain time records and books of account, invoices, receipts, and vouchers of expenses in support of these payments, in form and content reasonably satisfactory to WCI, Inc. Contractor agrees that WCI, Inc. or its designated representative shall have the right to review and to copy any of Contractor's records and supporting documentation pertaining to the performance of tasks that are paid on the basis of a daily or an hourly rate or reimbursed as expenses. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is requested by WCI, Inc. Contractor agrees to allow the auditor(s) designated by WCI, Inc. or any Participating Jurisdiction or any of their respective duly authorized representatives, access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of WCI, Inc. or any Participating Jurisdiction or any of their respective duly

authorized representatives, to audit records and interview staff in any subcontract related to the performance of tasks that are paid on the basis of a daily or hourly rate or reimbursed as expenses. Contractor shall promptly reimburse WCI, Inc. for any expenditures charged to, and collected by Contractor from, WCI, Inc. which are judged by an audit conducted by any of the above to be not in compliance with the requirements of the Agreement. Contractor shall include the provisions of this Section 8.A in any subcontract executed in connection with the Agreement.

- B. Programmatic Audit. Contractor agrees that WCI, Inc. or its designated representative shall have the right to review and to copy any of Contractor's records and supporting documentation pertaining to the performance of tasks that are paid through the Agreement to ensure compliance with the Agreement and with regulations governing the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity.

Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is requested by WCI, Inc. Contractor agrees to allow the auditor(s) designated by WCI, Inc. or any Participating Jurisdiction or any of their respective duly authorized representatives, access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of WCI, Inc. or any Participating Jurisdiction or any of their respective duly authorized representatives, to audit records and interview staff in any subcontract related to the performance of tasks that are paid through the Agreement. Contractor shall include the provisions of this Section 8.B in any subcontract executed in connection with the Agreement.

## 9. GRATUITIES

If WCI, Inc. finds that Contractor or any of Contractor's employees, agents, or subcontractors offered or gave gratuities (in the form of entertainment, gifts or otherwise) to any director, officer, employee or agent of WCI, Inc. or of any Participating Jurisdiction or of any funding entity in any attempt to secure the Agreement or favorable treatment in awarding, amending or making any determinations related to the performance of the Agreement, WCI, Inc. may, by written notice to Contractor, terminate the Agreement, and pursue such other rights and remedies that the law or the Agreement provides.

## 10. INDEMNIFICATION

- A. To the fullest extent permitted by law, Contractor shall indemnify, defend and hold harmless (i) the provinces of Quebec and Nova Scotia, the State of California and any other governmental jurisdiction participating in the greenhouse gas (GHG) reporting or cap-and-trade programs administered by WCI, Inc. (together, the "Participating Jurisdictions"), (ii) WCI, Inc. and (iii) the directors, officers, employees and agents of each of the foregoing (clauses (i) through (iii) together, the "Contractor Indemnified Parties") from and against any and all debts, losses, claims, damages, costs, expenses, demands, fines, judgments, contracts, penalties, obligations, payments and liabilities, including those arising from any pending or threatened claim, action, suit or proceeding, whether brought by a party to the Agreement or by any other person, and including any costs and expenses of any such pending or

threatened claim, action, suit or proceeding (including attorneys' fees, out-of-pocket expenses and other costs and expenses incurred in investigating, preparing or defending any such pending or threatened claim, action, suit or proceeding), (collectively, the "Losses") incurred, suffered or sustained by any Contractor Indemnified Party by reason of or in connection with any act or omission constituting negligence or willful misconduct (including any breach of the Agreement resulting from any such negligence or willful misconduct) by Contractor or any of its subcontractor or any of their respective direct or indirect employees, contractors, subcontractors, suppliers or laborers or by any other person, firm or entity furnishing or supplying services, materials or supplies to, for or on behalf of Contractor or any of its subcontractors in connection with the Agreement. Notwithstanding the foregoing, Contractor shall not be liable to a Contractor Indemnified Party for any such Losses to the extent such Losses arose from the gross negligence, willful misconduct or bad faith of, or the material breach of this Agreement by, such Contractor Indemnified Party, as determined pursuant to Section 16 of these General Terms and Conditions or by a court of competent jurisdiction in a final, non-appealable judgment.

- B. To the fullest extent permitted by law, WCI, Inc. shall indemnify, defend and hold harmless (i) the Contractor and (ii) the directors, officers, employees and agents of the Contractor (clauses (i) and (ii) together, the "WCI, Inc. Indemnified Parties") from and against any and all Losses incurred, suffered or sustained by any WCI, Inc. Indemnified Party by reason of or in connection with (i) any third party claim, action, suit or proceeding brought against any such WCI, Inc. Indemnified Party in connection with this Agreement or the services provided by Contractor under this Agreement or (ii) any act or omission constituting negligence or willful misconduct (including any breach of the Agreement resulting from any such negligence or willful misconduct) by WCI, Inc. or any of its employees. Notwithstanding the foregoing, WCI, Inc. shall not be liable to a WCI, Inc. Indemnified Party for any such Losses to the extent such Losses arose from the gross negligence, willful misconduct or bad faith of, or the material breach of this Agreement by, such WCI, Inc. Indemnified Party, as determined pursuant to Section 16 of these General Terms and Conditions or by a court or competent jurisdiction in a final, non-appealable judgment.
- C. Within a reasonable time after an indemnified party obtains actual knowledge of any claim, action, suit or proceeding by a third party (an "Action") as to which recovery may be sought against the indemnifying party pursuant to this Section 10, the indemnified party shall give written notice of such Action to the indemnifying party, which written notice with respect to the Contractor Indemnified Parties may be provided by WCI, Inc. on its behalf and on behalf of all other Contractor Indemnified Parties. Notwithstanding the foregoing, the right to indemnification under this Section 10 shall not be affected by any failure or delay in giving such notice unless, and then only to the extent that, the rights and remedies of the indemnifying party have been materially prejudiced as a result of such failure or delay. If, within fifteen (15) days after such notice has been given, the indemnifying party notifies the indemnified party of its election to defend any Action, then, except as described below, the indemnifying party may control the defense of such Action at its own expense through counsel reasonably satisfactory to the indemnified party, provided that the indemnified party may participate in such defense at its own expense but, in any event, the indemnifying party will have the right to control such defense as long as it is actively defending such Action. In connection with the defense any such Action by the indemnifying party, (i) the indemnified party shall reasonably cooperate with the indemnifying party upon the indemnifying party's request and at the indemnifying party's expense and (ii) the indemnified party shall have the



right to consult with the indemnifying party, from time to time, with respect to the strategy for such defense (but shall have no right to control such defense). Failure by the indemnifying party to so notify the indemnified party shall be deemed a waiver by the indemnifying party of its rights to defend such Action. In such event, the indemnified party may tender the defense to the indemnifying party or, at the indemnified party's option, select counsel of its own choosing.

- D. The indemnified party can take over and assume control of the defense of an Action, or seek a settlement of any Action, if (i) the indemnifying party has failed to accept the defense of, or to actively defend, the Action, (ii) in the indemnified party's reasonable judgment there is a conflict of interest between the indemnifying party and the indemnified party in conducting the defense, (iii) the Action relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation against the indemnifying party, (iv) the Action seeks an injunction or equitable relief against an indemnified party or (v) the indemnifying party fails to provide reasonable assurance to the indemnified party that it has the financial capacity to defend such Action. In connection with the defense any such Action by the indemnified party, (i) the indemnifying party shall reasonably cooperate with the indemnified party upon the indemnified party's request and at the indemnifying party's expense and (ii), except in the circumstances described in clause (i) of the preceding sentence, the indemnifying party shall have the right to consult with the indemnified party, from time to time, with respect to the strategy for such defense (but shall have no right to control such defense). In any of the foregoing cases, the indemnifying party will pay the fees and expenses of one counsel and any special counsel, as may be required, to all indemnified parties.
- E. Except with the prior written consent of the indemnified party (which consent may not be unreasonably withheld), the indemnifying party shall not, in the defense of any Action, consent to the entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the indemnified party of a release from all Losses in respect of such Action.
- F. The indemnifying party shall not be responsible for any settlement entered into by the indemnified party without the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld.
- G. Within ten (10) days of the indemnified party's written request, the indemnifying party shall reimburse the indemnified party for the amount of any judgment or settlement rendered with respect to any Action and for all Losses incurred by the indemnified party relating to such Action.

## 11. TERMINATION FOR CAUSE

If Contractor fails to perform any of the requirements of this Agreement at the time and in the manner herein provided, including any failure to meet the performance standards set forth in Section 4 of these General Terms and Conditions, WCI, Inc. may notify Contractor in writing of such failure. If Contractor does not cure the failure within 15 days from the notice date, or if such failure is of such a nature that it cannot be cured within such 15-day period, and Contractor does not commence the cure within such 15-day period and complete such cure within an additional 15-day period, WCI, Inc. may, upon an additional 5 days' written notice,



terminate this Agreement and be relieved of any further obligation to make payments for Work performed after the termination date. Additionally, WCI, Inc. shall not be responsible for any additional fees, costs or expenses incurred by Contractor in connection with its efforts to cure any such failure unless WCI, Inc. has agreed to be so responsible in writing. In the event of any such termination, WCI, Inc. has the right to any remaining Work for which it has paid before the termination date. In the event of any such termination, the cost incurred by WCI, Inc. to take over and complete the Work on its own behalf, over and above the payments that would have been made to Contractor to complete the Work had there been no termination for cause, shall be deducted from any sums due Contractor under the Agreement, and the balance, if any, shall be paid to WCI, Inc. by Contractor upon demand.

## 12. INDEPENDENT CONTRACTOR

Contractor, and the agents and employees of Contractor, in the performance of the Agreement, shall act in an independent capacity and not as directors, officers, employees or agents of WCI, Inc. or the Participating Jurisdictions or any funding entity. Contractor is not entitled to receive employee benefits or insurance coverage including worker's compensation, disability insurance, Social Security, unemployment compensation coverage, or any other statutory benefit. Contractor will maintain control over its employees and its subcontractors and will comply with all tax withholding or contribution requirements, whether federal, state, local or foreign, applicable to its employees and subcontractors. Contractor will have the ability to obtain and maintain the required paperwork appropriate to perform the services required by the Agreement. Contractor will pay all the appropriate taxes on its compensation by WCI, Inc. and will indemnify WCI, Inc. for any unpaid tax obligations on fees paid to Contractor.

## 13. ACKNOWLEDGEMENT

The parties acknowledge that WCI, Inc. is not an agent of any Participating Jurisdiction or any of its funding entities or of any combination of Participating Jurisdictions or its funding entities.

## 14. COMPENSATION

The consideration to be paid to Contractor, as provided in the Agreement, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly provided to the contrary elsewhere in the Agreement. All compensation shall be paid in accordance with the Agreement with respect to the compensation and payment of contractor business expenses. WCI, Inc. shall not be responsible for any expense incurred by Contractor that is not in accordance with the Agreement.

## 15. UNENFORCEABLE PROVISIONS

If any provision of the Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then the remaining provisions of the Agreement will remain in full force and effect as if such invalid or unenforceable provision had never been included.

## 16. SETTLEMENT OF DISPUTES

- A. In the event a dispute shall arise between Contractor and WCI, Inc. and the parties have not been able to resolve the dispute in good faith within thirty (30) days of the existence of the dispute, the dispute shall be arbitrated before three arbitrators, one to be selected by each party and the third to be selected by the other two selected arbitrators. Any such arbitration shall be held in Sacramento, California, and notwithstanding anything to the contrary set forth elsewhere in these General Terms and Conditions, this agreement to arbitrate shall be enforceable through a proceeding brought in any court of competent jurisdiction within the State of California. The arbitrators shall apply the substantive law of the State of California, without regard to its Conflicts of Laws provisions. Arbitration may be conducted in accordance with the standard rules of the AAA Commercial Arbitration except that the arbitrators may not make any award not strictly in conformance with this Agreement. The decision of the arbitrators shall be final and conclusive upon the parties and may, notwithstanding anything to the contrary set forth elsewhere in these General Terms and Conditions, be entered and enforced in any court of competent jurisdiction within the State of California or elsewhere. In connection with any proceeding brought in accordance with this Section 16 in the State of California, Contractor and WCI, Inc. waive any objection to such jurisdiction on the grounds of venue or forum non conveniens and any similar grounds, consent to service of process by mail or in any other manner permitted by law, and agree to be bound by any judgment rendered by any such court in connection with the Agreement. Each party shall bear its own costs and expenses related to any arbitration, and the parties shall equally share the fees and expenses of the arbitrators and the arbitral body.
- B. The existence of a dispute not fully resolved shall not delay Contractor in its performance of the Agreement. Contractor shall continue with its responsibilities under the Agreement, which shall not be affected by the dispute.
- C. Each of WCI, Inc. and Contractor hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to the Agreement or the transactions contemplated hereby.

## 17. POTENTIAL SUBCONTRACTORS

Contractor shall not subcontract or delegate any of its obligations under the Agreement without prior written approval of WCI, Inc. which shall not be unreasonably withheld. Contractor shall require all subcontractors to comply with the obligations of Contractor in these General Terms and Conditions by incorporating the terms of these General Terms and Conditions into all subcontracts.

Nothing contained in the Agreement or otherwise shall create any contractual relation between WCI, Inc., any Participating Jurisdiction or any funding entity, on the one hand, and any subcontractor, on the other, and no subcontract shall relieve Contractor of its responsibilities and obligations under the Agreement. Contractor agrees to be as fully responsible to WCI, Inc. for the acts and omissions of its subcontractors and of persons employed by any of them in their performance of the subcontract as it is for the acts and omissions of persons directly employed by Contractor. Contractor's obligation to pay its

subcontractors is an obligation independent from WCI, Inc.'s obligation to make payments to Contractor. As a result, WCI, Inc. shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

## 18. STOP WORK ORDER

WCI, Inc. reserves the right to issue a written order to stop any or all Work from time to time for any reason, including in the event that a dispute should arise or in the event WCI, Inc. gives Contractor a notice that the Agreement will be terminated. The order to stop any or all Work will be in effect until WCI, Inc. sends a written order to resume the stopped Work.

## 19. TERMINATION

- A. WCI, Inc. reserves the right to terminate the Agreement in its sole discretion at any time upon thirty (30) days' prior written notice to Contractor.
- B. Contractor shall have the right to resign hereunder at any time upon one hundred eighty (180) days' prior written notice to WCI, Inc., such resignation to be effective at the end of such 180 day period.
- C. In the case of early termination, Contractor shall submit an invoice and a report covering services to the termination date, following the invoice and progress report requirements of the Agreement. A copy and description of any data collected up to the termination date shall also be provided to WCI, Inc., along with all other materials required by the Agreement.
- D. Upon receipt of such invoice, progress report, data and other materials, a final payment will be made to Contractor. This payment shall be for all WCI, Inc.- approved, actually incurred costs that in the reasonable opinion of WCI, Inc. are justified and conform to the requirements of the Agreement, and shall include labor and materials purchased or utilized (including all non-cancellable commitments) prior to the termination date, and any pro rata indirect costs as specified in the Agreement.

## 20. COUNTERPARTS

The Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

## 21. PROGRESS PAYMENTS

To the extent not provided otherwise elsewhere in the Agreement, in computing the amount of any progress payment, WCI, Inc. shall determine what Contractor has earned during the period for which payment is being made on the basis of the Agreement terms, but shall retain out of such earnings an amount equal to ten percent (10%) thereof, pending satisfactory completion of the entire task required under the Agreement. However, if the Agreement consists of the performance of separate and distinct tasks, then at the discretion of WCI, Inc., any funds so

withheld with regard to a particular task may be paid upon completion of that task. A final invoice must be submitted by Contractor to WCI, Inc. and approved by WCI, Inc. to release the withheld funds.

## 22. FINAL PAYMENT

Except as otherwise may be provided in Section 10 of these General Terms and Conditions, the acceptance by Contractor, or by anyone claiming by or through it, of final payment shall be and shall operate as a full and final release of WCI, Inc. as to all claims by and all liability to Contractor for all things done or furnished in connection with the Agreement and for every act or neglect of WCI, Inc. and others relating to or arising out of the Agreement, including claims arising out of breach of contract and claims based on claims of third persons.

## 23. COMPUTER SOFTWARE

Contractor certifies that it has appropriate systems and controls in place to ensure that WCI, Inc. funds will not be used in the performance of the Agreement for the acquisition, operation or maintenance of computer software in violation of patent or copyright laws or other intellectual property rights of any kind.

## 24. INTELLECTUAL PROPERTY

- A. Except as set forth in the Work Schedule, the right of Contractor to use all material, software, firmware, compositions of matter, manufactures, apparatus, appliances or processes required to perform the services under the Agreement and to which a patent, copyright or other intellectual property right applies or may apply shall be obtained by Contractor without separate or additional compensation from WCI, Inc. whether the same is patented, copyrighted or otherwise protected as an intellectual property right before, during or after the performance of the Agreement.
- B. Contractor hereby represents and warrants that WCI, Inc.'s use of the work delivered under the Agreement by Contractor or provided under the Agreement by Contractor, its employees or its subcontractors, including any documentation associated with any work product, (the "Contractor Work Product") will not infringe, misappropriate or otherwise violate a trademark, copyright or other third party's proprietary right. Should a third party claim be made against the Contractor Indemnified Parties alleging a breach of the foregoing representation and warranty, Contractor shall not be required to indemnify the Contractor Indemnified Parties in accordance with Section 10 of these General Terms and Conditions. Additionally, Contractor shall have no obligation or liability with respect to any such claim based upon: (i) Contractor Work Product that has been altered, modified or revised by anyone other than Contractor and such claim or liability would have been avoided but for the alteration, modification or revision; (ii) the combination, operation or use of Contractor Work Product with products not furnished by Contractor or set forth in the documentation accompanying the Contractor Work Product when such combination, operation or use is part of any allegedly infringing process; or (iii) use of the Contractor Work Product in a manner not authorized in the documentation accompanying the Contractor Work Product when such claim or liability would have been avoided but for

such unauthorized use. Either party will promptly notify the other party of any such claim which comes to the attention of such party. If any Contractor Work Product becomes the subject of any third party claim, demand or allegation that the Contractor Work Product infringes, misappropriates or otherwise violates any third party's patent, trademark, copyright or other proprietary right, then Contractor, at its sole option, shall: (i) promptly obtain, at no expense to WCI, Inc., the right for WCI, Inc. to continue exercising all rights and licenses in such Contractor Work Product in accordance with the terms of the Agreement; or (ii) replace the subject Contractor Work Product with non-infringing and substantially equivalent work. The foregoing states the entire liability of Contractor with respect to any claims which are the subject of this Section 24.B.

- C. Except as set forth in the Work Schedule, Contractor agrees that all Contractor Work Product created during the term of the Agreement by Contractor, its employees or any of its subcontractors it engages to perform work for WCI, Inc. and directly related to WCI, Inc.'s existing products, services or business, or containing WCI, Inc.'s proprietary or sensitive information, shall become the absolute and exclusive property of WCI, Inc., including (i) concepts, trademarks, slogans, works, ideas, designs, discoveries, inventions, improvements, advances, methods, practices, techniques, and developments, (ii) reports, drawings, studies, specifications, estimates, maps, computations and other data and correspondence and (iii) materials, including books, magazines and periodicals and office material, purchased under the Agreement for WCI Inc., (collectively, the "WCI, Inc. Intellectual Property"). All WCI, Inc. Intellectual Property shall automatically be deemed to become the property of WCI, Inc. immediately when made or conceived. WCI, Inc. Intellectual Property shall not include any pre-existing materials, including software, firmware, compositions of matter, manufactures, apparatus, appliances or processes and any concepts, works, ideas, designs, discoveries, inventions, improvements, advances, methods, practices, techniques, or developments embodied therein, or any materials purchased from non-subcontracting third parties. Contractor and its subcontractors agree to cooperate with and assist WCI, Inc. to apply for and to execute any applications and/or assignments reasonably necessary to obtain any patent, copyright, trademark, or other statutory protection for any WCI, Inc. Intellectual Property. Contractor shall, and shall cause employees and subcontractors of Contractor to, promptly sign any and all lawful papers, take all lawful oaths and do all lawful acts, including giving testimony, upon request by WCI, Inc., in connection with any patent, trade name, trademark, service mark or copyright application or issued patent, or registered copyright or trademark and/or any divisions, continuations, renewals, re-examinations, reissues or the like of any of them. Such lawful papers include, but are not limited to, any and all declarations, powers, assignments, and other papers reasonably deemed by WCI, Inc. to be necessary or advisable in connection with the filing or prosecution of any patent, trademark, service mark or copyright application or in connection with the grant of any letters patent, trademark or service mark registration, or copyright registration, or in connection with the transfer of any rights to any invention, trademark, trade name, service mark, or copyright. Contractor agrees to keep and maintain adequate and current written records of the foregoing described in this paragraph and promptly to disclose to WCI, Inc. all WCI, Inc. Intellectual Property.
- D. WCI, Inc., at its discretion, may grant a nonexclusive and paid-up license to Contractor and its subcontractors to use any copyrightable materials or other intellectual property related to the WCI, Inc. Intellectual Property.

- E. Contractor and its subcontractors shall not, except as required by law, a court order or any relevant regulatory body and provided that contractor shall promptly notify WCI, Inc. and afford WCI, Inc. an opportunity, to the extent reasonably practicable, to challenge any such requirement, disclose any of the WCI, Inc. Intellectual Property, or any portion thereof, to any other organization or person without the prior written consent of WCI, Inc., provided that the foregoing obligation shall not prevent Contractor, its employees or any subcontractors it engages from using any residual knowledge (i.e., ideas, concepts, know-how or techniques developed by and retained in the unaided memories of parties not subject to an existing WCI, Inc. application for, or a grant to WCI, Inc. of, a statutory intellectual property right).
- F. Contractor and its subcontractors shall not use the WCI, Inc. Intellectual Property, or any portion thereof, in any other work without the prior written consent of WCI, Inc., subject to any license granted in writing to Contractor by WCI, Inc.

## 25. RIGHTS IN DOCUMENTS, MATERIALS, AND DATA PRODUCED

WCI, Inc. shall have the right to use the WCI, Inc. Intellectual Property without restriction or limitation and without compensation to Contractor other than that provided for in the Agreement. Any document produced in whole or in part under the Agreement shall not be the subject of an application for copyright by or on behalf of Contractor or its subcontractors.

## 26. CONFIDENTIALITY

Contractor acknowledges that the Confidential Information (as hereinafter defined) of WCI, Inc. has independent economic value, is not known to other persons who might profit from its use and is the subject of efforts by WCI, Inc. to maintain its secrecy that are reasonable under the circumstances. Contractor agrees to use such Confidential Information solely for the purposes permitted by the Agreement and further agrees not to, directly or indirectly, disclose to any person any Confidential Information except to the extent expressly permitted under the Agreement or required by law or legal process or by a regulatory, self-regulatory or supervisory authority having appropriate jurisdiction, or authorized in writing by WCI, Inc. For the purposes of the Agreement, “Confidential Information” shall include (i) any information so described elsewhere in the Agreement, (ii) all data stored or made accessible through the Compliance Instrument Tracking System Service or any additional or successor tracking system service, unless WCI, Inc. notifies Contractor in writing that such information is not confidential, (iii) any information identified as confidential in agreements entered into by WCI, Inc. with Participating Jurisdictions or any funding entity and identified elsewhere in the Agreement, (iv) any personally identifying information, proprietary processes or sensitive, non-public market data, (v) any third-party confidential information included with, or incorporated in, information provided to Contractor by WCI, Inc., any Participating Jurisdiction or any funding entity or otherwise obtained in the course of performing the Work, (vi) communications with WCI, Inc. staff and/or Participating Jurisdictions’ staff related to any of the Work, including oral discussions, telephone conversations, emails, attachments, letters and faxes, and any data, analyses, specifications, requirements and concepts received by Contractor from WCI, Inc., any Participating Jurisdiction or any funding entity, (vii) all notes, data, analyses, compilations or reports prepared by Contractor that contain or are based upon Confidential Information and (viii) any confidential, proprietary or trade secret information of WCI, Inc., any Participating Jurisdiction and any funding entity that is disclosed to Contractor or Contractor otherwise obtains in the course of its performance of the Agreement such as, but not limited to, information related to articles, electronic data, recordings, papers, bulletins, reports or other



material reporting the plans, progress, analysis or results and findings of the Work, business plans, party lists, benefit plans, designs, pricing offered to or agreed upon by parties, commissions or commission structures, financial statements, software diagrams, flow charts, product plans and other items and information belonging to WCI, Inc., its personnel, customers and affiliates.

Confidential Information shall not include any information: (i) that as of the time of receipt by Contractor is in the public domain or subsequently enters the public domain without breach of the Agreement by Contractor; (ii) that as of the time of receipt by Contractor, is already known to or in Contractor's possession other than as a result of an improper disclosure to Contractor; (iii) is independently developed by or for Contractor without the use of any Confidential Information as evidenced by Contractor's own files and records; (iv) is received in good faith by Contractor from a third party that was lawfully in possession of, and entitled to disclose, the information; or (v) that the parties mutually agree in writing to release from the terms of the Agreement. Contractor shall use commercially reasonable efforts to prevent any disclosure of Confidential Information by Contractor, its subcontractors, or its or their agents and employees. Contractor may disclose Confidential Information to those of its affiliates and its and their respective directors, officers, employees, subcontractors, attorneys and agents (collectively, "Contractor Parties") who need access to the Confidential Information in order for Contractor to carry out its obligations under the Agreement but shall use commercially reasonable measures to prevent any disclosure of Confidential Information by any Contractor Parties. Contractor further agrees to not deliver, "reverse engineer," reconstruct, reproduce or in any way allow such Confidential Information, knowledge, data or other information, or any documentation relating thereto to be delivered or used by any third party without specific direction or consent of WCI, Inc. In addition, Contractor shall:

- A. Notify WCI, Inc. promptly and in writing of the circumstances surrounding any possession, use or knowledge of Confidential Information or any part thereof by any person in a manner other than as authorized by this Section 26.
- B. Contractor will sign and submit to WCI, Inc. Attachment D: Organization Conflict of Interest and Confidentiality Statement on its own behalf, and obtain and submit to WCI, Inc. Attachment D: Organization Conflict of Interest and Confidentiality Statement signed by each subcontractor. Additionally, upon WCI, Inc.'s request, Contractor shall, but no more than once every twelve-month period during the term of the Agreement, sign and submit to WCI, Inc. a new Attachment D: Organization Conflict of Interest and Confidentiality Statement on its own behalf, and obtain and submit to WCI, Inc. a new Attachment D: Organization Conflict of Interest and Confidentiality Statement signed by each subcontractor.
- C. Adhere to all WCI, Inc. confidentiality and disclosure policies disclosed to Contractor in writing and, if directed by WCI, Inc., enter into agreements with Participating Jurisdictions and funding entities related to the management, sharing, and disclosure of information.
- D. Treat all Confidential Information, Work and Contractor Work Product as Confidential Information in accordance with this Agreement. No Confidential Information, Work or Contractor Work product may be disclosed in any form to any person without the written consent of WCI, Inc. except when expressly permitted under the Agreement or required by law or legal process. Contractor is authorized to maintain a copy of all information necessary to comply with its contractual obligations and applicable professional standards. If WCI, Inc.'s Executive Director or his or her authorized agent so requires and notifies Contractor

in writing, the following disclaimer must accompany all Confidential Information prepared by Contractor or prepared or provided by WCI, Inc. and copied or reproduced in any form by Contractor: *"Publication of this document shall not be construed as endorsement of the views expressed therein by Western Climate Initiative, Inc. or any federal, state or provincial agency."*

- E. Not remove any WCI, Inc. or Participating Jurisdiction or any funding entity equipment and/or data on any activities from WCI, Inc.'s secured environment without advance written approval from WCI, Inc.
- F. Upon full payment to Contractor, surrender all documents, property (whether in written or electronic form) and transportable recorded media of any kind belonging to WCI, Inc. or containing WCI, Inc. Confidential Information at the conclusion of the engagement, upon termination of the Agreement, or upon the written request of WCI, Inc., provided, however, that to the extent required for legal or regulatory purposes or to satisfy internal compliance policies or procedures, Contractor may retain Confidential Information, but Contractor shall be required to maintain such Confidential Information in confidence in accordance with the requirements of the Agreement until such Confidential Information is transferred or returned to WCI, Inc. or, upon WCI, Inc.'s written consent, destroyed.
- G. Upon confirmation of loss or theft of Confidential Information in any form, immediately report to WCI, Inc. the occurrence of such loss or theft.
- H. Provide WCI, Inc. all pass phrases/passwords used as private keys to encrypt data used, produced or acquired in the course of performing duties under the Agreement.
- I. Make reasonable security arrangements consistent with the highest standard of the financial industry to protect Confidential Information from unauthorized access, collection, use, disclosure, alteration or disposal. Upon WCI, Inc.'s written request, Contractor shall provide a description of security arrangements it maintains to protect Confidential Information.
- J. Not intentionally damage or harm WCI, Inc.'s reputation, goodwill and business relations with any person or entity, including but not limited to customers, official bodies, governmental agencies and WCI, Inc. employees.

WCI, Inc. will not intentionally damage or harm Contractor's reputation, goodwill and business relations with any person or entity, including but not limited to customers, official bodies, governmental agencies and Contractor's employees.

## 27. CONFLICTS OF INTEREST

- A. Contractor must ensure that no conflicts of interest exist between the services required under the Agreement and services provided by Contractor to other clients or Contractor's other business operations.

- B. Contractor must not have any financial interests in the outcome of any services it provides under the Agreement except for fees for service under the Agreement.
- C. Contractor must have in place formal policies and procedures to identify and mitigate conflicts of interest and ensure that Contractor's organization, management and employees avoid financial interests and activities that potentially create conflicts of interest.
- D. Contractor will in good faith not participate in any greenhouse gas (GHG) reporting or cap-and-trade program implemented by WCI, Inc., any Participating Jurisdiction or any funding entity. If WCI, Inc. obtains conclusive information that Contractor is nevertheless participating in any greenhouse gas (GHG) reporting or cap-and-trade program implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, WCI, Inc. will notify Contractor in writing of such participation as soon as practical and, in any event, in not less than fifteen (15) days after obtaining conclusive information. In the event the Contractor is found to be participating in any greenhouse gas (GHG) reporting or cap-and-trade program implemented by WCI, Inc. or any Participating Jurisdiction, it shall not constitute willful misconduct or negligence or a breach of this Agreement on the part of Contractor; however WCI, Inc. may terminate the Contractor pursuant to Section 19 or WCI, Inc. shall notify Contractor of its decision to retain Contractor. Contractor will use its commercially reasonable efforts to, and to cause its subcontractors to, not be a beneficial owner of more than 5% of the voting interests of any entity subject to any of the provisions of any GHG reporting or cap-and-trade program implemented by WCI, Inc., any Participating Jurisdiction or any funding entity. In addition, Contractor will use its commercially reasonable efforts to, and to cause its subcontractors to, not be a beneficial owner of more than 5% of the voting interests of any direct parent company, direct subsidiary or sister company of an entity subject to any of the provisions of any GHG reporting or cap-and-trade program implemented by WCI, Inc., any Participating Jurisdiction or any funding entity. WCI, Inc. will, at the three (3) month anniversary of the date of the Agreement, and every three (3) months thereafter, update the list of entities covered by this Section 27.D and by Attachment D: Organization Conflict of Interest and Confidentiality Statement and make that list available to Contractor. Contractor shall be entitled to rely conclusively and exclusively on such list for purposes of (i) meeting its obligations under this Section 27.D and (ii), subject, as applicable, to the commitment to exercise reasonable inquiry, providing the certifications regarding beneficial ownership in Attachment D: Organization Conflict of Interest and Confidentiality Statement.
- E. Contractor must ensure that its employees and subcontractors meet and comply with the requirements described in Sections 27.A through 27.C above.
- F. Notwithstanding the foregoing, WCI, Inc. reserves the right to determine, at its sole discretion, whether information received from any source indicates the existence of an actual or potential conflict of interest. If WCI, Inc. determines that a conflict of interest exists, or that there is an unavoidable appearance of a conflict of interest that cannot be resolved to the satisfaction of WCI, Inc., WCI, Inc. may terminate the Agreement immediately upon written notice to Contractor.
- G. Contractor will advise WCI, Inc. if performing services for other clients could potentially interfere with Contractor's duties pursuant to this Agreement.

- H. Contractor will not accept any gift, benefit, gratuity or consideration from anyone, if it would influence Contractor's performance under the Agreement.

## 28. PUBLICITY

- A. Except as may be required by law, neither Contractor nor any of its subcontractors shall issue or permit to be issued any press release, advertisement, or literature of any kind that refers to WCI, Inc., any Participating Jurisdiction or any funding entity or the Work performed in connection with the Agreement without first obtaining the written approval of WCI, Inc. Such approval may be withheld for any reason.
- B. Except as may be required by law, WCI, Inc. shall not issue or permit to be issued any press release, advertisement or literature of any kind that refers to the Contractor or any of its affiliates without the prior written consent of the Contractor, provided that, notwithstanding the foregoing, WCI, Inc. may provide public notice of its entering into the Agreement with Contractor and any subsequent amendment or termination of the Agreement.
- C. WCI, Inc. may provide each Participating Jurisdiction or funding entity with a complete copy of the Agreement. In order for WCI, Inc. to meet its transparency goals, Contractor shall work with WCI, Inc. to produce a redacted copy of the Agreement which WCI, Inc. shall post on its website.

## 29. NO CONFLICT

[Intentionally Left Blank]

## 30. COMPLIANCE WITH LAWS, SAFETY

Contractor shall give all necessary notices required by law to be given by it, secure all necessary permits required by law to be obtained by it, and comply with all applicable federal, state, provincial and local laws, ordinances, rules and regulations applicable to the Work, including all nondiscrimination in employment, safety, health, and environmental laws, rules, and regulations.

## 31. NO VIOLATION OF OTHER AGREEMENTS OR COVENANTS

Contractor has not signed any other agreement, and has not accepted any obligation, that would interfere or conflict with its ability to fulfill its duties and obligations in connection with the Agreement. Contractor has not entered into and is not bound by any covenants, laws, rules or regulations that would restrict, impair or prevent the performance of its duties and obligations under the Agreement.

### 32. STATUS

Contractor has the power and authority to enter into and perform its obligations under this Agreement. To the best of Contractor's knowledge after due inquiry, Contractor's performance pursuant to this Agreement will not violate the legal or equitable rights of any third party.

### 33. RIGHTS AND REMEDIES

Contractor has no recourse against the Participating Jurisdictions or any funding entities, elected officials, commissioners, employees or agents of any Participating Jurisdiction or funding entity for any claim, right or demand arising out of or related to the Agreement.

### 34. LIMITATION OF DAMAGES

Neither WCI, Inc. nor Contractor, nor their respective directors, officers, employees and agents, shall be liable for any special, indirect, incidental, or consequential damages, including economic damages such as lost profits, arising out of or in connection with the Agreement or the performance of Work, regardless of whether any such person or entity has been told, has reason to know or, in fact, knows of the possibility of any such damages or whether any related claim sounds in tort, contract, breach of warranty or any other theory.

### 35. THIRD PARTIES

The parties agree that the Participating Jurisdictions and any funding entity are intended third-party beneficiaries of the Agreement. Other than the Participating Jurisdictions and any funding entity, there are no other third party beneficiaries with any rights under the Agreement.

### 36. RESTRICTIONS ON CONTACT WITH WCI, INC. EMPLOYEES AND CONSULTANTS

Unless otherwise agreed to in writing, the parties hereto agree that during the term of this Agreement and for a period of one (1) year after the expiration or termination of this Agreement, neither party shall knowingly solicit for employment any person employed by the other working under this Agreement. This Section 36 shall not restrict in any way the right of either party to solicit or recruit generally in the media, and shall not prohibit either party from hiring an employee of the other who answers any advertisement or who otherwise voluntarily applies for hire without having been personally solicited by the hiring party.

### 37. REMEDIES OF WCI, INC.

Contractor agrees that it would be impossible or inadequate to measure and calculate WCI, Inc.'s damages from a breach of the covenants of the Agreement. Accordingly, Contractor agrees that if Contractor breaches or threatens to breach any of such covenants in the Agreement, WCI, Inc. will have available in addition to any other right or remedy available to it at law or in equity, the right to seek an injunction from a court of competent jurisdiction restraining such breach or threatened breach and ordering specific performance of any such provision of this Agreement. Contractor further agrees that

no bond or other security shall be required in obtaining such equitable relief, and Contractor hereby consents to the issuance of such injunction and to the ordering of specific performance.

### 38. GOVERNING LAW; FORUM

This Agreement shall be governed by, and construed in accordance with, the laws of the State of California without reference to its conflict-of-law principles. Subject to the requirements of Section 16 of these General Terms and Conditions, Contractor and WCI, Inc. consent to the exclusive jurisdiction of the federal and state courts of California, in connection with any action or proceeding arising out of the Agreement, or any document or instrument delivered in connection with the Agreement. Contractor and WCI, Inc. waive any objection to such jurisdiction on the grounds of venue or forum non conveniens and any similar grounds, consent to service of process by mail or in any other manner permitted by law, and agree to be bound by any judgment rendered by any such court in connection with the Agreement.

### 39. NOTICES

All notices or other communications required or to be given under the Agreement shall be given using the contact information set forth in the Standard Agreement (or such other contact information as a party shall specify to the other party by notice given in accordance with this Section 39) and shall be in writing and delivered personally or given by e-mail (no transmission failure notice received), by nationally recognized overnight courier or by certified mail, postage prepaid, return receipt requested, to the receiving party at the address set forth in the Agreement. Notice shall be deemed given on the date of delivery in the case of personal delivery, on the date of receipt in the case of e-mail, on the date of delivery or refusal of delivery in the case of delivery by overnight courier or on the delivery or refusal date as specified on the return receipt in the case of certified mail.

### 40. CONSTRUCTION

The Agreement shall be construed neutrally and without regard to the party that drew it, and any ambiguity shall not be interpreted against the drafting party. Headings used in the Agreement are provided for convenience only and shall not be used to construe meaning or intent. Where the context allows, the word “including” shall mean “including without limitation.” The word “or” not exclusive and is deemed to have the meaning “and/or”.

### 41. FORCE MAJEURE

Neither Contractor nor WCI, Inc. shall be responsible or liable for any failure or delay in the performance of its obligations under the Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God, earthquakes, fires, floods, wars, civil or military disturbances, sabotage, epidemics, riots, loss or malfunctions of utilities, computer (hardware or software) or communications service disruptions, labor disputes, acts of civil or military authority, or governmental, judicial or regulatory actions, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility that are beyond the party's reasonable control and that prevent the party from performing its obligations under the Agreement. Each party shall notify the other of the



occurrence of a force majeure event as soon as possible after learning of same, and any notifying party shall resume or begin the performance of any delayed or unperformed obligations as soon as reasonably practicable after the end of the force majeure event.

#### 42. PARTICIPATING JURISDICTIONS' AND FUNDING ENTITIES' POLICE POWER AND OTHER SOVEREIGN POWERS UNIMPAIRED

Notwithstanding any provision to the contrary elsewhere in this Agreement or these General Terms and Conditions, nothing in this Agreement or these General Terms and Conditions shall limit or otherwise impair in any respect any Participating Jurisdiction's or any funding entity's future exercise of their police power or any other sovereign powers.

#### 43. WAIVER

Each party may extend or waive compliance with any of the agreements of the other party or conditions to such other party's obligations contained in the Agreement. Any such extension or waiver shall be valid only if set forth in a writing signed by the party to be bound thereby. Any waiver of any term or condition of the Agreement shall not be construed as a subsequent waiver of the same term or condition or a waiver of any other term or condition of this Agreement. The delay or failure of any party to assert any of its rights under the Agreement shall not constitute a waiver of any such rights or in any way affect the validity of such rights. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

#### 44. SURVIVAL

The provisions of Sections 8, 10, 14, 15, 16, 24, 25, 26, 28, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45 and 48 hereof shall survive the expiration or termination of the Agreement.

#### 45. U.S.A PATRIOT ACT

In order to comply with the laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including, without limitation, those relating to the funding of terrorist activities and money laundering, including Section 326 of the USA PATRIOT Act of the United States ("Applicable Law"), Contractor is required to obtain, verify, record and update certain information relating to individuals and entities which maintain a business relationship with the Contractor. Accordingly, each of the beneficial parties to the Agreement agrees to provide to Contractor, upon its request from time to time, such identifying information and documentation as may be reasonably available to such beneficial parties in order to enable Contractor to comply with Applicable Law.

46. RIGHTS OF CONTRACTOR

- A. Contractor may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, indebtedness or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.
- B. The duties, responsibilities and obligations of Contractor shall be limited to those expressly set forth herein and Contractor shall not be deemed to be a trustee for WCI, Inc. or any third party beneficiary hereunder.
- C. Except as provided herein, Contractor shall not be required to expend or risk any of its own funds or otherwise incur any liability, financial or otherwise in the performance of any of its duties hereunder.
- D. Contractor may consult with legal counsel of its own choosing as to any matter relating to the Agreement, and Contractor shall not incur any liability in acting reasonably and in good faith in accordance with any advice from such counsel when fully apprised of the facts and circumstances relevant to such advice.

47. NOTIFICATION OF CERTAIN MATTERS

Contractor will promptly provide a written notice to WCI, Inc. upon Contractor becoming aware of any of the following: (i) any material concern or complaint by an auction participant about any of the services provided by Contractor under the Agreement and (ii) the occurrence of any event or other matter which is reasonably likely to result in Contractor's breach of the Agreement or the commencement or the threat of commencement of any legal action, suit or proceeding against Contractor, WCI, Inc., any Participating Jurisdiction or any funding entity. Any such written notice shall include a reasonably detailed description of Contractor's proposed response to any such concern or complaint or such occurrence.

## 48. DEFINED TERMS

The following capitalized terms, which may be used in one or more sections of the Agreement, are defined in the below identified sections of the Agreement. Unless otherwise indicated, section references refer to sections of these General Terms and Condition.

<u>Term</u>	<u>Location</u>
Action.....	10.C
Agreement .....	Standard Agreement
Auction Administrator .....	Attachment A-Task 3.2
Applicable Law .....	45
Confidential Information.....	26
Contractor.....	Standard Agreement
Contractor Indemnified Parties .....	10.A
Contractor Parties .....	26
Contractor Work Product.....	24.B
Financial Services .....	Attachment A-Introduction
KYC .....	Attachment A-Task 2
LOC .....	Attachment A-Task 2
LOG.....	Attachment A-Task 2
Losses .....	10.A
Market Registry .....	Attachment A-Task 2.1
Participating Jurisdictions.....	10.A
Project .....	Attachment D
Project Representative .....	Standard Agreement
WCI, Inc.....	Standard Agreement
WCI, Inc. Indemnified Parties .....	10.B
WCI, Inc. Intellectual Property .....	24.C
Work .....	Standard Agreement
Work Plan .....	Agreement A-Task 1
Work Schedule.....	Standard Agreement

## Attachment D

### Organization Conflict of Interest and Confidentiality Statement

I certify that, to the best of my knowledge after reasonable inquiry, **Deutsche Bank National Trust Company** is not a beneficial owner of more than 5% of the voting interests of any entity that is subject to any of the provisions of the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity. The above certification is made in reliance on the list of entities provided by WCI, Inc. to **Deutsche Bank National Trust Company** pursuant to Section 27D of the Agreement.

I certify that if **Deutsche Bank National Trust Company** acquires beneficial ownership of more than 5% of the voting interests of any entity that is subject to any of the provisions of the GHG reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will, upon becoming aware of such acquisition, immediately disclose this information to WCI, Inc. The above certification is made in reliance on the list of entities provided by WCI, Inc. to **Deutsche Bank National Trust Company** pursuant to Section 27D of the Agreement.

I certify that, to the best of my knowledge after reasonable inquiry, **Deutsche Bank National Trust Company** is not a beneficial owner of more than 5% of the voting interests of any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity. The above certification is made in reliance on the list of entities provided by WCI, Inc. to **Deutsche Bank National Trust Company** pursuant to Section 27D of the Agreement.

I certify that if **Deutsche Bank National Trust Company** acquires beneficial ownership of more than 5% of the voting interests of any entity that owns, trades, facilitates trades, or advises on trades in instruments (such as derivatives) that derive their value in whole or in part from the greenhouse gas (GHG) reporting or cap-and-trade programs implemented by WCI, Inc., any Participating Jurisdiction or any funding entity, I will, upon becoming aware of such acquisition, immediately disclose this information to WCI, Inc. The above certification is made in reliance on the list of entities provided by WCI, Inc. to **Deutsche Bank National Trust Company** pursuant to Section 27D of the Agreement.

I certify that **Deutsche Bank National Trust Company** will not accept any gift, benefit, gratuity or consideration from anyone, if it would influence **Deutsche Bank National Trust Company's** performance under the Agreement.

I certify that **Deutsche Bank National Trust Company** has in place formal policies and procedures to identify and mitigate conflicts of interest and ensure that **Deutsche Bank National Trust Company** and its management and employees avoid financial interests and activities that potentially create conflicts of interest.

Subject to Section 26 of the Agreement, I certify that **Deutsche Bank National Trust Company** will keep confidential and secure and, except as expressly permitted under the Agreement, will not copy, give, or otherwise disclose to any other person or entity who has not signed a copy of this Conflict of Interest and Confidentiality Statement, all appropriately marked or verbally deemed confidential information concerning the project which is governed by the Agreement (the "Project") and any other confidential or proprietary information which **Deutsche Bank National Trust Company** learns or acquires in the course of performing duties under the Agreement, and will follow any instructions provided by the WCI, Inc. Project Manager relating to the confidentiality of Project information.

I certify that **Deutsche Bank National Trust Company** will use its commercially reasonable efforts (i) to ensure that its employees who will receive appropriately marked or verbally deemed confidential information concerning the Project or who will learn or acquire any other confidential or proprietary information in the course of performing duties in connection with the Agreement do not have a conflict of interest as described in this Conflict of Interest and Confidentiality Statement and (ii) to cause its employees to keep confidential and secure, and, except as expressly permitted under the Agreement, not to copy, give, or otherwise disclose to any other person or entity who has not signed a copy of this Conflict of Interest and Confidentiality Statement, any such information.

**Deutsche Bank National Trust Company** understands that the information that must be kept confidential includes any information identified, described or defined as “Confidential Information” in Section 26 of the General Terms and Conditions of the Agreement.

I certify that **Deutsche Bank National Trust Company** will not use Confidential Information, or any part thereof, in the performance of services or for the benefit of any person or entity, in any form, whether gratuitously or for valuable consideration, except as provided under Agreement, without the prior written consent of WCI, Inc. I understand that **Deutsche Bank National Trust Company** is authorized to disclose information pursuant to law or legal process.

I certify that **Deutsche Bank National Trust Company** understands that any unauthorized disclosure of Confidential Information will be handled in accordance with Section 26 of the General Terms and Conditions of the Agreement.

Date:	
Signature:	
Printed Name:	
Title:	
Organization:	<b>Deutsche Bank National Trust Company</b>
Telephone No.:	
Email Address:	

All certifications made in this Conflict of Interest and Confidentiality Statement are made as of the date set forth above the signature of the individual signing this Conflict of Interest and Confidentiality Statement.

Capitalized terms used but not defined in this Conflict of Interest and Confidentiality Statement shall have the meanings assigned to such terms in the Standard Agreement, dated **October 26, 2021** \_\_, between WCI, Inc. and **Deutsche Bank National Trust Company**.

## Attachment E Contractor's Technical Proposal

Details have been removed from the public document for business confidentiality and competitiveness reasons.



## Attachment F Contractor's Cost Proposal

Details have been removed from the public document for business confidentiality and competitiveness reasons.