

CITY OF EL PASO, TEXAS
AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM

DEPARTMENT: Financial Services

AGENDA DATE: 7/15/08

CONTACT PERSON/PHONE: Carmen Arrieta-Candelaria (541-4293)

DISTRICT(S) AFFECTED: All Districts

SUBJECT:

Discussion and action on authorizing the City Manager to sign a tax-exempt lease-purchase agreement with Banc of America Public Capital Corp ("BAPCC") in a principal amount not to exceed \$9,767,054 to finance the energy-efficiency improvements for the City of El Paso and the El Paso Convention Center. It is also requested that the City Manager of the City of El Paso be authorized to execute any and all necessary documents relating to this lease-purchase agreement, which are necessary to carry out the intent of this agreement. (All Districts) [Carmen Arrieta-Candelaria, Financial Services Department 915-541-4293]

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

On August 28, 2007, City Council approved an energy-performance contract with Johnson Controls, Inc. Such contract allowed Johnson Controls, Inc. to conduct assessments that has resulted in their identifying capital improvements that can be made to significantly reduce the City's energy consumption in areas such as lighting and HVAC. Once these projects were identified, the next step would be to fund these projects. Approximately \$15 million in projects were identified, of which \$5 million will be funded from SECO, the State of Texas - State Energy Conservation Office which allows municipalities to apply and obtain loans for these type of projects through its Texas LoanSTAR (loans to Save Taxes And Resources) Program at a 3% interest rate for up to a maximum term of ten (10) years. The remainder, or approximately \$10million, will be funded through a lease-purchase agreement with BAPCC. This agreement will be for a term of ten (10) years and the rate for these funds will be 4.495% (4.062% calculated interest rate with non-escrow structure). The improvements will serve as collateral for the lease-purchase.

PRIOR COUNCIL ACTION

Has the Council previously considered this item or a closely related one?

Council has approved lease purchase financings in the past, most recently the ACCELA and the bus leasing, also through Bank of America.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

Principial and interest payments will be made from the general fund and the CVB capital funding. Little to no budgetary impact given loan payments are to be made from the anticipated reductions in energy expenditures. There may be slight timing differences between fiscal years due to the amount financing and its respective payment schedule versus the timing of the energy efficiency results. Overall, however, the projects will cashflow.

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

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*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ **FINANCE:** (if required) _____

DEPARTMENT HEAD: Carmen A. Candelaria
(Example: if RCA is initiated by Purchasing, client department should sign also)
Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA:

CITY MANAGER: _____

DATE: _____

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Geoffrey R. Culm
Senior Vice President
Energy Services

Banc of America Public Capital Corp
231 S. LaSalle Street, Suite 07-28
IL1-231-07-28
Chicago, IL 60604
Email: geoffrey.r.culm@bankofamerica.com
Tel: (312) 828-5319
Fax: (312) 974-9083

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June 19, 2008

VIA ELECTRONIC MAIL

City of El Paso, TX
2 Civic Center Plaza
El Paso, TX 79901

Attention: Ms. Carmen Arrieta-Candelaria
Finance Director

Re: \$9,767,054 CITY OF EL PASO, TX – TAX-EXEMPT, MASTER LEASE
FINANCING FOR JOHNSON CONTROLS, INC. ENERGY SAVINGS
PERFORMANCE CONTRACT

Banc of America Public Capital Corp (“BAPCC” or “Lessor”) is pleased to submit the following tax-exempt, master lease financing proposal for the City of El Paso’s (the “City” or “Lessee”) \$9,767,054 Energy Savings Performance Contract with Johnson Controls Inc (“JCI”). BAPCC appreciates and looks forward to the opportunity of providing our industry leading equipment finance and private placement services for this important project for the City.

Bank of America/BAPCC offers unique financing features and qualifications that can be leveraged on behalf of the City to complete this transaction at a low interest cost and in a smooth and efficient manner. These features and qualifications include:

1. Bank of America/BAPCC is a leading provider of private placement capital to the municipal tax-exempt market. Our team is highly experienced in documenting and closing tax-exempt lease purchase transactions;
2. BAPCC’s Energy Services group is a leading provider of financial solutions for energy efficiency, renewable energy, and energy generation equipment and assets; and as such we have experience in working with the project transaction parties including JCI;
3. Because the proposed transaction is a private placement, there will be no public ongoing disclosure requirements, no public offering document generation requirements, and there will be no underwriting or related fees associated with the transaction;
4. BAPCC is able to offer a non-escrow, vendor construction payment structure--thus reducing the City’s interest expense for the project;
5. To provide the City with flexibility in funding the proposed transaction with the assurance that the rate will not move during the closing period, BAPCC is able to hold the proposed fixed rate for a full month, and we have included an option to hold the fixed rate for funding for a two (2) month period if the City is not ready to close the transaction within the next 30 days;

6. To allow for the lease payments to coincide with the project's use, we have offered a delayed first payment during the project's estimated construction period.

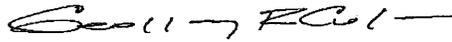
This cover letter and term sheet include only a brief description of the principal terms of the proposed transaction. Please understand that this proposal is not a commitment or offer to lend, and does not create any obligation for Lessor. Lessor will not be responsible or liable for any damages, consequential or otherwise, that may be incurred or alleged by any person or entity, including the City, as a result of this letter. Lessor will notify you in writing of its decision if Lessor agrees to proceed with the proposed transaction after completing its review and analysis.

Please feel free to contact me at 800.294.7272 Ext. 6 to discuss the proposed transaction, or to accept this proposal, please sign the enclosed copy of this letter by June 27th and return it to **Bank of America, N.A., 231 S. LaSalle Street, Suite 07-28, IL1-231-07-28, Chicago, IL 60604 Attention: Geoff Culm, or by fax to the same attention at fax number: 312.974.9083.**

Of course, please do not hesitate to contact me at 800-294-7272 Ext. 6 at any time if you have any questions, comments, or requests. I look forward to the opportunity to work with you on the proposed transaction for the City of El Paso, TX.

Very truly yours,

BANC OF AMERICA PUBLIC CAPITAL CORP



By: Geoffrey Culm
Title: Senior Vice President

The undersigned, by its authorized representative below, accepts the above proposal, agrees to furnish Lessor, its successors and assigns, any information relating to the business or financial condition of borrower or its affiliates, and authorizes Lessor, Bank of America and their affiliates to disclose to, discuss with and distribute such information (and any information they may already have) to any other affiliates or proposed assignees or successors of Lessor.

CITY OF EL PASO, TX

By: Carmen Arrieta-Candelaria*

Title: CARMEN ARRIETA-CANDELARIA
CHIEF FINANCIAL OFFICER

Date: 6-27-08

Rate Lock: 30 Days , 60 Days []

cc: Tripp Davenport
Delwynn Sherrill
Mike Feist

*Subject to City Council approval, scheduled on 7/8/08.

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SUMMARY OF TERMS AND CONDITIONS

I. Lessee, Lessor and Project Information

Lessee: City of El Paso
2 Civic Center Plaza
El Paso, TX 79901

Lessor: Banc of America Public Capital Corp
231 S. LaSalle Street, Suite 07-28
Chicago, IL 60604
Contact: Geoffrey Culm
Senior Vice President, Energy Services
(312) 828-5319 office
(312) 974-9083 fax
geoffrey.r.culm@bankofamerica.com

Lessor Background: The Lessor is a subsidiary of Bank of America Corporation, which is one of the nation's largest financial holding companies. In addition, BAPCC's Energy Services Group has experience in funding tax-exempt equipment lease transactions for energy efficiency equipment for governmental entities throughout the country.

Commitment to energy efficiency and the environment: Bank of America is a proud supporter of energy efficiency and initiatives that have a positive impact on the environment. Attached please find a summary of some of our important environmental announcements.

Financial profile and strength: As mentioned, Bank of America is one of the nation's largest financial holding companies. Our annual report can be found on the following internet link:

http://media.corporate-ir.net/media_files/irol/71/71595/reports/2007_AR.pdf

Local presence: Bank of America is a proud member and contributor to the El Paso community. Bank of America operates the following branches in the City of El Paso:

Bank of America
1212 Hawkins
El Paso, TX 79925

Bank of America
5200 Montana Ave.
El Paso, TX 79903

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Bank of America
5004 Montana Avenue
El Paso, TX 79903

Bank of America
2200 N. Yarbrough
El Paso, TX 79925

Bank of America
1330 Lee Trevino
El Paso, TX 79936

Bank of America
330 N Mesa Street
El Paso, TX 79901

Bank of America
11320 Montwood Dr.
El Paso, TX 79936

Bank of America
615 N. El Paso St.
El Paso, TX 79901

Bank of America
9101 Dyer St.
El Paso, TX 79924

Bank of America
1810 N Zaragoza Road
El Paso, TX 79936

Bank of America
4726 Trans Mountain Road
El Paso, TX 79924

Bank of America
685 Sunland Park Dr.
El Paso, TX 79912

Bank of America
7575 North Mesa
El Paso, TX 79912

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II. Lease Structure

Purpose:

The purpose of this transaction is to provide financing for certain energy conservation measures (collectively, the “*Equipment*”) designed and installed by Johnson Controls, Inc. (“JCI” or “*Vendor*”) under a performance contract with the Lessee.

Structure: This transaction shall be structured as a tax-exempt Equipment Lease/Purchase Agreement (the "*Lease/Purchase*") between the Lessee and the Lessor.

Security: The obligation to make payments under the Lease/Purchase shall be an obligation of the Lessee payable from general funds of the City. Regardless of the status of installation of the Equipment, the Lessee's obligation to make payments commence on that certain date set forth in the Lease/Purchase.

The Lessor shall retain a security interest in the Equipment evidenced by UCC filings. At maturity (or prepayment) of the Lease/Purchase, the security interest in the Equipment shall be released and the Lessee shall retain the Equipment free and clear. The Lessee shall be required to maintain the Equipment free and clear of other liens, to insure the Equipment (public liability and property damage insurance), to promptly repair or replace any damaged or destroyed Equipment and to pay any applicable taxes.

Proceeds: Approximately \$9,767,000

III. Payments and Rate

Term, Payments, and Interest Rate:

To offer the Lessee the lowest total cost of borrowing, and the greatest degree of efficiencies of capital, Lessor would like to propose the following payment structure:

Non-escrow based construction draw program. Due to the current slope of the yield curve, Escrow based financings are not efficient. Short-term interest rates for treasury or agency based collateralized instruments for escrows are currently below the tax-exempt arbitrage yield for medium term municipal borrowings. Therefore, BAPCC's Energy Services Group offers a non-escrow based lease purchase construction draw program so that construction draws can occur under the lease just as frequently as if an escrow were in place, but that interest only begins to accrue for the Lessee according to the borrowing timetable in the estimated draw schedule. In the event that the project is delayed and that the draws occur later than originally projected, the Lessee will receive a credit at the end of the construction period based on the timing of the delayed draws and the Lease Interest Rate. An additional efficiency of this program is that the Lessee does not need to fund capitalized interest.

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NON-ESCROW FUNDING STRUCTURE

CITY OF EL PASO, TX	Annual Lease Rate	Calculated Interest Rate of Non-Escrow Structure*	Total Interest Cost
Term: 11.5 Yrs	4.495%	4.062%	\$2,825,378.20

* Calculated as the interest rate based on the lease payments discounted to the total project cost. This rate shows the benefit of our non-escrow funding feature.

See attached draft amortization schedule for the proposed transaction. The above rates and terms are based on the draft amortization schedule.

Rate Lock: To provide the Lessee flexibility in closing the proposed transaction, the Interest Rate above will be locked by Lessor through **July 19, 2008**. Lessee has the option to select a 60 day rate lock (through August 19, 2008) by adding 3 basis points to the annual lease rate above.

After the rate lock expiration date the transaction is subject to repricing as a result of market rate fluctuations at the discretion of the Lessor.

Closing Costs: None. Lessor will be responsible for its own costs in closing the proposed transaction. Lessee will be responsible for its own costs, including its own legal costs for providing a tax opinion for the transaction. Lessee's legal and financing costs may be included in the transaction amount.

Bank of America Advantages: See "Lessor Background" above.

IV. Other Requirements and Terms

Prepayment: On any payment date and with 30 days notice, the Lessee shall have the option to prepay its obligations under the Lease/Purchase upon payment of the then-applicable Purchase Price, which is calculated as 101% of the outstanding principal balance.

Documents: To be provided by the Lessor. Lessee's Bond Counsel to provide a validity and tax opinion satisfactory to Lessor.

Non Bank Qualified: It is understood that this transaction would be deemed "Non Bank Qualified" for tax purposes.

Payment and Performance

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Bonds: The Lessor requires to be listed as dual obligee on the payment and performance bond provided by Vendor.

Credit Approval: The consummation of this transaction is subject to final credit approval by the Lessor as well as execution and delivery of documentation acceptable to all parties, and thus this proposal does not represent an obligation of Lessor to finance the proposed transaction. All fundings are subject to no material adverse change in the financial condition of the Lessee from the time of credit approval.

Closing Date: Approximately early July 2008

Proposal Expiration Date: This proposal must be accepted prior to June 27th, 2008 to be valid.

Last Date of Closing: If the transaction has been accepted by the Proposal Expiration Date, the final date to close the transaction under the proposed terms will be September 30, 2008.

Payment Amortization:

Bank of America

**Sample Draw and Amortization Schedule for
CITY OF EL PASO, TX
NON ESCROW FUNDING
for JCI Energy Performance Contract**

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<u>Draw or Payment Number</u>	<u>Date</u>	<u>Funding</u>	<u>Total Payment</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Prepayment Amount</u>
D1	Jul-01-08	781,364.00				N/A
D2	Aug-01-08	781,364.00				N/A
D3	Sep-01-08	781,364.00				N/A
D4	Oct-01-08	683,694.00				N/A
D5	Nov-01-08	683,694.00				N/A
D6	Dec-01-08	683,694.00				N/A
D7	Jan-01-09	586,023.00				N/A
D8	Feb-01-09	586,023.00				N/A
D9	Mar-01-09	586,023.00				N/A
D10	Apr-01-09	586,023.00				N/A
D11	May-01-09	488,353.00				N/A
D12	Jun-01-09	488,353.00				N/A
D13	Jul-01-09	390,683.00				N/A
D14	Aug-01-09	390,683.00				N/A
D15	Sep-01-09	390,683.00				N/A
D16	Oct-01-09	293,012.00				N/A
D17	Nov-01-09	293,012.00				N/A
D18	Dec-01-09	293,012.00				N/A

1	Jan-01-10	386,423.00	37,970.62	348,452.38	9,886,813.97
2	Apr-01-10	386,423.00	109,996.37	276,426.63	9,607,623.08
3	Jul-01-10	386,423.00	106,890.22	279,532.78	9,325,294.97
4	Oct-01-10	386,423.00	103,749.16	282,673.84	9,039,794.39
5	Jan-01-11	262,080.00	100,572.80	161,507.20	8,876,672.12
6	Apr-01-11	262,080.00	98,757.98	163,322.02	8,711,716.88
7	Jul-01-11	262,080.00	96,922.76	165,157.24	8,544,908.06
8	Oct-01-11	262,080.00	95,066.91	167,013.09	8,376,224.85
9	Jan-01-12	273,185.00	93,190.22	179,994.78	8,194,430.12
10	Apr-01-12	273,185.00	91,167.65	182,017.35	8,010,592.59
11	Jul-01-12	273,185.00	89,122.35	184,062.65	7,824,689.32
12	Oct-01-12	273,185.00	87,054.08	186,130.92	7,636,697.09
13	Jan-01-13	284,628.00	84,962.56	199,665.44	7,435,034.99
14	Apr-01-13	284,628.00	82,718.95	201,909.05	7,231,106.85
15	Jul-01-13	284,628.00	80,450.14	204,177.86	7,024,887.21
16	Oct-01-13	284,628.00	78,155.83	206,472.17	6,816,350.31
17	Jan-01-14	296,410.00	75,835.74	220,574.26	6,593,570.31
18	Apr-01-14	296,410.00	73,357.18	223,052.82	6,368,286.96
19	Jul-01-14	296,410.00	70,850.78	225,559.22	6,140,472.15
20	Oct-01-14	296,410.00	68,316.21	228,093.79	5,910,097.42
21	Jan-01-15	308,547.00	65,753.16	242,793.84	5,664,875.65
22	Apr-01-15	308,547.00	63,024.93	245,522.07	5,416,898.36
23	Jul-01-15	308,547.00	60,266.05	248,280.95	5,166,134.60
24	Oct-01-15	308,547.00	57,476.16	251,070.84	4,912,553.04
25	Jan-01-16	321,047.00	54,654.92	266,392.08	4,643,497.04
26	Apr-01-16	321,047.00	51,661.52	269,385.48	4,371,417.71
27	Jul-01-16	321,047.00	48,634.48	272,412.52	4,096,281.07
28	Oct-01-16	321,047.00	45,573.43	275,473.57	3,818,052.77
29	Jan-01-17	333,920.00	42,477.99	291,442.01	3,523,696.33
30	Apr-01-17	333,920.00	39,203.11	294,716.89	3,226,032.27
31	Jul-01-17	333,920.00	35,891.43	298,028.57	2,925,023.41
32	Oct-01-17	333,920.00	32,542.53	301,377.47	2,620,632.17
33	Jan-01-18	341,618.80	29,156.01	312,462.79	2,305,044.75
34	Apr-01-18	341,618.80	25,644.92	315,973.88	1,985,911.13
35	Jul-01-18	341,618.80	22,094.38	319,524.42	1,663,191.47
36	Oct-01-18	341,618.80	18,503.94	323,114.86	1,336,845.46
37	Jan-01-19	340,250.00	14,873.16	325,376.84	1,008,214.85
38	Apr-01-19	340,250.00	11,216.96	329,033.04	675,891.48
39	Jul-01-19	340,250.00	7,519.67	332,730.33	339,833.85
40	Oct-01-19	340,250.00	3,780.84	336,469.16	(0.00)
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		9,767,057.00	12,592,435.20	2,825,378.20	9,767,057.00

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BANK OF AMERICA ENVIRONMENTAL INITIATIVES

- **1992:** Board approves and publishes environmental principals describing the Bank's commitment to the environment
- **2002:** Bank of America establishes a centralized energy investment pool to invest in energy efficiency technologies.
- **2004:** Bank of America adopts a sustainable forest policy within GCIB and sets aggressive, voluntary goals to reduce greenhouse gas emissions across the company by 9% by 2009. As a means of meeting the targets, the Bank implements and installs energy efficient controls and systems in many Bank offices and sets timelines for retrofitting virtually all offices. In November 2004, Bank of America is awarded the "Star of Energy Efficiency Award" from the Alliance to Save Energy.
- **2005:** Bank receives California's "Flex Your Power Energy Conservation Award" and North Carolina's "Leadership in Sustainable Energy Award" for the Bank's successful energy conservation initiatives and commitment. Bank also receives the "Corporate Climate Champion Award" at the Global Warming Solutions Conference in NYC.
- **2006:** Bank of America announces program to reimburse associates by \$3,000 for the purchase of hybrid vehicles. Bank of America and its customers support forest conservation with "Go Paperless Statement" campaign and \$500,000 pledge to the Nature Conservancy.
- **2007:** Bank of America announces a \$20 billion commitment to environmental and energy saving technologies and initiatives.

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Compound Period: Quarterly
 Nominal Annual Rate: 4.062%-Calculated Rate, 4.4947% apr

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	7/1/2008	9,767,054.00	1		
2 Payment	1/1/2010	386,423.00	4	Quarterly	10/1/2010
3 Payment	1/1/2011	262,080.00	4	Quarterly	10/1/2011
4 Payment	1/1/2012	273,185.00	4	Quarterly	10/1/2012
5 Payment	1/1/2013	284,628.00	4	Quarterly	10/1/2013
6 Payment	1/1/2014	296,410.00	4	Quarterly	10/1/2014
7 Payment	1/1/2015	308,547.00	4	Quarterly	10/1/2015
8 Payment	1/1/2016	321,047.00	4	Quarterly	10/1/2016
9 Payment	1/1/2017	333,920.00	4	Quarterly	10/1/2017
10 Payment	1/1/2018	341,618.80	4	Quarterly	10/1/2018
11 Payment	1/1/2019	340,250.00	4	Quarterly	10/1/2019

AMORTIZATION SCHEDULE - Normal Amortization, 360 Day Year

Date	Payment	Interest	Principal	Balance
Loan 7/1/2008				9,767,054.00
2008 Totals	0.00	0.00	0.00	
1 1/1/2010	386,423.00	610,381.36	223,958.36	9,991,012.36
2 4/1/2010	386,423.00	101,452.31	284,970.69	9,706,041.67
3 7/1/2010	386,423.00	98,558.61	287,864.39	9,418,177.28
4 10/1/2010	386,423.00	95,635.53	290,787.47	9,127,389.81
2010 Totals	1,545,692.00	906,027.81	639,664.19	
5 1/1/2011	262,080.00	92,682.77	169,397.23	8,957,992.58
6 4/1/2011	262,080.00	90,962.65	171,117.35	8,786,875.23
7 7/1/2011	262,080.00	89,225.07	172,854.93	8,614,020.30
8 10/1/2011	262,080.00	87,469.84	174,610.16	8,439,410.14
2011 Totals	1,048,320.00	360,340.33	687,979.67	
9 1/1/2012	273,185.00	85,696.78	187,488.22	8,251,921.92
10 4/1/2012	273,185.00	83,792.96	189,392.04	8,062,529.88
11 7/1/2012	273,185.00	81,869.81	191,315.19	7,871,214.69
12 10/1/2012	273,185.00	79,927.12	193,257.88	7,677,956.81
2012 Totals	1,092,740.00	331,286.67	761,453.33	
13 1/1/2013	284,628.00	77,964.71	206,663.29	7,471,293.52
14 4/1/2013	284,628.00	75,866.18	208,761.82	7,262,531.70
15 7/1/2013	284,628.00	73,746.34	210,881.66	7,051,650.04
16 10/1/2013	284,628.00	71,604.97	213,023.03	6,838,627.01
2013 Totals	1,138,512.00	299,182.20	839,329.80	
17 1/1/2014	296,410.00	69,441.86	226,968.14	6,611,658.87
18 4/1/2014	296,410.00	67,137.14	229,272.86	6,382,386.01
19 7/1/2014	296,410.00	64,809.03	231,600.97	6,150,785.04

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20	10/1/2014	296,410.00	62,457.27	233,952.73	5,916,832.31
2014 Totals		1,185,640.00	263,845.30	921,794.70	
21	1/1/2015	308,547.00	60,081.63	248,465.37	5,668,366.94
22	4/1/2015	308,547.00	57,558.62	250,988.38	5,417,378.56
23	7/1/2015	308,547.00	55,010.00	253,537.00	5,163,841.56
24	10/1/2015	308,547.00	52,435.49	256,111.51	4,907,730.05
2015 Totals		1,234,188.00	225,085.74	1,009,102.26	
25	1/1/2016	321,047.00	49,834.84	271,212.16	4,636,517.89
26	4/1/2016	321,047.00	47,080.86	273,966.14	4,362,551.75
27	7/1/2016	321,047.00	44,298.91	276,748.09	4,085,803.66
28	10/1/2016	321,047.00	41,488.71	279,558.29	3,806,245.37
2016 Totals		1,284,188.00	182,703.32	1,101,484.68	
29	1/1/2017	333,920.00	38,649.97	295,270.03	3,510,975.34
30	4/1/2017	333,920.00	35,651.70	298,268.30	3,212,707.04
31	7/1/2017	333,920.00	32,622.97	301,297.03	2,911,410.01
32	10/1/2017	333,920.00	29,563.50	304,356.50	2,607,053.51
2017 Totals		1,335,680.00	136,488.14	1,199,191.86	
33	1/1/2018	341,618.80	26,472.95	315,145.85	2,291,907.66
34	4/1/2018	341,618.80	23,272.85	318,345.95	1,973,561.71
35	7/1/2018	341,618.80	20,040.25	321,578.55	1,651,983.16
36	10/1/2018	341,618.80	16,774.83	324,843.97	1,327,139.19
2018 Totals		1,366,475.20	86,560.88	1,279,914.32	
37	1/1/2019	340,250.00	13,476.25	326,773.75	1,000,365.44
38	4/1/2019	340,250.00	10,158.07	330,091.93	670,273.51
39	7/1/2019	340,250.00	6,806.20	333,443.80	336,829.71
40	10/1/2019	340,250.00	3,420.29	336,829.71	0.00
2019 Totals		1,361,000.00	33,860.81	1,327,139.19	
Grand Totals		12,592,435.20	2,825,381.20	9,767,054.00	

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City of El Paso ESPC Project

06/10/08

10-Year Project

	Escalation	Imp.Period	2010 Year 1	2011 Year 2	2012 Year 3	2013 Year 4	2014 Year 5	2015 Year 6	2016 Year 7	2017 Year 8	2018 Year 9	2019 Year 10	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Project Benefits													
Utility Cost Avoidance													
Electricity	3.0%	514,863	1,287,157	1,325,772	1,365,545	1,406,511	1,448,707	1,492,168	1,536,933	1,583,041	1,630,532	1,679,448	15,270,675
Natural Gas	3.0%	57,249	286,245	294,832	303,677	312,788	322,171	331,836	341,791	352,045	362,607	373,485	3,338,727
Other Utility	3.0%	0	0	0	0	0	0	0	0	0	0	0	0
O&M Cost Avoidance													
Facility Lighting O&M	0.0%	0	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	350,000
HVAC O&M	0.0%	0	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	750,000
Signal Lighting O&M	0.0%	0	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	600,000
Other O&M	0.0%	0	0	0	0	0	0	0	0	0	0	0	0
Capital Cost Avoidance													
Lighting Capital		0	0	0	0	0	0	0	0	0	0	0	0
HVAC Capital		0	0	0	0	0	0	0	0	0	0	0	0
Signal Lighting Capital		0	0	0	0	0	0	0	0	0	0	0	0
Other Capital		0	0	0	0	0	0	0	0	0	0	0	0
Total Project Benefits		572,112	1,743,402	1,790,604	1,839,222	1,889,299	1,940,878	1,994,004	2,048,724	2,105,086	2,163,139	2,222,933	20,309,402

		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Project Costs													
Debt Service													
Annual P&I Payment (SECO)		0	602,499	602,499	602,499	602,499	602,499	602,499	602,499	602,499	602,499	602,499	6,024,990
Annual P&I Payment (Other)		0	1,545,692	1,048,320	1,092,740	1,138,512	1,185,640	1,234,188	1,284,188	1,335,680	1,366,475	1,361,000	12,592,435
Annual Service Agreements													
APG Services	3.0%	0	153,322	129,474	133,358	137,359	141,480	145,724	150,096	154,599	159,237	164,014	1,468,662
Other Service	3.0%	0	0	0	0	0	0	0	0	0	0	0	0
Total Project Costs		0	2,301,513	1,780,293	1,828,597	1,878,370	1,929,619	1,982,411	2,036,783	2,092,778	2,128,211	2,127,513	20,086,087

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost-Benefit Analysis													
Annual Cash Flow	572,112	(558,111)	10,311	10,625	10,929	11,259	11,593	11,941	12,308	34,928	95,420	223,315	223,315
Cumulative Cash Flow	572,112	14,001	24,312	34,937	45,866	57,125	68,718	80,659	92,967	127,895	223,315	223,315	223,315

Financial Criteria	
Total Project Cost	\$ 14,767,054
Client Contribution	\$ -
Utility Incentive	\$ -
Net Amount Financed	\$ 14,767,054
Finance Term	10 years
Construction Period	18 months
Interim Interest Period	18 months
Service Agreement Term	10 years
Payments Per Year	4
Debt Payment Timing	Arrears

Financing:

Source	Financed Amount	Interest Rate
SECO	\$5,000,000	3.0 %
Municipal Lease	\$9,767,054	4.062

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City of El Paso - ESPC Project
 UCRM Summary Sheet
 05/13/08

UCRM #	FIM description	Simple Payback Years	Cost	Guar. Annual Electric kWh Savings	Guar. Annual Electric kW Savings	Guar. Annual Electric Cost Savings	Guar. Annual Gas CCF Savings	Guar. Annual Gas Cost Savings	Annual O&M Cost Savings	Guar. Annual Total Cost Savings
1	Lighting Improvements - General Services	6.8	\$ 1,750,137	2,638,142	5,136	\$ 237,605	0	\$ -	\$ 18,000	\$ 255,605
1	Lighting Improvements - Parks	10.1	\$ 1,000,640	934,181	2,325	\$ 88,762	0	\$ -	\$ 10,000	\$ 98,762
1	Lighting Improvements - CVB	8.6	\$ 618,504	594,582	2,001	\$ 64,575	0	\$ -	\$ 7,000	\$ 71,575
2	Mechanical Improvements - General Services	26.2	\$ 1,601,476	487,797	590	\$ 36,206	0	\$ -	\$ 25,000	\$ 61,206
2	Mechanical Improvements - Parks	27.5	\$ 1,185,962	85,225	11	\$ 6,646	21,206	\$ 18,539	\$ 18,000	\$ 43,185
2	Mechanical Improvements - CVB	14.0	\$ 388,623	147,131	0	\$ 8,023	14,260	\$ 12,681	\$ 7,000	\$ 27,704
3	HVAC Control System Upgrades - General Services	7.5	\$ 2,115,178	2,753,258	294	\$ 184,980	91,458	\$ 81,179	\$ 15,000	\$ 281,159
3	HVAC Control System Upgrades - Parks	9.4	\$ 575,986	469,795	0	\$ 31,978	28,449	\$ 25,232	\$ 4,000	\$ 61,210
3	HVAC Control System Upgrades - CVB	16.9	\$ 961,811	644,720	25	\$ 46,190	5,165	\$ 4,607	\$ 6,000	\$ 56,797
4	Indoor Pool Solar Heating - Parks	6.1	\$ 885,141	0	0	\$ -	163,020	\$ 144,007	\$ -	\$ 144,007
5	Traffic, Pedestrian & Flasher Signal Upgrades	4.6	\$ 2,978,570	9,888,132	0	\$ 582,192	0	\$ -	\$ 60,000	\$ 642,192
	Construction M&V		\$ 84,753							
	Construction Bonding Cost		\$ 50,852							
	Construction Management & Training		\$ 569,421							
	Project Selections	8.5	\$ 14,767,054	18,642,963	10,382	\$ 1,287,157	323,558	\$ 286,245	\$ 170,000	\$ 1,743,402

JCI Project - Annual Energy Impacts

Dept	kWH Savings	% kWh Savings	kW Savings	% kW Savings	CCF Savings	% CCF Savings
Facilities - General Services	5,879,197	31%	6,020	14%	91,458	30%
Facilities - Parks	1,489,201	24%	2,336	13%	212,675	41%
Facilities - CVB	1,386,433	29%	2,026	12%	19,425	22%
Signals - Streets	9,888,132	84%	NA	NA	NA	NA
Totals	18,642,963	45%	10,382	13%	323,558	35%

	2007	2008
EPE Utility Rebates	\$ 174,000	\$ 174,000

Notes:

1. General Services facilities include: Fire Dept, Public Library, Musuems & Cultural Affairs, Police Dept
2. CVB facilities include: Convention Center, Chamber Bldg, Chavez Theater, Parking Garage, Plaza Theater

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 CITY CLERK DEPT.

City of El Paso - ESPC Project
 UCRM Summary Sheet
 05/13/08

UCRM #	FIM description	Simple Payback Years	Cost
	CVB Only	Payment	
	Lighting Improvements - CVB	\$ 618,504	
	Mechanical Improvements - CVB	388,623	
	HVAC Control System Upgrades - CVB	961,811	
	Construction Management - CVB	93,768	
	Totals	2,062,706	

9767054
 0.2112

Schedule for CVB:

2010	\$326,434.99
2011	221,394.90
2012	230,775.97
2013	240,442.57
2014	250,395.54
2015	260,648.40
2016	271,207.91
2017	282,082.51
2018	288,586.12
2019	287,429.85
Total Payments	<u><u>\$2,659,398.75</u></u>

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City of El Paso Johnson Controls Phase I Energy Savings Performance Contract

City Uses Utility Savings to Upgrade Infrastructure

The City of El Paso recognized that it needed to address two major issues: escalating utility costs and aging infrastructure. It also was one of the municipalities faced with a Texas state mandate to improve air quality by lowering electricity usage. As a result, the City let out a Request for Qualifications (“RFQ”) in January 2007, to contract with a company to identify potential improvements that could be made to City facilities in order to effectuate energy savings that would allow for the financing of such improvements.

As a result of that RFQ, the City partnered with Johnson Controls, a global leader in energy conservation services, to revitalize the infrastructure in 55 City facilities (2.2 million sq. ft.) and 6600 traffic signals while lowering energy consumption. Improvements will be implemented at facilities throughout the City, including libraries, recreation centers, pools, senior citizen centers, police stations, museums, city hall, theatres and convention center.

Challenges

- Reduce utility costs.
- Comply with Texas State Senate Bill 12 requirements to reduce electricity consumption by 5 percent annually from 2007 to 2013.
- Comply with Local Government Code Chapter 302-Energy Savings Performance Contracts for Local Governments.
- Modernize the infrastructure of the city's largest energy consuming buildings without spending capital dollars
- Reduce the operating budget to allow for the financing of any identified improvements (i.e. no tax increase)

Solutions

- Perform \$14.7 million in infrastructure improvements, including new HVAC equipment, lighting upgrades, building management systems, solar heating systems and traffic signal upgrades.
- Partner with the State Energy Conservation Office (SECO) to utilize the Texas LoanSTAR program to validate and assist in financing the project.
- Utilize the performance contracting financing method, which enables the annual savings generated by the infrastructure improvements to fund the project, by securing a tax-exempt lease purchase agreement with a qualified financial institution.

Results

- Projecting \$20.3 million reduction in operating costs over the 10-year contract term.
- Eliminating nearly 11,300 tons of pollutants from the air annually, which equates to removing about 1,950 cars from the road each year.
- Reducing electric consumption by 30 percent at 55 facilities.
- Reducing electric consumption by 84 percent for 6,600 traffic signals.
- Promoting City Renewable Energy Program by installing new solar heating systems at eight (8) indoor pool facilities.
- Utility bill analysis has identified corrections that will save the City \$134,000 per year.
- Payments for the improvements would come from the energy budget; in effect, a reduction in the utilities budget and an increase to a principal/interest line item.

Other Key Points

The State Energy Conservation Office (SECO) requires a third party engineering review prior to the use of any SECO funds. Third party review is complete and \$5 million in SECO funds are available. The balance will be financed through a municipal lease. These capital costs are offset by the utility savings over a ten year period. (State law allows up to a 20-year recovery rate.)

JCI will complete all of the construction and facility upgrades in approximately 18 months. JCI will use local contractors and provide all project management. The entire project is turn key for the City.

If the contract is not awarded, the following will occur:

- The City is obligated under contract to pay JCI \$240,000 for the services rendered to date.
- Every month in delay costs the City over \$150,000 in utility and maintenance costs.

If the projects are bid separately, there will be a delay in contracting out for each individual project; additional time will be required as a detailed audit would more than likely need to be done for each project. In addition, there is no direct funding for any of these projects within the current capital projects funds. Any funds would have to come from the capital projects funding budget; SECO funding would be pursued, however, the City would have to ensure that the projects that are bid out are bid under those guidelines. This would delay the project further as staff would have to review each project through SECO.

In addition, there may not be any guaranteed performance measures subject to the provisions of LGC, Chapter 302, unless this is built into the bid and the company agrees to such measures. Additionally, companies may not agree with the methodology bid and propose additional measures.

Recommendation

City is requesting that City Council award a guaranteed performance contract to JCI. Pursuant to LGC, Chapter 302, JCI is required to guarantee the energy savings. If savings are not realized, JCI will pay the City the difference between what they guaranteed and the actual reductions.

In order to finance the improvements made under the contract, the City is requesting that a lease-purchase agreement for approximately \$9.78 million be approved. This would complement the SECO financing of \$5 million.

Timeline

- January 2007 Advertised RFQ 2007-073 for a City-Wide Energy and Operational Savings Program. Solicitation was sent out to four vendors, including two local vendors. Four responses were received.
- April 2007 Conducted interviews of four qualified bidders and made selection.
- August 2007 Council awards detailed engineering contract to Johnson Controls (JCI).
- August 2007 Council approves the submittal of an application to SECO for a \$5,000,000 loan for energy-efficiency projects.
- September –
May 2008 JCI performs detailed engineering study during this time period.
- May 2008 City reviews and selects projects after extensive meetings with JCI and City staff
- June 2008 Third-party review of projects was secured.
- June 2008 Financing secured, subject to Council approval, through Banc of America Public Capital Corp (BAPCC) at a rate of 4.495% (4.062% calculated rate with non-escrow structure).
- July 2008 Presentation to Council to request approval to award performance contract.