

**STAFF REPORT TO THE CITY COUNCIL  
FOR CONSIDERATION AT THE MEETING OF SEPTEMBER 22, 2009**

**From:** Ron Bernal, Director of Public Works **REB**  
**Date:** September 16, 2009  
**Subject:** Street Light and Building Energy Retrofit Program

**RECOMMENDATION**

Conduct a Public Hearing and Authorize the City Manager to sign a Master Implementation Agreement with Honeywell Building Solutions and a Tax-Exempt Master Equipment Lease/Purchase Agreement with Bank of America, N.A. for a budget neutral self-funded lighting retrofit project of City owned streetlights and facilities.

**EXECUTIVE SUMMARY**

**PILOT PROJECT**

On March 24, 2009 the City Council authorized the City Manager to sign a Letter of Intent (LOI) with Honeywell Building Solutions (Honeywell) to proceed with a street, park and parking lot light retrofit pilot demonstration project (Pilot Project). Since that time, staff has been working with Honeywell to develop a final proposal and agreement for a budget neutral self-funded lighting retrofit project of much larger project (Phase 2 Project) for City owned streetlights and facilities. The demonstration project involved retrofitting 24 lights, which included 12 existing High Pressure Sodium (HPS) street lights on Laurel Road, 6 park lights in Knoll Park and 6 lights in the City Hall parking lot with Induction Lighting. The goal of the demonstration project was two-fold; first, to determine if the expected visual benefits of Induction Lighting could be observed and second to continue negotiations with Honeywell on the numerous deal points including contract and financing terms, construction and warranty related items, and grant funding opportunities associated with the Phase 2 Project.

Besides the significant energy and cost savings of the Phase 2 Project, another significant benefit of this project is to achieve better quality lighting for our community. During the Pilot Project, the Antioch Police Department (APD) was asked to provide their comments on how they perceived the Induction Lighting at the three test locations. The majority of the comments received from the APD were positive. Field Services Manager Lieutenant Willerford commented that there was a tremendous difference with the new lighting at City Hall. He further stated that usage of this type of lighting would enhance the public and officer's safety and make it easier for officers to identify cars and people. He recommended the lighting be extended throughout the City. Officer Hulsey noted that there was a significant improvement in visibility at all three locations and that the new lights are much brighter and objects underneath are seen in their normal colors. Officer Miller stated that she was glad to see the change in lighting on Laurel Road and that the new lights provided more clarity. She did observe that their pool of light seemed much smaller than the amber colored street lamps and did not reach the sidewalks as well. She also mentioned that in her opinion the lighting at Knoll Park is still ineffective and that she would recommend more lighting be installed. Comments from other officers varied but were generally positive, specifically in the area of helping with color and physical recognition.

City Engineer Brandt commented that he did not recommend changing the downtown lighting to the brighter and whiter Induction Lighting, as he believes the existing color of light is intentionally amber to fit with the style of lights in this area.

In response to Officer Miller's comment about the pool of light seeming much smaller, Honeywell's engineer has stated that the lighting pattern will be similar to the current lights with increased brightness directly under the fixtures and similar overall minimum lighting levels.

## PHASE 2 PROJECT

### General

If approved, tonight's Council action would approve the Phase 2 Project involving retrofitting approximately 8725 street and park lights with Induction Lighting and 8 City facilities with high efficiency fluorescent lighting. The Phase 2 Project will be managed and constructed pursuant to a project implementation agreement between Honeywell and the City. The project will be implemented under a firm, fixed project price contract and financed by Bank of America, N.A. (BofA) under a tax-exempt lease structure. Honeywell assumes all risk involved with the total number of lights, retrofit costs that may be higher than calculated, and for any delays in the Phase 2 Project schedule (9 months). The basic Project and estimated cost savings have remained the same as presented in the March 24<sup>th</sup> staff report; however, the overall project cost and the amount of savings proposed to be contributed toward the repayment of the lease have changed. The City has also been utilizing the services of Douglas Oglesby, a consultant with considerable knowledge and expertise in these types of projects gained during his tenure with PG&E and as General Counsel for Chevron Energy Solutions. Mr. Oglesby has been helpful in structuring the terms of the agreements with Honeywell and BofA that best represent and protect the City's interests.

### Procurement.

The Phase 2 Project is structured as sole source procurement. Government Code Section 4217.10 permits the Council to approve an energy services project without competitive bidding provided at least two weeks public notice of the Council's intention to consider action on the proposal. Staff recommends using this process for several reasons:

- Honeywell's proven track record with the City and reputation in the industry and financial stability;
- Guaranteed annual energy savings during the project repayment period;
- Project is cash neutral without any up-front or out-of-pocket costs for the City;
- Project tax-exempt financing has been arranged by Honeywell and is currently at a fixed interest rate of 4.79% over a 10 year repayment period;
- Staff does not have the ability to manage or administer a project of this magnitude at this time;
- City has hired a negotiator with extensive experience and expertise in this area to represent our interests. We believe he has developed cost effective and legally sound agreements with Honeywell and BofA.

### Local Labor and Suppliers.

Honeywell has committed to utilizing local labor and sub contractors if qualified and labor costs are competitive. Honeywell will pay prevailing wages and evaluate all potential contractors in accordance with their internal quality and experience requirements. Contractors are required to be licensed and bonded. Equipment rentals will be through local providers. Honeywell will advertise for qualified local labor and subcontractors in local newspapers.

### Project Costs.

Project costs have increased from the original estimate of \$3,500,000 to a revised final Phase 2 Project cost of \$4,650,000. According to Honeywell this increase is due to several factors. The original estimate was largely based on the number of Cobra head fixtures shown in City's records provided to Honeywell. An independent audit of lighting fixtures conducted during the Pilot Project revealed the actual number of fixtures to be approximately 8725, a greater number than shown on the City's inventory. Additionally, the actual number of park and parking lot lights increased. These non-Cobra head lights are more expensive to retrofit since there are several different types and varieties requiring more labor and materials to accomplish the retrofit than originally estimated.

### EECBG Block Grant.

This June the City applied for an \$885,000 Energy Efficiency Conservation Block Grant (EECBG) made available through the American Recovery and Reinvestment Act of 2009. Of this amount, \$660,000 was designated for and can only be used on this project. Staff has been informed that the City will be awarded the grant and should be receiving the full funding shortly. Of this grant amount, \$600,000 is being used to "buy down" the project financing cost resulting in a reduced payback period. Honeywell has agreed to meet the conditions of the Buy American provision of the grant and has indemnified the City against any and all losses caused by their failure to comply.

### Tax-Exempt Municipal Lease Financing.

The Project will be financed under a tax-exempt municipal lease. Under the lease, the Bank will pay Honeywell its construction costs and the City will make periodic payments of project costs and tax-exempt interest to BofA over a 10-year repayment term. Although termed "lease finance," the City will own all the retrofitted fixtures and BofA will have first priority lien on the fixtures for the duration of the 10-year lease finance term. The benefit to the City of financing the project in this manner is the use of tax-exempt interest, which is lower than conventional financing interest rates, substantially lowering project costs. The March staff report identified several ways to structure the financing repayment with the terms ranging from 10 to 17 years. Staff believes a 10-year repayment term with a fixed interest rate is preferable since it will result in a small positive cash flow to the City and will result in the greatest cost savings of the different options investigated.

### Summary of Other Essential Terms.

- Project price. Phase 2 Project cost will be \$4,650,000; \$600,000 Federal stimulus EECBG grant will be applied to reduce project costs to be financed to \$4,050,000.

- Savings.
  - Total estimated annual energy cost savings will be \$531,339, which savings are guaranteed by Honeywell over the 10-year repayment period;
  - Annual lease payments will be \$488,549;
  - Estimated annual cash flow is estimated to be \$42,790 (net savings after annual lease payments), which will be used to fund O&M during the term of the 10-year financing repayment;
- Rebates. Phase 2 Project qualifies for a PG&E rebate of \$160,100;
- Construction. Phase 2 Project installation period to be 9 months;
- Payback. The payback period for the tax-exempt municipal lease of 10 years is calculated at a 4.79% fixed interest rate. Interest starts when BofA makes each installment payment to Honeywell and will accumulate until construction of the Project is completed. Interest will be capitalized. Repayment of the construction cost and capitalized interest and will commence when Project construction is complete.

This concludes the Executive Summary. Summaries of the Master Implementation Agreement and the tax-exempt Lease/Purchase Agreement are attached as Attachments A and B. A more in depth explanation of the overall project and more specifically the Phase 2 Project is included in Attachment C Background Information portion of the staff report below.

## **FINANCIAL IMPACT**

The Phase 2 Project will provide a budget-neutral program, utilizing tax-exempt municipal lease financing as the funding vehicle for capital improvements. Based on current information about the City's street and building lighting inventory, the project would:

- Take approximately 9 months to complete at a cost of \$4,650,000;
- City has received confirmation it has been awarded and will receive a Federal stimulus EECBG grant of which \$600,000 would be applied to reduce project costs to be financed to \$4,050,000;
- Total estimated annual energy cost savings will be \$531,339, which savings are guaranteed by Honeywell over the 10-year repayment period;
- Annual lease payments will be \$488,549;
- Generates \$42,790 annually to be used toward ongoing and future O&M;
- Qualify for a PG&E rebate estimated at \$160,100;
- Generates immediate cost savings when retrofitted lights are installed.

If the Council decides to proceed with the project, there would be no expense to the City for any part of the demonstration project including the initial analysis, contract development, engineering, project oversight, all materials and labor to perform retrofits, disposal of all

materials removed and an evaluation of project effectiveness at the end of 12 months of full operation. Honeywell will guarantee the Phase 2 Project Cost savings during the 10 year repayment term. In the event savings are insufficient to repay the full cost of lease payments, Honeywell would assume liability for savings shortfalls to pay back the lease.

Staff has evaluated several additional financing options including floating and fixed interest rates for 10 and 12 year repayment periods and the possibility of extending the term out several more years to increase the annual cash flow to the City. The difference in the positive annual cash flow between a 10 and 12 year fixed interest financing is approximately \$45,000. However, the additional total project cost for 12 year financing as opposed to a 10 year term is over \$1,100,000.

If the City Council decides not to proceed with the Phase 2 Project, the City would be required to pay Honeywell \$28,500 to return the retrofitted lights to their original configuration or \$22,500 if the lights are left in place. This cost could be funded via the General Fund or other funding source approved by Council.

### **OPTIONS**

1. Direct staff to issue a Request for Proposals (RFP) for the project as presented in order to solicit other contractors. It must be noted that the RFP process would add an estimated 6 months to the project timeline and would represent additional costs to the City in developing, issuing, evaluating responses and awarding the project. Energy cost savings during this 6 month period, estimated at \$250,000, would also be lost.
2. Direct staff to discontinue pursuing the project. This would result in the loss of \$660,000 in EECBG funding and payment of \$28,500 to return the lights to their original configuration (or \$22,500 if lights are left in place).

### **ATTACHMENTS**

- A: Background Information
- B: Honeywell Master Implementation Agreement Summary of Terms and Conditions
- C: Bank of America Master Equipment Lease/Purchase Agreement Summary of Terms and Conditions
- D: Sample Payment Schedule and Cash Flow Analysis
- E: Project Schedule

## RESOLUTION NO. 2009/

**A RESOLUTION OF THE CITY OF ANTIOCH, CALIFORNIA, AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER IMPLEMENTATION AGREEMENT WITH HONEYWELL BUILDING SOLUTIONS, A DIVISION OF HONEYWELL INTERNATIONAL INC. (THE "ESCO"), WITH RESPECT TO THE ACQUISITION AND PURCHASE OF CERTAIN EQUIPMENT FOR THE PUBLIC BENEFIT; AND AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT WITH BANK OF AMERICA, N.A. (THE "LESSOR"), WITH RESPECT TO THE ACQUISITION, PURCHASE AND LEASING OF SAID EQUIPMENT; AND AUTHORIZING ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.**

**WHEREAS**, City of Antioch, California (the "Municipality"), a California municipal corporation organized and existing as a political subdivision of the State of California (the "State") is authorized by the laws of the State to purchase, acquire and lease certain equipment and other property, for the benefit of the Municipality and its inhabitants, and to enter into contracts with respect thereto; and

**WHEREAS**, the Municipality desires to purchase, acquire and lease certain energy efficiency equipment and other related property necessary for the Municipality to perform essential governmental functions; and

**WHEREAS**, in order to acquire such equipment and other property, the Municipality proposes to enter into that certain Master Implementation Agreement (the "Agreement") with ESCO, and proposes to enter into that certain Master Equipment Lease/Purchase Agreement (the "Lease") with Lessor. Summaries of such agreements' material business, financial and legal terms and conditions are attached hereto as Attachment A and Attachment B respectively.; and

**WHEREAS**, pursuant to California Government Code Section 4217.10 *et seq* and other applicable provisions of law, the City Council (the "Council") has given at least two weeks advance notice of its regularly scheduled public hearing held on September 22, 2009 concerning the Municipality's intention to enter into the Agreement and the Lease, which contracts provide for the acquisition and installation of energy efficient street and other lighting and for the financing of such lighting and related equipment, ; and

**WHEREAS**, the Council is the governing body of the Municipality and deems it for the benefit of the Municipality and for the efficient and effective administration thereof to enter into the Agreement, and the Lease for the purposes described above and on the terms and conditions therein provided;

**NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED** by the Council as follows:  
Section 1. Findings. Pursuant to California Government Code Section 4217.10 *et seq.*, the Council hereby determines at a regularly scheduled public hearing on September 22, 2009 held on at least two weeks notice that it is in best interests of the City to enter into the Agreement for the installation of energy efficient street and other lighting and related equipment and into the Lease to finance such lighting, and that the costs of the installation, operation and financing of such lighting will be less than the cost to the Municipality of electric energy that would otherwise have been consumed if the City did not enter into such agreements.

Section 2. Approval of Documents. The Council hereby approves the business, financial and legal terms and provisions of the Agreement and the Lease as set forth in the summaries presented at this meeting, with such insertions, omissions and changes as shall be approved by the City Manager or other Authorized Officer of the Municipality executing the same, the execution of such documents being conclusive evidence of such approval. The Authorized Officers of the Municipality are each hereby authorized and directed to attest, the Agreement, the Lease, and any related exhibits attached thereto if and when required.

Section 3. Other Actions Authorized. The officers and employees of the Municipality shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions approved herein (including, but not limited to, the execution and delivery of the certificates contemplated therein, including appropriate arbitrage certifications) and to take all action necessary in conformity therewith, including, without limitation, the execution and delivery of any closing and other documents required to be delivered in connection with the Lease.

Section 4. Appointment of Authorized Municipality Representatives. The City Manager and other Authorized Officers are each hereby designated to act as the authorized representatives of the Municipality with respect to the Agreement and Lease and related documents until such time as the Council shall designate any other or different authorized representatives for purposes of the Agreement and the Lease.

Section 5. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 6. Effective Date. This Resolution shall be effective immediately upon its approval and adoption.

Section 7. Bank Qualification. Lessee hereby designates the Lease/Purchase as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

\* \* \* \* \*

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a resolution duly adopted and passed by the City of Antioch, California, at a regular meeting thereof, held on the 22nd day of September 2009 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

---

**L. JOLENE MARTIN, City Clerk**

**City of Antioch Street Lighting Retrofit Project**  
**Executive Summary**

**A. Project Benefits**

1. Annual Savings and Cash Flow. The recommended financing term is 10 year repayment at a tax-exempt fixed interest rate (currently 4.79%).

Ten-year repayment at 4.79% fixed interest rate:

Annual Energy Savings <sup>1</sup>	Annual Lease Payments	Annual Cash Flow <sup>2</sup>
\$531,339	\$488,549	\$42,789

2. Guarantee.

- a. Honeywell will guarantee annual energy savings for the 10-year repayment period.
- b. Honeywell will guarantee all parts and labor for one year from the date the City accepts the project. The lamp manufacturer will provide a 10-year parts guarantee.

3. No up-front Costs. Project implementation will not require the City to incur any up-front costs.

4. Operation and maintenance (O&M). O&M costs will be significantly lower than the current lighting system's O&M costs because induction lamps and generators have an average rated life of 100,000 hours (> 22 years) as compared to 3 - 5 years for high pressure sodium fixtures.

5. Contributions to local economy. Honeywell will advertise for and staff the project with qualified local subcontractors, assuming competitive labor costs. Honeywell will pay prevailing wages (wage rates are included in project financials). Honeywell will evaluate all potential contractors in accordance with internal quality and experience requirements. Contractors are required to be licensed and bonded. Equipment rentals will be through local providers.

6. Safety. Induction fixtures illuminate instantly and show colors better than high-pressure sodium lamps. Lighting level is increased over existing lighting. Additionally, induction lighting retrofits of street, park lights, and decorative fixtures provide uniformity and consistency of lighting throughout the City.

---

<sup>1</sup> Annual savings equals the difference between the energy payments Antioch would have made to PG&E if the project is not implemented and the energy payments Antioch would make to PG&E after the project is implemented. Both PG&E's rates and annual savings are projected to increase 1% per year.

<sup>2</sup> Cash flow equals the difference between the annual savings and the expected annual lease payments.



7. Environmental stewardship. When completed, the project will reduce CO2 emissions an estimated 1825 tons/yr as compared to pre-project levels. This is equivalent to (i) planting 702 acres of trees, or (2) taking 304 cars off the road.

8. Honeywell qualifications. Honeywell is an extremely well capitalized company and will manage the project from start to finish. Honeywell is recognized throughout the energy services industry as one of the leading energy services companies.

## **B. Project Cost.**

The final project cost is \$4.65 million. This is an increase from the initial budgetary estimate of \$3.5 million discussed at the City Council's February meeting. The original estimate was largely based on the number of Cobra head fixtures shown in the City's records. However, an independent audit of lighting fixtures conducted during the demonstration project revealed the actual number of fixtures to be 8725, a greater amount than the number shown in the City's inventory. Additionally, the scope was increased to include park and site lighting, not included in the original estimate. Throughout the estimate process, Honeywell has maintained an open-book pricing policy with the City. All material, labor, project management costs as well as Honeywell profit margin have been fully disclosed. The current all-in price of \$4.65 million is a firm, fixed price; Honeywell takes the risk that the number of lights to be retrofitted and the retrofit costs may be higher than the number in the scope of work.

## **C. Project Implementation.**

The project consists of the retrofit of approximately 8725 streetlights, building lighting, and park and other decorative lighting fixtures.

1. Lighting fixtures to be replaced include:
  - a. 7800+ Cobra head streetlights
  - b. 200+ decorative streetlights
  - c. 670+ City park and site lights
  - d. Interior re-lamping of seven City buildings<sup>3</sup>
2. Length of construction is approximately 9 months.
3. Grants and rebates. The City has received confirmation it will be awarded a \$600,000 Federal stimulus grant, which will be applied to reduce project costs to be financed to \$4.05 million. When the project is completed, the City

---

<sup>3</sup> Maintenance Service Center, Police Department, Animal Shelter, City Hall including dimmable lights for the Council chambers, Community/Senior Center, Marina, Prewett Water Park, water treatment plant.

will be eligible to receive a rebate of \$160,100 from PG&E. Honeywell will assist the City in procuring any other rebates/incentives that may be available from Federal or state sources.

4. Transaction structure: The project will be implemented pursuant to a project implementation agreement between Honeywell and the City. Honeywell will be paid the project price by a financing institution (probably Bank of America project financing unit) upon the completion of construction. The City will make periodic payments of project costs and tax-exempt interest to the financing institution under a tax-exempt municipal lease.<sup>4</sup>

5. The project includes GIS mapping.

6. PG&E will re-energize each streetlight when that light's retrofit is completed.

### **Demonstration Project.**

The demonstration project retrofitted 24 street, decorative and park lights.

#### 1. Findings.

- a. Induction lighting will increase light levels much greater than existing fixtures and increase clarity. Induction lighting is similar to natural moonlight as compared to high-pressure sodium lighting, and objects and colors are easier to distinguish with induction lighting.
- b. Bulk of project savings result from substantially lower energy costs as compared to energy costs if served under applicable PG&E rate schedules.
- c. O&M costs will be significantly lower. This is because the service life of high-pressure sodium fixtures is 3 – 5 years; induction fixtures service life is over 22-years.
- d. Street light savings are sufficient to allow retrofit of park and decorative fixtures (that would otherwise not be cost-effective on a stand-alone basis) without an increase in payback term.

---

<sup>4</sup> Although termed a "lease finance," the City will own all retrofitted fixtures and the financing institution will have a first priority lien on the fixtures for the duration of the 10 year lease finance term. The benefit to the City of such a structure is that the project will be financed with tax-exempt interest, substantially lowering project costs.

**Neal E. Skiver**  
Senior Vice President  
Energy Services



Banc of America Public Capital Corp  
1234 Saint Michael's Drive  
Santa Fe, NM 87505  
neal.e.skiver@bankofamerica.com  
Tel: (505) 473-8833  
Fax: (704) 264-2456

September 4, 2009

VIA ELECTRONIC MAIL

City of Antioch  
Third and "H" Streets  
Antioch, CA 94509

Attention: Ms. Dawn Merchant  
Finance Director

**Re: \$4,050,000 Master Equipment Lease/Purchase Agreement**

Bank of America, N.A. (the "*Lessor*") is pleased to submit to the City of Antioch, CA (the "*Lessee*") the tax-exempt Master Equipment Lease/Purchase Agreement proposal (the "*Proposed Transaction*") as described in the attached Summary of Terms and Conditions (the "*Term Sheet*"). Please review the Term Sheet and contact me if you have any questions.

This letter and the Term Sheet (collectively, the "*Proposal*" or the "*Proposal Letter*") include only a brief description of the principal terms of the Proposed Transaction, and are intended for discussion purposes only. Please understand that this Proposal is not a commitment or offer to purchase, and does not create any obligation for the Lessor. The Lessor will not be responsible or liable for any damages, consequential or otherwise, that may be incurred or alleged by any person or entity as a result of this Proposal Letter. The Lessor will notify you in writing of its decision if the Lessor agrees to proceed with the Proposed Transaction after completing its review and analysis.

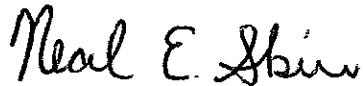
This Proposal must be accepted on or before September 21, 2009 in order for the Lessor to proceed with its consideration of the Proposed Transaction. To accept this Proposal, please sign the enclosed copy of this Proposal Letter and return it to my attention at Banc of America Public Capital Corp, 1234 Saint Michael's Drive, Santa Fe, New Mexico 87505, (704) 264-2456 fax.

**Attachment B**

Thank you for allowing us the opportunity to prepare this Proposal for the City of Antioch, CA.

Very truly yours,

**Banc of America Public Capital Corp**



By: Neal E. Skiver  
Title: Senior Vice President

cc: Honeywell Building Solutions

The undersigned, by its authorized representative below, accepts the above Proposal, agrees to furnish the Lessor, its successors and assigns, any information relating to the business or financial condition of the Lessee or its affiliates, and authorizes the Lessor, Banc of America Public Capital Corp 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 the Lessor. Acceptance of this Proposal by the Lessee is subject to approval by its City Council, currently expected at its meeting on September 22, 2009.

**City of Antioch, CA**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## SUMMARY OF TERMS AND CONDITIONS

- Date:** September 4, 2009
- Lessee:** City of Antioch, CA
- Lessor:** Bank of America, N.A.
- Purpose:** The purpose of this transaction is to provide tax-exempt financing for a building lighting system upgrade and street lighting fixture upgrades (collectively, the "*Equipment*") to be installed by Honeywell Building Solutions ("*Honeywell*").
- Structure:** This transaction will be structured as a tax-exempt Master Equipment Lease/Purchase Agreement (the "*Agreement*") between the Lessee and the Lessor.
- Draw-Based Funding:** The proposed transaction utilizes a non-escrow based construction draw program whereby the Lessor shall make Lease disbursements directly to Honeywell upon (i) completion of project work by Honeywell, (ii) submission by Honeywell of an invoice for completed work, (iii) submission by the Lessee of a disbursement request form in connection with the Honeywell invoice, and (iv) approval by Lessee and Lessor of the disbursement request.
- Disbursements will not be made earlier or in greater amounts than as identified in the "Funding Amount" column on the attached Sample Payment Schedule and Cashflow Analysis. Interest accrues on the Agreement as such disbursements are made. Should there be delays in the disbursements, the Agreement shall require a "true-up" upon Lessee acceptance of the Equipment, at which time Lessor will provide an interest rebate to Lessee based on the present value difference between the actual disbursements and the expected disbursements. In this manner, the Lessee and Lessor will ensure that the yield reported on the IRS 8038-G form will be accurate. An additional efficiency of this program is that the Lessee does not need to fund upfront capitalized interest.
- Security:** The obligation to make Rental Payments under the Agreement will be an abatement lease obligation of the Lessee payable from any lawfully available funds. The Agreement will not be subject to termination based on annual appropriations but will be subject to abatement under California law. As such, the Lessee is obligated to make all the payments under the Agreement and will be entitled to abate payments solely in the event the Equipment is not available for the Lessee's beneficial use and enjoyment due to damage, destruction or condemnation.
- The Lessor's security interest in the Equipment will be evidenced by filing of a UCC-1 Financing Statement with respect to the Equipment with such office as is required by Article 9 of the Uniform Commercial Code ("*UCC*") as in effect in the State of California and recording UCC-1 Financing Statements in such offices as are required by Article 9 of the

UCC as in effect in the State of California, and in all cases treating governmental transfers by the Lessee as subject to such Article 9. Prior to closing, the Lessee will be required to provide legal descriptions (as applicable) for the property locations at which the Equipment will be installed in order to enable the Lessor to record the fixture filings in the appropriate recording offices.

<b><u>Financed Amount:</u></b>	Total Equipment Costs:	\$4,650,000.00
	EECBG Grant Funds:	<u>(600,000.00)</u>
	<b>Financed Amount:</b>	<b>\$4,050,000.00</b>

**Bank Qualified:** Yes

**Term:** **Commencement Date:** Approximately September 30, 2009

**Term:** 129 months from the Commencement Date, inclusive of the installation period and the amortizing repayment period. No payments will be due by the Lessee during the 9 month installation period. Thereafter, subject to the terms of the Agreement, the Lessee will make 120 monthly payments of principal and interest.

**Locked Interest Rate:** 4.79%

The Locked Interest Rate is fixed/locked for 60 days from the date of this Proposal. The financing transaction must close with an initial draw disbursement of at least \$50,000 on or prior to November 4, 2009, or the interest rate is subject to change depending on market conditions at the time. The interest rates may or may not be equal to the floating rate options indicated above.

**PLEASE BE ADVISED THAT THE PROPOSED INDICATIVE PRICING SET FORTH ABOVE IS ONLY AVAILABLE FOR TRANSACTIONS THAT ARE FULLY FUNDED OR FOR SPECIFIC EQUIPMENT THAT HAS COMMENCED FUNDING PURSUANT TO THIS PROPOSAL WITHIN 90 DAYS OF THE DATE OF THIS PROPOSAL LETTER. THEREAFTER, THE LESSOR MAY AT ITS DISCRETION ADJUST ITS PRICING TO REFLECT ADVERSE CHANGES IN ITS COST OF FUNDS OR CHANGES GENERALLY IN MARKET CREDIT MARGINS.**

**Optional Prepayment:** The Lessee will have the option to prepay its obligations under the Agreement upon payment of the then-applicable Purchase Price. Please see the attached Sample Payment Schedule and Cashflow Analysis for each term and interest rate option.

**Closing Costs:** The Lessor does not charge any closing costs or fees. The Lessee is responsible for its costs relating to this transaction, including costs related to the delivery of a validity opinion.

**Documentation:** All documentation will be provided by the Lessor and will include all documents, certificates and opinions as are reasonably necessary to evidence and carry out the transaction. All documents must be acceptable to all parties.

**Performance**

**Bonds:**

The Lessor requires to be listed as dual obligee on the payment and performance bonds provided by Honeywell. No draws will be permitted until such bonds are in place.

**Credit Approval:**

This proposal is an indication of interest in the transaction, and not a commitment to provide financing by the Lessor. Consummation of this transaction is subject to credit approval by the Lessor and execution and delivery of documentation acceptable to all parties. All fundings are subject to no material adverse change in the financial condition of the Lessee from the time of credit approval.

**USA Patriot Act Compliance:**

All financial institutions are required by Federal Law to obtain, verify and record information that identifies each customer who opens an account with us. When you open an account with us, we will ask you for your name, address and other information that will allow us to identify you, such as documents evidencing legal status and formation, taxpayer identification number and date of birth (if applicable).

**Market Disruption:**

Notwithstanding anything contained herein to the contrary, in the event any material change will occur in the financial markets after the date of this Proposal Letter, including but not limited to any governmental action or other event which materially adversely affects the extension of credit by banks, leasing companies or other lending institutions, the Lessor may modify the indicative pricing described above.

Capitalized terms used but not defined herein shall have the meaning given such terms in the transaction documents (i.e. the Agreement).

This proposal letter and the Term Sheet include only a brief description of the principal terms of the Proposed Transaction and do not purport to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documentation for the transaction contemplated hereby. The 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 Lessee, as a result of this Proposal Letter.

## **BACKGROUND INFORMATION**

### **STREET LIGHT AND BUILDING ENERGY RETROFIT PROGRAM**

#### DUE DILIGENCE

In early 2008, staff began working on a project to determine if there is a potential to reduce energy, operation and maintenance costs associated with City owned street, park and building lighting through the use of efficient lighting technology. Staff began by contacting the California Energy Commission (CEC) to obtain information on low interest rate loans available for this energy retrofit program. During discussions with the CEC it was determined that the CEC could possibly provide funding for a project of this type, with "very little out of pocket expense". Loans for these kinds of projects are generally paid back out of funds realized from energy savings over a period of 15 to 20 years or longer depending on the scope of the project.

The CEC does not guarantee energy savings from a project so shortfalls in energy savings and resulting expenditures would be the City's responsibility. Funds are distributed on a reimbursement basis only after proof of expenditures is provided by the City with 10% of the total project cost retained until the project is complete. Additionally, prior to approval for financing the CEC requires a comprehensive feasibility study and energy audit be performed; this would require significant staff time and most probably the need to hire consultants familiar with energy savings calculations and formulas.

Staff then contacted a private sector firm recommended by the CEC. After some discussion it was determined the vendor could provide assistance with implementing the project including securing financing through the CEC or other third party vendor and assist with grant applications. Like the CEC, the vendor does not guarantee savings realized through a project rendering the City liable for any shortfall in energy savings that would be applied to paying back a loan.

In late 2008 following discussions with the CEC and the private sector firm discussed above, staff investigated a third possible way of financing and constructing this type of project and contacted Honeywell to determine if there was any interest on their part to work with the City on this project. The City has an ongoing relationship with Honeywell that dates back to 1995 when they were selected to partner with the City on several energy and cost saving projects.

Having been involved in a similar project in Oklahoma where the street lights were retrofitted with Induction Lighting, Honeywell indicated an interest in looking at the feasibility of a similar project for Antioch. They have prepared a preliminary energy audit and cost saving analysis for the project at no cost to the City. Results indicate that substantial cost avoidance/savings could be realized by replacing existing street lighting and building lights with high efficiency induction and fluorescent lighting systems. These systems use approximately 50% less energy and because of their long bulb life reduce O&M costs by as much as 90%.

#### WHY INDUCTION LIGHTING?

There are several types of lighting systems currently available for use in street lighting. The most widely used HPS, Metal Halide (MH), Mercury Vapor (MV), Light Emitting Diode (LED), and Induction Lighting which is proposed for this project. While the vast majority of the City's approximately 8725 street and park lights utilize HPS bulbs, there are several locations where MH and MV bulbs are in use. It must be noted that these bulbs have very short life spans of 2



to 3 years and are costly to replace and operate. Additionally, MV bulbs are becoming increasingly difficult to obtain and are considered hazardous waste for disposal purposes. It is expected that MV bulbs will ultimately be phased out due to regulations surrounding the use of mercury in consumer products.

As part of their analysis, staff asked Honeywell to evaluate both Induction and LED lighting systems to ascertain which would be the best alternative for the City taking into account not only the initial cost of installation but also the O&M costs and reliability. Table A depicts the comparable benefits of each type of lighting system. From this comparison it was confirmed that Induction Lighting is the preferred system for street light retrofits. In addition to the the lower cost of retrofitting the existing City lighting system and the resulting reduced O&M costs, Induction lighting also provides full spectrum lighting which significantly enhances night time visibility resulting in improved public safety and security.

TABLE A

<b>Bulb</b>	<b>Average Life</b>	<b>Energy Savings</b>	<b>Retrofit Cost</b>	<b>O&amp;M Savings</b>	<b>Warranty</b>	<b>PG&amp;E Rate</b>	<b>PG&amp;E Rebate</b>
HPS	21,000 hrs (4 years)	N/A	N/A	N/A	90 days	Yes	N/A
Induction	100,000 hrs (22 years)	50% - 60%	\$300 - \$400 per fixture	90%	10 years	Yes	Yes
LED	50,000 hrs (11 years)	50%	\$1,600 - 1,800 per fixture	50% to 60%	3 to 5 years	Yes	Yes

Before the City enters into another contract with Honeywell, the Council believed it was prudent to have Honeywell conduct a Pilot Project on different types of City owned lights. The three locations chosen included an arterial street, park and parking lot. These locations were surveyed before and after the retrofit for light pattern and intensity on the ground, energy savings for metered lights and to illustrate the dramatic difference between the quality of the existing surrounding lighting and Induction Lighting. The Pilot Project has allowed Council, the Police Department and the public an opportunity to observe and experience the affects of the improved lighting quality and levels at these locations.

CITY FACILITIES RETROFIT

Building lighting improvements recommended for this project are significantly less in scope than the street lighting and would primarily consist of replacement of existing fluorescent lighting with new generation T-8 tubes and ballasts in the buildings listed below:

- Maintenance Service Center
- Police Department/Animal Shelter
- City Hall
- Council Chambers, dimmable fluorescent lighting
- Community/Senior Center
- Marina
- Prewett Water Park
- Water Treatment Plant

With the exception of the Maintenance Service Center, all facilities listed above were part of the 1996 energy retrofit project performed by Honeywell.

### ENVIRONMENTAL BENEFITS

In addition to the substantial savings on energy and O&M, the City would be joining a growing list of cities across the country embracing "Green" projects. Environmental benefits associated with this project include:

- Reduces carbon dioxide emissions by 1825 tons per year;
- Produces carbon savings equal to planting 702 acres of trees;
- Generates carbon savings equivalent to taking 304 cars off the road per year;
- Reduces the cost of disposal associated with hazardous waste.

### WHY HONEYWELL?

As previously stated, the City has a longstanding relationship with Honeywell that dates back to 1995. Since that time, the City has realized significant financial benefits from previous projects partnered with Honeywell including replacing our river pump, traffic signal lights and building lighting. Some of the reasons staff believes it is prudent to work with Honeywell on this project at this time are:

- Honeywell has satisfied stringent competitive procurement process requirements and qualified on the state level in conjunction with AB 4217 and at the federal level as an approved Energy Services Company, Honeywell is one of 16 companies qualified to perform energy savings projects for the federal government.
- Honeywell has offered a "Performance Based Contract" that is budget neutral and guarantees energy savings at no out of pocket cost or risk of unforeseen cost to the City. They will guarantee annual energy savings for the 10 year repayment period.
- Honeywell is a proven partner with the City using a team approach with local vendors and Honeywell support. They are familiar with the City's buildings and infrastructure, especially in the area of energy management systems.
- Honeywell is a Fortune 100 Company with over 25 years of energy services experience who have demonstrated expertise and ability to manage turnkey energy retrofit projects. They are well capitalized and will manage the project from start to finish. Honeywell is recognized throughout the energy services industry as one of the leading energy services companies.
- Over the past 14 years, the partnership between the City of Antioch and Honeywell on energy projects that have resulted in millions of dollars in savings/cost avoidance.
- Honeywell has agreed to solicit bids from local contractors and suppliers and to use qualified companies.
- Honeywell has committed to a 9 month construction schedule with an agreement from PG&E that light rates will be modified as the street lights are retrofitted. This will result

in immediate savings to the City once the Phase 2 Project begins.

- Honeywell guarantees all parts and labor for one year from the date the City accepts the project. The lamp manufacturer will provide a 10-year guarantee on parts.

This project will be a first in the United States in terms of scale and coordination with a local utility. It would not be prudent to think that this project will be without issues and challenges. It is a benefit to have an experienced and cooperative partner who is assuming the risk associated with changes to the number of fixtures or scope of the retrofit and who also guarantees our annual savings until the lease is paid in full.

Sample Payment Schedule and Cashflow Analysis  
(60 Day Rate Lock, Non-Escrow Funding)

Project Cost	4,650,000.00
EECBG Grant Funds	(600,000.00)
Financed Amount	4,050,000.00
Interest Rate	4.79%
Intallation Period (mos.)	9
Repayment Period (mos.)	120
Annual Cashflow	42,789.58
Cumulative Cashflow	427,895.79
Closing/Funding Date (estimated)	9/30/09

Pmt. No.	Payment Date	Funding Amount	Payment Amount	Interest Portion	Principal Portion	Prepayment Price	Outstanding Balance	Net Annual Savings	Annual Payments	Annual Cashflow
1	9/30/09	795,000.00	-	-	-	N/A	795,000.00			
2	10/30/09	406,875.00	40,712.45	3,173.38	(3,173.38)	N/A	1,205,048.38			
3	11/30/09	406,875.00	40,712.45	4,810.15	(4,810.15)	N/A	1,616,733.53			
4	12/30/09	406,875.00	40,712.45	6,453.46	(6,453.46)	N/A	2,030,061.99			
5	1/30/10	406,875.00	40,712.45	8,103.33	(8,103.33)	N/A	2,445,040.32			
6	2/28/10	406,875.00	40,712.45	9,759.79	(9,759.79)	N/A	2,861,675.10			
7	3/30/10	406,875.00	40,712.45	11,422.85	(11,422.85)	N/A	3,279,972.96			
8	4/30/10	406,875.00	40,712.45	13,092.56	(13,092.56)	N/A	3,699,940.52			
9	5/30/10	406,875.00	40,712.45	14,768.93	(14,768.93)	N/A	4,121,584.45			
10	6/30/10	406,875.00	40,712.45	16,451.99	(16,451.99)	N/A	4,138,036.44			
11	7/30/10		40,712.45	16,517.66	24,194.79	4,237,256.90	4,113,841.65			
12	8/30/10		40,712.45	16,421.08	24,291.37	4,212,236.79	4,089,550.28			
13	9/30/10		40,712.45	16,324.12	24,388.33	4,187,116.81	4,065,161.95			
14	10/30/10		40,712.45	16,226.77	24,485.68	4,161,896.56	4,040,676.27			
15	11/30/10		40,712.45	16,129.03	24,583.42	4,136,575.64	4,016,092.85			
16	12/30/10		40,712.45	16,030.90	24,681.55	4,111,153.64	3,991,411.30			
17	1/30/11		40,712.45	15,932.38	24,780.07	4,085,630.17	3,966,631.23			
18	2/28/11		40,712.45	15,833.47	24,878.98	4,060,004.82	3,941,752.25			
19	3/30/11		40,712.45	15,734.16	24,978.29	4,034,277.18	3,916,773.96			
20	4/30/11		40,712.45	15,634.46	25,078.00	4,008,446.85	3,891,695.97			
21	5/30/11		40,712.45	15,534.35	25,178.10	3,982,513.40	3,866,517.87			
22	6/30/11		40,712.45	15,433.85	25,278.60	3,956,476.44	3,841,239.27	531,339.00	488,549.42	42,789.58
23	7/30/11		42,131.57	15,332.95	26,798.62	3,928,873.86	3,814,440.65			
24	8/30/11		42,131.57	15,225.98	26,905.59	3,901,161.10	3,787,535.05			
25	9/30/11		42,131.57	15,118.58	27,012.99	3,873,337.73	3,760,522.06			
26	10/30/11		42,131.57	15,010.75	27,120.82	3,845,403.28	3,733,401.25			
27	11/30/11		42,131.57	14,902.49	27,229.07	3,817,357.34	3,706,172.17			
28	12/30/11		42,131.57	14,793.80	27,337.76	3,789,199.44	3,678,834.41			
29	1/30/12		42,131.57	14,684.68	27,446.89	3,760,929.15	3,651,387.52			
30	2/29/12		42,131.57	14,575.12	27,556.45	3,732,546.01	3,623,831.08			
31	3/30/12		42,131.57	14,465.13	27,666.44	3,704,049.57	3,596,164.63			
32	4/30/12		42,131.57	14,354.69	27,776.88	3,675,439.39	3,568,387.76			

City of Antioch, CA

Sample Payment Schedule and Cashflow Analysis  
(60 Day Rate Lock, Non-Escrow Funding)

Pmt. No.	Payment Date	Funding Amount	Payment Amount	Interest Portion	Principal Portion	Prepayment Price	Outstanding Balance	Net Annual Savings	Annual Payments	Annual Cashflow
23	5/30/12		42,131.57	14,243.81	27,887.75	3,646,715.00	3,540,500.00			
24	6/30/12		42,131.57	14,132.50	27,999.07	3,617,875.96	3,512,500.93	548,368.39	505,578.81	42,789.58
25	7/30/12		42,588.54	14,020.73	28,567.81	3,588,451.12	3,483,933.12			
26	8/30/12		42,588.54	13,906.70	28,681.84	3,558,908.82	3,455,251.28			
27	9/30/12		42,588.54	13,792.21	28,796.33	3,529,248.60	3,426,454.95			
28	10/30/12		42,588.54	13,677.27	28,911.28	3,499,469.99	3,397,543.68			
29	11/30/12		42,588.54	13,561.86	29,026.68	3,469,572.51	3,368,517.00			
30	12/30/12		42,588.54	13,446.00	29,142.54	3,439,555.69	3,339,374.45			
31	1/30/13		42,588.54	13,329.67	29,258.87	3,409,419.05	3,310,115.58			
32	2/28/13		42,588.54	13,212.88	29,375.66	3,379,162.12	3,280,739.92			
33	3/30/13		42,588.54	13,095.62	29,492.92	3,348,784.41	3,251,247.00			
34	4/30/13		42,588.54	12,977.89	29,610.65	3,318,285.44	3,221,636.35			
35	5/30/13		42,588.54	12,859.70	29,728.84	3,287,664.73	3,191,907.51			
36	6/30/13		42,588.54	12,741.03	29,847.51	3,256,921.80	3,162,060.00	553,852.07	511,062.49	42,789.58
37	7/30/13		43,050.08	12,621.89	30,428.20	3,225,580.76	3,131,631.80			
38	8/30/13		43,050.08	12,500.43	30,549.65	3,194,114.61	3,101,082.15			
39	9/30/13		43,050.08	12,378.49	30,671.60	3,162,522.87	3,070,410.55			
40	10/30/13		43,050.08	12,256.06	30,794.03	3,130,805.02	3,039,616.52			
41	11/30/13		43,050.08	12,133.14	30,916.95	3,098,960.56	3,008,699.57			
42	12/30/13		43,050.08	12,009.73	31,040.36	3,066,988.99	2,977,659.21			
43	1/30/14		43,050.08	11,885.82	31,164.26	3,034,889.80	2,946,494.95			
44	2/28/14		43,050.08	11,761.43	31,288.66	3,002,662.48	2,915,206.29			
45	3/30/14		43,050.08	11,636.53	31,413.55	2,970,306.52	2,883,792.74			
46	4/30/14		43,050.08	11,511.14	31,538.95	2,937,821.41	2,852,253.79			
47	5/30/14		43,050.08	11,385.25	31,664.84	2,905,206.62	2,820,588.96			
48	6/30/14		43,050.08	11,258.85	31,791.23	2,872,461.65	2,788,797.72	559,390.59	516,601.02	42,789.58
49	7/30/14		43,516.24	11,131.95	32,384.29	2,839,105.83	2,756,413.43			
50	8/30/14		43,516.24	11,002.68	32,513.56	2,805,616.87	2,723,899.87			
51	9/30/14		43,516.24	10,872.90	32,643.34	2,771,994.22	2,691,256.53			
52	10/30/14		43,516.24	10,742.60	32,773.64	2,738,237.37	2,658,482.88			
53	11/30/14		43,516.24	10,611.78	32,904.47	2,704,345.77	2,625,578.42			
54	12/30/14		43,516.24	10,480.43	33,035.81	2,670,318.88	2,592,542.61			
55	1/30/15		43,516.24	10,348.57	33,167.68	2,636,156.18	2,559,374.93			
56	2/28/15		43,516.24	10,216.17	33,300.07	2,601,857.10	2,526,074.86			
57	3/30/15		43,516.24	10,083.25	33,432.99	2,567,421.12	2,492,641.86			
58	4/30/15		43,516.24	9,949.80	33,566.45	2,532,847.68	2,459,075.41			
59	5/30/15		43,516.24	9,815.81	33,700.43	2,498,136.23	2,425,374.98			
60	6/30/15		43,516.24	9,681.29	33,834.95	2,463,286.23	2,391,540.03	564,984.50	522,194.92	42,789.58
61	7/30/15		43,987.06	9,546.23	34,440.83	2,427,812.17	2,357,099.19			
62	8/30/15		43,987.06	9,408.75	34,578.31	2,392,196.51	2,322,520.88			
63	9/30/15		43,987.06	9,270.73	34,716.33	2,356,438.68	2,287,804.55			
64	10/30/15		43,987.06	9,132.15	34,854.91	2,320,538.13	2,252,949.64			
65	11/30/15		43,987.06	8,993.02	34,994.04	2,284,494.26	2,217,955.60			
66	12/30/15		43,987.06	8,853.34	35,133.72	2,248,306.53	2,182,821.87			

**City of Antioch, CA**  
**Sample Payment Schedule and Cashflow Analysis**  
**(60 Day Rate Lock, Non-Escrow Funding)**

Pmt. No.	Payment Date	Funding Amount	Payment Amount	Interest Portion	Principal Portion	Prepayment Price	Outstanding Balance	Net Annual Savings	Annual Payments	Annual Cashflow
67	1/30/16		43,987.06	8,713.10	35,273.97	2,211,974.34	2,147,547.91			
68	2/29/16		43,987.06	8,572.30	35,414.77	2,175,497.13	2,112,133.14			
69	3/30/16		43,987.06	8,430.93	35,556.13	2,138,874.32	2,076,577.01			
70	4/30/16		43,987.06	8,289.00	35,698.06	2,102,105.31	2,040,878.94			
71	5/30/16		43,987.06	8,146.51	35,840.56	2,065,189.54	2,005,038.39			
72	6/30/16		43,987.06	8,003.44	35,983.62	2,028,126.41	1,969,054.77	570,634.35	527,844.77	42,789.58
73	7/30/16		44,462.59	7,859.81	36,602.78	1,990,425.55	1,932,451.99			
74	8/30/16		44,462.59	7,713.70	36,748.89	1,952,574.19	1,895,703.10			
75	9/30/16		44,462.59	7,567.01	36,895.58	1,914,571.75	1,858,807.52			
76	10/30/16		44,462.59	7,419.74	37,042.85	1,876,417.61	1,821,764.67			
77	11/30/16		44,462.59	7,271.88	37,190.72	1,838,111.17	1,784,573.95			
78	12/30/16		44,462.59	7,123.42	37,339.17	1,799,651.83	1,747,234.79			
79	1/30/17		44,462.59	6,974.38	37,488.21	1,761,038.97	1,709,746.57			
80	2/28/17		44,462.59	6,824.74	37,637.85	1,722,271.98	1,672,108.72			
81	3/30/17		44,462.59	6,674.50	37,788.09	1,683,350.25	1,634,320.63			
82	4/30/17		44,462.59	6,523.66	37,938.93	1,644,273.15	1,596,381.70			
83	5/30/17		44,462.59	6,372.22	38,090.37	1,605,040.07	1,558,291.33			
84	6/30/17		44,462.59	6,220.18	38,242.41	1,565,650.38	1,520,048.92	576,340.69	533,551.11	42,789.58
85	7/30/17		44,942.88	6,067.53	38,875.35	1,525,608.77	1,481,173.57			
86	8/30/17		44,942.88	5,912.35	39,030.53	1,485,407.33	1,442,143.04			
87	9/30/17		44,942.88	5,756.55	39,186.32	1,445,045.42	1,402,956.72			
88	10/30/17		44,942.88	5,600.14	39,342.74	1,404,522.40	1,363,613.98			
89	11/30/17		44,942.88	5,443.09	39,499.78	1,363,837.62	1,324,114.20			
90	12/30/17		44,942.88	5,285.42	39,657.45	1,322,990.44	1,284,456.74			
91	1/30/18		44,942.88	5,127.12	39,815.75	1,281,980.22	1,244,640.99			
92	2/28/18		44,942.88	4,968.19	39,974.68	1,240,806.29	1,204,666.30			
93	3/30/18		44,942.88	4,808.63	40,134.25	1,199,468.02	1,164,532.05			
94	4/30/18		44,942.88	4,648.42	40,294.45	1,157,964.73	1,124,237.60			
95	5/30/18		44,942.88	4,487.58	40,455.29	1,116,295.78	1,083,782.31			
96	6/30/18		44,942.88	4,326.10	40,616.78	1,074,460.49	1,043,165.53	582,104.10	539,314.52	42,789.58
97	7/30/18		45,427.96	4,163.97	41,263.99	1,031,958.58	1,001,901.53			
98	8/30/18		45,427.96	3,999.26	41,428.71	989,287.01	960,472.83			
99	9/30/18		45,427.96	3,833.89	41,594.08	946,445.11	918,878.75			
100	10/30/18		45,427.96	3,667.86	41,760.11	903,432.21	877,118.65			
101	11/30/18		45,427.96	3,501.17	41,926.80	860,247.60	835,191.85			
102	12/30/18		45,427.96	3,333.81	42,094.16	816,890.62	793,097.69			
103	1/30/19		45,427.96	3,165.78	42,262.18	773,360.58	750,835.51			
104	2/28/19		45,427.96	2,997.09	42,430.88	729,656.77	708,404.63			
105	3/30/19		45,427.96	2,827.72	42,600.25	685,778.52	665,804.39			
106	4/30/19		45,427.96	2,657.67	42,770.29	641,725.11	623,034.09			
107	5/30/19		45,427.96	2,486.94	42,941.02	597,495.86	580,093.07			
108	6/30/19		45,427.96	2,315.54	43,112.42	553,090.07	536,980.65	587,925.14	545,135.56	42,789.58
109	7/30/19		45,917.90	2,143.45	43,774.45	508,002.38	493,206.19			
110	8/30/19		45,917.90	1,968.71	43,949.19	462,734.72	449,257.01			

City of Antioch, CA  
 Sample Payment Schedule and Cashflow Analysis  
 (60 Day Rate Lock, Non-Escrow Funding)

Pmt. No.	Payment Date	Funding Amount	Payment Amount	Interest Portion	Principal Portion	Prepayment Price	Outstanding Balance	Net Annual Savings	Annual Payments	Annual Cashflow
111	9/30/19		45,917.90	1,793.28	44,124.62	417,286.36	405,132.39			
112	10/30/19		45,917.90	1,617.15	44,300.75	371,656.59	360,831.64			
113	11/30/19		45,917.90	1,440.32	44,477.58	325,844.69	316,354.06			
114	12/30/19		45,917.90	1,262.78	44,655.12	279,849.91	271,698.94			
115	1/30/20		45,917.90	1,084.53	44,833.37	233,671.54	226,865.57			
116	2/29/20		45,917.90	905.57	45,012.33	187,308.84	181,853.24			
117	3/30/20		45,917.90	725.90	45,192.00	140,761.08	136,661.24			
118	4/30/20		45,917.90	545.51	45,372.39	94,027.51	91,288.85			
119	5/30/20		45,917.90	364.39	45,553.51	47,107.40	45,735.34			
120	6/30/20		45,917.90	182.56	45,735.34	(0.00)	(0.00)	593,804.39	551,014.81	42,789.58
		4,050,000.00	5,240,847.42	1,190,847.42	4,050,000.00			5,668,743.21	5,240,847.42	427,895.79

**Project Schedule**  
**City of Antioch**  
**Self-Funded Energy Savings Project**

March 24, 2009	City Council Consent to Sign Letter of Intent
April 17, 2009	Demonstration Project Installation and Project Development
September 22, 2009	Master Implementation Agreement with Honeywell and Lease/Purchase Agreement with Bank of America for Council Approval
September 30, 2009	Begin Project Construction
June 30, 2010	Project Construction Complete (Begin 1 Year Parts and Labor Warranty)
July 30, 2010	First Lease Payment
June 30, 2020	Final Lease Payment (Complete 10 Year Parts Warranty)