

RESOLUTION NO. .

**PENINSULA CLEAN ENERGY AUTHORITY, COUNTY OF SAN MATEO, STATE OF
CALIFORNIA**

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**RESOLUTION AUTHORIZING A LOAN AGREEMENT BETWEEN PENINSULA
CLEAN ENERGY AUTHORITY AND THE COUNTY OF SAN MATEO IN THE
AMOUNT OF \$6 MILLION TO BE REPAYED TO COUNTY BY PENINSULA CLEAN
ENERGY AUTHORITY FOR THE PURPOSES OF SECURING A BANK LOAN TO
ADDRESS CERTAIN WORKING CAPITAL NEEDS AT VARIABLE RATES
PROVIDED IN THE AGREEMENT**

RESOLVED, by the Peninsula Clean Energy Authority of the County of San Mateo, State of California, that

WHEREAS, on February 29, 2016, Peninsula Clean Energy Authority (PCEA) was formed by all the cities in the county, as well as the County itself, to administer a Community Choice Aggregation program in San Mateo County; and

WHEREAS, PCEA may require up to \$12 million in financing from a bank or lending institution to fund certain working capital needs, including the creation of a reserve fund to support the power purchase agreements entered into by PCEA, working capital for the pre-revenue collection phase, seasonal differences in cash flow and deposits required by the California Independent System Operator and the California Public Utilities Commission; and

WHEREAS, given PCEA's recent establishment, PCEA is required to provide some form of collateral to secure the loan; and

WHEREAS, on May 10, 2016, the County Board of Supervisors authorized the County Manager or his designee to enter into negotiations regarding a deposit of up to \$6 million to serve as collateral to allow PCEA to secure a bank loan to fund working capital needs; and

WHEREAS, on May 26, 2016, your Board was presented with, and updated on the negotiation of terms to obtain a loan from Barclays Bank, PLC, in an amount not to exceed \$12,000,000, which will finance certain costs of purchased power and working capital costs of PCEA's operations; and

WHEREAS, On May 27, the Chief Executive Officer of PCEA signed a preliminary term sheet with Barclays and the underwriting process began to negotiate the final terms of the loan; and

WHEREAS, Barclays requires, as a condition of the loan, collateral in the form of cash and/or securities amounting to no less than 5/12 of the amount of the Loan drawn upon by PCEA, with loan interest rate reductions for collateral amounts over 5/12; and

WHEREAS, pursuant to the loan agreement with Barclays, Barclays will release the collateral requirement when PCEA receives and is able to maintain an investment grade rating from Fitch, Moody's, or S&P; and

WHEREAS, your Board has requested that the County loan PCEA \$6 million to serve as the requisite collateral for the loan; and

WHEREAS, in order to secure the loan, the County desires to lend PCEA up to \$6 million to serve as collateral to be returned to the County, with interest, upon release under the terms of the Barclays loan; and

WHEREAS, the County of San Mateo and PCEA desire to enter into the loan agreement to establish PCEA's repayment obligations to the County, reference to which should be made for further particulars.

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Chair of Peninsula Clean Energy is hereby authorized to execute, on behalf of the Board, a loan agreement between PCEA and the County of San Mateo in the amount of \$6,000,000 to be repaid by the County by PCEA, for the purposes of securing a bank loan to address certain working capital needs at variable rates provided in the agreement.

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