

**EXECUTIVE SUMMARY**  
**Resolution No. 20-111 – Energy Master Lease/Purchase Agreement 2020**

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Resolution No. 20-111 – Energy Master Lease/Purchase Agreement 2020 will authorize the execution and delivery of a master equipment lease with Banc of America Public Capital Corp (BAPCC) to provide the financing structure required in conjunction with Procurement’s May 19, 2020 Regular School Board Meeting (RSBM) agenda item E-10, Recommendation for Master Services Contract for Guaranteed Energy Performance Contracting Services with Johnson Controls, Inc., FY20-121 – Guaranteed Energy Performance Contracting Services. This item (AA-3) is contingent upon approval of Procurement’s May 19, 2020 RSBM agenda item E-10. This item is authorized by Section 1013.23 Florida Statutes, entitled “Energy Efficiency Contracting”. The Project Development Plan (PDP) entered into by the District and Johnson Controls, Inc. (JCI) approved by the Board on January 14, 2020, (agenda item EE-4), allows JCI to perform work related to the installation of improvement measures which shall reduce energy consumption, produce a cost savings and improve the quality of indoor air at certain facilities described in Agenda item EE-4.

The approval of Procurement’s May 19, 2020 RSBM agenda item E-10 prompts the approval of the energy lease arrangement (ELA) component of this transaction – which is this agenda item AA-3. Under the PDP, the District, along with JCI, identified approximately \$4.5 million in energy services equipment to be funded through an ELA.

The ELA has a similar structure to the District’s current master equipment lease with BAPCC for our current lease financings of technology, buses, vehicles, etc. (i.e., escrow agreement, master lease, lease schedules, etc.). However, the unique relationship between this financing and the energy cost savings guarantee by JCI dictates that this ELA should be separate from our current master lease for capital equipment. This also facilitates future financings of energy saving improvements in other District facilities, if approved by the Board.

The following terms were offered by BAPCC:

- Fixed Rate
- 12 years
- 1.547% interest rate
- Amount of lease: \$4,543,100

From the beginning of the dialogue for this project with BAPCC back in January 2020, they proposed and subsequently agreed to hold the pricing index for the District until the end of May 2020. The District made this request to hold the price index due to the delay of presenting this item to the Board caused by the COVID-19 pandemic and stay at home order in March 2020. The District’s long-standing partnership with BAPCC, with over ten (10) years of financial services, most certainly played a part in their willingness to hold the price index. This provided a greater favorable spread than today’s market would otherwise provide due to the liquidity crisis caused by COVID –19. In today’s market, banks have been quoting, on average, 50 basis points higher (in other words 0.5 percent higher) than the 1.547% offered by BAPCC.

Implementing this energy lease program, with its expected savings generated through energy saving equipment, coupled with JCI’s guarantee to fund amounts by which annual energy savings are less than annual lease payments under the ELA, makes this transaction favorable for the District.

The Superintendent recommends the Board approve this item.