

RESOLUTION NO. 2015-10

**RESOLUTION OF THE BOARD OF DIRECTORS OF LAKE ARROWHEAD
COMMUNITY SERVICES DISTRICT, COUNTY OF SAN BERNARDINO, STATE OF
CALIFORNIA, MAKING FINDINGS ON ENERGY SAVINGS UNDER CALIFORNIA
GOVERNMENT CODE SECTION 4217.10 ET SEQ.
AND DETERMINING OTHER MATTERS IN CONNECTION WITH
AN ENERGY SERVICES AGREEMENT**

WHEREAS, it is the policy of the State of California and the intent of the State Legislature to promote all feasible means of energy conservation and all feasible uses of alternative energy supply sources; and

WHEREAS, California Government Code Section 4217.10 *et seq.* authorizes a public agency to utilize an informal procurement process, such as a request for proposals, to contract for energy services if its governing body determines, at a regularly scheduled public hearing, public notice of which is given at least two weeks in advance, that the anticipated cost to the agency for alternative energy project will be less than the anticipated marginal cost to the agency of electrical energy that would have been consumed by the agency in the absence of the energy services contract; and

WHEREAS, Lake Arrowhead Community Services District (“District”) desires to reduce the steadily rising costs of meeting the energy needs at its facilities; and

WHEREAS, the District proposes to enter into an energy services agreement and related contract documents (“Energy Services Agreement”) with SunPower (“Contractor”), pursuant to which Contractor will design, construct, and install solar photovoltaic facilities on District property, and arrange with the local utility for interconnection of the facilities, which will generate energy for the site on which the facilities are located (“Project”); and

WHEREAS, the site where the facilities will be located is the District’s property located at 6727 Arrowhead Lake Road, Hesperia, California; and

WHEREAS, SunPower Corporation, Systems, provided the District with analysis showing the benefits of implementing certain energy conservation measures through the installation of solar photovoltaic energy generating facilities, and Consultant’s analysis (“Analysis”) is attached hereto as Exhibit A and made part hereof by this reference; and

WHEREAS, the Analysis includes data showing that the anticipated cost to the District for the electrical energy provided by the Project will be less than the anticipated cost to the District of electrical and other energy that would have been consumed by the District in the absence of such measures; and

WHEREAS, the Board desires to enter into the Energy Services Agreement substantially in the form presented at this meeting, subject to such changes, insertions or omissions as the District’s General Manager reasonably deems necessary following the Board’s adoption of this

Resolution contingent upon conducting review under the California Environmental Quality Act (“CEQA”) as provided below; and

WHEREAS, in accordance with Government Code section 4217.10 *et seq.*, on October 8, 2015, the District published notice of a public hearing at which the District governing body would consider this Resolution;

WHEREAS, the District’s proposed approval of the Energy Services Agreement is a “Project” for purposes of CEQA; and

WHEREAS, the Guidelines for CEQA, California Code of Regulations Title 14, Chapter 13 (“State CEQA Guidelines”), exempt certain projects from further CEQA evaluation; and

WHEREAS, the District intends to conduct CEQA review and make a CEQA determination at a later meeting of the Board.

NOW, THEREFORE, based upon the above-referenced recitals, the Board hereby finds, determines and orders as follows:

1. Per California Government Code section 4217.10 *et seq.*, the District Board hereby finds and determines that all of the recitals set forth above are true and correct.

2. The terms of the Energy Services Agreement in the form presented to this meeting are in the best interests of the District.

3. In accordance with Government Code section 4217.12, and based on data provided by the Analysis, the Board finds that the anticipated cost to the District for electrical energy provided by the Project will be less than the anticipated cost to the District of electrical and other energy that would have been consumed by the District in the absence of the Project.

4. The Board hereby approves award of the Energy Services Agreement to SunPower Corporation, Systems, in accordance with Government Code section 4217.12, contingent upon the completion of all applicable requirements under CEQA.

5. The District’s General Manager is hereby authorized and directed to negotiate any further changes, insertions and omissions to the Energy Services Agreement as he reasonably deems necessary, and thereafter to execute and deliver the Energy Services Agreement following the Board’s adoption of this Resolution. The District’s General Manager is further authorized and directed to execute and deliver any and all papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out this resolution and said agreements.

6. District staff are hereby authorized and directed to commence CEQA review on the Project in accordance with CEQA and the State CEQA Guidelines.

7. This Resolution shall take effect immediately upon its passage.

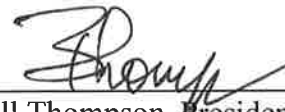
The foregoing Resolution was adopted at a meeting of the Board of the Lake Arrowhead Community Services District on October 27, 2015, by the following vote:

AYES: Boydston, Gross, Thompson, and Wurm

NOES: None

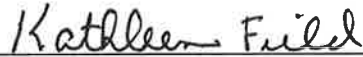
ABSTAIN: None

ABSENT: Keefe



Bill Thompson, President, Board of Directors
Lake Arrowhead Community Services District

CERTIFIED TO BE A TRUE
AND CORRECT COPY:



Kathleen Field, Clerk of the Board
Lake Arrowhead Community Services District

EXHIBIT "A"

**Lake Arrowhead Community Services District
Taxable New CREBs Lease Purchase Agreement
25 Year Solar Project Cashflow Analysis
(20 Year Repayment Term, 5% Net Payment Annual Escalation)**

Year 1 Generation (kWh)	2,204,216
Annual Solar Degradation (%)	0.25%
Year 1 Avoided Utility Cost (\$/kWh)	\$ 0.1015
REC Value	\$ 0.0010
Expected Utility Escalation	4.00%
Year 1 Operations and Maintenance ("O&M") Costs	\$ 17,034
Pre-Paid O&M Term (years)	10
Annual O&M Escalation	3.00%

OPTION:	CREBs
NET SAVINGS \$	\$ 4,652,226 (25 Yr)
	\$ 7,509,913 (30 Yr)

Year No.	Solar Generation (kWh)	Avoided Utility Cost (\$/kWh)	REC Value	Gross Savings	O&M Costs	Net Savings	Financing Payments (after Subsidy)	Net Positive Cashflow	Cumulative Positive Cashflow
1	2,204,216	\$ 0.1015	\$ 2,204	\$ 223,622	\$ 170,344	\$ 55,482	\$ 115,943	\$ (60,461)	\$ (60,461)
2	2,198,705	\$ 0.1055	\$ 2,287	\$ 231,986	\$ -	\$ 234,272	\$ 121,740	\$ 112,532	\$ 52,071
3	2,193,208	\$ 0.1097	\$ 2,372	\$ 240,662	\$ -	\$ 243,034	\$ 127,827	\$ 115,207	\$ 167,278
4	2,187,725	\$ 0.1141	\$ 2,461	\$ 249,663	\$ -	\$ 252,124	\$ 134,219	\$ 117,905	\$ 285,183
5	2,182,256	\$ 0.1187	\$ 2,553	\$ 259,000	\$ -	\$ 261,553	\$ 140,930	\$ 120,623	\$ 405,807
6	2,176,800	\$ 0.1234	\$ 2,648	\$ 268,687	\$ -	\$ 271,335	\$ 147,976	\$ 123,359	\$ 529,166
7	2,171,358	\$ 0.1284	\$ 2,747	\$ 278,736	\$ -	\$ 281,483	\$ 155,375	\$ 126,108	\$ 655,274
8	2,165,930	\$ 0.1335	\$ 2,850	\$ 289,160	\$ -	\$ 292,011	\$ 163,144	\$ 128,867	\$ 784,141
9	2,160,515	\$ 0.1388	\$ 2,957	\$ 299,975	\$ -	\$ 302,932	\$ 171,301	\$ 131,631	\$ 915,772
10	2,155,114	\$ 0.1444	\$ 3,067	\$ 311,194	\$ -	\$ 314,261	\$ 179,866	\$ 134,396	\$ 1,050,167
11	2,149,726	\$ 0.1502	\$ 3,182	\$ 322,833	\$ 22,893	\$ 303,122	\$ 188,859	\$ 114,263	\$ 1,164,430
12	2,144,352	\$ 0.1562	\$ 3,301	\$ 334,907	\$ 23,580	\$ 314,628	\$ 198,302	\$ 116,326	\$ 1,280,756
13	2,138,991	\$ 0.1624	\$ 3,425	\$ 347,432	\$ 24,287	\$ 326,570	\$ 208,217	\$ 118,352	\$ 1,399,108
14	2,133,643	\$ 0.1689	\$ 3,553	\$ 360,426	\$ 25,016	\$ 338,963	\$ 218,628	\$ 120,335	\$ 1,519,443
15	2,128,309	\$ 0.1757	\$ 3,686	\$ 373,906	\$ 25,766	\$ 351,826	\$ 229,560	\$ 122,266	\$ 1,641,709
16	2,122,988	\$ 0.1827	\$ 3,823	\$ 387,890	\$ 26,539	\$ 365,174	\$ 241,038	\$ 124,137	\$ 1,765,846
17	2,117,681	\$ 0.1900	\$ 3,966	\$ 402,397	\$ 27,335	\$ 379,028	\$ 253,089	\$ 125,939	\$ 1,891,785
18	2,112,387	\$ 0.1976	\$ 4,115	\$ 417,447	\$ 28,155	\$ 393,406	\$ 265,744	\$ 127,662	\$ 2,019,448
19	2,107,106	\$ 0.2055	\$ 4,269	\$ 433,059	\$ 29,000	\$ 408,328	\$ 279,031	\$ 129,297	\$ 2,148,745
20	2,101,838	\$ 0.2137	\$ 4,428	\$ 449,256	\$ 29,870	\$ 423,814	\$ 292,983	\$ 130,832	\$ 2,279,576
21	2,096,583	\$ 0.2223	\$ 4,594	\$ 466,058	\$ 30,766	\$ 439,886	\$ -	\$ 439,886	\$ 2,719,462
22	2,091,342	\$ 0.2312	\$ 4,766	\$ 483,489	\$ 31,689	\$ 456,565	\$ -	\$ 456,565	\$ 3,176,027
23	2,086,114	\$ 0.2404	\$ 4,944	\$ 501,571	\$ 32,640	\$ 473,875	\$ -	\$ 473,875	\$ 3,649,903
24	2,080,898	\$ 0.2501	\$ 5,129	\$ 520,330	\$ 33,619	\$ 491,840	\$ -	\$ 491,840	\$ 4,141,742
25	2,075,696	\$ 0.2601	\$ 5,321	\$ 539,790	\$ 34,627	\$ 510,483	\$ -	\$ 510,483	\$ 4,652,226
	53,483,483		\$ 88,648	\$ 8,993,475	\$ 596,125	\$ 8,485,998	\$ 3,833,772	\$ 4,652,226	

Lake Arrowhead Community Services District
Taxable New CREBs Lease Purchase Agreement
Sample Payment Schedule and Cashflow Analysis
(20 Year Repayment Term, 5% Net Payment Annual Escalation)

Project Cost	\$ 3,168,672	OPTION:	CREBs
PeGu	\$ 23,546		
PeGu Term	10		
Financing Costs (estimated)	\$ 60,000		
Financed Amount	\$ 3,252,228		
Average Life US Treasury Swap Rate	2.55%		
Spread over Average Life US Treasury Swap Rate	1.90%		
Taxable Interest Rate [a]	4.45%		
Federal Tax Credit Rate (as of 6/8/15)	4.76%		
70% of Federal Tax Credit Rate	3.33%		
Sequestration Impact (% of Subsidy)	7.30%		
Federal Tax Credit Rate (after Sequestration) [b]	3.09%		
Net Effective Rate (after Subsidy) [a - b]	1.36%		
Year 1 Annual Payment	\$ 115,943	End of Term Principal Balance	\$ -
Annual Payment Escalation (%)	5.00%		
20 Year Cumulative Cashflow	\$ 2,279,576		
Final Maturity (yrs.)	20.50		
Average Life (yrs.)	13.14		
Closing Date (estimated)	11/1/15		

Sample Payment Schedule

Pmt. No.	Payment Date	Outstanding Balance	Principal Portion	Interest Portion	Total Payment Amount		US Treasury Subsidy Amount		Semi-Annual Net Payment After Subsidy
					Payment Amount	Amount	Subsidy Amount	Net Payment After Subsidy	
1	11/1/16	\$ 3,238,527	\$ 13,701	\$ 144,724	\$ 158,425	\$ 100,454	\$ 57,972		
2	5/1/17	\$ 3,202,597	\$ 35,930	\$ 72,057	\$ 107,987	\$ 50,015	\$ 57,972		
3	11/1/17	\$ 3,163,525	\$ 39,073	\$ 71,258	\$ 110,331	\$ 49,460	\$ 60,870		
4	5/1/18	\$ 3,124,186	\$ 39,339	\$ 70,388	\$ 109,727	\$ 48,857	\$ 60,870		
5	11/1/18	\$ 3,081,536	\$ 42,650	\$ 69,513	\$ 112,163	\$ 48,249	\$ 63,914		
6	5/1/19	\$ 3,038,596	\$ 42,940	\$ 68,564	\$ 111,504	\$ 47,591	\$ 63,914		
7	11/1/19	\$ 2,992,168	\$ 46,428	\$ 67,609	\$ 114,037	\$ 46,928	\$ 67,109		
8	5/1/20	\$ 2,945,424	\$ 46,744	\$ 66,576	\$ 113,320	\$ 46,210	\$ 67,109		
9	11/1/20	\$ 2,895,006	\$ 50,418	\$ 65,536	\$ 115,953	\$ 45,489	\$ 70,465		
10	5/1/21	\$ 2,844,245	\$ 50,761	\$ 64,414	\$ 115,175	\$ 44,710	\$ 70,465		
11	11/1/21	\$ 2,789,615	\$ 54,630	\$ 63,284	\$ 117,914	\$ 43,926	\$ 73,988		

20 Year Cashflow Analysis

Annual Net Payment After Subsidy	Annual Net Savings	Annual Positive Cashflow
\$ 115,943	\$ 55,482	\$ (60,461)
\$ 121,740	\$ 234,272	\$ 112,532
\$ 127,827	\$ 243,034	\$ 115,207
\$ 134,219	\$ 252,124	\$ 117,905
\$ 140,930	\$ 261,553	\$ 120,623

Lake Arrowhead Community Services District
Taxable New CREBs Lease Purchase Agreement
Sample Payment Schedule and Cashflow Analysis
(20 Year Repayment Term, 5% Net Payment Annual Escalation)

Sample Payment Schedule

Pmt. No.	Payment Date	Outstanding Balance	Principal Portion	Interest Portion	Total		US Treasury		Semi-Annual Net Payment After Subsidy
					Payment Amount	Amount	Subsidy Amount	Net Payment After Subsidy	
12	5/1/22	\$ 2,734,614	\$ 55,001	\$ 62,069	\$ 117,070	\$ 43,082	\$ 73,988		
13	11/1/22	\$ 2,675,539	\$ 59,075	\$ 60,845	\$ 119,920	\$ 42,233	\$ 77,687		
14	5/1/23	\$ 2,616,061	\$ 59,477	\$ 59,531	\$ 119,008	\$ 41,321	\$ 77,687		
15	11/1/23	\$ 2,552,295	\$ 63,766	\$ 58,207	\$ 121,974	\$ 40,402	\$ 81,572		
16	5/1/24	\$ 2,488,094	\$ 64,200	\$ 56,789	\$ 120,989	\$ 39,417	\$ 81,572		
17	11/1/24	\$ 2,419,378	\$ 68,716	\$ 55,360	\$ 124,076	\$ 38,426	\$ 85,650		
18	5/1/25	\$ 2,350,195	\$ 69,184	\$ 53,831	\$ 123,015	\$ 37,364	\$ 85,650		
19	11/1/25	\$ 2,276,258	\$ 73,937	\$ 52,292	\$ 126,229	\$ 36,296	\$ 89,933		
20	5/1/26	\$ 2,201,817	\$ 74,440	\$ 50,647	\$ 125,087	\$ 35,154	\$ 89,933		
21	11/1/26	\$ 2,122,374	\$ 79,444	\$ 48,990	\$ 128,434	\$ 34,004	\$ 94,430		
22	5/1/27	\$ 2,042,389	\$ 79,984	\$ 47,223	\$ 127,207	\$ 32,778	\$ 94,430		
23	11/1/27	\$ 1,957,139	\$ 85,250	\$ 45,443	\$ 130,693	\$ 31,542	\$ 99,151		
24	5/1/28	\$ 1,871,309	\$ 85,830	\$ 43,546	\$ 129,377	\$ 30,226	\$ 99,151		
25	11/1/28	\$ 1,779,936	\$ 91,372	\$ 41,637	\$ 133,009	\$ 28,900	\$ 104,109		
26	5/1/29	\$ 1,687,942	\$ 91,994	\$ 39,604	\$ 131,598	\$ 27,489	\$ 104,109		
27	11/1/29	\$ 1,590,117	\$ 97,826	\$ 37,557	\$ 135,382	\$ 26,068	\$ 109,314		
28	5/1/30	\$ 1,491,625	\$ 98,491	\$ 35,380	\$ 133,872	\$ 24,557	\$ 109,314		
29	11/1/30	\$ 1,386,998	\$ 104,628	\$ 33,189	\$ 137,816	\$ 23,036	\$ 114,780		
30	5/1/31	\$ 1,281,658	\$ 105,340	\$ 30,861	\$ 136,200	\$ 21,421	\$ 114,780		
31	11/1/31	\$ 1,169,863	\$ 111,796	\$ 28,517	\$ 140,312	\$ 19,794	\$ 120,519		
32	5/1/32	\$ 1,057,306	\$ 112,556	\$ 26,029	\$ 138,586	\$ 18,067	\$ 120,519		
33	11/1/32	\$ 937,958	\$ 119,348	\$ 23,525	\$ 142,874	\$ 16,329	\$ 126,545		
34	5/1/33	\$ 817,797	\$ 120,161	\$ 20,870	\$ 141,030	\$ 14,486	\$ 126,545		
35	11/1/33	\$ 690,491	\$ 127,306	\$ 18,196	\$ 145,502	\$ 12,630	\$ 132,872		
36	5/1/34	\$ 562,319	\$ 128,172	\$ 15,363	\$ 143,536	\$ 10,664	\$ 132,872		
37	11/1/34	\$ 426,630	\$ 135,688	\$ 12,512	\$ 148,200	\$ 8,684	\$ 139,516		
38	5/1/35	\$ 290,018	\$ 136,612	\$ 9,493	\$ 146,104	\$ 6,589	\$ 139,516		
39	11/1/35	\$ 145,501	\$ 144,517	\$ 6,453	\$ 150,970	\$ 4,479	\$ 146,491		
40	5/1/36	\$ 0	\$ 145,501	\$ 3,237	\$ 148,738	\$ 2,247	\$ 146,491		
			\$ 3,252,228	\$ 1,901,118	\$ 5,153,346	\$ 1,319,574	\$ 3,833,772		

20 Year Cashflow Analysis

Annual Net Payment After Subsidy	Annual Net Savings	Annual Positive Cashflow
\$ 155,375	\$ 281,483	\$ 126,108
\$ 163,144	\$ 292,011	\$ 128,867
\$ 171,301	\$ 302,932	\$ 131,631
\$ 179,866	\$ 314,261	\$ 134,396
\$ 188,859	\$ 303,122	\$ 114,263
\$ 198,302	\$ 314,628	\$ 116,326
\$ 208,217	\$ 326,570	\$ 118,352
\$ 218,628	\$ 338,963	\$ 120,335
\$ 229,560	\$ 351,826	\$ 122,266
\$ 241,038	\$ 365,174	\$ 124,137
\$ 253,089	\$ 379,028	\$ 125,939
\$ 265,744	\$ 393,406	\$ 127,662
\$ 279,031	\$ 408,328	\$ 129,297
\$ 292,983	\$ 423,814	\$ 130,832
\$ 3,833,772	\$ 6,113,348	\$ 2,279,576