

AGENDA STAFF REPORT

MEETING NAME: REGULAR BOARD MEETINGS

MEETING DATE(S): OCTOBER 12 & 16, 2023

FROM: ARTURO CEJA – DIRECTOR OF FINANCE



FOR: ACTION DIRECTION INFORMATION

**RESOLUTION 2023-22
MSWD COMPREHENSIVE ENERGY AND SUSTAINABILITY UPGRADES – BANK OF AMERICA
INSTALLMENT SALE AGREEMENT**

STAFF RECOMMENDATION

Adopt Resolution No. 2023-22 related to the MSWD Comprehensive Energy and Sustainability Upgrades Project's Installment Sale Agreement with Bank of America.

SUMMARY

On June 30, 2022, MSWD staff solicited qualifications for qualified contractors to perform a design-build contract to assist MSWD in becoming more energy efficient. Staff reviewed the proposals and based on the qualifications selected ENGIE Services U.S. Inc. ENGIE prepared a request for proposals on the financing of this project. After months of negotiations, contract updates and holding a public hearing to discuss the cost of the project, ENGIE's best and final cost offer came in at \$17,852,057.

ANALYSIS

Three financing proposals were received to support the Comprehensive Energy and Sustainability Upgrades Project. Bank of America's proposal contained the most favorable terms for the District. The terms of the loan will be for 20 years (in line with the timing of construction and service life of the Energy and Sustainability Upgrades) the interest rate is a not to exceed fixed rate of 4.25%. The underwriting fees/closing costs are estimated to be \$35,000. Interest only payments will be made the first eighteen months during the project construction period and subsequent payments will vary monthly to match the expected savings with the proportional payment of the debt agreement. All other terms and conditions are consistent with existing District debt agreements.

FISCAL IMPACT AND STRATEGIC PLAN IMPLEMENTATION

The Installment Sale Agreement amount is \$17,852,057, with monthly interest only payments for 18 months totaling approximately \$1,138,000, and total interest paid over 20 years of \$10,262,434. Total payments due for this Installment Sale Agreement will be \$28,114,491.

FINANCIAL DATA		
Cost Associated with this action:	\$28,114,491	
Current FY cost:	\$569,034	
Future FY cost:	\$27,545,457	
Is it covered in current year budget:	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
Budget adjustment needed:	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
If yes, year needed:	FY2024	
All previous contracts including dates, amounts and board approvals are attached or have been made available.		
FUNDING SOURCES		
Source of funds:	Debt	
BID/Job#	N/A	
Current BID/Job balance	\$0	
Balance remaining if approved:	\$28,114,491	

ATTACHMENTS

- Resolution No. 2023-22 *(An updated Resolution was posted on 10/11/2023)*
- Installment Sale Agreement
- Certificate on Parity Debt Draft
- Updated cashflow using the latest lease payments estimate