

RESOLUTION NO. .

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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**RESOLUTION AUTHORIZING THE COUNTY MANAGER OR HIS DESIGNEE TO
ENTER NEGOTIATIONS REGARDING A DEPOSIT OF UP TO \$6 MILLION TO
SERVE AS COLLATERAL TO ALLOW THE PENINSULA CLEAN ENERGY
AUTHORITY TO SECURE A BANK LOAN TO FUND STARTUP COSTS**

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, on February 29, 2016, the 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 requires financing to fund certain operating and startup costs in the short run until the time when projected revenues are sufficient to support ongoing costs; and

WHEREAS, the PCEA is seeking \$12 million in financing from a local or regional bank 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, and for deposits required by California Independent System Operator and the California Public Utilities Commission; and

WHEREAS, on behalf of the PCEA, the County has solicited interest from and met with a number of local and regional banks with the capacity and interest to provide

the required financing; and

WHEREAS, all banks that have expressed interest in providing financing to PCEA have required as a condition of such financing some form of credit guarantee or collateral to secure the loan given that PCEA is a newly formed entity without a proven track record; and

WHEREAS, based on discussions with said banks and PCEA's projected financing needs, staff estimates that the collateral requirement would be satisfied by a deposit of an amount not to exceed \$6 million with the selected banking partner in an interest earning account for an estimated period of the first eighteen months of the bank loan; and

WHEREAS, PCEA does not currently have sufficient assets or cash to provide such collateral on its own; and

WHEREAS, the County supports the mission and goals of PCEA and desires to assist PCEA in securing financing necessary for its operating and startup costs until PCEA's revenues are sufficient to support its ongoing operations.

NOW THEREFORE, BE IT RESOLVED that the County Manager or his designee be, and is hereby authorized and directed to enter into negotiations regarding a loan from the County or similar type of financing of up to \$6 million as described herein to be used as collateral to secure a bank loan for PCEA to fund operating expenses related to startup costs.