

THE STATE OF TEXAS §
 §
COUNTY OF DENTON §

FIRST AMENDMENT TO CONTRACT
BY AND BETWEEN THE CITY OF DENTON, TEXAS
AND ENTERPRISE RISK CONSULTING, LLC
CONTRACT NO. 6560

THIS FIRST AMENDMENT TO CONTRACT NO. 6560 (“Amendment”) by and between the City of Denton, Texas (“City”) and Enterprise Risk Consulting, LLC (“Consultant”);

The original Agreement provided by Enterprise Risk Consulting, LLC for professional services related to Agreement for Denton Municipal Electric (“DME”) Energy Center Resource Planning and Power Supply Strategy, as is contained in Contract No. 6560. The initial agreement for the Basic Services was approved on August 23, 2017, in the not-to-exceed amount of \$99,000.

The CITY deems it necessary to further expand the professional services provided by CONSULTANT to the CITY;

NOW THEREFORE,

1. “ARTICLE II, SCOPE OF BASIC SERVICES, A.” of the Agreement is hereby amended to read as follows:

C. “CONSULTANT shall perform all those services set forth in the individual task orders as described in **Exhibit 1 – Scope of Work and Cost Estimate for Part II – Power Supply Hedge Strategy & Risk Management Process Implementation**, which shall be attached to this Agreement and made a part hereof.

2. “ARTICLE V, COMPENSATION, B. BILLING AND PAYMENT” of the Agreement is hereby amended to read as follows:

“BILLING AND PAYMENT: For and in consideration of the professional services to be performed by the CONSULTANT herein, the OWNER agrees to pay, based on the cost estimate detail shown in **Exhibit “B” – Cost Estimate of Professional Services and Reimbursement of Out-of-Pocket Expenses and Exhibit “1” – Scope of Work and Cost Estimate for Power Supply Hedge Strategy & Risk Management Process Implementation**, which are attached hereto and made a part of this Agreement as if written

word for word herein, a total fee, not including out-of-pocket expenses, such as airfare, hotel, ground transportation, and meals including reimbursement for direct non-labor expenses and incidentals not to exceed \$299,000 for Part I and Part II of the Project.”

All other provisions of the contract, as heretofore amended, remain in full force and effect.

IN WITNESS WHEREOF, the CITY and the CONSULTANT, have each executed this Amendment, by and through their respective duly authorized representatives and officers on this the _____.

“CITY”

CITY OF DENTON, TEXAS
A Texas Municipal Corporation

By: _____
TODD HILEMAN
CITY MANAGER

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

By: _____

APPROVED AS TO LEGAL FORM:
AARON LEAL, INTERIM CITY ATTORNEY

By: _____

“CONSULTANT”

Enterprise Risk Consulting, LLC
A Limited Liability Corporation

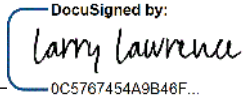
By:  President
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AUTHORIZED SIGNATURE, TITLE

EXHIBIT 1

Exhibit 1 - Scope of Work for the Project**Power Supply Hedge Strategy & Risk Management Process Implementation (Part II)**I. Introduction

The objective of the consulting engagement is to provide strategic support to Denton by providing strategic support in the implementation of a reengineered EMO function for power supply trading and risk management, as well as the design and implementation of a long-term power supply strategy, and assistance in revising Denton's pro forma financial projections.

The proposed timeline for the scope of work is October 2017 to September 2018.

II. Scope of Work**Power Supply Hedge Strategy & Risk Management Process Implementation**

Activities will include:

- Based on Denton's risk assessment and best practice process gap analysis, ERC will assist Denton with the implementation of changes to its trading and energy risk management operational process as needed to meet best practice requirements and close identified process gaps.
- ERC will work with Denton personnel to revise its energy risk management and credit risk management governance documents to reflect the necessary changes identified in the risk assessment and gap analysis, and to reflect implemented changes to Denton's organizational structure and management process.
- Based on the chosen renewable power supply resource plan, ERC will develop an integrated hedge strategy to meet Denton's chosen renewable resource goals.
 - ERC will work with Denton to determine its risk tolerance and to develop measurable risk management and risk reduction objectives.
 - Based on Denton's risk tolerance and risk reduction objectives, ERC will develop an actionable hedge strategy including hedge targets specifying quantities, durations, transaction triggers, and transaction deadlines. These will include power market targets for hedging and balancing DME's power supply portfolio, along with natural gas supply and hedge targets (to be determined by the operational and monetization plan developed for the DEC).
 - Based on the hedge strategy, ERC will translate the hedge strategy, its targets and deadlines, into a risk limit structure for control and policy compliance purposes.

- Based on the renewable resource plan and integrated hedge strategy, ERC will develop a set of risk and performance metrics.
- Based on the new renewable power supply resource plan and hedge strategy, ERC will assess Denton's risk information system requirements including deal capture and transaction and exposure database needs, system security, risk and performance measurement functionality, and settlement and accounting functionality.
- ERC will work with Denton staff to incorporate the revised risk management objectives, risk and performance metrics, risk management strategies, and risk limit structure in Denton's risk management governance documents.
- Knowledge Transfer - Ongoing interaction between Denton personnel and ERC staff will help to develop skills to allow Denton to independently and efficiently operate a functional market-based power supply and risk management program.
- Pro Forma Support – ERC will assist Denton in revising its pro forma financial projections for expenses related to wholesale electric power and fuel supply costs resulting from its revised renewable resource power supply plan, and revised budgets for its EMO operations.

III. Deliverables

Deliverables will include written documents submitted by email, information communicated in meetings and teleconferences, and PowerPoint presentations.

IV. Cost Estimate

The cost estimate is presented as a range of minimum to maximum estimated amounts. The range is a function of several elements of uncertainty. How much time on-site will be required, and how many trips to Denton will be required? How many best practice gaps (and how large) will be identified in the risk assessment and gap analysis? Based on Denton's to-be-determined risk tolerance, how transaction heavy or light will be the new hedge strategy? How many resource nodes will be involved in the revised resource plan (this will affect the number amount of analysis and bidding preparation needed to manage congestion hedging)? How cooperative or resistant will existing staff act? How much training will be required for new staff or existing staff who take on new roles? What is the current state of Denton's credit risk management process, and how many counterparties are on the books (this can either speed up or slow down the transaction planning process).

It is anticipated that Larry Lawrence (President), Neil McAndrews (Senior Principal), and Tom Lord (Senior Principal) will perform the majority of the work under this contract, assisted by ERC's analytical support staff.

<u>Scope of Work</u>	<u>Minimum Estimate*</u>	<u>Maximum Estimate*</u>
Power Supply Hedge Strategy & Risk Management Process Implementation	\$135,000	\$182,250

Out of Pocket Expenses

Travel costs such as airfare, hotel, ground transportation, and meals will be billed at out-of-pocket cost, without additional markup. Air travel will be purchased at coach class fares, with advance purchase discounted tickets used when scheduling permits. Travel time is not billable unless project-specific work is performed in route. Expense reports detailing all expenses, along with receipts, will be presented for reimbursement.

We estimate that the scope of work could involve several trips to Denton for Neil McAndrews and Larry Lawrence, and a few for Tom Lord. Thus, we would need an adder to the cost estimate to cover travel expenses.

Certificate Of Completion

Envelope Id: FDF2D1205BF24E939B020E1854D8C211	Status: Sent
Subject: Please DocuSign: City Council Contract -Enterprise Risk Consulting - Amendment No 1	
Source Envelope:	
Document Pages: 7	Signatures: 1
Supplemental Document Pages: 0	Initials: 0
Certificate Pages: 6	
AutoNav: Enabled	Envelope Originator:
Envelopeld Stamping: Enabled	Rebecca Hunter
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	rebecca.hunter@cityofdenton.com
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Signer Events

Rebecca Hunter
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Assistant Purchasing Manager
City of Denton
Security Level: Email, Account Authentication (Optional)

Signature

Completed

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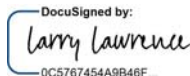
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Larry Lawrence
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President
Security Level: Email, Account Authentication (Optional)

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Todd Hileman
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Signer Events	Signature	Timestamp
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Agent Delivery Events	Status	Timestamp
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Jennifer Bridges jennifer.bridges@cityofdenton.com Security Level: Email, Account Authentication (Optional) Electronic Record and Signature Disclosure: Not Offered via DocuSign		
Jane Richardson jane.richardson@cityofdenton.com Security Level: Email, Account Authentication (Optional) Electronic Record and Signature Disclosure: Not Offered via DocuSign		

Carbon Copy Events	Status	Timestamp
Bryan Langley Bryan.Langley@cityofdenton.com Security Level: Email, Account Authentication (Optional) Electronic Record and Signature Disclosure: Not Offered via DocuSign		
Sarah Kuechler sarah.kuechler@cityofdenton.com Security Level: Email, Account Authentication (Optional) Electronic Record and Signature Disclosure: Not Offered via DocuSign		
Notary Events	Signature	Timestamp
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Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, City of Denton (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through your DocuSign, Inc. (DocuSign) Express user account. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

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If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact City of Denton:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: purchasing@cityofdenton.com

To advise City of Denton of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at melissa.kraft@cityofdenton.com and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.

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To withdraw your consent with City of Denton

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to purchasing@cityofdenton.com and in the body of such request you must state your e-mail, full name, US Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows2000? or WindowsXP?
Browsers (for SENDERS):	Internet Explorer 6.0? or above
Browsers (for SIGNERS):	Internet Explorer 6.0?, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	<ul style="list-style-type: none">•Allow per session cookies•Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection

** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I Agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify City of Denton as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by City of Denton during the course of my relationship with you.