



MEMORANDUM

Deputy County Administrator

Date: October 15, 2015

To: C.H. Huckelberry
County Administrator

From: Tom Burke
Deputy County Administrator

A handwritten signature in black ink, appearing to read "Tom Burke", written over the printed name.

Re: Consent Item 5 - Solar Covered Parking – Assignments Relating to SunEdison

Item 5 on the October 20, 2015 Consent Calendar lists the assignments of eight separate contracts for the installation of solar panels and long term provision of energy at various sites owned by Pima County. At its September 15, 2015 meeting, the Board of Supervisors approved assignments for three similar Solon Development agreements at other County sites, assigning the contracts to other SunEdison entities. These eight assignments complete the assignments for the other contracts the County has with Solon for the construction of solar panels at the following sites:

SUNE D828, L.L.C./(MA-P0-15-293)/(MA-P0-16-88), Juvenile Court Meter 1, 2225 E. Ajo Way
SUNE D835, L.L.C./(MA-P0-15-294)/(MA-P0-16-89), Juvenile Court Meter 2, 2225 E. Ajo Way
SUNE D831, L.L.C./(MA-P0-15-296)/(MA-P0-16-90), Stadium Building, 2500 E. Ajo Way
SUNE D831, L.L.C./(MA-P0-15-297)/(MA-P0-16-91), South Clubhouse, 2500 E. Ajo Way
SUNE D832, L.L.C./(MA-P0-15-299)/(MA-P0-16-92), NRPR, 5955 N. Camino de la Tierra
SUNE D837, L.L.C./(MA-P0-15-300)/(MA-P0-16-93), Interagency Advocacy, 2329 E. Ajo Way
SUNE D829, L.L.C./(MA-P0-15-302)/(MA-P0-16-94), Kino Service Center, 2797 E. Ajo Way
SUNE D830, L.L.C./(MA-P0-15-303)/(MA-P0-16-95), Elections Building, 6550 S. Country Club

Attached is a copy of the September 8, 2015 memorandum submitted to the Board for the September 15, 2015 Board meeting regarding this same topic.

Attachment



PIMA COUNTY
FACILITIES MANAGEMENT
MEMORANDUM

DATE: September 8, 2015

TO: Chuck Huckelberry, County Administrator

FROM: Michael L. Kirk, FMP
Facilities Management Director

VIA: Tom Burke 
Deputy County Administrator for Administration

SUBJECT: Solar Covered Parking – Assignment Relating to SunEdison

Pursuant to questions that the Board of Supervisors had at the September 1, 2015 Board Meeting, I am providing the following Questions and Answers below to address their concerns:

The requested amendment is to permit assignments for financing purposes. An assignment is a standard financing procedure allowing a lender to fund construction. The lender holds the Solar Service Agreement (SSA) as collateral to ensure the solar project is constructed and completed. Pima County's SSA contracts were already assigned to SunEdison by an agreement approved by the Board of Supervisors at its June 16, 2015 meeting. SOLON designs and constructs the solar facilities and conveys them to SunEdison which finances and owns the assets. SOLON continues to provide the ongoing maintenance and operation of the facilities on behalf of SunEdison.

All prior County SSA contracts have included an assignment clause. Please find attached the Pima County – Ajo Way Solar Project Financing/Legal Structure Overview that explains the financing process and SOLON's relationship to SunEdison and Pima County. This particular amendment will enable SunEdison to do routine financing assignments without further consent from the County.

The SunEdison affiliate only provides financing services, and does not provide Energy Performance Contracting (EPC) services. SunEdison provides EPC services as the Developer Corporation. This allows SOLON the flexibility to find the best financier for the projects to be able to offer favorable energy rates to Pima County.

The Solar Service Agreement remains in full force and effect after it is assigned. County has SSA contracts with both Solon and SunEdison and has experienced no contractual performance issues. Nationally, SunEdison is one of the leading providers of solar facilities and SSA's. They have established a wireless, real-time, internet based, production reporting system to help them monitor and optimize electricity production to which Pima County is also provided access. Pima County staff has performed the appropriate due diligence and research to determine that SunEdison is a responsible and competent contractor that will satisfy all contractual performance requirements.

SOLON's construction of the solar facilities is financed through SunEdison. SunEdison also has a separate EPC business unit which competes directly with SOLON. SunEdison declined to bid on our

previous SSA bid, 2.5MW for the Regional Wastewater Reclamation Department that was awarded by the Board of Supervisors in December 2014. SunEdison does, however, finance SOLON to perform the design and construction tasks of the contract. SOLON provides all of the construction, engineering, procurement, project development, contracts, ongoing operations and maintenance. SunEdison provides financing.

Solon has started Phase 1 of the construction schedule on September 7, 2015. Please find attached the Ajo Corridor Solar Project Schedule. The projects will be done in three (3) phases. For large projects, they will be done in sections A and B to avoid adversely impacting the tenants/employees in the building and visitors to the building. Facilities Management Department Energy Development and Management staff and Construction Service Management staff have worked closely with all the departments that occupy the buildings/properties that solar covered parking structures will be constructed. Please find attached a flow chart that shows the project process from beginning to end. The entire project will be completed by September 2, 2016.

c: Lisa Josker, Deputy Director, Capital Improvement, FMD
Tony Cisneros, Deputy Director, Operations and Maintenance
Marc Lynn, Energy Manager



***Pima County – Ajo Way Solar Project
Financing / Legal Structure Overview***

Solar Project Financing

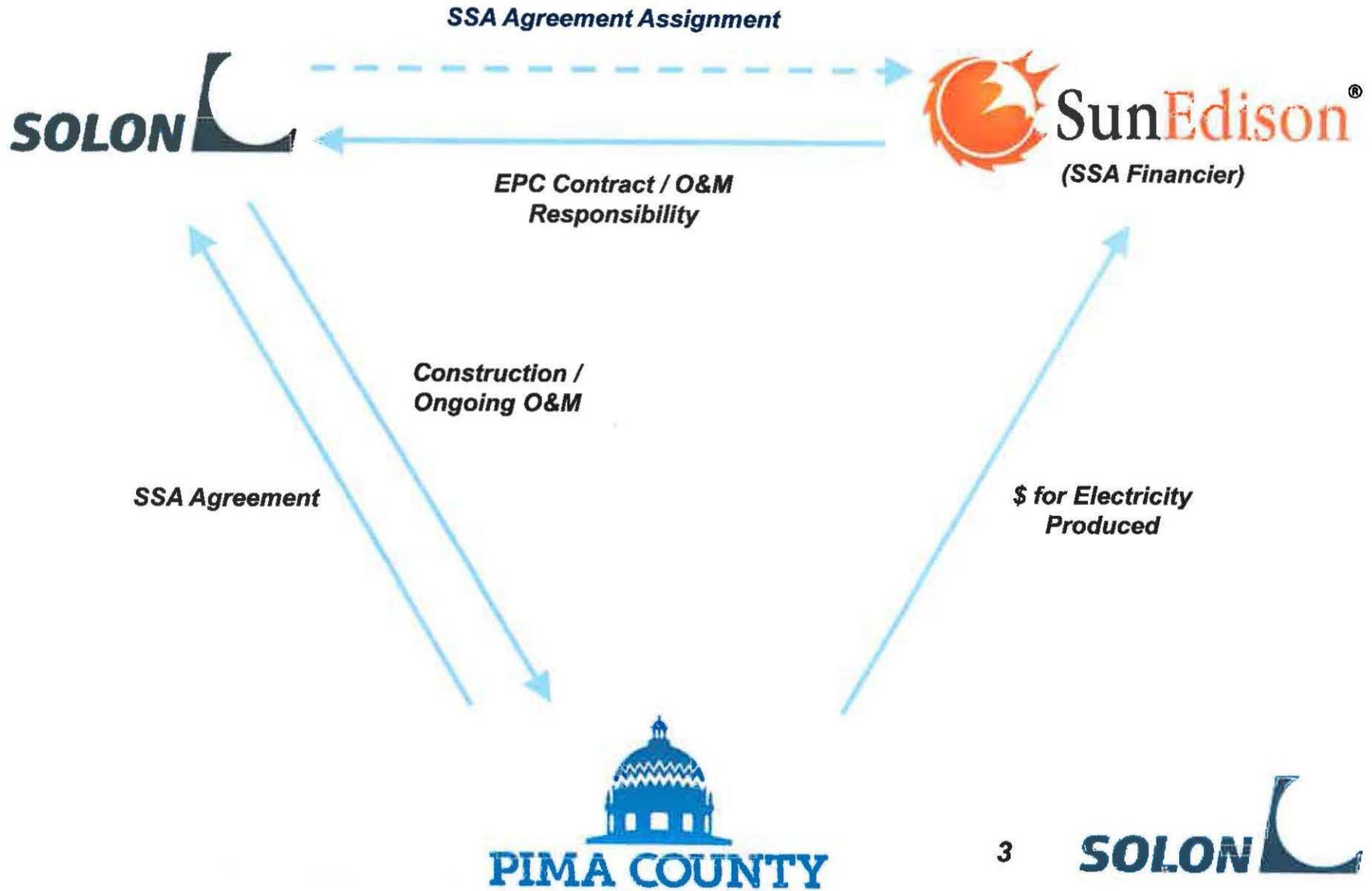
- SOLON Corporation is a turn key EPC solar provider
 - SOLON provides Engineering, Procurement, Construction, warranties, Project Development and on-going Operations and Maintenance.
 - SOLON is not a bank.
 - As a local company headquartered in Tucson, SOLON provides the highest quality solar projects at the lowest cost by using local employees, labor and material.

- SunEdison has multiple business units including a financing / banking division
 - SOLON partners with SunEdison's financing division among other banks to provide financing for solar projects
 - SunEdison also has a separate business unit that provides EPC services headquartered in Maryland. This business unit is a direct competitor of SOLON on a national level.

A typical solar project legal structure is outlined on the following page. The SSA agreement is assigned to a bank (SunEdison's financial division) after an agreement between SunEdison and SOLON is in place to provide all construction, warranties and ongoing maintenance services to Pima County.

SOLON remains obligated to construct, warranty and maintain the solar project. SunEdison takes ownership of the SSA as collateral to ensure SOLON constructs and completes a successful project for Pima County.

Legal Structure



Questions

1. Why is there a need to do the amendment to assign the contract from Solon to a SunEdison affiliate?

- An assignment is standard financing procedure allowing a bank to fund construction. The bank holds the SSA as collateral to ensure the solar project is constructed and completed.

2. Why don't we sign a contract with the SunEdison affiliate in the beginning?

- The SunEdison affiliate ONLY provides financing services, and does not provide EPC services. This allows SOLON and Pima County the flexibility to find the best financier for your projects that also meets the unique needs of Pima County.

3. Does the SSA assignee (SunEdison financial) take on the same terms and conditions as SOLON with the assignment?

- Yes. The SSA remains in full force and effect.

4. What is the relationship between SOLON and SunEdison?

- SOLON has a financing / banking relationship with SunEdison's banking division. SunEdison also has a separate EPC business unit which competes directly with SOLON.

5. When does the assignment occur?

- While each project is unique, the Ajo Corridor projects are assigned around the time of construction start or earlier.

6. What are the roles of SOLON and SunEdison?

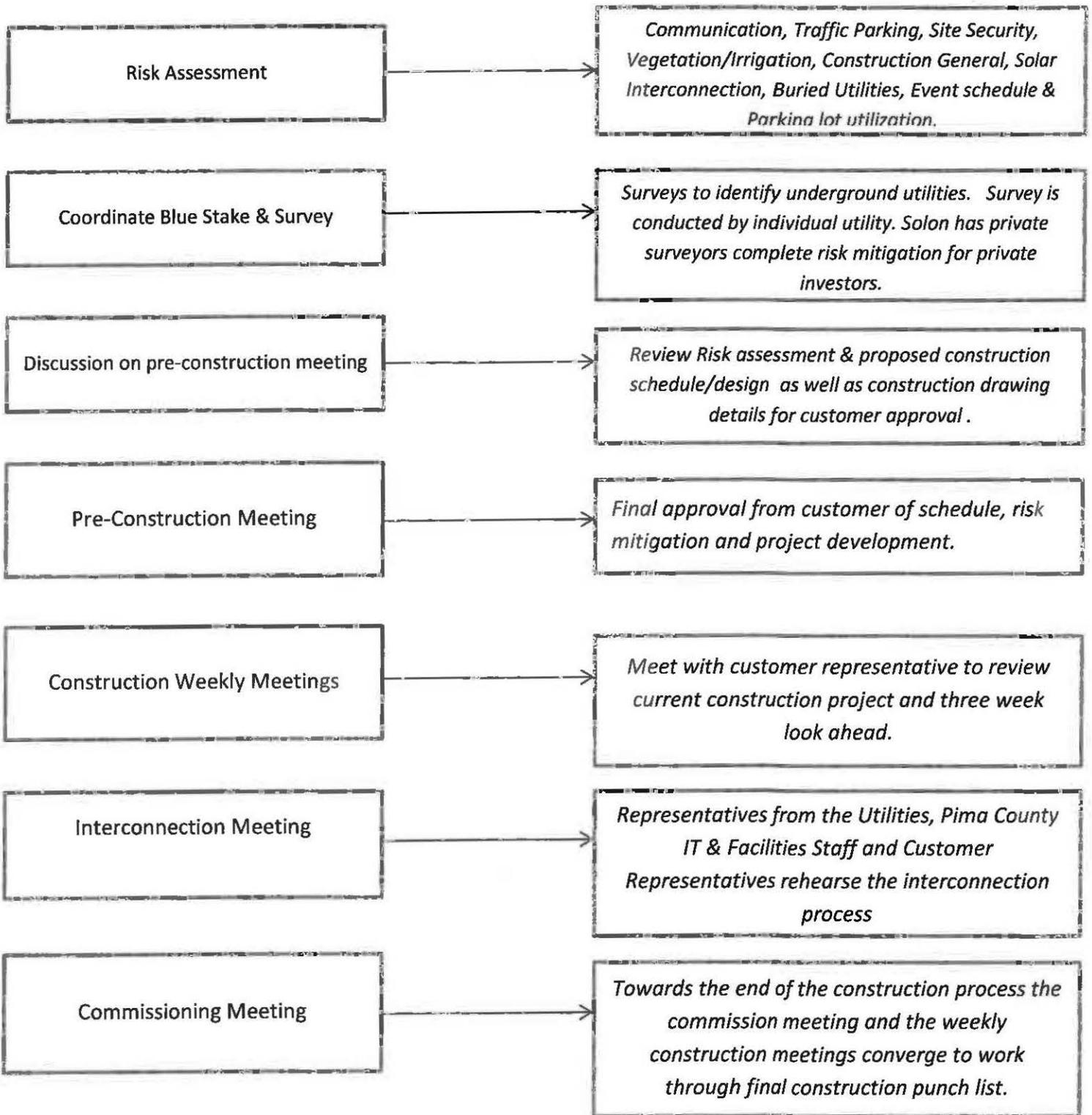
- SOLON provides all of the construction, engineering, procurement, project development, contracts, ongoing operations and maintenance.

- SunEdison provides financing



- *Publicly traded on NYSE*
- *\$2.5B revenue, \$335M gross profit, \$4.7B assets*
- ***292MW financed annually***
- *Commercial customers include Whole Foods, Kohl's, Staples, Anheuser-Busch*
- *Hire firms like SOLON to build and maintain their systems*
- *SOLON and SunEdison have financed 12MW together over 20 sites*
 - *Tanque Verde School District, Pima County Fleet Services, Pima County PECOC, Roger Road WWTP, Deer Valley School District, Liberty School District, Paradise Valley School District, 1MW in Alamosa, CO, YMCA of Southern Arizona, Marana Health Center*

Ajo Corridor Solar Project Process



Ajo Corridor Solar Projects

	Phase 1		Phase 2		Phase 3	
Sheriff Administration Building	9/7/2015-10/23/2015	10/26/2015-1/1/2016				
Mulcahy YMCA	9/14/2015-11/27/2015					
Adult Probation	9/14/2015-12/4/2015					
Kino Service Center	11/2/2015-1/8/2016					
Elections Building			12/7/2015-2/5/2016			
Interagency Advocacy Center			12/14/2015-1/22/2016	1/25/2016-2/26/2015		
Juvenile Courts Facility-Meter #1			2/8/2016-4/1/2016	4/4/2016-5/20/2016		
Natural Resources Parks & Recreation Headquarters					2/22/2016-3/25/2016	3/28/2016-4/22/2016
Juvenile Courts Facility-Meter #2					5/23/2016-7/15/2016	7/18/2016-9/2/2016
Stadium Building					5/23/2016-7/22/2016	
Stadium Clubhouse					5/23/2016-7/22/2016	