



COUNTY OF NEVADA COUNTY EXECUTIVE OFFICE

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NEVADA COUNTY BOARD OF SUPERVISORS Board Agenda Memo

MEETING DATE: August 16, 2016
TO: Board of Supervisors
FROM: Richard A. Haffey, County Executive Officer
SUBJECT: Resolution Approving and Authorizing the Execution and Delivery of Various Documents with Respect to the Financing of Energy Conservation Equipment and Certain Solar Power Generating Equipment and Authorizing the Taking of All Other Actions Necessary to the Consummation of Such Financing

RECOMMENDATION: Adopt the Resolution

FUNDING: Nevada County will issue approximately \$10.8 million of New Clean Renewable Energy Bonds (NCREBS), and approximately \$2.0 million of Tax Exempt Bonds (total funding of approximately \$12.8 million) to fund, respectively, the solar equipment and energy conservation measures for the Energy Conservation and Generation Project. The debt service expense for this project will impact the 16/17 Building Debt Financing and Finance Authority budgets. Debt service charges will be paid out of the General Fund through those budgets. The various budget units which benefit from energy savings will reimburse the General Fund. The expected net “savings”—the difference between the debt and other annual expenses, and savings on energy costs—is projected to be \$56,000 the first year, with increasing savings each year for 20 years, for a total projected savings of \$6.9 million over 20 years.

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.”

Over the past year, there have been a number of actions taken by the Board of Supervisors to further efforts to meet the goals of the Energy Plan, particularly related to the Energy Conservation and Generation Project (Project):

- July 21, 2015—Resolution 15-352 authorized the approval of an agreement with Climatec LLC to conduct design and engineering for the Project.
- January 26, 2016—Resolution 16-052 authorized the application to the Internal Revenue Service for \$10.9M of New Clean Renewable Energy Bonds (NCREBs) to finance solar energy generation equipment purchase and installation.
- April 26, 2016—Resolution 16-175 and related resolutions authorized execution of a master contract with Climatec LLC, and SunPower Corporation, Systems, to implement the Project at various Nevada County facilities. The board meeting included a comprehensive review of the Project by staff members.
- April 26, 2016 and subsequent—Resolutions 16-180 and 16-193 approved contracts for Financial Advisory and Bond Counsel services related to the project.

Those actions and subsequent work have led to the current financing phase of the Project. It is expected that after Board of Supervisors, Sanitation District, and Finance Authority take action on the project documents, then the bonds will fund before August 31, 2016, at which time the equipment purchases and installation will begin in earnest, with an estimated Project completion date of December 2017.

Financing for the Project is estimated at approximately \$12.8 million, including \$2.0 million in Tax-Exempt bonds to finance the energy conservation measures, and \$10.8 million taxable New Clean Renewable Energy Bonds (NCREBS) to finance the solar panels and related costs. The interest rate on the Tax-Exempt bonds is 2.56%, and the post-subsidy rate on the NCREBS is 0.73%, for an average weighted rate of 1.01%. Costs of Issuance, including Financial Advisor and Bond Counsel, Title Insurance, Bank Counsel and other miscellaneous costs, are estimated at \$192,000. A summary is shown below.

	Tax-Exempt Bonds (Energy Conservation Measures)	NCREBS (Solar Panels)	Total
Equipment/Installation	1,945,138	10,642,760	12,587,898
Costs of Issuance	29,669	162,331	192,000
Bond Amount	1,974,807	10,805,091	12,779,898
Interest Rate*	2.56%	0.73%	1.01%
Term of Bonds	15	20	
First Payment Date	8/1/2017	8/1/2017	
*Solar Panel related interest rate includes Federal Subsidy			

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The County has negotiated prepayment provisions such that there will be zero prepayment penalties for excess funds (up to 10% of total project funding) after the project is completed. If there is a material change in the NCREBS subsidy then prepayment in whole can be made without penalty. Outside of those two exceptions, prepayment may be made in whole during the life of the bonds with the prepayment penalty ranging from 1%-2% depending on how many years is remaining on the bonds.

Security for the NCREBS bonds will initially be the Wayne Brown Correctional Facility until the project is complete. After the project is complete, the security/collateral will transfer to the solar panels. Security for the Tax-Exempt bonds will be the Veterans Memorial Building, with flexibility such that the County has the option to substitute another like asset as security if it so desires in the future.

To facilitate the portion of the project related to the solar panels to be installed at the Lake of the Pines wastewater treatment facility, the Sanitation District will grant the County an easement upon which to install and maintain solar panels, and the Sanitation District will then sublease the property from the County, and will pay its fair share of debt service and administrative costs. As with other County participants, the San District and ratepayers benefit from lower energy costs and lower cost of financing afforded through the larger county financing of the Energy Project.

The Resolution approving Project documents requests that the Board of Supervisors:

- Approve and Authorize the Site Lease, Lease Agreement, and Purchase Contract
- Accept the Easement and Approve the Sublease
- Appoint Authorized County representatives for purposes of the approved documents
- Authorize other actions as necessary or reasonably required

There are two Reimbursement resolutions for consideration to allow the County to reimburse vendors for work performed before the funding of the bonds.

Item Initiated by: Martin Polt, Chief Fiscal Officer

Approved by: Richard A. Haffey, County Executive Officer

Submittal Date:

Revision Date: