



**PENINSULA CLEAN ENERGY  
JPA Board Correspondence**

**DATE:** June 2, 2016  
**BOARD MEETING DATE:** June 9, 2016  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority Present

**TO:** Honorable Peninsula Clean Energy Joint Powers Board  
**FROM:** Jim Eggemeyer, Director, Office of Sustainability  
**SUBJECT:** Selection of Barclays Bank PLC as Peninsula Clean Energy Authority's financing partner

**RECOMMENDATION:**

Adopt a Resolution Authorizing the Chair of the Board to execute an agreement between Barclays Bank and the Peninsula Clean Energy Authority for provision of financing for a term of up to five years and an amount of up to \$12 million and, if necessary, delegating approval of the form of agreement to the Executive Committee and the General Counsel to be used to fund operating costs during phases III and IV.

**BACKGROUND:**

In December 2015, County staff, on behalf of the Peninsula Clean Energy Authority (PCEA) began to solicit interest from and meet with a number of local and regional banks with the capacity to provide the required financing for phases III and IV. A loan in the amount not to exceed \$12 million was sought in order to establish a reserve fund in support of the power purchase agreements entered into by the PCEA, to provide working capital for the pre-revenue collection phase as well as to account for seasonal differences in cash flow, for deposits required by California Independent Service Operators (ISO) and the California Public Utilities Commission, and other operating needs such as internal staffing costs and other administrative overhead.

County staff met with Barclays Bank PLC, KeyBanc, Liberty Bank, River City Bank, San Mateo Credit Union, and Union Bank. As part of the financing requirements since the PCEA is a newly formed entity, the banks required cash collateral of up to 50% of the loan value. On May 10, 2016, County Board of Supervisors (BOS) authorized a loan to PCEA of up to \$6 million as collateral for the bank loan.

**DISCUSSION:**

County staff received three preliminary term sheets from Barclays, KeyBanc, and River City. KeyBanc had to withdraw their offer because they were unable to continue without the loan being 100% collateralized.

In an effort to make an ‘apples to apples’ comparison, county staff asked Barclays and River City to structure their interest rate index at the London Interbank Offered Rate (LIBOR), which is the average of interest rates estimated by leading banks in London. Additionally, county staff requested that the applicable spread for each credit facility be based on loan term of five years and a cash collateral deposit of 50% of the loan value.

In order to gauge the priorities of the PCEA, a sub-committee of the Board was formed to assist county staff in evaluating each offer. Staff provided the sub-committee an analysis that calculated the net present value of the calculated interest, loan and legal fees, audit fees, and debt service coverage costs. In the end, Barclays came out slightly less than River City on ‘all in’ costs and, on May 27, direction was given to county staff to begin the underwriting process with Barclays.

**FISCAL IMPACT:**

There is no fiscal impact currently associated with this report. Final terms between PCEA and Barclays will be presented to your Board on or before the June 23 board meeting.