



GLENN COUNTY BOARD OF SUPERVISORS

Willows Memorial Hall, 2nd Floor
525 West Sycamore Street, Suite B1
Willows, CA 95988

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The County of Glenn, CA is soliciting term sheet proposals from financial institutions to provide approximately \$3 million in tax-exempt lease financing for the acquisition and installation of an energy project and a solar project. The following Summary of Terms and Conditions has been developed with the intent to solicit proposals from potential respondents.

REQUEST FOR PROPOSAL TO PROVIDE TAX-EXEMPT LEASE FINANCING FOR THE ENERGY PROJECT AND SOLAR PROJECT

SUMMARY OF TERMS AND CONDITIONS

DATE: March 12, 2018

PROPOSAL DUE DATE: April 2, 2018 – 5pm Pacific Daylight Time

COUNTY: The County of Glenn, a division of the State of California, (the “County”) was formed in 1891 and has a population of approximately 28,000. The County encompasses approximately 1,327 square miles and is located in the northern portion of California’s Central Valley approximately 100 miles northwest of the City of Sacramento. The County has two incorporated cities, Orland and Willows. Willows serves as the County seat.

In 2005, the County issued Certificates of Participation to finance the construction of a new County Office of Education building. The County’s audited financial statements are available at the following website link:

<http://www.countyofglenn.net/dept/finance/resources>

PURPOSE: The purpose of this transaction is to provide tax-exempt lease financing for the acquisition and installation of the following Energy Project and Solar Project (collectively, the “Projects”):

1. Energy Project The Energy Project consists of the following energy conservation measures: (1) HVAC retrofits at 15 sites, (2) interior and exterior LED fixtures at 17 sites, (3) R-22 retrofits at 6 sites, (4) water heater retrofits at 3 sites, (5) a wall mounted AC unit with a 2 ton ductless split system, and (6) a furnace retrofit. The Energy Conservation Measures will be installed by Aircon Energy, Inc.
2. Solar Project The Solar Project consists of the following solar photovoltaic electricity generation systems: (1) 62.6 kW DC at the North Colusa Campus, (2) 79kW DC at the Willows Memorial Hall, (3) 108.3 kW DC at the Jail & Administration Buildings, (4) 42 kW DC at the Health Services and Juvenile Hall, (5) 30 kW DC at the Community Recovery & Wellness Center, (6) 52 kW DC at the Orland Courthouse, (7) 36.5 kW DC at the Juvenile Hall and (8) 15.6 kW DC at the Bus Barn. The Solar Projects will be installed by SunPower by Alternative Energy Systems.

STRUCTURE: The County prefers to enter into a California abatement-style lease transaction with one to-be-selected institutional lender (the “Lender”). The Lease transaction will be structured as an “asset transfer” lease and will include a site lease (the “Site Lease”) between the County and a TBD financing corporation (the “Corporation”), under which the County will lease its Auditor’s Building and its Public Health Services Building (collectively, the “Leased Facility”) to the Corporation. Under a separate facility lease agreement (the “Facility Lease”), the Corporation will sublease the Leased Facility back to the County. The payments due will represent rent for the beneficial use of the Leased Facility. There are currently no other liens

on the Leased Facility. Under an Assignment Agreement (the "Assignment"), the Corporation will assign to the Lender all of the Corporation's right, title, and interest, in and to the Leased Facility under the Site Lease and the Facility Lease, including its right to receive the Rental Payments due under the Facility Lease. At closing the proceeds will be deposited into an account with the County Treasurer.

The transaction will be a direct private placement with the Lender. No official statement or other disclosure document will be prepared. There will be no debt service reserve fund, no rating, no DTC registration and no CUSIPs. The Lender will be required to provide certifications that the financing is not a security and is not being made with the present intention to resell, as well as other customary certifications.

THE LEASED FACILITY:

Auditor's Building

Location: 516 West Sycamore Street, Willows, CA 95988

Usage: Administrative office space for the County's Auditor/Controller, Treasurer/Tax Collector, Assessor, Recorder and elections

Square footage: 10,912

Number of stories: 2

Year constructed: 1968

Insured replacement value: \$2.7 million

Public Health Services Building

Location: 240-242 N. Villa Avenue, Willows, CA 95988

Usage: Public health and mental health offices

Square footage: 7,790

Number of stories: 1

Year constructed: 1982

Insured replacement value: \$1.66 million

The County is currently soliciting a preliminary title report for the Leased Facility and reserves the right to substitute properties of equal or greater value prior to closing.

SECURITY:

The security for this financing will consist of an assignment of the Rental Payments due under the Facility Lease and the leasehold estate on the Leased Facility. The Lender will have the right to beneficial use of the Leased Facility in the event of default.

PAYMENT OBLIGATION:

The Facility Lease will be an abatement lease obligation under California law, payable from any source of legally available funds. The County will covenant in the Facility Lease to take such action as may be necessary to include all Rental Payments in its annual budget, and to make the necessary appropriations therefor. The County is obligated to make all the Rental Payments under the Facility Lease and will be entitled to abate payments solely in the event the Leased Facility is not available for the County's beneficial use and enjoyment due to damage, destruction or condemnation.

BUSINESS & RENTAL INTERRUPTION INSURANCE:

The County will maintain business and rental interruption insurance at all times during the Financing Term to mitigate the risk of the Leased Facility not being substantially available for the County's beneficial use and enjoyment due to damage or destruction. Such insurance will provide for payments in an amount not less than the aggregate Rental Payments for 24 months.

COUNTY RESPONSIBILITIES:

All responsibilities imposed by the ownership or possession of the Project and the Leased Facility, including, but not limited to, taxes, insurance and maintenance, shall be borne by the County.

ESTIMATED FINANCED

AMOUNT: Please use the following amounts for the proposals:

Cost of Projects (including contingencies)	\$3,036,277
Costs of issuance (estimated)	\$ 60,000
Estimated Financed Amount	\$3,096,277

Note: For purposes of your proposal, please also include 9 months of capitalized interest into the Estimated Financed Amount.

BANK QUALIFIED: The County will designate the transaction as a Qualified Tax-Exempt Obligation pursuant to Section 265(b)(3) of the IRS Code.

FINANCING TERM: Please assume a 9 month installation period, followed by a repayment term of 18 years.

CLOSING DATE: Estimated May 15, 2018

INTEREST RATE: The County is seeking a fixed tax-exempt interest rate and is seeking a rate lock, if possible. Please clearly identify the interest rate, rate lock period (if any) and adjustment mechanism. Responses will be evaluated on the overall cost of funds.

RENTAL PAYMENTS: For the proposals, please assume 1 interest-only payment (payable from capitalized interest at the end of the estimated 9 month capitalized interest period), followed by semi-annual principal and interest payments. The County is interested in proposals that generate level annual positive cashflow. Please see the attached sample cashflow analysis and sample payment, which assumes a 3.5% interest rate and level annual positive cashflow.

PREPAYMENT: Please propose mandatory and optional prepayments. The County prefers the option to prepay without penalty or premium at some point during the Financing Term.

ASSIGNMENT PROVISIONS: Please propose assignment provisions.

DOCUMENTATION: Please propose whether documents will be provided by the County's Counsel (Stradling, Yocca, Carlson & Rauth) or the Lender's Counsel. Prior to the closing date, County's Counsel will provide an opinion with respect to the legal, valid, binding and enforceable nature of the transaction (subject to customary exceptions) and will also provide an opinion in customary form and content with respect to the excludability of the interest component of Rental Payments from gross income of the Lender for federal taxation purposes.

CLOSING COSTS: The County will be responsible for paying the costs related to the transaction, including: County's Counsel, Lender's Counsel (please provide a not to exceed amount in your proposal), Corporation, Corporation's Counsel, title policy, CDIAAC, etc. It is anticipated that these costs will be capitalized into the final Financed Amount. Please identify all Lender-related costs in your financing proposal.

CREDIT APPROVAL: It is understood that any financing proposal would be subject to credit approval and be subject to negotiation, execution and delivery of mutually acceptable documentation.

Glenn County, CA
Energy Efficiency Financing Agreement
Series 2018
\$3,179,745.31

Tax-Exempt Lease Project Cost	\$ 3,036,277.00	Tax-Exempt Lease Purchase Rate	3.500%
Capitalized Interest	\$ 83,468.31	Average Annual Positive Cashflow	20,809
Cost of Issuance	\$ 60,000.00	18 Year Cumulative Positive Cashflow	374,561
Rounding	\$ -	Escalation Rate	3.00%
TELP Schedule Amount	\$ 3,179,745.31	Closing Date	5/15/2018

Annual Cashflow and Coverage Analysis

Date	Project Year	Program Savings	Net TELPs Payments	Positive Cashflow	Cumulative Cashflow
5/15/2018					
2/15/2020	1	205,754	184,945	20,809	20,809
2/15/2021	2	211,927	191,117	20,810	41,619
2/15/2022	3	218,284	197,475	20,809	62,428
2/15/2023	4	224,833	204,023	20,810	83,238
2/15/2024	5	231,578	210,769	20,809	104,047
2/15/2025	6	238,525	217,717	20,808	124,855
2/15/2026	7	245,681	224,873	20,808	145,663
2/15/2027	8	253,051	232,243	20,808	166,471
2/15/2028	9	260,643	239,835	20,808	187,279
2/15/2029	10	268,462	247,653	20,809	208,089
2/15/2030	11	276,516	255,707	20,809	228,898
2/15/2031	12	284,812	264,003	20,809	249,707
2/15/2032	13	293,356	272,547	20,809	270,515
2/15/2033	14	302,157	281,347	20,810	291,325
2/15/2034	15	311,221	290,413	20,808	312,134
2/15/2035	16	320,558	299,749	20,809	332,943
2/15/2036	17	330,175	309,365	20,810	353,752
2/15/2037	18	340,080	319,271	20,809	374,561
		4,817,614	4,443,052	374,561	

Glenn County, CA
Tax-Exempt Lease Purchase
Series 2018
\$3,179,745.31

Loan Information

Sources	
Principal Amount	3,179,745.31
Total	3,179,745.31
Uses	
Cost of Issuance	60,000.00
Deposit to DSRF	0.00
Deposit to CIF	83,468.31
Deposit to Project Fund	3,036,277.00
Rounding	0.00
Total	3,179,745.31
General Stats	
AIC	3.6995175%
TIC	3.4988285%
NIC	3.5000000%
Bond Year Dollars	38,479,300
Average Life	12.10 years
Term Life	18.75 years
Closing Date	5/15/2018
Rate Breakdown	
Tax-Exempt Interest Rate	3.50%

Semi-Annual Payment Schedule

Program Savings	Principal Portion	Coupon	First Period Interest	Interest Portion	Payment Amount	Capitalized		Loan Balance
						Interest Transfer	Net Payment	
	3,179,745		83,468	1,346,776	4,526,521	-83,468	4,443,052	
5/15/2018								3,179,745
2/15/2019	0	3.500%	0	83,468	83,468	(83,468)	0	3,179,745
8/15/2019	37,472	3.500%	984	55,646	93,117		93,117	3,142,274
2/15/2020	36,838	3.500%	967	54,990	91,828		91,828	3,105,436
8/15/2020	41,935	3.500%	1,101	54,345	96,280		96,280	3,063,501
2/15/2021	41,226	3.500%	1,082	53,611	94,837		94,837	3,022,275
8/15/2021	46,650	3.500%	1,225	52,890	99,540		99,540	2,975,625
2/15/2022	45,862	3.500%	1,204	52,073	97,935		97,935	2,929,763
8/15/2022	51,629	3.500%	1,355	51,271	102,900		102,900	2,878,134
2/15/2023	50,756	3.500%	1,332	50,367	101,123		101,123	2,827,378
8/15/2023	56,884	3.500%	1,493	49,479	106,363		106,363	2,770,494
2/15/2024	55,922	3.500%	1,468	48,484	104,406		104,406	2,714,572
8/15/2024	62,428	3.500%	1,639	47,505	109,933		109,933	2,652,145
2/15/2025	61,372	3.500%	1,611	46,413	107,785		107,785	2,590,773
8/15/2025	68,273	3.500%	1,792	45,339	113,611		113,611	2,522,500
2/15/2026	67,118	3.500%	1,762	44,144	111,262		111,262	2,455,382
8/15/2026	74,433	3.500%	1,954	42,969	117,402		117,402	2,380,949
2/15/2027	73,174	3.500%	1,921	41,667	114,841		114,841	2,307,775
8/15/2027	80,924	3.500%	2,124	40,386	121,310		121,310	2,226,851
2/15/2028	79,555	3.500%	2,088	38,970	118,525		118,525	2,147,296
8/15/2028	87,759	3.500%	2,304	37,578	125,336		125,336	2,059,537
2/15/2029	86,275	3.500%	2,265	36,042	122,317		122,317	1,973,262
8/15/2029	94,955	3.500%	2,493	34,532	129,487		129,487	1,878,307
2/15/2030	93,350	3.500%	2,450	32,870	126,220		126,220	1,784,958
8/15/2030	102,529	3.500%	2,691	31,237	133,765		133,765	1,682,429
2/15/2031	100,795	3.500%	2,646	29,443	130,238		130,238	1,581,634
8/15/2031	110,496	3.500%	2,901	27,679	138,175		138,175	1,471,138
2/15/2032	108,628	3.500%	2,851	25,745	134,373		134,373	1,362,510
8/15/2032	118,875	3.500%	3,120	23,844	142,719		142,719	1,243,636
2/15/2033	116,865	3.500%	3,068	21,764	138,628		138,628	1,126,771
8/15/2033	127,685	3.500%	3,352	19,718	147,403		147,403	999,086
2/15/2034	125,526	3.500%	3,295	17,484	143,010		143,010	873,560
8/15/2034	136,943	3.500%	3,595	15,287	152,231		152,231	736,617
2/15/2035	134,628	3.500%	3,534	12,891	147,519		147,519	601,989
8/15/2035	146,671	3.500%	3,850	10,535	157,206		157,206	455,318
2/15/2036	144,191	3.500%	3,785	7,968	152,159		152,159	311,127
8/15/2036	156,890	3.500%	4,118	5,445	162,335		162,335	154,237
2/15/2037	154,237	3.500%	4,049	2,699	156,936		156,936	(0)

Semi-Annual Cashflow Analysis

Net Savings	Positive Cashflow	Cummulative Positive Cashflow
		0
	9,760	9,760
	11,049	20,809
	9,683	30,492
	11,126	41,619
	9,602	51,221
	11,207	62,428
	9,517	71,945
	11,293	83,238
	9,426	92,664
	11,383	104,047
	9,330	113,377
	11,478	124,855
	9,229	134,084
	11,579	145,663
	9,124	154,787
	11,685	166,471
	9,012	175,483
	11,796	187,279
	8,895	196,174
	11,914	208,089
	8,771	216,860
	12,038	228,898
	8,640	237,538
	12,168	249,707
	8,504	258,210
	12,305	270,515
	8,360	278,875
	12,450	291,325
	8,207	299,533
	12,601	312,134
	8,049	320,182
	12,760	332,943
	7,882	340,824
	12,928	353,752
	7,705	361,458
	13,104	374,561