

**CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED
TRANSPORTATION FINANCING AUTHORITY (CAEATFA)
BOND FINANCING PROGRAM
Meeting Date: November 17, 2010
*Request for Initial Resolution***

Prepared by: *Heather Williams*

Applicant:	Yuba Community College District	Amount Requested:	\$20,500,000
		Application No.:	10-008
Project	Colusa, Sutter, Yolo and Yuba	Initial Resolution No.:	10-008
Location:	Counties		

Summary. Yuba Community College District (“YCCD” or the “District”) requests approval of an Initial Resolution for an amount not to exceed \$20,500,000 to finance the purchase and installation of a photovoltaic (PV) solar electric system. After Board approval, CAEATFA will then apply to the California Debt Limit Allocation Committee (CDLAC) for re-allocation of Qualified Energy Conservation Bonds (QECCB).

Borrower. YCCD is a public sector community college district organized under the laws of the state of California that encompasses 4192 square miles and serves the cities of Woodland, Williams, Yuba City and Marysville.

Legal Questionnaire. The Staff has reviewed FPUD’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Project Description. YCCD plans to use available parcels of land and parking lots at campus sites to install a solar electric system which will offset approximately 85% of the schools’ electricity demand. The turnkey solar power plant installation will use ground tracking systems and a parking canopy system that will produce optimum energy production. The estimated operating cost reduction of system operations over 25 years is \$49,681,000.

The proposed solar project is expected to produce approximately 7.1 million kWh (kilowatt hours) of electricity from solar energy each year, enough to provide for 12,268 households in California. According to the Federal Environmental Protection Agency *Greenhouse Gas Equivalencies Calculator*, the estimated clean energy produced by the project would offset 10.2 million metric tons of carbon dioxide (CO2) emissions per year the equivalent of taking 847 passenger vehicles off the road.

The project scope includes all site assessment, design and engineering, site preparation, all permits, equipment, construction system commissioning (as part of installation), a 10 year O&M service agreement, and a 10-year performance guarantee.

The project will create 75 temporary jobs.

The anticipated project and issuance costs are listed below:

Engineering and Design cost	\$ 227,804
Permitting cost	130,174
PV Equipment cost	
PV Module	7,094,475
Inverter	6,443,606
Construction and installation	3,482,151
Interconnection cost	1,236,652
Sales tax	618,326
Metering cost	227,804
Cost of Issuance & Contingency	<u>388,139</u>
Total	<u>\$20,500,000</u>

Anticipated Timeline. Once all applicable permits have been acquired the overall project schedule is expected to take six months. The Final Resolution will be issued in the first quarter of 2011.

Permits. YCCD has conditionally awarded a design/build contract to SunPower following a competitive selection process. SunPower and the District will coordinate through DSA to obtain all necessary construction and environmental approvals.

Volume Cap Allocation. CAEATFA anticipates applying to CDLAC in hopes of receiving allocation on January 26, 2010.

Financing Details. YCCD has yet to determine whether bonds will be sold through a private placement or public sale. The estimated target date for financing is March 1, 2011 and YCCD anticipates that the term of financing will be 15 to 19 years.

Financing Team.

Bond Counsel: Jones Hall (tentative)
Financial Advisor: Capital Public Finance Group
Solar Financing Consultant: MuniBond Solar
Issuer's Counsel: Office of Attorney General
Underwriter: TBD

Staff Recommendation. Staff recommends approval of Initial Resolution No. 10-007 for Yuba Community College District for an amount not to exceed \$20,500,000.

Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE A QUALIFIED ENERGY CONSERVATION PROJECT FOR
YUBA COMMUNITY COLLEGE DISTRICT**

November 17, 2010

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (“Authority”), a public instrumentality, is authorized and empowered by the provisions of the California Alternative Energy and Advanced Transportation Financing Authority Act (“Act”) to issue bonds for the purpose of providing financial assistance (as defined in the Act) to participating parties (as defined in the Act) for the financing of land, buildings, improvements to the land or buildings, rehabilitation, work, property, or structures, real or personal, stationary or mobile, including, but not limited to, machinery and equipment, whether or not in existence or under construction, that utilizes, or is designed to utilize, an alternative source (as defined in the Act); and

WHEREAS, Yuba Community College District (the “Applicant”), has requested that the Authority assist in financing facilities for the qualified energy conservation solar project described on the attached Exhibit A (the “Facilities”); and

WHEREAS, the Authority desires to encourage the Applicant to finance the Facilities, as such Facilities utilize alternative methods and sources of energy, in furtherance of the purposes of the Authority, as specified in Section 26002 of the Act; and

WHEREAS, the Applicant has determined to finance the Facilities through a financing structure which provides the lowest cost of funds to the Applicant for the Facilities, and has also determined that the lowest cost of funds to finance the Facilities will be achieved if the obligations issued to finance the Facilities are issued as “Qualified Energy Conservation Bonds” (“QECCBs”) under Section 54D of the Internal Revenue Code of 1986 (the “Tax Code”), as amended, added to the Tax Code by the American Recovery and Reinvestment Act of 2009, and is requesting the Authority to issue the bonds as QECCBs; and

WHEREAS, QECCBs may only be issued if the issuer of the QECCBs has received an allocation from the California Debt Limit Allocation Committee; and

WHEREAS, in addition, the Applicant requires satisfactory assurances from the Authority that the proceeds of the sale of bonds of the Authority will be made available to finance such Facilities; and

WHEREAS, the Applicant expects to incur or pay from its own funds certain expenditures in connection with the Facilities prior to the issuance of indebtedness for the purpose of financing costs associated with the Facilities on a long-term basis; and

WHEREAS, subject to meeting all the conditions set forth in this Resolution, the Authority reasonably expects that debt obligations in an amount not expected to exceed in the aggregate \$20,500,000 will be issued, and that certain of the proceeds of such debt obligations will be used to reimburse the Applicant for its prior expenditures for the Facilities; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Authority to declare its reasonable official intent to reimburse prior expenditures for the Facilities with proceeds of a subsequent borrowing;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority as follows:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$20,500,000 principal amount of bonds of the Authority for the Facilities; including for the purpose of reimbursing to the Applicant costs incurred for the Facilities prior to the issuance of the bonds.

Section 3. The bonds will be payable solely from the revenues to be received by the Authority pursuant to a loan agreement, lease agreement, installment sale agreement or other agreement to be entered into between the Authority and the Applicant in connection with the Facilities. Each bond shall contain a statement to the following effect:

“Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof or any local agency is pledged to the payment of the principal of, premium, if any, or any interest on this bond.”

Section 4. The bonds shall be issued subject to the conditions that (i) the Authority has first agreed to mutually acceptable terms for the bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan or advance of the proceeds thereof to the Applicant; (ii) all requisite governmental approvals have been obtained; (iii) a Final Resolution has been received from the Authority; and (iv) an allocation to issue the bonds as QECCBs has been received from the California Debt Limit Allocation Committee.

Section 5. The Executive Director of the Authority is hereby directed to: (1) indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Applicant by defraying the cost of the Facilities; and (2) submit an application to the California Debt Limit Allocation Committee for Qualified Energy Conservation Bond Allocation for the bonds to be issued by the Authority to fund the Facilities, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and meeting all other requirements of the Authority.

Section 6. It is intended that this Resolution shall constitute “official intent” within the meaning of Section 1.150-2 of the Treasury Regulations, as applicable under Section

54A(d)(2)(D) of the Tax Code. It is also intended that this statement of “official action” or “official intent” by the Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.

Section 7. This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, subject to Section 6, this Resolution shall cease to be effective on November 17, 2013 unless prior thereto the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution, which it will do only after receiving a specific request for such action from the Applicant, accompanied by an explanation of the reason why the applicable project listed above in the definition of “Facilities” has not proceeded prior to the date of the letter.

Exhibit A

Description of Applicant’s Qualified Energy Conservation Bond Project

Yuba Community College District (YCCD) plans to use available parcels of land and parking lots at the campus sites to offset approximately 85% of the schools’ electricity charges with 100% clean renewable energy. The system sizes (capacity) are derived by optimizing available space without exceeding the current peak electricity demand for each school.

Site	Address	Mounting type	System size (kWp)
Marysville Campus	2088 North Beale Road, Marysville, CA 95901	Ground tracker	1,129.5
Woodland Campus	2300 East Gibson Rd., Woodland CA 95776	Ground tracker	1,129.5
Sutter Campus	3301 East Onstott Road, Yuba City, CA 95991	Ground tracker and Parking canopy	1129.5
Williams Campus	99 Ella St., Williams, Colusa County, CA 95987	Parking Canopy	338.4
TOTAL			3,727.0

The turnkey solar power installations will use high efficiency, high reliability, ground tracking systems and a parking canopy system that will produce optimum energy production. The Photovoltaic modules are supported by a manufacturer’s 25-year warranty, and YCCD plans to purchase a system O&M agreement.

The project scope includes all site assessment, design and engineering, site preparation, all permits, equipment, construction, system commissioning, start-up, operations training, and ten years of comprehensive O&M. Once all applicable permits have been acquired the overall project schedule (design/build/commission) is expected to take six months. This project will create local “green” jobs and provide significant long term energy cost savings for the District as well as environmental benefits to the community.

The following are key costs and assumptions for the multi-campus solar project:

- Technology: ground tracking structures (80% of total system size) and a parking canopy system (20% of total system size), both with high efficiency PV modules (minimum 19% efficiency rating)
- System Size: 3,727.0 (dc), 3,300.0 kW (ac)
- Expected 1st Year Output: 7,140,597 kWh
- Expected Annual Degradation Rate: 0.5%
- Estimated Turnkey Design/Build Price: \$20,111,862
- Current Average Cost of PG&E electricity: \$0.165/kWh
- Average annual energy cost inflation: 3.3%
- CSI rebate: \$0.15/kWh for five years
- Renewable Energy Credits (RECs) ownership status: Retained by YCCD