



**Contra
Costa
County**

To: Contra Costa County Fire Protection District Board of Directors
From: Jeff Carman, Chief, Contra Costa County Fire Protection District
Date: January 17, 2017

Subject: Energy Infrastructure Lease Purchase Agreement

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Fire Chief, or designee, to (1) execute an Equipment Lease Purchase Agreement with Sterling National Bank for the lease of energy infrastructure equipment, in an amount not to exceed \$5,602,885, including finance charges, with an initial lease payment of \$300,000 and seventeen (17) years of additional lease payments and (2) enter into an Escrow Agreement with Sterling National Bank.

FISCAL IMPACT:

The total project cost over 17 years is estimated at \$5.6 million. This includes a \$300,000 (principal only) lease down payment at the start of the project and approximately \$5.3 million in rent payments amortized over 17 years. The annual interest rate for the financing is 2.91%. Scheduled principal and interest payments will begin in November 2017. Appropriations for the rent payments will be included when the District prepares its annual general operating fund budget.

BACKGROUND:

The Contra Costa County Fire Protection District (District) has developed an energy infrastructure upgrade plan and is proposing a partnership with OpTerra, an energy

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **01/17/2017** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, Director
Candace Andersen, Director
Diane Burgis, Director
Karen Mitchoff, Director
Federal D. Glover, Director

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 17, 2017

David Twa, County Administrator and Clerk of the Board of Supervisors

Contact: Aaron McAlister, Asst
Chief (925) 941-3503

By: June McHuen, Deputy

cc:

consultant

BACKGROUND: (CONT'D)

and design build firm. OpTerra has completed an assessment of the District infrastructure needs and the District issued a request for proposals for a direct placement to finance the project. Sterling National Bank was selected.

Sterling National Bank offers a tax-exempt lease purchase agreement, subject to the annual appropriation of funds, which will enable the District to finance the purchase of energy infrastructure upgrade equipment. The project cost is quoted at \$4,318,845. The District will make a down payment of \$300,000 upon execution of the equipment lease purchase agreement. The remaining \$4,018,845 will be financed. The lease term is 10 months of installation plus 17 years of amortization. The first scheduled principal and interest payment is due in November 2017. The final payment is due in May 2034. The rate is fixed at 2.91% for the term of the agreement.

Rent payments will be due on a semi-annual basis. Payments over the term of the agreement are estimated at \$5,302,885. This is comprised of \$4,018,845 in principal and \$1,284,040 in interest. Including the down payment of \$300,000, the total project cost for the District over 17 years will be \$5,602,885.

The District will also enter into an escrow agreement with Sterling National Bank, with Sterling National Bank acting as escrow agent. The escrow agreement authorizes the lessor to deposit funds in the amount of \$4,318,845, to be held in escrow by the escrow agent. This deposit will be used to pay costs associated with the acquisition and installation of equipment to complete the energy infrastructure upgrade. The District will authorize distributions from the escrow account to pay OpTerra, the energy consultant and design build firm.

CONSEQUENCE OF NEGATIVE ACTION:

The District will not enter into an equipment lease-purchase agreement at this time to fund an energy infrastructure upgrade plan.

CHILDREN'S IMPACT STATEMENT:

No impact.

ATTACHMENTS

Project Cash Flow Analysis

Amortization Schedule