

CREBS APPLICATION FOR SOLAR BOND FINANCING

January 26, 2016

Internal Revenue Service
SE:T:GE:TEB:CPM
Attention: Kenneth Stengel
1122 Town & Country Commons
Chesterfield, MO 63017

RE: Application for Allocation of New Clean Renewable Energy Bond Volume Cap

Dear Mr. Stengel:

The following constitutes the application of the County of Nevada for allocation of new clean renewable energy bond volume cap under § 54C(a) of the Internal Revenue Code to finance the project described below.

1. Applicant/issuer

Name:	County of Nevada
Street Address:	950 Maidu Avenue Nevada City, CA 95959
Telephone Number:	530-265-1705
Fax Number:	530-265-7112
Taxpayer ID Number:	94-6000526

2. Status of issuer

The Applicant/Issuer is a “qualified issuer” under § 54C(d)(6) because it is a political subdivision of the State of California, thereby meeting program definition (iii): “a ‘governmental body’ that is a State, a possession of the United States, the District of Columbia, an Indian tribal government, or any political subdivision of the foregoing . . .”

3. Name of Qualified Renewable Energy Facility.

The County is applying for New CREBS to fund five (5) separate solar photovoltaic systems, named as follows:

Eric Rood Administration Center Solar Photovoltaic Facility
Wayne Brown Correctional Facility Solar Photovoltaic Facility
Carl F. Bryan II Juvenile Hall Solar Photovoltaic Facility
Lake of the Pines Wastewater Treatment Plant Solar Photovoltaic Facility
Highway 49 Ranch Property Solar Photovoltaic Facility

4. Detailed Description of the Qualified Renewable Energy Facility.

A description of the qualified renewable energy facilities (the "Project") is presented in the attached Exhibit A.

5. Project Cost.

A description of the reasonably expected costs of the Project is presented in the attached Exhibit B. None of the reasonably expected costs of the Project to be financed with New CREBs pursuant to the allocation were included in a previous application.

6. Qualified Renewable Energy Facility Owner

Name: County of Nevada
Street Address: 950 Maidu Avenue
Nevada City, CA 95959
Telephone Number: 530-265-1705
Fax Number: 530-265-7112
Taxpayer ID Number: 94-6000526

7. Status of Owner

The project is owned by a qualified entity under §54C(d)(1) because the County of Nevada is --

(ii) a qualified owner under §54C(d)(3) that is a "governmental body" and is a State, a possession of the United States, the District of Columbia, an Indian tribal government, or any political subdivision of the foregoing . . .

The County hereby certifies that it is not a public power provider under §54C(d)(2).

It is the County's understanding that the Volume Cap Limit in effect as of the submission date of this Application for governmental bodies is the greater of (1) 20 percent of the amount of available volume cap for projects to be owned by governmental bodies as of the first day of such period (determined based on information available to the IRS, including allocation data and reports of bonds issued); or (2) \$40 million.

It also the County's understanding that the available volume cap for governmental bodies as of January 1, 2016 is \$428,189,389.60

Since 20% of \$428,189,389.60 = \$85,637,877.92, and \$85,637,877.92 is greater than \$40 million, it is the County's understanding that the Volume Cap Limit in effect as of the submission date of this Application is \$85,637,877.92.

Since the County is requesting \$10,863,053 it is the County's understanding that the aggregate amount of New CREBs requested does not exceed the Volume Cap Limit.

The County and members of the same controlled group are not seeking separate allocations for the same project costs.

8. Qualified Renewable Energy Facility.

The Project is one or more qualified renewable energy facilities within the meaning of §54C(d)(1) of the Code because it is a “qualified facility” (as determined under §45(d) of the Code without regard to §45(d)(8) and (10) and without regard to any placed in service date or associated construction commencement date) that is:

(4) a geothermal or solar energy facility – a facility using geothermal energy (as defined in §45(c)) or solar energy to produce electricity (not including a facility described in §48(a)(3) the basis of which is taken into account by the taxpayer for purposes of determining the energy credit under §48 of the Code)

9. Construction Commencement Date and Placed in Service Date.

Eric Rood Administration Center Solar Photovoltaic Facility

The construction, installation, and equipping of the facility began or is expected to begin on or around May 1, 2016. The facility is expected to be placed into service on or before December 1, 2016.

Wayne Brown Correctional Facility Solar Photovoltaic Facility

The construction, installation, and equipping of the facility began or is expected to begin on or around May 1, 2016. The facility is expected to be placed into service on or before December 1, 2016.

Carl F. Bryan II Juvenile Hall Solar Photovoltaic Facility

The construction, installation, and equipping of the facility began or is expected to begin on May 1, 2016. The facility is expected to be placed into service on or before December 1, 2016.

Lake of the Pines Wastewater Treatment Plant Solar Photovoltaic Facility

The construction, installation, and equipping of the facility began or is expected to begin on May 1, 2016. The facility is expected to be placed into service on or before December 1, 2016.

Highway 49 Ranch Property Solar Photovoltaic Facility

The construction, installation, and equipping of the facility began or is expected to begin on May 1, 2016. The facility is expected to be placed into service on or before December 1, 2016.

10. Independent Engineer’s Certificate

Attached as Exhibit D hereto are certifications by an independent, licensed engineer to the effect that each facility in the Project will meet the requirements for a “qualified facility” (as determined under § 45(d) of the Code (without regard to § 45(d)(8) and (10) and without regard to any placed in service date or associated construction commencement date), and that each facility, upon being placed in service, is reasonably expected to produce electricity.

11. Location of the Project.

Following are the physical locations of each of the project sites. All are located in Nevada County, California. (See also project site maps included in Exhibit A in response to Question 4.)

Eric Rood Administration Center Solar Photovoltaic Facility
950 Maidu Avenue
Nevada City, California 95959
Latitude: 39.269828°
Longitude: -121.026499°

Wayne Brown Correctional Facility Solar Photovoltaic Facility
925 Maidu Avenue
Nevada City, California
Latitude: 39.269828°
Longitude: -121.026499°

Carl F. Bryan II Juvenile Hall Solar Photovoltaic Facility
15434 Highway 49
Nevada City, California
Latitude: 39.2655°
Longitude: -121.0348°

Lake of the Pines Wastewater Treatment Plant Solar Photovoltaic Facility
10984 Riata Way
Auburn, California
Latitude: 39.032786°
Longitude: -121.080253°

Highway 49 Ranch Property Solar Photovoltaic Facility
16782 Highway 49
Nevada City, California
Latitude: 39.266845°
Longitude: -121.055749°

12. Individual to contact for more information about the Project

Name: Tom Coburn
Title: Facilities Program Manager
Entity Name: County of Nevada
Street Address: 950 Maidu Avenue
Nevada City, CA 95959
Email Address: tom.coburn@co.nevada.ca.us
Telephone Number: 530-470-2637
Fax Number: 530-265-7087

13. Approvals.

See Exhibit E regarding required regulatory approvals for the Project.

14. Plan of financing.

See Exhibit F.

15. Compliance with federal tax laws.

See Exhibit G.

16. Certification of readiness to issue.

See Exhibit H.

17. Certain forfeitures.

See Exhibit I

18. Reimbursements.

Not applicable.

19. Dollar amount of allocation requested for the Project. The County of Nevada hereby requests a New CREBs volume cap allocation in the amount of \$10,863,053

20. Penalty of perjury statement and signatures.

I hereby certify that I am an authorized officer or official of the Applicant, that I am duly authorized to execute legal documents on behalf of the Applicant in connection with incurring debt, and that I am duly authorized to execute legal documents on behalf of the Applicant in making this Application. Under penalties of perjury, I declare that (i) I have knowledge of the relevant facts and circumstances relating to this Application and the Project(s) described herein, and (ii) I have examined this Application and the supporting documents, and to the best of my knowledge and belief, all of the facts contained in this Application, any supplemental submission, and the supporting documents are true, correct, and complete.

By: _____

Name:

Title: Chair, Board of Supervisors

Date: _____

EXHIBIT A

DESCRIPTION OF THE PROJECT (RESPONSE TO QUESTION 4 OF THE APPLICATION)

The County of Nevada plans to develop photovoltaic solar energy generating systems at five locations. All of the real property at which the systems are to be located, with the exception of the Lake of the Pines Wastewater Treatment Plant is owned by the County. The Lake of the Pines Wastewater Treatment Plant is located is owned by Nevada County Sanitation District No. 1, an independent County Sanitation District organized pursuant to California Health & Safety Code §4700, et seq. The Board of Supervisors of the County of Nevada and the Board of Directors of Nevada County Sanitation District No. 1 are composed of the same five elected officials. The Nevada County Executive Officer serves as the ex-officio District Administrator for Nevada County Sanitation District No. 1. The County proposes to enter into a Lease-Leaseback Agreement with the Nevada County Sanitation District No. 1 in connection with the proposed project and financing.

Project Development Background

On September 9, 2014, the County issued a Request for Qualifications (RFQ) from qualified Energy Services Companies (ESCO) to plan, design, and implement energy generation and conservation projects. The County received six proposals and selected Climatec to develop a program of energy conservation projects, in partnership with SunPower Corporation to develop solar photovoltaic energy generations projects.

Over the past several months, SunPower and the County have evaluated and analyzed County-owned properties for solar project suitability. The five sites listed in this Application have been selected as a result of this process because they:

- Have sufficient sun exposure, minimal slope and adequate footprint to construct a solar project that will generate utility cost-savings;
- Are in close proximity to a Pacific Gas & Electric Co. circuit with sufficient “open capacity” to connect a new solar PV system (“PG&E” is the local electric utility); and
- Are generally considered to have low alternative development opportunities.

Project Value Proposition

The County will be using PG&E’s Renewable Energy Self-Generation Bill Credit Transfer (RESBCT) Program to realize utility cost-savings from the five solar photovoltaic facilities. The RESBCT Program is open to public agencies in the PG&E service area and allows a public agency to connect large renewable energy systems directly to the utility grid and receive bill credits for the energy those systems generate (note the public agency would remain the owner of the systems). Those bill credits can then be applied to reduce electricity costs at a public agency’s electrical accounts.

Contract Development

The County and SunPower are working toward a contract for the installation of the five solar photovoltaic facilities listed in this Application pending approval by the County Board of Supervisors. Staff expects to present the final project contract to the Board of Supervisors for approval early in 2015. Once approved, the contract would still be contingent on project financing.

Solar Photovoltaic Facility Details

Details and array layouts of each of the five solar photovoltaic facilities is presented on the following pages.

**Eric Rood Administration Center
950 Maidu Avenue
Nevada City, California**

Specifications:

System Type:	Parking Fixed Tilt
System Output DC Rating:	469.8 kWdc
Estimated Year 1 Production:	813,525 kWh
Module:	SPR-E20-435-COM
Inverter:	SMA 24000TL-US

Expected Costs: See Exhibit B.

Expected Use of Power Produced: The power generated at this site will be used to offset the cost of electricity at the Eric Rood Administration Center, the County’s main administration building. In concert with planned improvements in the building’s HVAC controls and lighting upgrades, the County expects to realize a 95% offset in energy charges for this facility.



**Wayne Brown Correctional Facility
925 Maidu Avenue
Nevada City, California**

Specifications:

System Type:	Parking Fixed Tilt
System Output DC Rating:	313.2 kWdc
Estimated Year 1 Production:	542,350 kWh
Module:	SPR-E20-435-COM
Inverter:	SMA 24000TL-US

Expected Costs: See Exhibit B.

Expected Use of Power Produced: The power generated at this site will be used to offset the cost of electricity at the Wayne Brown Correctional Facility, the County’s adult detention facility. In concert with planned improvements in the building’s HVAC controls and lighting upgrades, the County expects to realize a 94% offset in energy charges for this facility.



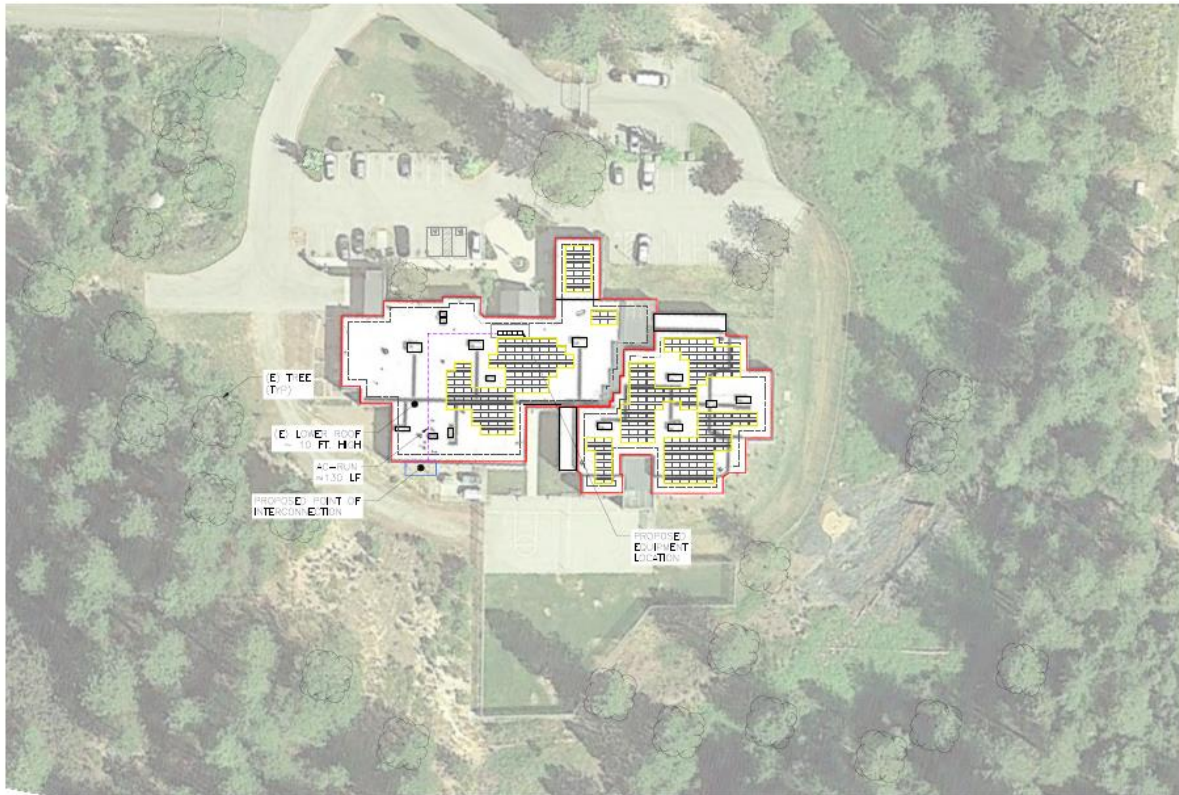
**Carl F. Bryan II Juvenile Hall
15434 Highway 49
Nevada City, California**

Specifications:

System Type:	Rooftop
System Output DC Rating:	90.3 kWdc
Estimated Year 1 Production:	146,203 kWh
Module:	SPR-E20-327-COM
Inverter:	SMA 24000TL-US

Expected Costs: See Exhibit B.

Expected Use of Power Produced: The power generated at this site will be used to offset the cost of electricity at the Carl F. Bryan II Juvenile Hall, the County's juvenile detention facility. In concert with planned improvements in the building's HVAC controls, lighting upgrades, and replacement of HVAC package units, the County expects to realize a 100% offset in energy charges for this facility.



**Lake of the Pines Wastewater Treatment Plant
10984 Riata Way
Auburn, California**

Specifications:

System Type:	Single Axis Tracker
System Output DC Rating:	365.4 kWdc
Estimated Year 1 Production:	752,856 kWh
Module:	SPR-E20-435-COM
Inverter:	SMA 24000TL-US
Foundation Type:	Driven

Expected Costs: See Exhibit B.

Expected Use of Power Produced: The power generated at this site will be used to offset the cost of electricity at the Lake of the Pines Wastewater Treatment Facility. The County expects to realize a 97% offset in energy charges for this facility.



**Highway 49 Ranch Property
16782 Highway 49
Nevada City, California**

Specifications:

System Type:	Ground-mounted Fixed Tilt
System Output DC Rating:	1,200.0 kWdc
Estimated Year 1 Production:	2,118,000 kWh
Module:	SPR-E20-435-COM
Inverter:	SMA 24000TL-US
Foundation Type:	Driven

Estimated Costs: See Exhibit B

Expected Use of Power Generated:

This project will utilize PG&E's Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT) program. The RES-BCT program (formerly AB 2466) was established by the Legislature effective January 1, 2009 and is codified in Section 2830 of the Public Utilities Code. It allows a local government with one or more eligible renewable generating facilities to export energy to the grid and receive generation credits to benefitting accounts of the same local government. Using RES-BCT, government entities can take advantage of cost-effective, offsite ground-mounted solar PV systems as opposed to higher-cost carports or rooftop systems. They can also employ larger system sizes (up to 5 megawatts), which further increases cost-effectiveness. RES-BCT credits generated at this site will be used to offset energy costs at other County facilities.

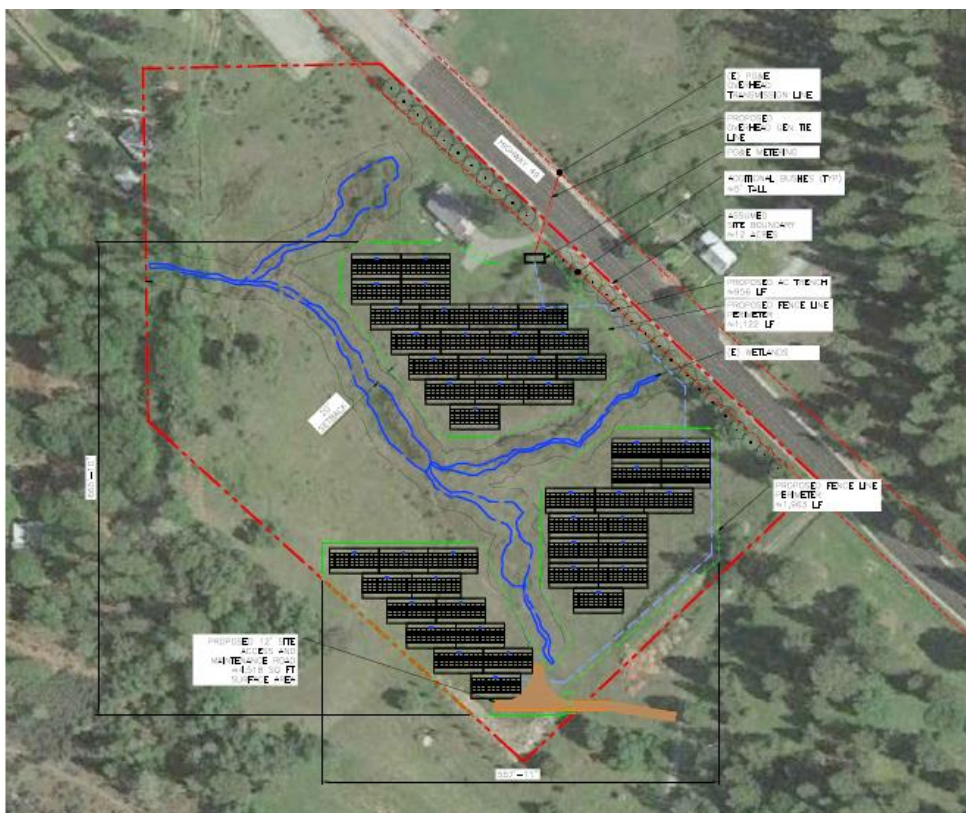


EXHIBIT B

**DESCRIPTION OF PROJECT COSTS
(RESPONSE TO QUESTION 5 OF THE APPLICATION)**

None of the reasonably expected costs of the Project for which CREBS financing is being requested in this application were included in a previous application. The County of Nevada has not previously applied for CREBS financing.

Following are the expected costs of the five projects.

Site	Design	Site Preparation	Equipment	Installation	TOTAL
Eric Rood Administration Center	\$112,752	\$11,276	\$902,016	\$1,228,998	\$2,255,042
Wayne Brown Correctional Facility	\$75,168	\$7,517	\$601,346	\$819,333	\$1,503,364
Carl F. Bryan II Juvenile Hall	\$21,835	\$2,183	\$174,674	\$237,993	\$436,685
Lake of the Pines Wastewater Treatment Plant	\$79,366	\$7,937	\$634,932	\$865,096	\$1,587,331
Highway 49 Ranch Property	\$243,382	\$24,338	\$1,947,052	\$2,652,859	\$4,867,630
TOTAL	\$532,503	\$53,251	\$4,260,020	\$5,804,279	\$10,650,052

In addition, an amount equal to 2% of the project costs is being requested to finance the cost of issuance of the bonds.

Project Costs: \$10,650,052
Cost of Issuance: \$213,001
Total CREBS request: \$10,863,053

EXHIBIT C
DOCUMENTS DESCRIBING QUALIFIED ISSUERS AND QUALIFIED OWNER'S
ORGANIZATIONAL STATUS
(RESPONSE TO QUESTIONS 2 AND 7 OF THE APPLICATION)

The County of Nevada is a political subdivision of the State of California, and as such is a general purpose governmental entity as described in Questions 2 and 7.

The County of Nevada is not a public power provider under §54C(d)(2) of the Internal Revenue Code.

The aggregate amount of New CREB volume cap requested does not exceed the Volume Cap Limit in effect as of the submission date of this Application. The County of Nevada has not previously applied for CREB financing.

Exhibit D
ENGINEER'S CERTIFICATE
(RESPONSE TO QUESTION 10 OF THE APPLICATION)

Dated: 11/23/2015

This certificate is being provided to the Internal Revenue Service ("IRS") in connection with an application (the "Application") by Nevada County, California (the "Issuer") to the IRS requesting an allocation of volume cap authority to issue new clean renewable energy bonds ("New CREBs") under § 54C of the Internal Revenue Code, as amended (the "Code") for the **Eric Rood Administration Center, 950 Maidu Avenue, Nevada City, California**. The New CREBs are being issued to finance the costs of a solar photovoltaic system owned by Nevada County, Ca and described more particularly in the Application (the "Project"). The undersigned hereby certifies as follows:

1. I am an independent, licensed engineer, duly qualified to practice the profession of engineering under the laws of the State of California, and I am not an officer or employee of the Issuer.

2. I have reviewed the Application for a New CREBs volume cap allocation (including the exhibits thereto) of the Issuer of even date herewith describing the Project. To the best of my knowledge, information, and belief, the facility will meet the requirements to be a "qualified renewable energy facility" under section 54C(d)(1) of the Code and correspondingly a "qualified facility" under § 45(d) of the Code (determined without regard to § 45(d)(8) and (10) and to any placed in service date or associated construction commencement date).

3. To the best of my knowledge, information and belief, the facility, upon being placed in service, is reasonably expected to produce electricity.

IN WITNESS WHEREOF, I have hereunto affixed my official signature on the date of this Engineer's Certificate.

By: 

Seal and/or License number: C49616

Name: Robert Redlinger

Title: Commercial Director

Company: SunPower Corporation

Exhibit D
ENGINEER'S CERTIFICATE
(RESPONSE TO QUESTION 10 OF THE APPLICATION)

Dated: 11/23/2015

This certificate is being provided to the Internal Revenue Service ("IRS") in connection with an application (the "Application") by Nevada County, California (the "Issuer") to the IRS requesting an allocation of volume cap authority to issue new clean renewable energy bonds ("New CREBs") under § 54C of the Internal Revenue Code, as amended (the "Code") for the **Wayne Brown Correctional Facility, 925 Maidu Avenue, Nevada City, California**. The New CREBs are being issued to finance the costs of a solar photovoltaic system owned by Nevada County, Ca and described more particularly in the Application (the "Project"). The undersigned hereby certifies as follows:

1. I am an independent, licensed engineer, duly qualified to practice the profession of engineering under the laws of the State of California, and I am not an officer or employee of the Issuer.

2. I have reviewed the Application for a New CREBs volume cap allocation (including the exhibits thereto) of the Issuer of even date herewith describing the Project. To the best of my knowledge, information, and belief, the facility will meet the requirements to be a "qualified renewable energy facility" under section 54C(d)(1) of the Code and correspondingly a "qualified facility" under § 45(d) of the Code (determined without regard to § 45(d)(8) and (10) and to any placed in service date or associated construction commencement date).

3. To the best of my knowledge, information and belief, the facility, upon being placed in service, is reasonably expected to produce electricity.

IN WITNESS WHEREOF, I have hereunto affixed my official signature on the date of this Engineer's Certificate.

By:  _____

Seal and/or License number: C49616

Name: Robert Redlinger

Title: Commercial Director

Company: SunPower Corporation

Exhibit D
ENGINEER'S CERTIFICATE
(RESPONSE TO QUESTION 10 OF THE APPLICATION)

Dated: 11/23/2015

This certificate is being provided to the Internal Revenue Service ("IRS") in connection with an application (the "Application") by Nevada County, California (the "Issuer") to the IRS requesting an allocation of volume cap authority to issue new clean renewable energy bonds ("New CREBs") under § 54C of the Internal Revenue Code, as amended (the "Code") for the **Carl F. Bryan II Juvenile Hall, 15434 Highway 49, Nevada City, California**. The New CREBs are being issued to finance the costs of a solar photovoltaic system owned by Nevada County, Ca and described more particularly in the Application (the "Project"). The undersigned hereby certifies as follows:

1. I am an independent, licensed engineer, duly qualified to practice the profession of engineering under the laws of the State of California, and I am not an officer or employee of the Issuer.

2. I have reviewed the Application for a New CREBs volume cap allocation (including the exhibits thereto) of the Issuer of even date herewith describing the Project. To the best of my knowledge, information, and belief, the facility will meet the requirements to be a "qualified renewable energy facility" under section 54C(d)(1) of the Code and correspondingly a "qualified facility" under § 45(d) of the Code (determined without regard to § 45(d)(8) and (10) and to any placed in service date or associated construction commencement date).

3. To the best of my knowledge, information and belief, the facility, upon being placed in service, is reasonably expected to produce electricity.

IN WITNESS WHEREOF, I have hereunto affixed my official signature on the date of this Engineer's Certificate.

By: 

Seal and/or License number: C49616

Name: Robert Redlinger

Title: Commercial Director

Company: SunPower Corporation

Exhibit D
ENGINEER'S CERTIFICATE
(RESPONSE TO QUESTION 10 OF THE APPLICATION)

Dated: 11/23/2015

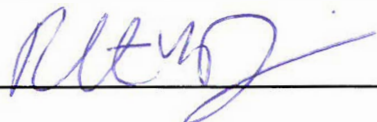
This certificate is being provided to the Internal Revenue Service ("IRS") in connection with an application (the "Application") by Nevada County, California (the "Issuer") to the IRS requesting an allocation of volume cap authority to issue new clean renewable energy bonds ("New CREBs") under § 54C of the Internal Revenue Code, as amended (the "Code") for the **Lake of the Pines Wastewater Treatment Plant, 10984 Riata Way, Auburn, California**. The New CREBs are being issued to finance the costs of a solar photovoltaic system owned by Nevada County, Ca and described more particularly in the Application (the "Project"). The undersigned hereby certifies as follows:

1. I am an independent, licensed engineer, duly qualified to practice the profession of engineering under the laws of the State of California, and I am not an officer or employee of the Issuer.

2. I have reviewed the Application for a New CREBs volume cap allocation (including the exhibits thereto) of the Issuer of even date herewith describing the Project. To the best of my knowledge, information, and belief, the facility will meet the requirements to be a "qualified renewable energy facility" under section 54C(d)(1) of the Code and correspondingly a "qualified facility" under § 45(d) of the Code (determined without regard to § 45(d)(8) and (10) and to any placed in service date or associated construction commencement date).

3. To the best of my knowledge, information and belief, the facility, upon being placed in service, is reasonably expected to produce electricity.

IN WITNESS WHEREOF, I have hereunto affixed my official signature on the date of this Engineer's Certificate.

By: 

Seal and/or License number: C49616

Name: Robert Redlinger

Title: Commercial Director

Company: SunPower Corporation

Exhibit D
ENGINEER'S CERTIFICATE
(RESPONSE TO QUESTION 10 OF THE APPLICATION)

Dated: 11/23/2015

This certificate is being provided to the Internal Revenue Service ("IRS") in connection with an application (the "Application") by Nevada County, California (the "Issuer") to the IRS requesting an allocation of volume cap authority to issue new clean renewable energy bonds ("New CREBs") under § 54C of the Internal Revenue Code, as amended (the "Code") for the **Highway 49 Ranch Property, 16782 Highway 49, Nevada City, California**. The New CREBs are being issued to finance the costs of a solar photovoltaic system owned by Nevada County, Ca and described more particularly in the Application (the "Project"). The undersigned hereby certifies as follows:

1. I am an independent, licensed engineer, duly qualified to practice the profession of engineering under the laws of the State of California, and I am not an officer or employee of the Issuer.
2. I have reviewed the Application for a New CREBs volume cap allocation (including the exhibits thereto) of the Issuer of even date herewith describing the Project. To the best of my knowledge, information, and belief, the facility will meet the requirements to be a "qualified renewable energy facility" under section 54C(d)(1) of the Code and correspondingly a "qualified facility" under § 45(d) of the Code (determined without regard to § 45(d)(8) and (10) and to any placed in service date or associated construction commencement date).
3. To the best of my knowledge, information and belief, the facility, upon being placed in service, is reasonably expected to produce electricity.

IN WITNESS WHEREOF, I have hereunto affixed my official signature on the date of this Engineer's Certificate.

By:  _____

Seal and/or License number: C49616

Name: Robert Redlinger

Title: Commercial Director

Company: SunPower Corporation

EXHIBIT E
APPROVALS
(RESPONSE TO QUESTION 13 OF THE APPLICATION)

Reasonable Expectation to Receive Approvals

The County certifies that it reasonably expects to receive all required approvals in time to permit issuance of the proposed bonds before the expiration of the volume cap allocation. For further information on such approvals and the County's assumptions regarding the expiration of the volume cap allocation see below.

Assumption Behind Expiration of Volume Cap Allocation

Section 5.e. of Notice 2015 – 12 states that “*Applicants have 180 days from the date of the allocation letter to issue the proposed bonds.*” The County is assuming that if it were to receive an allocation, it would occur in February, 2016, meaning the expiration of the volume cap allocation would occur approximately in August, 2016.

Description of Pending Approvals

- California Environmental Quality Act (CEQA): The Project must go through the CEQA process. An application has been submitted to the Nevada County Planning Department to initiate the CEQA process. Based on discussions with the County Planning Director, this process is expected to take approximately 90 days. Therefore, we estimate that the CEQA process will be completed by approximately April 1, 2016.
- Plan Check: All solar photovoltaic facilities will be required to go through the building, electrical and fire marshal review and approval process. For County projects, the County is self-permitting and utilizes the Planning Department Building Division for such reviews. From the contract approval date, this review and approval process is estimated to take two months for the solar facilities listed in this Application.
- County Board of Supervisors: The County's Board of Supervisors would need to approve a contract for development of the solar photovoltaic facilities listed in this Application in order for the County to move forward with these projects. That contract is currently being negotiated between the parties and staff anticipates presenting it for Board consideration by April 1, 2016.

EXHIBIT F

PLAN OF FINANCING (RESPONSE TO QUESTION 14 OF THE APPLICATION)

Nevada County is currently developing a plan of finance with the assistance of KNN Public Finance (“KNN”), the County’s financial advisor. KNN has extensive experience with the issuance of tax credit bonds including New CREBs for a number of issuers, including several California counties.

The County’s CREBs will be structured as Lease Revenue Bonds (“LRBs”). The County currently anticipates that the Project will serve as the leased asset associated with the LRBs. Accordingly, capitalized interest will be needed to cover the payment of interest prior to the completion of the Project or a delay in the first payment of the financing could be accommodated until after the project is completed. Please note, however, the County maintains the flexibility to utilize a different leased asset (i.e., one that is already constructed) for the LRBs in order to eliminate the need for capitalized interest. With regards to a Debt Service Reserve Fund (DSRF), the utilization of a DSRF will be dependent on the method by which the CREBs are sold (i.e., direct purchase or public offering) and market requirements at the time of sale. We generally believe that DSRFs are not required for direct purchase transactions, which is the County’s most likely method of sale. The County will be assisted by KNN to determine if a DSRF is needed to market the bonds and by the County’s Bond Counsel to determine the maximum amount of the DSRF.

The plan of finance is highly dependent upon the term of the financing. As of November 20, 2015, we understand the maximum New CREBs term to be 25 years, as stated on the Treasury Direct website. If the County elects to issue New CREBs for a relatively long term (i.e., longer than 20 years), then a public sale would likely be necessary.

The public sale option would consist of issuing two series of bonds. The first series will be taxable New CREBs. The proceeds from the sale of these taxable New CREBs plus any associated investment earnings will provide for the construction of the qualifying project(s) (the “Project”) and costs of issuance (up to 2% of the par amount of bonds issued). The County anticipates receiving approximately \$10.86 million of proceeds from the New CREBs. This consists of Project costs estimated to be approximately \$10.65 million and costs of issuance estimated to be approximately \$0.21 million. The second series will be taxable bonds that are not New CREBs -- they will not have a tax credit. This series of bonds will be issued only if (a) capitalized interest during construction and/or (b) a debt service reserve fund (“DSRF”) is needed.

If the County proceeds with a relatively shorter term financing, then a sale by direct purchase may be more economic. We have already received preliminary confirmation that at least one direct purchase bank would be interested in purchasing all of the County’s New CREBs. This indication is preliminary and subject to formal credit approval. KNN has completed direct purchase transactions for CREBs for other California counties.

The maximum maturity and credit rates for the New CREBs also could have an impact on the structure of the bonds. As we stated above, the current maximum term is 25 years as of November 20, 2015. Depending on credit rates at the time of sale, project economics in aggregate may be optimized through a shorter final maturity. At maturities less than 20 years, a direct purchase may be feasible, and accordingly, a DSRF may not be required. Alternatively, the County from a policy perspective may seek to optimize annual project cash flows by utilizing the longest final maturity possible; and therefore, a public offering and a DSRF could be necessary. Overall, the County, with the assistance of their advisors,

will determine the best structure for the bonds as the maximum maturity, credit rates and market conditions become known.

Please see the following letter from KNN as documentation from an independent third party who is knowledgeable about the marketability of municipal bonds evidencing that the proposed bonds are reasonably expected to be marketed prior to the expiration of the volume cap allocation set forth in section 5.e. of Notice 2015-12.



November 20, 2015

Mary Hall Ross
CFAO, Information & General Services Dept. and County Purchasing Agent
County of Nevada
950 Maidu Avenue
Nevada City, CA 95959

Dear Ms. Ross:

As per your request associated with the application for the allocation of new clean renewable energy bonds (“New CREBs”) as shown in Internal Revenue Service Notice 2015-12 (“Notice 2015-12”), this letter from us, KNN Public Finance, A Division of Zions Public Finance, Inc. (“KNN”), provides documentation from an independent third party who is knowledgeable about the marketability of municipal bonds evidencing that Nevada County’s proposed bonds are reasonably expected to be marketed prior to the expiration of the volume cap allocation set forth in section 5.e. of Notice 2015-12.

KNN was established in 1982 and our sole line of business is providing municipal finance advisory services, primarily to State and local government agencies in California. KNN is Municipal Advisor to 23 California counties and has structured and brought to market over 2,422 new issues aggregating in excess of \$103.4 billion for over 381 clients since inception. Over the past three years, KNN has assisted with the issuance of over 65 Certificates of Participation/Lease Revenue Bond/Lease transactions that total in over \$8.6 billion in par amount. This is the structure that Nevada County anticipates utilizing for the New CREBs.

In addition, KNN also has extensive experience with renewable energy projects and bond issuances, including multiple offerings of CREBs and Qualified Energy Conservation Bonds (QECBs) and advice to a major PACE program as well as advice to two major regional local government renewable energy procurement programs (Santa Clara and Alameda Counties). Over the past five years, KNN has worked with more than a dozen county, city, community college, and school district clients on their clean energy projects. KNN has also completed QECB and CREB financings for Kern County, Napa County and Santa Clara County (multiple financings) and assisted the University of CA with a privately placed / directly purchased CREB.

As evidenced in the prior paragraphs, KNN is knowledgeable about the marketability of municipal bonds. While market condition and credit changes could preclude the County from issuing bonds, we anticipate that the County, under a broad range of market conditions, will have access to the municipal bond markets for the foreseeable future. Overall, based on our extensive market knowledge, our experience working with similar California County issuers of similar size and credit profile, we reasonably expect that New CREBs issued by the County will be marketed prior to the expiration of the volume cap allocation set forth in Section 5.e. of Notice 2015-12, (180 days from the date of the allocation letter to issue the proposed bonds).

Sincerely,

David Leifer
Senior Managing Director

EXHIBIT G

**COMPLIANCE WITH FEDERAL TAX LAWS
(RESPONSE TO QUESTION 15 OF THE
APPLICATION)**

The County of Nevada reasonably expects that the proposed bonds will meet the applicable requirements of §54A and §54C of the Internal Revenue Code. The County of Nevada has engaged bond counsel to render an opinion to the effect that the proposed bonds will meet those requirements.

EXHIBIT H

**STATEMENT OF READINESS TO ISSUE
(RESPONSE TO QUESTION 16 OF THE APPLICATION)**

I hereby certify that I am an authorized officer or official of the Applicant, that I am duly authorized to execute legal documents on behalf of the Applicant in connection with incurring debt, and that I am duly authorized to execute legal documents on behalf of the Applicant in making this Application. I certify that the Applicant reasonably expects to issue the New Clean Renewable Energy Bonds pursuant to the allocation of volume cap for those bonds to be received pursuant to the Application prior to the expiration date of the volume cap allocation.

By: _____

Name:

Title: Chair, Board of Supervisors

Date: _____

EXHIBIT I
CERTAIN FORFEITURES
(RESPONSE TO QUESTION 17 OF THE APPLICATION)

The County of Nevada has not previously applied for nor received CREB financing.

**CONSENT TO PUBLIC DISCLOSURE
OF CERTAIN NEW CLEAN RENEWABLE ENERGY BOND
APPLICATION INFORMATION**

In the event that the Application of the County of Nevada for an allocation of authority to issue new clean renewable energy bonds (New CREBs) under § 54C of the Internal Revenue Code (Code) is approved, the undersigned authorized representative of the Applicant hereby consents to the disclosure by the Internal Revenue Service through publication of a public release on the IRS web site at <http://www.irs.gov/Tax-Exempt-Bonds> of the name of Applicant (issuer), the name of the qualified renewable energy facility owner (if other than the issuer), the type and location of the facility that is the subject of the Application, and the amount of the allocation, if any, of volume cap authority to issue New CREBs for such facility. The undersigned understands that this information might be published, broadcast, discussed, or otherwise disseminated in the public record.

This authorization shall become effective upon the execution hereof. Except to the extent disclosure is authorized herein, the returns and return information of the undersigned taxpayer are confidential and are protected by law under the § 6103 of the Code.

I certify that I have the authority to execute this consent to disclose on behalf of the taxpayer named below.

Date: _____

Signature: _____

Print name:

Title: Chair, Board of Supervisors

Name of Applicant-Taxpayer: County of Nevada

Taxpayer ID Number: 94-6000526

Applicant's Address: 950 Maidu Avenue
Nevada City, CA 95959

Note: Income Tax Regulations require that the Internal Revenue Service must receive this consent within 60 days after it is signed and dated.