



Date: April 18, 2017

To: City Manager for Council Action

From: Director of Electric Utility

Subject: Approval of an Amendment No. 1 to an Electric Service Agreement with Nvidia Corporation the Extend Term for an Additional Six Months to October 31, 2017

EXECUTIVE SUMMARY

On April 22, 2014, Council approved an Electric Services Agreement with Nvidia Corporation, which is one of the largest electric customers of the City of Santa Clara's Electric Utility, Silicon Valley Power (SVP). The City's current contract with Nvidia Corporation for the purchase of energy is due to expire on April 30, 2017, however negotiations for a new contract are delayed and staff requires an extension of six months to complete negotiations and finalize a new agreement. Staff recommends entering into Amendment No. 1 with Nvidia Corporation to complete these negotiations. A copy of Amendment No. 1 to the Electric Service Agreement can be viewed on the City's website and is available in the City Clerk's Office for review during normal business hours.

ADVANTAGES AND DISADVANTAGES OF ISSUE

By entering into this Amendment, SVP will be assured of stable, predictable power sales to Nvidia for an extended time. If this Amendment No. 1 is not entered into, SVP may lose future sales of electricity to one of its largest customers.

ECONOMIC/FISCAL IMPACT

No capital expenditures will result from entering into this contract. Some reduction in revenue will occur initially, however contracted sales revenues will continue to be received from Nvidia Corporation for the life of the agreement.

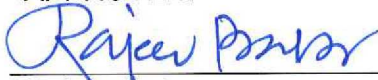
RECOMMENDATION

That Council approve, and authorize the City Manager to execute, Amendment No. 1 to the Electric Service Agreement with Nvidia Corporation to extend the term of this Agreement for an additional six months to October 31, 2017.

for 

John C. Roukema
Director of Electric Utility

APPROVED:



Rajeev Batra
Interim City Manager

Documents Related to this Report:

- 1) *Amendment No. 1 to the Electric Service Agreement with Nvidia Corporation*

**AMENDMENT NO. 1
TO THE AGREEMENT BETWEEN
THE CITY OF SANTA CLARA, CALIFORNIA
AND
NVIDIA CORPORATION**

PREAMBLE

This agreement ("Amendment No. 1") is by and between Nvidia Corporation, a Delaware Corporation, with its principal place of business located at 2701 San Tomas Expressway, Santa Clara, CA 95050 ("Contractor"), and the City of Santa Clara, California, a chartered California municipal corporation with its primary business address at 1500 Warburton Avenue, Santa Clara, California 95050 ("City"). City and Contractor may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Amendment No. 1."

RECITALS

- A. The Parties previously entered into an agreement entitled "Electric Service Agreement by and Between the City of Santa Clara and Nvidia Corporation", dated April 22, 2014 (the "Original Agreement"); and
- B. The Parties entered into the Original Agreement for the purpose of having Contractor purchase of electricity on a long-term basis in exchange of certain discounted rates.

The Parties agree as follows:

AGREEMENT PROVISIONS

1. AMENDMENT PROVISIONS

That Exhibit B of the Original Agreement, entitled "Term of Contract and Rates Charged" is hereby amended by deleting the existing Exhibit B, Paragraph 1 in its entirety and replacing it with the following:

- 1. The term of this agreement is from May 1, 2014 to October 31, 2017. All other terms in Exhibit B are to remain confidential.

2. TERMS

All other terms of the Original Agreement which are not in conflict with the provisions of this Amendment No. 1 shall remain unchanged in full force and effect. In case of a conflict in the terms of the Original Agreement and this Amendment No. 1, the provisions of this Amendment No. 1 shall control.

3. COUNTERPART/FACSIMILE SIGNATURE

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but both of which shall constitute one and the same instrument; and, the Parties agree that signatures on this Agreement, including those transmitted by facsimile, shall be sufficient to bind the Parties.

The Parties acknowledge and accept the terms and conditions of this Amendment No. 1 as evidenced by the following signatures of their duly authorized representatives. The Effective Date is the date that the final signatory executes the Agreement. It is the intent of the Parties that this Amendment No. 1 shall become operative on the Effective Date.

CITY OF SANTA CLARA, CALIFORNIA
a chartered California municipal corporation

APPROVED AS TO FORM:

Dated: _____

BRIAN DOYLE
Interim City Attorney

RAJEEV BATRA
Interim City Manager
1500 Warburton Avenue
Santa Clara, CA 95050
Telephone: (408) 615-2210
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ATTEST:

ROD DIRIDON, JR.
City Clerk

“CITY”

NVIDIA CORPORATION
a Delaware corporation

Date: 4.7.2017

By: *John Hankey*
JOHN HANKEY
Title: Vice President Real Estate
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“CONTRACTOR”