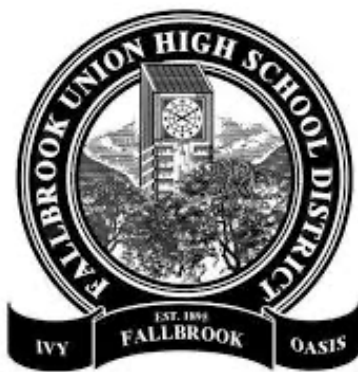


Fallbrook Union High School District

Financing Results for a Solar Energy Project at Fallbrook High School



Presented by Keith Weaver
September 28, 2020

Today's Agenda

- ◆ Solar Project Update
- ◆ Financing Process Results
- ◆ Project Savings Update
- ◆ Next Steps



Solar Project Update

- ◆ Change to solar energy project size:
 - ▶ Expansion of the ground-mount fixed tilt portion of the solar project near the Agriculture Department
 - ▶ ~1.0MW system size → ~1.3MW system size
 - ▶ Energy generation as % of usage: 65% → 80%

- ◆ Change to total project cost:

	<u>Budget</u>	<u>Current</u>	<u>Change</u>	<u>Reason</u>
Project Cost	\$5,900,000	\$6,500,000	\$600,000	Project expansion
Financing Cost	\$100,000	\$70,000	(\$30,000)	Actual costs below estimates
Contingency	\$300,000	\$200,000	(\$100,000)	Reduced SDG&E and ADA costs
Financing Amount	\$6,300,000	\$6,770,000	\$470,000	

Notes:

- 1) budget figure from Board information presentation dated August 17, 2020.
- 2) project cost per Johnson Controls dated September 11, 2020.
- 3) financing cost includes financial advisor, legal counsel, placement agent, and misc. upfront expenses.
- 4) contingency allowance per Johnson Controls dated September 11, 2020.

Determining Financing Terms and Pricing

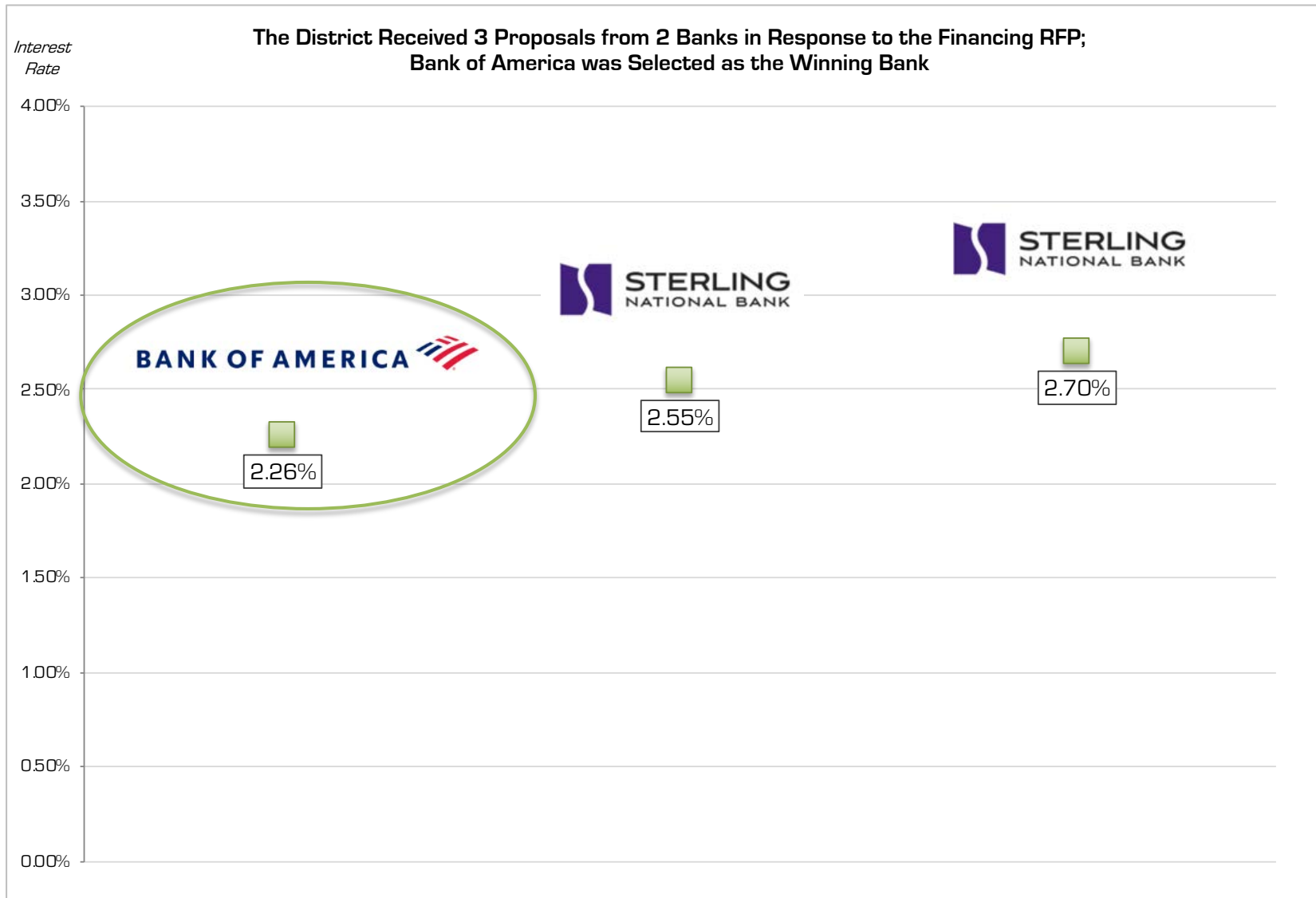
- ◆ RFP distributed to banks/lenders Monday, August 31st
 - ▶ Allowed bidding within flexible parameters
 - ▶ Financing amount subject to project cost

- ◆ Proposals were due Monday, September 14th

Competition → better results for the District



RFP Results for Financing Proposals

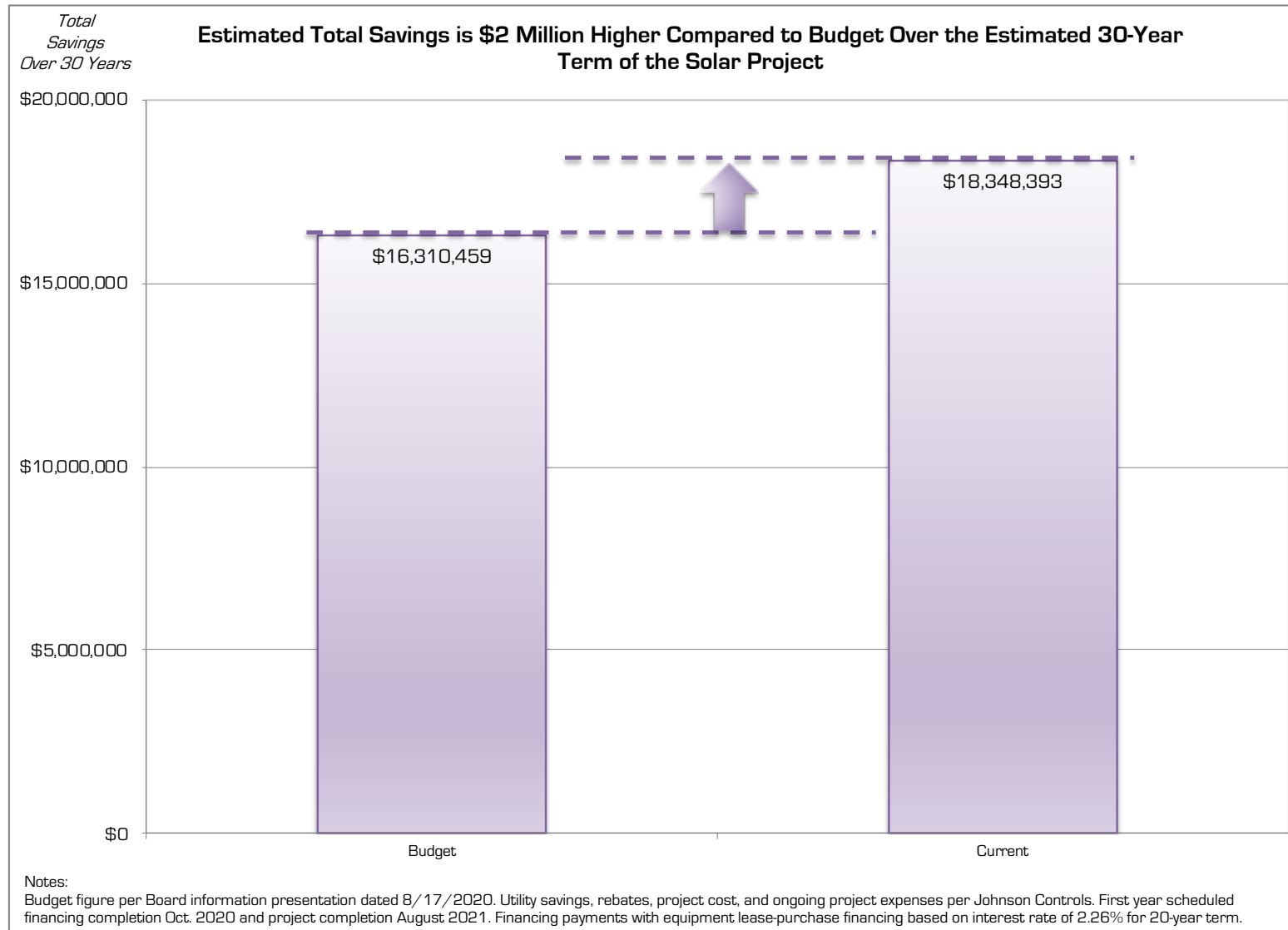


Additional Key Terms

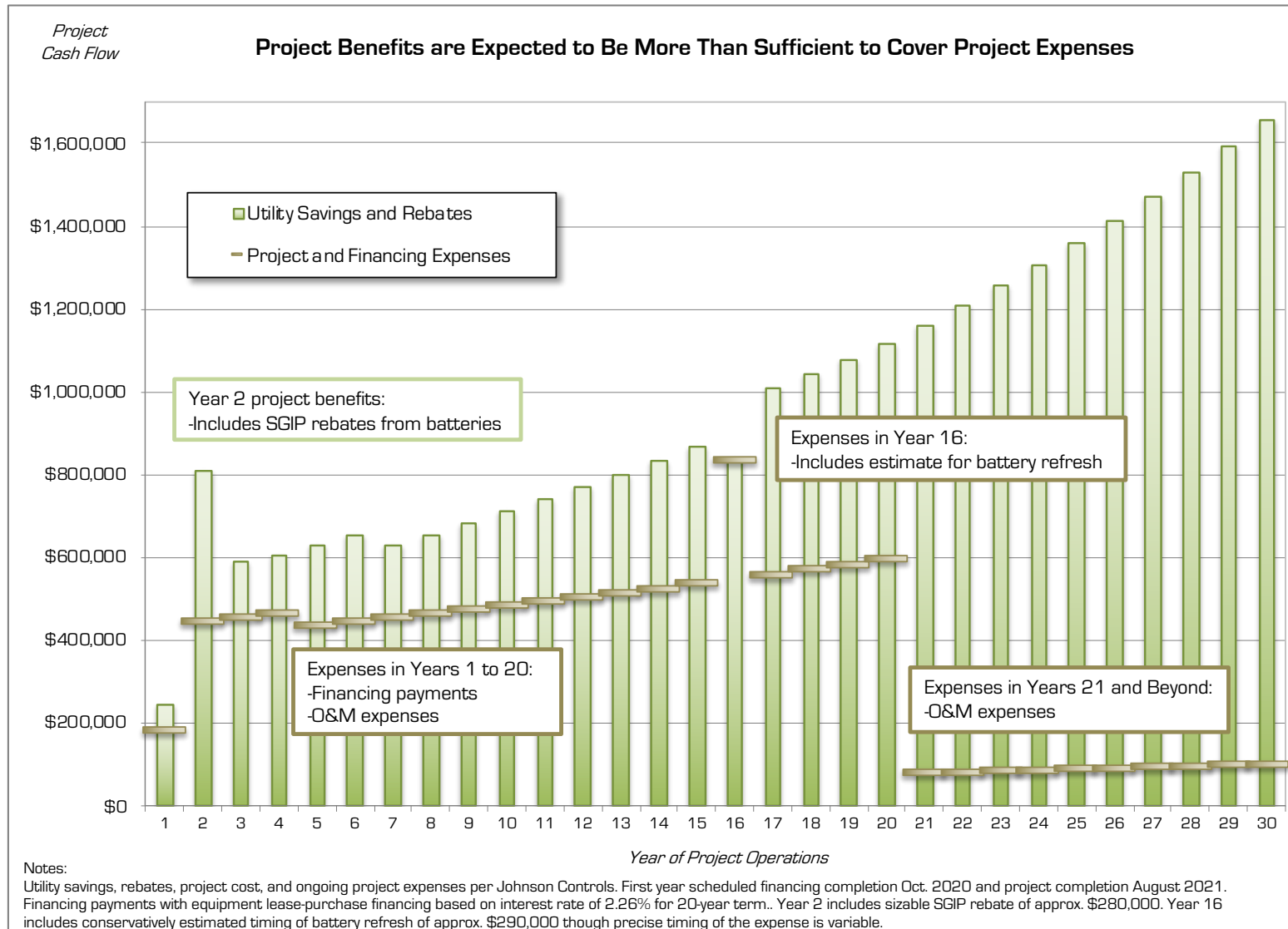
<u>Bidders</u>	<u>Interest Rate</u>	<u>Lender Costs</u>	<u>Collateral</u>	<u>Prepayment Option</u>
1 Bank of America	2.26%	\$0	Equipment	2%
2 Sterling National Bank	2.55%	\$0	School	2% until 2025, 1% until 2030, 0% after
3 Sterling National Bank	2.70%	\$0	Equipment	2% until 2025, 1% until 2030, 0% after

- ✓ *We are recommending the bid by Bank of America*
 - ▶ *Lowest interest rate*
 - ▶ *No lender fees or expenses*
 - ▶ *Equipment used as collateral*

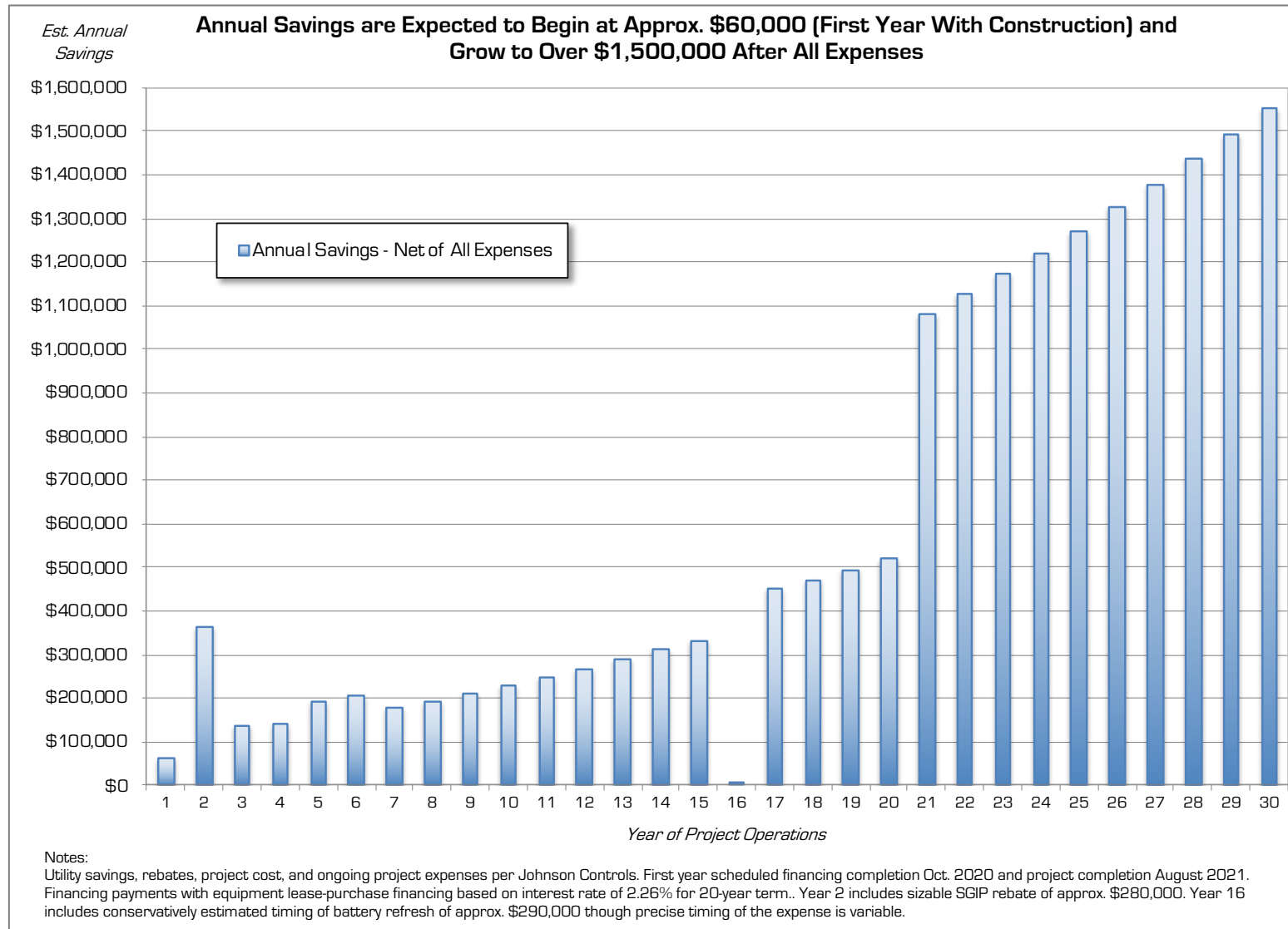
Total Savings Update



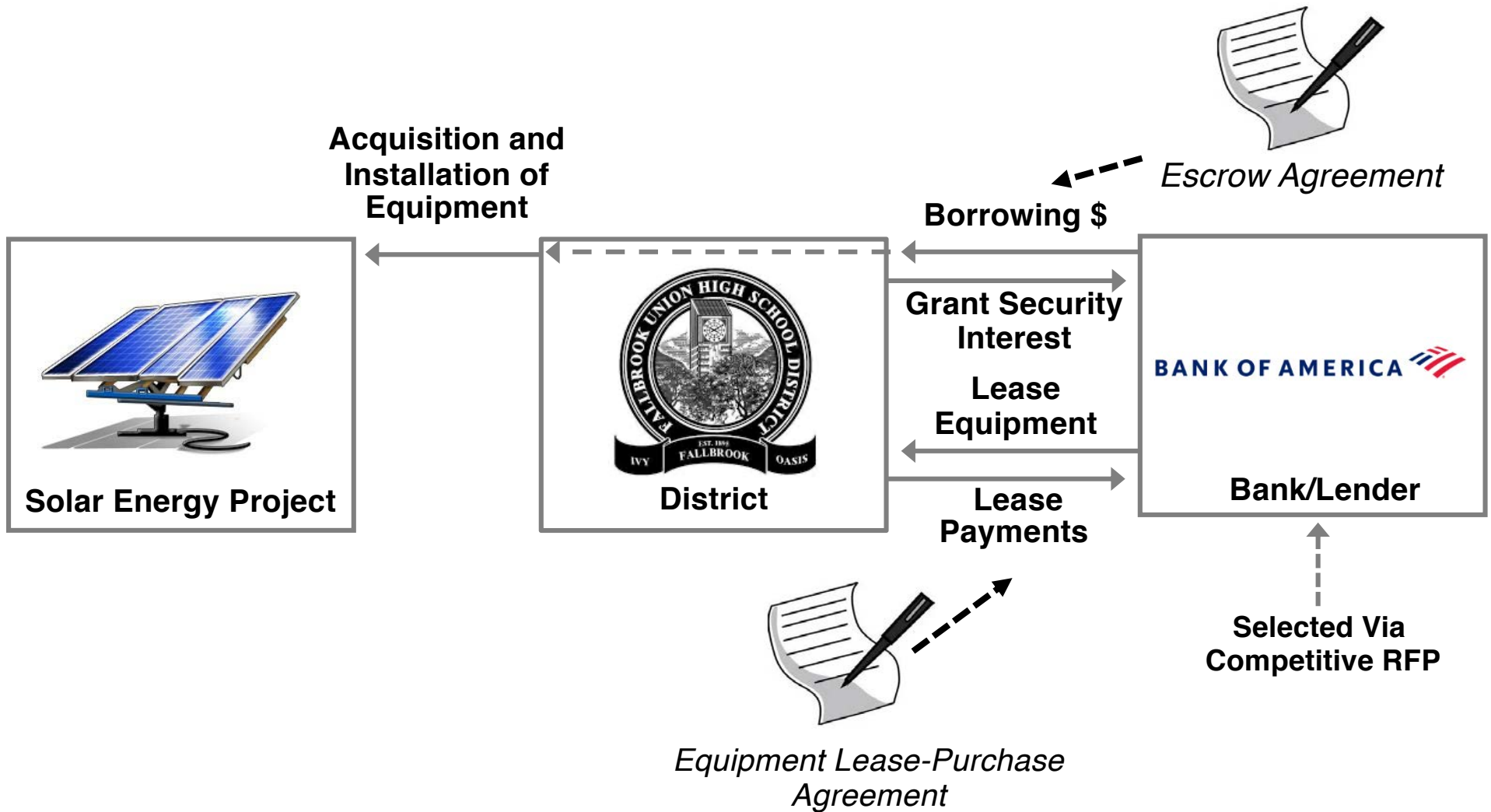
Project Cash Flow Update



Annual Savings Update



Review of Legal Structure



Primary Legal Documents

◆ Board Resolution:

- ▶ Authorizes completing the financing with Bank of America.
- ▶ Authorizes entering into contract with Johnson Controls.

◆ Lease-Purchase Agreement:

- ▶ the District grants a security interest in the energy equipment to Bank of America in exchange for \$6.77M.
- ▶ Bank of America then leases the energy equipment to the District in exchange for payments.
- ▶ the lease is a “lease-to-own” type of agreement where the District owns the energy equipment at the end of the term.

◆ Escrow Agreement: Bank of America holds the proceeds of the financing to pay for the project.

Next Steps

- ◆ Today: for your consideration, approval of Resolution authorizing the financing and legal documents.
- ◆ With Board authorization, we'll proceed with Bank of America and finalize the legal documents.
- ◆ Wednesday, October 14th: closing and funds available for the acquisition and installation of the energy equipment.

