



TUHSD Project Contracting + Financials Recap

Solar PV, BESS, and EVSE Project

February 28, 2023

Contracting

- Today's Board Decision:

- Take action on the main contract between TUHSD and ENGIE North America to design, procure, implement, and construct solar PV, EVSE, and BESS infrastructure at Tamalpais HS, Archie Williams HS, and Redwood HS.

- Future Board Decision:

- To help manage cash flow for this and other planned facilities projects (i.e., Red Hill Park, signature projects design, etc.), the District is pursuing third-party bridge financing to cover the cost of one of the sites until the District receives the 30% Investment Tax Credit (ITC) tax credit at a later date, as provided by the federal Inflation Reduction Act.

Lease Financing Options

- The District initially allocated **\$7.6M** for the solar project
- The total gross price – including added costs for deep foundations, EVSE, and soft costs – **before incentives** is approximately **\$9.7M** (or \$10.6M including the 10% contingency cost)
- The District may be able to finance the difference of about **\$3.1M** using **lease financing** for one of the sites (e.g., likely Tamalpais High School).
 - This would provide funds to cover some project costs until the District receives the 30% ITC Tax Credit/Refund
 - When ITC payment (or potential bond funding) is received, the District could pay off the remaining lease early
 - Lease financing would be structured with the option to pay the remaining principal in 2024 or 2025, depending on when the solar project becomes operational and when the ITC payment is received
 - District would be paying interest during the term of the lease

Investment Tax Credit (ITC) Timeline

Before EOY 2023:

Projects Achieve Permission to Operate (PTO) – meaning they are interconnected and generating power

Q3 2024:

IRS Will Issue Tax Refunds to the District for 30% of Project Costs

Q1-Q2 2024:

District Files Taxes for 2023 and Claims Tax Credit(s)
(even though the District is a non-taxable entity)

Note: This timeline assumes that the sites achieve PTO in FY2023. The ITC Refund operates on both a site-by-site and project-specific basis, so for example, if one site or some of the EV charging stations are delayed until 2024, the corresponding ITC tax refund wouldn't be available until 2025 (the project(s) at that site would have to be filed in the District's 2024 Taxes).

Summary Financials Recap

Engie	
System Size (kWp)	1,384
Yield (kWh/kWp)	1,479
Gross Cash Price (\$)	\$9.7 M
ITC Reimbursement (\$)	(\$2.9 M)
Net Cash Price w/ ITC (\$)	\$6.8 M
O&M Price, Yr-1 (\$)	\$25,000
PeGu Price, Yr-1 (\$)	\$7,700
EVSE Price (\$)	\$323,000
EVSE Ongoing Price, Yr-1 (\$)	\$93,000

* All Proposal Pricing is inclusive of the Geotechnical Report's findings

* The Gross and Net Cash Prices above do not include a 10% project contingency cost

Financial Performance Recap

Engie		
No GO Fund Reimbursement	Lifetime Savings, Nominal	\$6.9 M
	Net Present Value (2% DR)	\$3.6 M
100% GO Fund Reimbursement	Lifetime Savings, Nominal	\$14.1 M
	Net Present Value (2% DR)	\$10.6 M

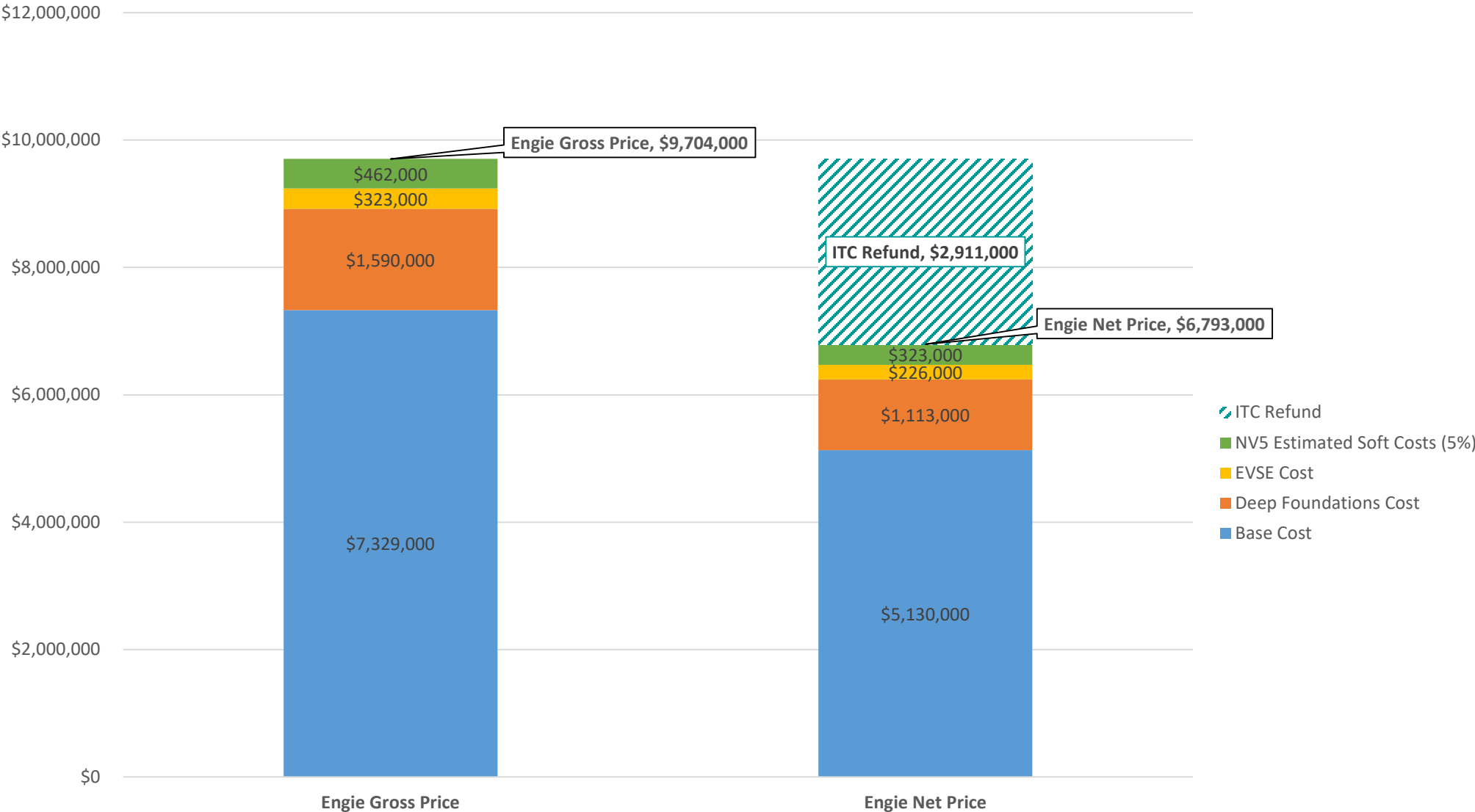
** Updated pricing excludes San Andreas*

Project Pricing: Engie

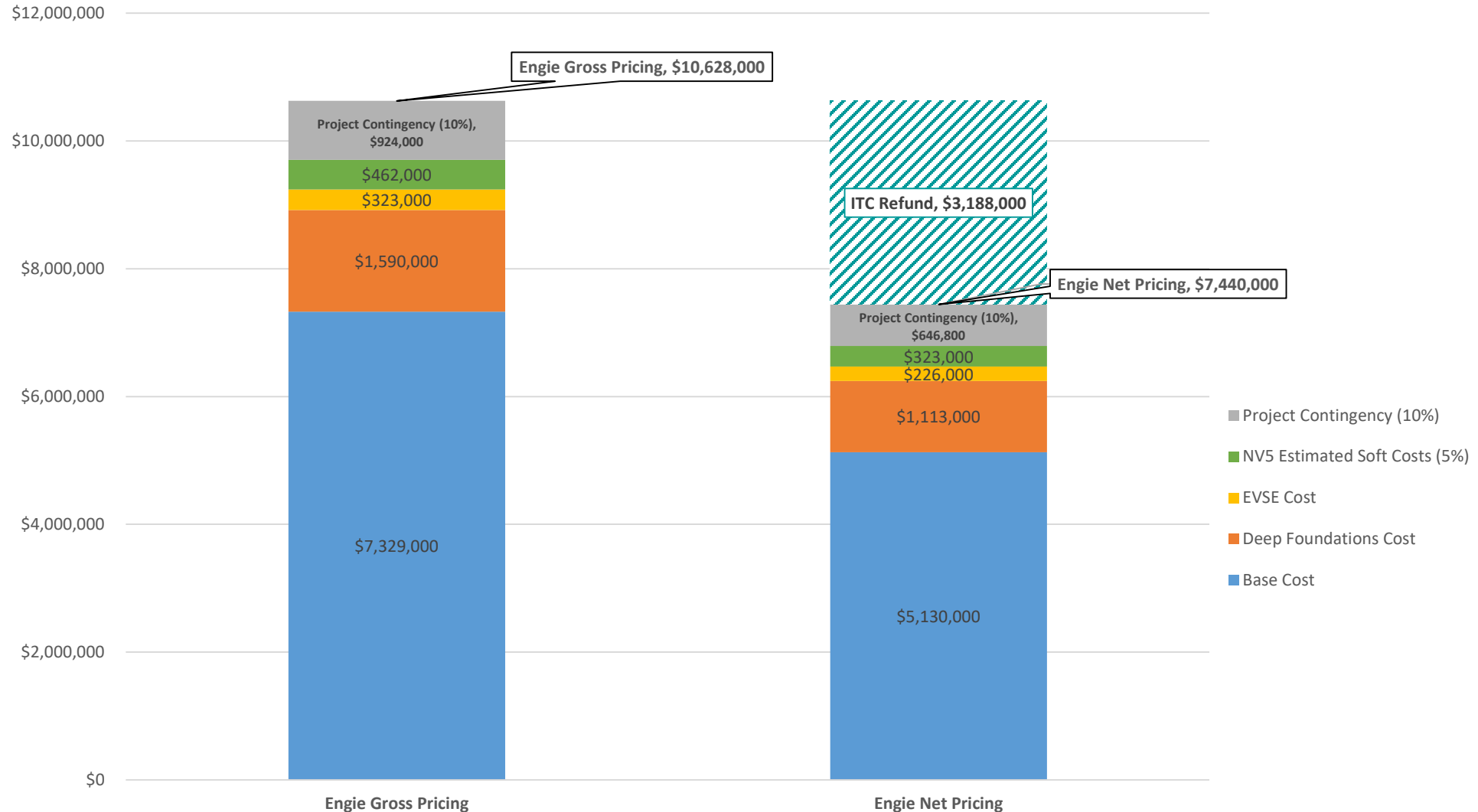
Line Items	Engie Gross Pricing	ITC Reimbursement ²	Engie Net Pricing ³ With ITC Incentive
Base Cost	\$7,329,000	(\$2,199,000)	\$5,130,000
Deep Foundations Cost ¹	\$1,590,000	(\$477,000)	\$1,113,000
EVSE Cost	\$323,000	(\$97,000)	\$226,000
NV5 Estimated Soft Costs (5%)	\$462,000	(\$139,000)	\$323,000
<i>Subtotal:</i>	\$9,704,000	(\$2,912,000)	\$6,792,000
Potential Contingency Cost (10%) ⁴	\$924,000	(\$277,000)	\$647,000
TOTAL COSTS:	\$10,628,000	(\$3,188,000)	\$7,441,000

- 1 NV5's initial cost estimates did not account for the deep foundations since the Geotechnical Report was not available at that time.
- 2 The ITC Reimbursement was calculated at 30% of each line item's cost, which the IRS will give back to the District in the form of a tax refund/credit.
- 3 Net pricing does not include the potential additional 10% reimbursement for Domestic Sourcing.
- 4 Potential Contingency Cost is an as-needed cost, used by Engie only if necessary. In the case that the contingency cost is used, it would likely be ITC-eligible.

Project Pricing without 10% Contingency Cost



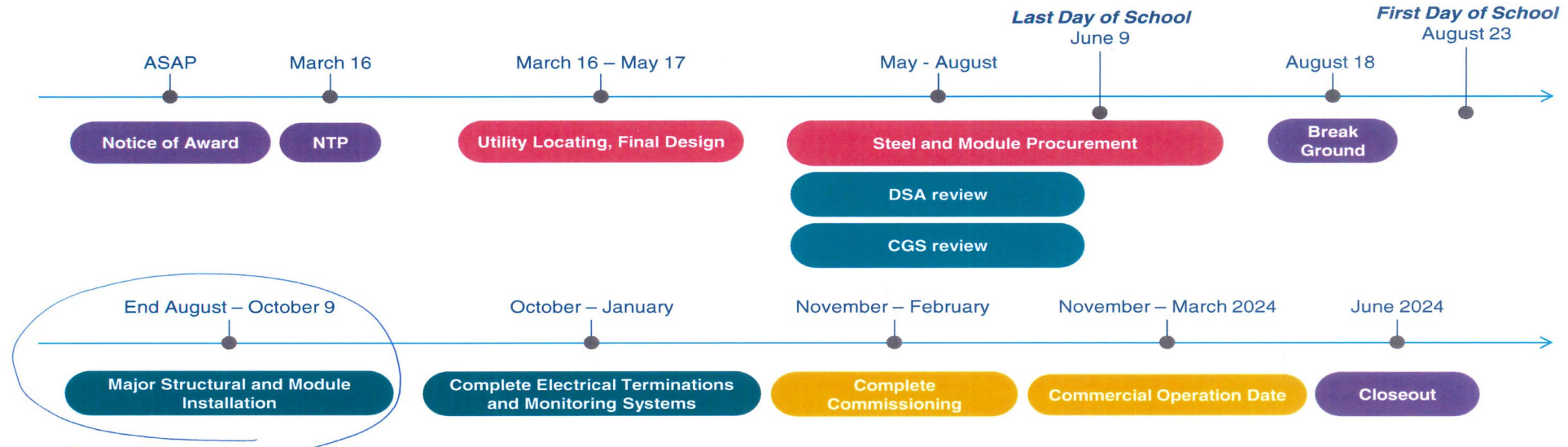
Project Pricing Assuming 10% Contingency Cost is Paid/Used



Engie Proposed Project Schedule

Project Schedule

Addresses Questions:
3, 11, 12, 13, 14, 15



Notes:

- Proposed schedule **subject to change** based on TUHSD and Engie active participation/collaboration. For example, Engie agreed to begin design work at risk upon notice of award, which would reduce the time between NTP and Procurement.
- Engie to utilize Miller Pacific Geotech Report and use Miller Pacific moving forward



Questions?
Comments?