

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

July 20, 2011

Staff Report

**REQUEST FOR A RE-ALLOCATION OF QUALIFIED ENERGY CONSERVATION BOND ALLOCATION
FOR A QUALIFIED ENERGY CONSERVATION BOND PROJECT/PROGRAM**

Prepared by: Richard Fischer

Eligible QECB Reallocation Applicant: County of Santa Clara

Eligible QECB Reallocation Issuer: Santa Clara County Finance Authority

Allocation Amount Requested:
Governmental Use: \$3,639,000

Project/Program Information:
Name: Energy Efficient Lighting Controls
Project/Program Address: Various County Government Buildings & Facilities
Project/Program City, County, Zip Code: San Jose, Santa Clara, 95110; 95112; 95131

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Banc of America Securities

QECB Reallocation Category and Type:
Publicly Owned Building Type: Energy Efficient Lighting

Qualified Conservation Purpose Requirement:

The Applicant has provided a legal memo from bond counsel confirming that the project/program meets the "qualified conservation purpose" requirement as defined by IRS Notice 2009-29.

Readiness Requirement:

The Applicant has provided a thorough and complete time schedule for the project/program, and the Applicant has certified that the time schedule is a realistic estimate of their project's/program's timeline.

Public Entitlements Requirement:

The Applicant has certified that they have obtained (or will obtain before issuance) all required public entitlements that are required for QECS to be issued.

Description of Public Benefits:

Estimated Reduction in Kilowatt Hours of Energy Consumption = 3,925,028 kWh per yr.

Comments:

According to the Applicant, the equivalent of the offset 2,706 metric tons per year of Carbon Dioxide emissions is equal to the removal of 531 passenger vehicles off the road.

Details of Project Financing:

| | |
|-----------------------------------------------|---------------------|
| Estimated Total Project/ Program Cost: | \$3,839,000 |
| Sources of Funds: | |
| Qualified Energy Conservation Bond Proceeds | \$ 3,639,000 |
| Other Sources | \$ 200,000 |
| Total Sources | <u>\$ 3,839,000</u> |

| Uses of Funds: | QECCB Proceeds | County Sources |
|------------------------------------------------|----------------|----------------|
| Design Preparation | \$ 145,560 | \$ 0 |
| Acquisition and Installation of New Equipment: | | |
| (a) Invoice | \$ 1,965,060 | \$ 0 |
| (b) Installation | \$ 1,200,870 | \$ 0 |
| (c) Other (Commissioning) | \$ 109,170 | \$ 0 |
| Bond Issuance Expenses (including discount) | \$ 0 | \$ 200,000 |
| Other (Sales Tax, Training) | \$ 218,340 | \$ 0 |
| Total Uses | \$ 3,639,000 | \$ 200,000 |

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points: 10 out of 22
[See Attachment A]

Recommendation:

Staff recommends that the Committee approve \$3,639,000 in Qualified Energy Conservation Bond Re-Allocation.

ATTACHMENT A

EVALUATION SCORING:

| Qualified Conservation Purpose Points | Maximum Points Allowed | Points Scored |
|----------------------------------------------------------|-------------------------------|----------------------|
| Qualified Facilities | 10 | 0 |
| Mass Commuting Facilities | 12 | 0 |
| Rural Development | 12 | 0 |
| Publicly Owned Building(s) (also show bonus points here) | 10 | 10 |
| Research Investments | 10 | 0 |
| Demonstration Project(s) | 10 | 0 |
| Public Education Campaign(s) | 10 | 0 |
| Loan/Grant Program | 10 | 0 |
| Total Points | 22 | 10 |

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.