

TO: MEMBERS, BOARD OF EDUCATION
FROM: DR. ANTHONY W. KNIGHT, SUPERINTENDENT
DATE: JULY 21, 2014
SUBJECT: 1. APPROVE RESOLUTION NO. 14-14, DISTRICT INTENT TO REIMBURSE EXPENSES FROM FINANCING SOLAR PROJECT

ACTION

ISSUE: Shall the Board approve Resolution No. 14-14, declaring the District’s intent to reimburse expenses from financing the solar project at Oak Park High School?

BACKGROUND: On June 17, 2014, the Board approved Resolution No. 14-13, authorizing a contract with SK Solar for the Solar Power Engineering, Construction and Procurement Project at Oak Park High School, now designated as OPUSD Project 14-29F. As discussed and conceptually approved by the Board at previous meetings, the project is to be financed via a ten-year loan at 4.25%. A copy of the letter from Blue Path Finance LLC outlining the indicative terms of the proposed loan is attached for the Board’s review. Also attached is Resolution No. 14-14, declaring the District’s intent to reimburse expenses from financing the solar project at Oak Park High School. The Internal Revenue Code requires that the District take this action of intent in connection with the payment of certain expenses for the Project prior to the issuance of tax-exempt obligations by the District in order to allow the District to be reimbursed for such expenditures. The approval of this resolution does not mean the Board has approved the loan. The formal documents for the proposed loan are currently under review by District staff and legal counsel and will be presented for the Board’s action at its meeting on August 19, 2014.

ALTERNATIVES:

1. Approve Resolution No. 14-14, declaring the District’s intent to reimburse expenses from financing the solar project at Oak Park High School.
2. Do not approve Resolution No. 14-14.

RECOMMENDATION: Alternative No. 1

Prepared by: Martin Klauss, Assistant Superintendent, Business and Administrative Services

Respectfully submitted,

 Anthony W. Knight, Ed.D.
 Superintendent

Board Action: On motion of _____, seconded by _____, the Board of Education:

VOTE:	AYES	NOES	ABSTAIN	ABSENT
Hazelton	_____	_____	_____	_____
Laifman	_____	_____	_____	_____
Pallant	_____	_____	_____	_____
Rosen	_____	_____	_____	_____
Yeoh	_____	_____	_____	_____

OAK PARK UNIFIED SCHOOL DISTRICT

**RESOLUTION NO. 14-14
RESOLUTION TO APPROVE DISTRICT'S INTENT
TO REIMBURSE EXPENSES FROM FINANCING SOLAR PROJECT**

WHEREAS, the Oak Park Unified School District ("District") entered into an agreement with SK Solar, Inc. for the design and construction of an approximately 155kW rooftop and shade structure solar photovoltaic facility to be located at Oak Park High School, 899 North Kanan Road, Oak Park, California approved by the District's governing board ("Board") on June 17, 2014 ("Project");

WHEREAS, the District intends to finance the Project through the issuance of tax-exempt obligations;

WHEREAS, the Internal Revenue Code of 1986 and applicable regulations require the District to take this action of intent in connection with the payment of certain expenses for the Project prior to the issuance of tax-exempt obligations by the District in order to allow the District to be reimbursed for such expenditures;

NOW THEREFORE BE IT RESOLVED THAT the statements contained in this Resolution with respect to the reimbursement of expenditures described in this Resolution are intended to be statements of official intent as required by, and in conformance with, the provisions of Treasury Regulation Section 1.150-2(e);

BE IT FURTHER RESOLVED that the expenditures to be reimbursed pursuant to this Resolution have been incurred within 60 days prior to the date hereof or will be incurred after the date hereof in connection with the Project.

BE IT FURTHER RESOLVED that the maximum principal amount of debt expected to be issued for the Project is \$550,000.

BE IT FURTHER RESOLVED that the District reasonably expects to reimburse the expenditures set forth in this Resolution with the proceeds of tax-exempt debt to be issued by the District subsequent to the date hereof, but this Resolution does not constitute a binding obligation to issue such debt.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

BE IT FURTHER RESOLVED that the Board authorizes Anthony W. Knight, Superintendent, or his designee, to take such actions necessary to effect the intent of this Resolution.

ADOPTED, SIGNED, and APPROVED July 21, 2014.

Anthony W. Knight, Secretary to the Board of Education
of the Oak Park Unified School District

I, Barbara Laifman, Clerk of the Board of Education of the Oak Park Unified School District, do hereby certify that the foregoing Resolution was regularly introduced, passed and adopted by the Board Education at its special meeting held on July 21, 2014.

Barbara Laifman, Clerk
Oak Park Unified School District

AYES: _____
NOES: _____
ABSTAIN: _____
ABSENT: _____

President of the Board of the
Oak Park Unified School District

June 2, 2014

Mr. Anthony W. Knight, Ed.D.
Superintendent
Oak Park Unified School District
Oak Park, CA

Dear Mr. Knight:

BluePath Finance LLC ("Lender" or "BluePath") is pleased to provide indicative terms for financing to Oak Park Unified School District ("Borrower") for the proposed solar installation by SK Solar (the "Project"). This letter outlines the indicative terms for financing the Project and is non-binding on any party.

Key Terms:

Borrower: Oak Park Unified School District.

Lender: BluePath Finance LLC and its investors.

Use of Proceeds: Finance the proposed solar installation by SK Solar.

Anticipated Closing Date: June 2014.

Project Size: Approximately \$471,078, subject to final agreed Project scope.

Term: 10 years.

Interest Rate: 4.25% per annum with no additional upfront lender fees.

Collateral: Lender requires a 1st lien security interest in the installed equipment, including UCC and fixture filings.

Amortization Schedule: Please refer to the attached EXHIBIT A: INDICATIVE ECONOMIC PROFILE AND AMORTIZATION SCHEDULE.

Installation Period: Lender will fund 100% of the installation cost into escrow at Closing. Funding for the installation of SK Solar's proposed installation will occur in progress payments.

Prepayment Penalty: If the financing is pre-paid, Borrower shall pay a pre-payment penalty equal to 1% of the outstanding principal at such time of pre-payment.

BluePath Fees: There would be no BluePath related fees. BluePath and its investors would be the long-term holder of the financing for this proposed retrofit.

Capitalized Transaction Costs: BluePath will capitalize approximately \$10,000 in transaction costs, subject to final confirmation of Borrower advisor fees and lender legal costs. It is our understanding that Borrower directly will pay its own legal costs associated with this financing.

Timing: BluePath expects this financing to close as soon as practical after final Board approvals at the Board meeting scheduled for June 17th, 2014.

Among other things, closing of the financing would require:

- No material adverse change in the financial condition, operations or prospects of the Borrower prior to funding or the Project scope.
- Completion of underwriting on the Project and Borrower by Lender.

- Completion of the documentation and final terms of the proposed financing satisfactory to Lender and Lender's counsel.
- Results of all legal due diligence, including lien, judgment and tax search and other matters Lender may request shall be satisfactory to Lender and Lender's counsel.
- Lender shall receive a valid and perfected 1st lien interest in the installed equipment (UCC / fixture filing) and Lender shall have received satisfactory evidence that there are no liens on the Collateral except expressly permitted.

We look forward to working with you on this transaction. Should you have any questions, please call me.

Yours truly,



By _____
Michael J.J. Cox
Chief Financial Officer, BluePath Finance LLC
415.549.0742 (o)
415.279.0109 (c)

EXHIBIT A
INDICATIVE ECONOMIC PROFILE AND PAYMENT SCHEDULE



SK Solar Powered by BluePath
Oak Park Unified School District Solar Retrofit
10-yr Lease Financing Proposal
June 2, 2014

Estimated Project Schedule*	Estimated Utility Savings**	Estimated Performance Based Incentives***	Total Savings	Outstanding Principal	Finance Cost (principal)	Finance Cost (interest)	Finance Cost	Projected Cumulative Cash Flow
7/15/2014				\$471,078	\$0	\$0	\$0	\$0
10/15/2014	5,735	6,980	12,715	461,565	9,513	5,005	14,518	(1,803)
1/15/2015	5,735	6,980	12,715	451,952	9,614	4,904	14,518	(3,606)
4/15/2015	5,735	6,980	12,715	442,236	9,716	4,802	14,518	(5,408)
7/15/2015	5,735	6,980	12,715	432,417	9,819	4,699	14,518	(7,211)
10/15/2015	5,911	6,945	12,856	422,493	9,923	4,594	14,518	(8,873)
1/15/2016	5,911	6,945	12,856	412,465	10,029	4,489	14,518	(10,535)
4/15/2016	5,911	6,945	12,856	402,329	10,135	4,382	14,518	(12,197)
7/15/2016	5,911	6,945	12,856	392,086	10,243	4,275	14,518	(13,858)
10/15/2016	6,092	6,910	13,002	381,734	10,352	4,166	14,518	(15,374)
1/15/2017	6,092	6,910	13,002	371,272	10,462	4,056	14,518	(16,890)
4/15/2017	6,092	6,910	13,002	360,699	10,573	3,945	14,518	(18,406)
7/15/2017	6,092	6,910	13,002	350,014	10,685	3,832	14,518	(19,921)
10/15/2017	6,278	6,875	13,153	339,215	10,799	3,719	14,518	(21,286)
1/15/2018	6,278	6,875	13,153	328,301	10,914	3,604	14,518	(22,650)
4/15/2018	6,278	6,875	13,153	317,272	11,030	3,488	14,518	(24,015)
7/15/2018	6,278	6,875	13,153	306,125	11,147	3,371	14,518	(25,379)
10/15/2018	6,470	6,840	13,310	294,860	11,265	3,253	14,518	(26,587)
1/15/2019	6,470	6,840	13,310	283,475	11,385	3,133	14,518	(27,795)
4/15/2019	6,470	6,840	13,310	271,969	11,506	3,012	14,518	(29,003)
7/15/2019	6,470	6,840	13,310	260,341	11,628	2,890	14,518	(30,211)
10/15/2019	6,667	0	6,667	248,589	11,752	2,766	14,518	(38,062)
1/15/2020	6,667	0	6,667	236,712	11,877	2,641	14,518	(45,913)
4/15/2020	6,667	0	6,667	224,710	12,003	2,515	14,518	(53,765)
7/15/2020	6,667	0	6,667	212,579	12,130	2,388	14,518	(61,616)
10/15/2020	6,869	0	6,869	200,320	12,259	2,259	14,518	(69,265)
1/15/2021	6,869	0	6,869	187,931	12,389	2,128	14,518	(76,914)
4/15/2021	6,869	0	6,869	175,410	12,521	1,997	14,518	(84,563)
7/15/2021	6,869	0	6,869	162,756	12,654	1,864	14,518	(92,211)
10/15/2021	7,077	0	7,077	149,967	12,789	1,729	14,518	(99,653)
1/15/2022	7,077	0	7,077	137,043	12,924	1,593	14,518	(107,094)
4/15/2022	7,077	0	7,077	123,981	13,062	1,456	14,518	(114,535)
7/15/2022	7,077	0	7,077	110,780	13,201	1,317	14,518	(121,976)
10/15/2022	7,291	0	7,291	97,440	13,341	1,177	14,518	(129,203)
1/15/2023	7,291	0	7,291	83,957	13,483	1,035	14,518	(136,430)
4/15/2023	7,291	0	7,291	70,331	13,626	892	14,518	(143,657)
7/15/2023	7,291	0	7,291	56,561	13,771	747	14,518	(150,885)
10/15/2023	7,510	0	7,510	42,644	13,917	601	14,518	(157,893)
1/15/2024	7,510	0	7,510	28,579	14,065	453	14,518	(164,900)
4/15/2024	7,510	0	7,510	14,365	14,214	304	14,518	(171,908)
7/15/2024	7,510	0	7,510	0	14,365	153	14,518	(178,916)
Year 11	30,943	0	30,943					(147,973)
Year 12	31,870	0	31,870					(116,103)
Year 13	32,823	0	32,823					(83,280)
Year 14	33,801	0	33,801					(49,479)
Year 15	34,806	0	34,806					(14,673)
Year 16	35,837	0	35,837					21,164
Year 17	36,897	0	36,897					58,061
Year 18	37,984	0	37,984					96,044
Year 19	39,100	0	39,100					135,144
Year 20	40,245	0	40,245					175,389
Year 21	41,420	0	41,420					216,810
Year 22	42,626	0	42,626					259,436
Year 23	43,862	0	43,862					303,298
Year 24	45,131	0	45,131					348,429
Year 25	46,431	0	46,431					394,860
Totals	\$837,376	\$138,197	\$975,573		\$471,078	\$109,635	\$580,713	\$394,860

Total Advance Amount: \$471,078
Term: 10 Years
Rate: 4.25%
Rental Payments: Quarterly

*Assumes 100% funding upon closing. Installation is expected to be approximately 3 months.

**Reflects SK Solar's energy savings estimates, assuming (i) a 3.9% annual utility rate escalator and (ii) a 0.88% annual system degradation.

***Performance Based Incentives include \$0.114 / kWh for the first five years.