



## COUNTY OF NEVADA COUNTY EXECUTIVE OFFICE

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### NEVADA COUNTY BOARD OF SUPERVISORS Board Agenda Memo

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**MEETING DATE:** September 10, 2019

**TO:** Board of Supervisors

**FROM:** Alison Lehman, County Executive Officer

**SUBJECT:** Resolution Approving Amendment #1 and Amendment #2 to Lease Agreement Between the Nevada County Finance Authority and the County of Nevada Regarding the Financing of Energy Conservation Projects and the Countywide Solar Project, and Authorizing the Chair of the Board of Supervisors to execute the Amendments

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**RECOMMENDATION:** Adopt the Resolution

**FUNDING:** On August 31, 2016, Nevada County issued \$10,806,000 of New Clean Renewable Energy Bonds (NCREBS), and \$1,975,000 of Tax Exempt Bonds to fund, respectively, the solar equipment and energy conservation measures for the Energy Conservation and Generation Project (Project). Final Project costs equaled \$10,540,361 (under budget by \$265,639) for the NCREBS financing, and \$1,959,549 (under budget by \$15,451) for Tax Exempt financing. These savings, in combination with interest earned on bond funds held in escrow, equal \$445,361. Applying these funds to prepay outstanding principal (there is no prepayment penalty) will result in a net decreased interest cost to both the NCREBS and Tax-Exempt Lease Payment Schedules totaling \$232,675, and consequently, reduced annual payments overall. No budget amendment is required and there is no impact to the General Fund.

**BACKGROUND:**

The Nevada County Energy Plan, adopted by the Board of Supervisors in 2012, states as a policy that the County “is committed to reducing its demand for electricity, natural gas and water in order to conserve natural resources and to save funds that may help support other County needs,” and that “Facilities Management shall make

every effort to identify funding opportunities and cost- reducing incentive programs to help the County achieve its resource conservation goals.”

On August 16, 2016, the Board of Supervisors adopted Resolution 16-433, approving and authorizing the execution of various documents with respect to the financing of the Project. One of those documents was the Lease Agreement (Item #6 of the Resolution), dated as of August 1, 2016, which includes Lease Payment Schedules for both the NCREBS and Tax-Exempt financings.

The Lease gives the County two options regarding the disposition of excess moneys:

- 1) to apply the excess funds to reduce principal; or
- 2) to use the excess funds to pay for additional, Tax-Exempt energy conservation projects.

At this point in time there are not any additional eligible projects identified to which the excess Tax-Exempt funds could be applied. Accordingly, the recommendation is to apply all excess funds to prepay the principal component of both financings.

Banc of America Leasing & Capital, LLC, to whom Lease Payments are made, have prepared the attached amended Lease Payment schedules that reflect the prepayment of excess funds and the subsequent reduction in overall interest costs going forward.

This Resolution requests that the Board of Supervisors approve the attached Amendment #1 and Amendment #2 to the Lease Agreement.

**Item Initiated by:** Barry Anderson, Management Analyst