



Special Finance and Economic Dev. Comm. Meeting

June 20, 2016

4:30 pm

City Council Chamber

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- 1) ORAL COMMUNICATIONS
 - 2) CONTINUED DISCUSSION ON PROPOSED ANNUAL BUDGET FOR FISCAL YEAR 2016-17
 - 3) COY D. ESTES I AND COY D. ESTES II LOAN/FINANCING MODIFICATIONS
 - 4) SCE STREET LIGHTING SYSTEM

NOTE: All Agenda items and back-up materials are available for public review at the Upland Public Library, downstairs reference desk at 450 North Euclid Avenue, the City Clerk's Office at 460 North Euclid Avenue and the City website at www.ci.upland.ca.us, subject to staff's ability to post the documents before the meeting.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at 909.931.4120. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.102-35.104 ADA Title II]

POSTING STATEMENT: On June 16, 2016 a true and correct copy of this agenda was posted on the bulletin boards at 450 N. Euclid Avenue (Upland Public Library) and 460 N. Euclid Avenue (Upland City Hall).



STAFF REPORT

ITEM NO. 3

DATE: JUNE 20, 2016
TO: MAYOR AND CITY COUNCIL
FROM: ROD BUTLER, CITY MANAGER
PREPARED BY: JEFF ZWACK, DEVELOPMENT SERVICES DIRECTOR
STEVE DUKETT, PRINCIPLE, URBAN FUTURES INC.
SUBJECT: COY D. ESTES I AND COY D. ESTES II LOAN/FINANCING
MODIFICATIONS

RECOMMENDED ACTION

It is recommended that the Finance and Economic Development Committee recommend that the City Council, in its capacity as the Successor Housing Agency, authorize:

1. Certain amendments and/or assignments, to certain documents related to outstanding loans previously provided by the former redevelopment agency to the Upland Senior Housing Limited Partnership ("USHLP") and Upland Community Housing, Inc. ("UCHI") for the purpose of enabling the refinancing and financing of the Coy D. Estes Senior Apartments; and
2. The use of accrued residual receipts currently held by USHLP to contribute to funding the cost of acquiring the limited partner interest in the Coy D. Estes Senior Apartments as a component of financing and refinancing the Apartments.

GOAL STATEMENT

The proposed action supports the City's goal to increase, improve and preserve the supply of housing that is affordable to low- to moderate-income persons

BACKGROUND

On April 4, 1996, the former Upland Community Redevelopment Agency and USHLP entered into a Loan Agreement to assist in financing CDE 1, a 130 unit senior apartment project. The loan was evidenced by a promissory note and secured by a deed of trust to secure the \$2,823,715 loan. The current loan balance as of 12/31/15 is \$999,500.

Between 2004 and 2008, the former Upland Community Redevelopment Agency Board authorized a series of loans totaling \$3,352,101 with UCHI to assist in the development of CDE 2, which will be a 72 unit addition to CDE 1. See the attached UCHI Financial History Memo, attached.

On May 27, 2016, UCHI submitted the attached letter requesting that the City Council, in its capacity as the Successor Housing Agency ("SHA"), authorize certain amendments and/or assignments, as applicable, to certain documents related to the currently outstanding loans previously provided by the former redevelopment agency to USHLP and UCHI

for the purpose of enabling the refinancing and financing of the Coy D. Estes I ("CDE I") and Coy D. Estes II ("CDE II") Senior Apartments.

USHLP owns the CDE I Senior Apartments and is currently governed by a First Amended and Restated Limited Partnership Agreement dated as of September 27, 1995 ("Agreement"). UCHI is USHLP's general partner and EC Housing Partners VI LLC, ("EC Housing Partners") is USHLP's limited partner. EC Housing Partners, formerly known as Edison Capital Housing Partners VI L.P., ("Edison Capital"), is the legal entity under which Edison Funding Company ("Edison Funding") conducted its affordable housing investment activities. Several months ago, EC Housing Partners was purchased by Boston Financial Investment Management, L.P. ("Boston Financial"). A copy of the January 6, 2016 letter from Boston Financial notifying USHLP that it had acquired EC Housing Partners is attached for reference purposes.

As a part of the original funding program for the development of CDE I, Edison Capital acquired its limited partner interest in USHLP, including but not limited to a 99% interest in all profits, losses and tax credits, and is the sole limited partner of USHLP. Sections 10.3 and 10.5 of the Agreement permit the transfer and assignment of all or any part of the LP Interest to an assignee. UCHI intends to acquire EC Housing Partners (i.e., 100% of the LP Interest) from Boston Financial for \$1,850,000 consistent with Assignment and Assumption Agreement and temporarily assign the LP Interest to its designated assignee, Mr. Nolan F. King, ("Assignee"). The temporary use of the Assignee is necessary for compliance with applicable provisions of the Code that relate to the refinancing and financing program planned for CDE I and CDE II, which will include a new Low-Income Housing Tax Credits ("LIHTC"). At that time, EC Housing Partners will be assigned to the new tax equity investor. A copy of the Assignment and Assumption Agreement is attached for reference purposes.

ISSUES/ANALYSIS

UCHI is currently finalizing its plan to refinance and finance the CDE I and CDE II. Within the next 6-months, USHLP intends to submit a new application to the California Tax Credit Allocation Committee ("CTCAC") for a new LIHTC allocation and a new application to the California Debt Limit Allocation Committee ("CDLAC") for a new private activity bond allocation with respect to CDE I and CDE II.

To accomplish the financing program, the Parties will need to amend the Loan Agreement, the promissory note, the deed of trust and the Regulatory Agreement to provide for:

1. The use of approximately \$1.48 million of accrued residual receipts gained from the operation of CDE I to assist with the refinancing of CDE I and the financing of CDE II for the purpose of acquiring the LP Interest from Boston Financial at a discounted price;
2. The interest applicable to the loan to be calculated on the basis of simple interest instead of compounded interest at an annually floating interest rate with a cap of 3%;
3. An amended deed of trust to include and to be recorded against all of the parcels constituting CDE I and CDE II and to provide for its subordination to the lender providing financing for CDE II and the refinancing of CDE I; and
4. If feasible and beneficial to the Parties, a single Regulatory Agreement for CDE I and CDE II, as more particularly described in the narrative related to the Third Position Loan.

The use of approximately \$1.48 million of accrued residual receipts, together with approximately \$370,000 from a separate loan attributable to UCHI, will fund the cost of acquiring CDE I's LP Interest from Boston Financial. The need for this step is further described in UCHI's May 4, 2016 letter to the City (copy attached).

FISCAL IMPACTS

To avoid the risks associated with waiting periods, Boston Financial has offered to discount the price of acquiring the LP Interest by about \$390,000 or 17%.

With the buyout of Boston Financial's LP Interest in CDE I occurring now, the funding that would have been used for that purpose will now be contributed to development costs. This action is beneficial to the project and will result in increasing the amount of time it will take to repay the SHA. Further, modifying the interest calculation method from compounding interest to simple interest will ensure that the interest calculation method for the USHLP promissory note will be identical to the interest calculation method used for the UCHI loan. In addition, modifying the fixed interest rate will help to facilitate the full repayment of both loans and will also result in extending the 55-year affordability covenant period.

On an overarching basis, it is important to state that all of the funding proposed for CDE I and CDE II is restricted. All of the loan repayments received by the City's SHA shall be returned to the affordable housing fund and used for future affordable housing projects and programs. Those funds may not be used for any other purpose.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

[May 27, 2016 UCHI Letter](#)

[Comparative Analysis of Restructuring of UHSLP and UCHI Loans](#)

[Assignment and Assumption Agreement](#)

[May 4, 2016 UCHI Letter](#)

[UCHI Financial History Memo](#)

Upland Community Housing, Inc.
260 North Third Avenue
Upland, California 91786
(909) 981-7160

May 27, 2016

Mr. Rod B. Butler
City Manager/Executive Director
City of Upland/Upland Successor Housing Agency
460 North Euclid Avenue
P. O. Box 460
Upland, California 91786-0460

Re: Request for Concurrence to Amend and/or Assign USHLP and UCHI loans with the City of Upland

Dear Mr. Butler:

The purpose of this letter is to request the City's authorization, in its capacity as Successor Housing Agency ("SHA"), to proceed with amendments and/or assignments, as applicable, with respect to certain documents related to the currently outstanding loans previously provided by the former redevelopment agency to the Upland Senior Housing Limited Partnership ("USHLP") and Upland Community Housing, Inc. ("UCHI"). The amendments and/or assignments, as applicable, will assist in the refinancing and financing of the Coy D. Estes I Apartments ("CDE I") and the Coy D. Estes II Apartments ("CDE II") respectively, as more particularly described in this letter.

Background

The following narrative describes and justifies the amendments and/or assignments needed with respect to the USHLP and UCHI loans that will enable the refinancing and financing of CDE I and CDE II.

Second Position Loan (Balance Due as of 12-31-2015 = \$999,500):

On April 4, 1996, the former redevelopment agency and USHLP entered into a Loan Agreement to assist in financing CDE I. The loan was evidenced by a promissory note and secured by a deed of trust dated April 4, 1996, which secured an original indebtedness of \$2,823,715 and was recorded April 4, 1996 as Instrument No. 96-116122 of Official Records and modification thereof recorded May 16, 1996 as Instrument No. 96-173838 of Official Records). The parties also entered into a Regulatory Agreement that was also recorded April 4, 1996 as Instrument No. 96-116121 of Official Records and amended by the First Amendment to Regulatory Agreement and Second Amendment to Regulatory Agreement recorded on May 16, 1996 as Instrument No. 96-173837 and July 1, 1997 as Instrument No. 97-233306, respectively).

As an essential element to the financing of CDE II, it is necessary for USHLP to refinance CDE I. To accomplish this, the Parties will need to amend the Loan Agreement, the promissory note, the deed of trust and the Regulatory Agreement to provide for:

1. The use of approximately \$1.48 million of accrued residual receipts gained from the operation of CDE I to assist with the financing of CDE II and the refinancing of CDE I (as has been previously shared and with the concurrence of the City, the reservation of these funds for reinvent into the CDE II project began during calendar year 2010);
2. The interest applicable to the loan to be calculated on the basis of simple interest instead of compounded interest at an annually floating interest rate pegged to the rate published by the California State Treasurer for the Local Agency Investment Fund ("LAIF") for the fourth quarter each year during the term (i.e., the rated reported for December each year), which will become the interest rate applicable to the full following calendar year, with a cap of 3%;
3. An amended deed to trust to include and to be recorded against all of the parcels constituting CDE I and CDE II and to provide for its subordination to the lender providing financing for CDE II and the refinancing of CDE I; and
4. If feasible and beneficial to the Parties, a single Regulatory Agreement for CDE I and CDE II, as more particularly described in the narrative related to the Third Position Loan.

The use of approximately \$1.48 million of accrued residual receipts, together with approximately \$370,000 from a separate loan attributable to USHLP's general partner, UCHI, will fund the cost of buying out the equity interest in CDE I, which is currently owned by Boston Financial. The need for this step is further described in UCHI's May 4, 2016 letter to the City.

In addition, buying out Boston Financial's limited partner interests will not affect the development proforma for CDE I and CDE II, which already includes funding for the buyout of the equity provider. However, in the proforma almost all of Boston Financial's limited partnership interest would have been paid when the final contribution for the new tax credit equity for CDE I and CDE II was received, i.e., essentially when the overall project was completed and put into service. To avoid the risks associated with the waiting period, Boston Financial has offered to discount the price of the equity buy-out by about \$390,000 or 17%.

With the buyout of Boston Financial's equity position in CDE I occurring now, the funding that would have been used for that purpose (i.e., when the project goes into service) will now be contributed to development costs. In other words, these costs offset each other, thus having a neutral effect on the proforma. Further, modifying the interest calculation method from compounding interest to simple interest will ensure that interest calculation method for the promissory note will be identical to the interest calculation method used for the UCHI loan, as described below. In addition, modifying the fixed interest rate applicable to the Loan to an annually floating interest with a cap, as described above, is more in keeping with current rates for similar financial transactions and will help to facilitate the full repayment of both loan during the 55-year affordability covenant period.

The amended deed to trust will expand the security for the loan to include all of the parcels constituting CDE I and CDE II and to provide for its subordination to the lender providing financing for CDE II and the refinancing of CDE I and effectively place the loan in second position ("Second Position Loan"). Payments on the promissory note will come from residual receipts and be paid annually consistent with the existing procedure. Per the current operating pro-forma, payments are projected to begin after the first operating year and it is projected that it may take approximately 12 years to fully repay.

Third Position Loan (Balance Due as of 12-31-2015 = \$3,352,101):

A three party Assignment Agreement between UCHI, USHLP and the SHA will be needed. An amended and assigned promissory note, a replacement deed of trust (the original deed of trust dated December 20, 2007 secured an original indebtedness of \$1,700,000.00 and was recorded December 20, 2007 as Instrument No. 2008-004582 of Official Records [recorded against the CDE II parcel]) and an amended regulatory agreement will be needed to consummate the intended transaction. As mentioned above, if feasible and beneficial to the Parties, it may be that a single regulatory agreement may cover both the Second and Third Position Loans.

The Assignment Agreement will provide for the substitution of USHLP for UCHI and will provide for the same interest rate structure applicable to the Second Position Loan; however, until the Second Position Loan is fully repaid, it is requested that the Third Position Loan be interest free. Pursuant to the Assignment Agreement, the SHA will record a replacement deed of trust secured by the CDE I and CDE II properties (recordation to be administered by the title company in an escrow).

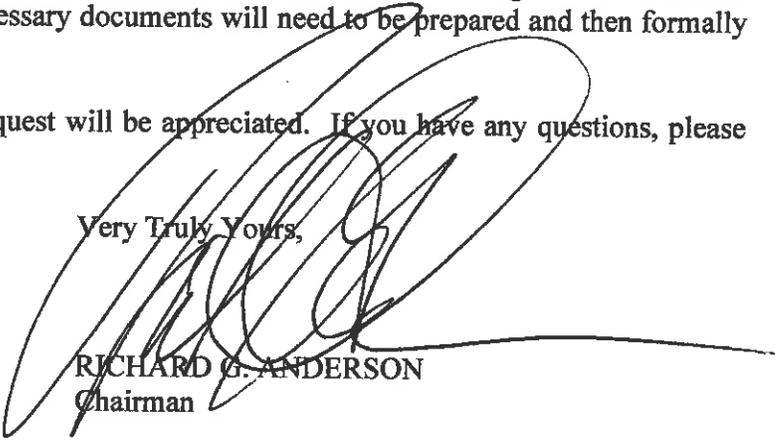
The new deed of trust will be subordinate to the primary lender and to the Second Position Loan described above for the CDE I and CDE II development and effectively be in third position ("Third Position Loan"). Payments on the amended and assigned note will come from residual receipts and be paid annually once the Second Position Loan has been repaid. Per the current operating pro-forma, it is projected that it may take approximately 40 years to fully repay.

Current Request

Based on the above, it is requested that the City, in its capacity as the SHA, authorize proceeding with the amendments and/or assignments of the agreements described above for the purpose of enabling the refinancing and financing of CDE I and CDE II. Based on receiving this authorization to proceed, it is understood that the necessary documents will need to be prepared and then formally approved by the Parties at a later date.

Your favorable consideration of this request will be appreciated. If you have any questions, please contact me at (909) 949-2226.

Very Truly Yours,



RICHARD G. ANDERSON
Chairman

RGA:jmr

cc: UCHI Board of Directors
Jeff Zwack, Development Services Director
Liz Chavez, Development Services Manager

COMPARATIVE ANALYSIS OF RESTRUCTURING OF USHLP AND UCHI LOANS

USHLP LOAN

<u>Provisions</u>	<u>Existing</u>	<u>Proposed</u>
Rate:	3% fixed, compounded	LAIF rate annually adjusted with 3% cap, simple
Subordination:	CalHFA first loan	Replacement first loan (lender TBD)
Source:	Residual receipts	Residual receipts
Percentage:	100%	100%
Term:	40 years from 4-4-1996	55 years from 4-4-1996
Estimated Payoff:	2036 (up to)	2028
Hiatus Provision:	None ¹	None
Estimated Balance:	\$999,500 as of 12-31-15	\$999,500 as of 12-31-15
Security:	Deed of trust (CDE I)	Deed of trust (CDE I and CDE II)
Affordability:	55 years from 1996	55 years from 2016 (closing of replacement first loan)
Provisions for use of residual receipts:	Pending authorization	N/A

1. Since 2010 the residual receipts payments have been held in trust by USHLP for reinvestment in CDE II.

UCHI LOAN

<u>Provisions</u>	<u>Existing</u>	<u>Proposed</u>
Rate:	3% fixed, simple	LAIF rate annually adjusted with 3% cap, simple
Subordination:	None	New first loan (lender TBD) and USHLP loan
Source:	Residual receipts	Residual receipts
Percentage:	75%	100%
Term:	35 years from C of O	55 years from closing of new first loan
Estimated Payoff:	Indeterminate	2068
Hiatus Provision	Until issuance of C of O	Dormant until USHLP loan is repaid
Estimated Balance:	\$3,352,191 as of 12-31-15	\$3,352,191 as of 12-31-15
Security:	Deed of trust (CDE II)	Deed of trust (CDE I and CDE II)
Affordability:	55 years	55 years
Reserved Residual Receipts:	N/A	N/A

Dated: 6-15-16 (UFI)

**ASSIGNMENT AND ASSUMPTION OF LIMITED PARTNER PARTNERSHIP
INTEREST AND
AMENDMENT TO FIRST AMENDED AND RESTATED LIMITED PARTNERSHIP
AGREEMENT**

UPLAND SENIOR HOUSING LIMITED PARTNERSHIP

THIS ASSIGNMENT AND ASSUMPTION OF LIMITED PARTNER PARTNERSHIP INTEREST AND AMENDMENT TO AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT (the "Amendment"), of UPLAND SENIOR HOUSING LIMITED PARTNERSHIP, a California limited partnership (the "Partnership"), is dated effective as of May __, 2016 (the "Effective Date"), by and among UPLAND COMMUNITY HOUSING, INC., a California nonprofit public benefit corporation (the "General Partner"), NOLAN F. KING, an individual resident of Devore, California 92407 (the "Assignee"), and EC HOUSING PARTNERS VI LLC, a Delaware limited liability company formerly known as Edison Capital Housing Partners VI L.P., a Delaware limited partnership (the "Assignor").

RECITALS

- A. The Partnership is currently governed by that certain First Amended and Restated Limited Partnership Agreement of the Partnership dated as of September 27, 1995 and entered into as of May 23, 1996 (the "Agreement").
- B. The Assignor acquired its Limited Partner Partnership interest in the Partnership, including but not limited to a 99% interest in all profits, losses and tax credits under Section 42 of the Code (the "LP Interest"), pursuant to the Agreement, and is the sole Limited Partner of the Partnership.
- C. Sections 10.3 and 10.5 of the Agreement permit the Assignor to transfer and assign all or any part of the Limited Partner to the Assignee and the substitution of the Assignee as a substituted Limited Partner in the Partnership.
- D. The Assignor desires to assign the LP Interest to Assignee for \$1,850,000 (the "Purchase Price"), and the Assignee desires to accept such assignment of the LP Interest for the consideration and upon the terms and conditions of this Amendment.
- E. The Assignee is willing to undertake all of the remaining obligations of Assignor under the Agreement arising on and after the Effective Date (the "Obligations").
- F. The Partnership and General Partners desire to acknowledge such undertaking of the respective Obligations by the Assignee, and to release the Assignor from the Obligations.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration hereinafter described, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

AGREEMENT

1. Capitalized terms used but not defined herein shall have the respective meanings attributed thereto in the Agreement.

2. As of the Effective Date and in consideration of the Purchase Price paid by the Assignee to the Assignor, the Assignor assigns to the Assignee and the Assignee accepts from the Assignor, one hundred percent (100%) of the Assignor's right, title and interest in and to the LP Interest, including, without limitation, the Assignor's entire right to allocations of Profits, Losses and Low Income Housing Credits from operations under Section 42 of the Code and all items entering into the computation thereof (collectively, the "Tax Benefits"), and to all distributions of Excess Cash, Distributable Cash, Cash from Refinancing and Cash From Sales, however denominated, under the Agreement; provided, however, that (i) the Assignor shall receive all Tax Benefits attributable to any day before the Effective Date and the Assignee shall receive all Tax Benefits attributable to the Effective Date and any day thereafter; and (ii) the Assignee shall receive all distributions of Excess Cash, Distributable Cash, Cash from Refinancing and Cash From Sales distributed by the Partnership after the Effective Date regardless of whether such distributions are attributable to any period prior or subsequent to the Effective Date.

3. In consideration of the assignment effected hereby, the Assignee hereby assumes and agrees to discharge all of the Obligations of Assignor under the Agreement as of the Effective Date. The Partnership, the General Partner and the Assignee jointly and severally covenant and agree to pay in full when due any and all transfer taxes and assessments resulting from the transfer of the LP Interest from the Assignor to the Assignee imposed by the State of California and/or any county and/or local jurisdiction thereof (but excluding any state income tax attributable to the sale of the LP Interest by Assignor) (the "Transfer Taxes"), and timely complete and file all documents required by any taxing authorities in connection with the transfer of the LP Interest and payment of such Transfer Taxes. The Partnership, the General Partner and the Assignee hereby covenant and agree to indemnify and hold the Assignor harmless from any loss or damage sustained by the Assignor as a result of the breach of any of the covenants in this Section 3, and acknowledge that losses and damages shall include any and all attorneys' fees and expenses incurred by the Assignor in enforcing its rights and remedies hereunder. The provisions of this Section 3 shall be binding upon the successor and assigns of the Partnership, the General Partner and the Assignee and shall survive the Effective Date.

4. The General Partner, on behalf of itself, the Partnership and its affiliates, hereby (i) acknowledges and consents to the assignment of the LP Interest and assumption by the Assignee of the Obligations pursuant to this Amendment, (ii) releases, remises and forever discharges the Assignor from all of the Obligations and from any and all other liabilities, claims, actions, or cause of actions, known or unknown, asserted or unasserted, which they or the Partnership may have relating to or growing out of any action or inaction taken or not taken in connection with the LP Interest and/or this Amendment and the transaction described herein, (iii) covenants and agrees that the General Partner and the Partnership shall indemnify the Assignor and its members, managers, partners and agents and hold the Assignor and its members, managers, partners and agents harmless from and against any loss, liability, damage, cost or expense incurred by reason of any demands, claims, suits, actions or proceeding arising out of the General Partner's breach of any representation, warranty, covenant, or agreement in this Amendment, or pursuant to Section 7.3 of the Agreement, any of the Project agreements, Regulatory Agreements and any loan documents executed by Partnership in favor of any lender or any other documents relating to the

Project; and (iv) represents and warrants that it has obtained any and all necessary third party consents or approvals to the assignment and assumption of the LP Interest described herein and has paid any and all fees and expenses assessed by such consenting parties on or prior to the Effective Date. By the execution of this Amendment, the Partnership and the General Partner hereby acknowledge and agree that the Assignor has fully and completely satisfied all of its obligations (financial or otherwise) under the Agreement. The General Partner covenants and agrees, at its expense, to deliver to the Assignor (i) on or before October 15, 2016, a final 2016 short year return and Schedule K-1, and an unaudited balance sheet, statement of income, partners' equity and cash flow and an unaudited adjusted trial balance for the period of January 1, 2016 through the Effective Date, and (ii) on or before February 28, 2017, a 2016 audited balance sheet, statements of income, partners' equity and cash flows and an unaudited adjusted trial balance for such year. The provisions of this Section 4 shall survive the Effective Date. The Assignor hereby (a) releases, remises and forever discharges the General Partner and Assignee from all of the Obligations and from any and all other liabilities, claims, actions, or cause of actions, known or unknown, asserted or unasserted, which it may have relating to or growing out of any action or inaction taken or not taken by Assignor in connection with the LP Interest and/or this Amendment and the transaction described herein, and (b) covenants and agrees that the Limited Partner shall indemnify the Partnership, General Partner and Assignee and their members, managers, partners and agents and hold the Partnership, General Partner and Assignee and their members, managers, partners and agents harmless from and against any loss, liability, damage, cost or expense incurred by reason of any demands, claims, suits, actions or proceeding arising out of the wrongful action or inaction taken or not taken by Assignor in connection with the LP Interest prior to the Effective Date; provided, however, that there is excepted from the foregoing release in clause (a) above and hereby expressly reserved to the Assignor, all claims, demands, obligations, liabilities, fees, losses and expenses, of every type, kind, nature, description or character incurred by the Assignor and arising out of or resulting from (i) fraud or embezzlement by the General Partner, the Assignee or any of their Affiliates, (ii) any event that results in any loss to the Assignor of its Tax Benefits, and (iii) any breach by the Partnership, the General Partner or the Assignee of their obligations under this Amendment or Section 7.3 of the Agreement. The General Partner acknowledges and agrees that the Assignor's release of the General Partner is expressly conditioned upon the continued agreement of the General Partner, the Assignee and their Affiliates to forbear from taking any tax position relating to the Partnership or the Project that is inconsistent with the Tax Benefits previously received by the Assignor. The foregoing release shall not affect any claim made by Assignor as a result of a breach by the General Partner or Assignee of their obligations under this Amendment

5. By its execution hereof, the Assignee hereby agrees to become a substituted Limited Partner of the Partnership and, subject to the foregoing provisions of this Amendment, agrees to be bound (to the same extent as the Assignor was bound) by the Agreement and the provisions therein as they relate to the Assignor or the LP Interest.

6. The Assignee is hereby admitted as a substituted Limited Partner with respect to the LP Interest for all purposes of the Agreement and the Assignor hereby withdraws as a Limited Partner of the Partnership.

7. The parties hereto hereby confirm the continuing validity and enforceability of the Agreement, acknowledging that the Assignee shall succeed to all rights and obligations of the Assignor thereunder as of the Effective Date. This provision shall be construed to amend the

Agreement to the extent necessary to reflect the assignment of the LP Interest to the Assignee and to give effect to the other provisions of this Amendment.

8. Notwithstanding any provisions to the contrary in the Agreement and after consultation with its counsel, the General Partner hereby consents to the transfer and assignment of the LP Interest to the Assignee and the substitution of the Assignee as a substituted Limited Partner with respect to the LP Interest pursuant to this Amendment without any conditions or requirements other than with respect to the representations, warranties, covenants and undertakings of the parties expressly set forth in this Amendment, including, without limitation, the Assignee's (i) assumption of, and agreement to pay, the Obligations, and (ii) agreement to be bound by the terms of the Agreement.

9. The parties hereto hereby agree to reasonably cooperate in good-faith to effect any further amendments to the Agreement and to take such other steps as may be necessary or appropriate in order to more fully reflect and further evidence the assignment of the LP Interest and the other transactions effected hereby.

10. All notices hereunder shall be in writing and delivered by overnight mail to the parties at their respective addresses indicated below (or at such other address as any such party shall specify by written notice to each other party):

(a) if to the Assignor and/or BFIM: c/o Boston Financial Investment Management, LP, 101 Arch Street, 13th Floor, Boston, Massachusetts 02110, Attention: General Counsel; and

(b) if to the Partnership, the General Partner and/or the Assignee: c/o Upland Community Housing, Inc., 260 North Third Avenue, Upland, California 91786 Attention: Richard G. Anderson, Chairman.

with a copy to: Hobson Bernardino + Davis LLP, Ernst & Young Plaza, 725 S. Figueroa Street, Suite 3230, Los Angeles, California 90017, Attention: Jason A. Hobson, Esq.

11. The General Partner and/or any Affiliate of the General Partner (collectively, the "**Sponsor**") jointly and severally covenant and agree that after the expiration of the Compliance Period and prior to the resyndication of the tax credit equity interest in a successor owner of the Property formed by the Sponsor, Sponsor shall request a final offer of equity commitment terms from Boston Financial Investment Management, LP or its affiliates ("**BFIM**"), and if BFIM's terms are equal or better with respect to price per credit, pay-in schedule of capital contributions, required reserves and guaranties and such other terms any other equity commitment terms Sponsor has been able to obtain from other tax credit equity syndicators and direct investors and provided to BFIM for its review (to the extent permitted to be shared with BFIM), then Sponsor shall execute BFIM's standard equity commitment letter that provides that BFIM will resyndicate the tax credit equity interest in the successor owner of the Property upon the terms described in BFIM's final offer. BFIM shall be deemed a third party beneficiary of this paragraph. This paragraph shall survive the Effective Date.

12. This Amendment may be executed in several counterparts and all counterparts so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties have not signed the original or the same counterpart.

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be executed and delivered as a sealed instrument as of the Effective Date.

ASSIGNOR:

EC HOUSING PARTNERS X LLC
By: EC Housing Investments, its Manager

By: _____
Michael H. Gladstone
Authorized Agent

ASSIGNEE:

NOLAND F. KING

By: _____
Nolan F. King

GENERAL PARTNER:

UPLAND COMMUNITY HOUSING, INC.

By: _____
Richard G. Anderson
Chairman

Upland Community Housing, Inc.
260 North Third Avenue
Upland, California 91786
(909) 981-7160

May 4, 2016

Mr. Rod B. Butler
City Manager/Executive Director
City of Upland/Upland Successor Housing Agency
460 North Euclid Avenue
P. O. Box 460
Upland, California 91786-0460

Re: Request for Release of Funding From Altus Escrow Account No. 102196-NS for the Coy D. Estes Senior Housing Project

Dear Mr. Butler:

The purpose of this letter is to request your authorization to release \$358,680 from Altus Escrow Account No. 102196-NS ("Altus Escrow Account"), to assist in buying-out the tax equity investor's limited partnership position with respect to the Coy D. Estes I Senior Housing Project ("CDE1").

Background

The Upland Successor Housing Agency ("SHA") and Upland Community Housing, Inc. ("UCHI") previously entered into Loan Escrow Instructions wherein \$1,266,280 of loan proceeds were placed on deposit in the Altus Escrow Account for the purpose of assisting in financing Coy D. Estes II Senior Housing Project's ("CDE2") development costs. The original loan agreement, by and between the Upland Community Redevelopment Agency and UCHI, was entered into on June 28, 2004 and has been amended three times (i.e., on February 14, 2005, November 13, 2006 and October 27, 2008). Pursuant to the amended loan agreement, a total of \$2,950,000 was made available to UCHI to assist in developing the CDE2. The loan is evidenced by a Promissory Note, secured by a Deed of Trust and will be repaid with CDE2's residual receipts. The current balance in the Altus Escrow Account is \$739,439.

In addition, the CDE2 project will be primarily funded with a combination of tax credit equity and private loan debt. In order to ensure adequate funding for the CDE2 project it is both prudent and necessary to include the refinancing of the debt and equity related to CDE1 within a new combined debt and equity package needed for both CDE1 and CDE2. The new financing structure will also include the assignment of the existing SHA loans to the new limited partnership that will own both CDE1 and CDE2. One of the initial steps in the process involves buying-out the limited partner's equity position in CDE1.

The original equity provider for CDE1 was Edison Financial. For over two years, concerted efforts were made to negotiate buying-out Edison Financial's equity position in CDE1. Unfortunately, it was not possible to reach an agreement with Edison Financial. However, recently Edison Financial sold its equity position in CDE1 to Boston Financial. (We suspect this was the reason we could not

consummate an agreement with Edison Financial. It is important to state that Boston Financial will be considered as the tax credit equity provider for the new combined debt and equity package needed for both CDE1 and CDE2. In consideration of this and for other business reasons, Boston Financial is motivated to be responsive.

After several months of negotiations, a tentative agreement has been reached with Boston Financial wherein its limited partnership position in CDE1 may now be acquired for \$1,850,000. This amount was based on an appraisal of CDE1's "as-is leasehold value" of \$5,150,000 (date of value: April 9, 2014), as determined by Pacific Real Estate Appraisal. The value of the Limit Partner's equity was reduced to the ultimate buy-out price of \$1,850,000 subject to that amount being paid within sixty days. This approach allows Boston Financial to avoid a potentially long waiting period for the final installment payment from the proceeds from the new replacement tax credit equity (the funding source, per the development profoma) and to avoid any development related uncertainties. In other words, Boston Financial is willing to accept less if paid sooner.

The foregoing requests a substantial financial benefit to the entire project, not only to make financing for the new project highly desirable to prospective lenders but also enhances the financial structure of our existing facility.

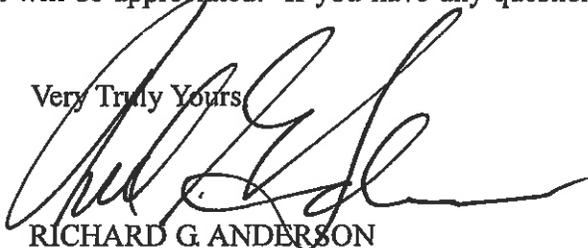
The payment to Boston Financial will come from two sources. The first, in the amount of \$1,481,320, will come from a special reserve that has been set aside from CDE1's cash-flow for the express purpose of buying-out the limited partner's equity position. The second, in the amount of \$368,680, is proposed to come from the Altus Escrow Account. Since the amount requested from the Altus Escrow Account is budgeted to be paid from the final installment from the proceeds from the new replacement tax credit equity, the current funding requested from the Altus Escrow Account will be fully offset within the budget enabling the funding to accrue to the benefit of CDE2.

Current Request

Based on the above, UCHI is requesting your approval of a \$368,680 draw from the Altus Escrow Account for the purpose of buying-out Boston Financial's limited partnership position with respect to CDE1.

Your favorable consideration of this request will be appreciated. If you have any questions, please contact me at (909) 949-2226.

Very Truly Yours



RICHARD G. ANDERSON
Chairman

RGa:jmr

cc: UCHI Board of Directors
Jeff Zwack, Development Services Director
Liz Chavez, Development Services Manager

M E M O R A N D U M

TO: Finance and Economic Development Committee Members
 FROM: Jeff Zwack, Development Services Director
 DATE: June 16, 2016
 RE: Coy D. Estes II Grant and Loan History

Agency's Action	Date	UCHI's Budget	Agency's Commitment	Funding Source
DDA Approved	6/28/04	\$11.7 million	\$412,150 for acquisition costs	LMI Housing Grant
First Amendment	2/14/05	\$11.7 million	\$412,150 for predevelopment expenses instead of acquisition costs	LMI Housing Grant
Loan Agreement	12/10/07	\$15.8 million	Requested a permanent loan of \$1.7 million ² (See attachment for expenditures of this loan)	LMI Housing fund (Repayment from UCHI)
Loan Agreement Amendment NO.1	10/21/08	\$15.8 million	Requested additional funding of \$1,250,000 due to the reduction of tax credits. ³	LMI Housing fund
Total = \$412,150 + \$1,700,000+\$1,250,000 = \$3,362,150				

¹ In 2006, The San Francisco Courts decided that all state tax credit projects triggered prevailing wage. Funding from this Amendment was not utilized.

² The Project's financial structure fell short. In order to proceed, UCHI requested a \$1.7 million loan with the caveat that they would repay \$1.7 million back from the CEI loan back to the Agency. This was done.

³ UCHI has not utilized the \$1,250,000.



STAFF REPORT

ITEM NO. 4

DATE: JUNE 20, 2016
TO: FINANCE AND ECONOMIC DEVELOPMENT COMMITTEE
FROM: ROD B. BUTLER, CITY MANAGER
PREPARED BY: ROSEMARY HOERNING, PUBLIC WORKS DIRECTOR
SUBJECT: SCE STREET LIGHTING SYSTEM

RECOMMENDED ACTION

It is recommended that the Public Works Committee recommend that the City Council direct staff to pursue SCE Street Lighting purchase and LED Street Light Conversion.

GOAL STATEMENT

The proposed action supports the City's goal to prudently manage limited financial resources and service quality.

BACKGROUND

As a part of the Southern California Edison (SCE) General Rated Case Study, which included a review of Street Lighting service, SCE updated their policy and entered into discussion with local governments for the potential sale of LS-1 (SCE-owned) street lights. Any proposed sale must be done in accordance with California Public Utilities Code (CPUC) 851.

The Street Light sale process starts with requesting SCE perform a street lighting system valuation. To initiate this valuation, the City provided SCE with \$10,000. The valuation information helps cities determine whether it is financially viable for the city to proceed forward with the street lighting system acquisition. The \$10,000 is required to cover the SCE cost for performing the valuation work. As part of any street lighting acquisition effort, SCE evaluates what poles can be sold and transferred to the city and what is the asset value of the facilities that can be sold. In general, SCE identifies all wood poles with lights that provide third party service and/or other service obligations and underground conduits as facilities that cannot be included in the potential sale. These SCE facilities are excluded from any sale proposal. The SCE facilities available for purchase include the street light pole and wiring above the access cover hand hold located on the street light pole. Any damage to the conduits or interruption of power to the street light that occurs below the hand hole continues to be a maintenance responsibility of SCE. The purchase price does not include any conversion of facility identification, facility condition assessment, transfer of any asset management software, on-going maintenance, replacement of facilities, etc. These types of items will need to be incorporated into the City's cost of acquisition evaluation to determine the merits of pursuing the purchase and long term program costs to determine whether this service can be done more cost effectively.

The valuation was requested to understand whether acquiring and assuming the operations and replacement responsibly for the SCE owned street lighting system could result in a long-term cost savings to the overall City general operation expenditures and be worth further consideration.

ISSUES/ANALYSIS

The City pays SCE for the energy, the facility rental and replacement charges as a monthly cost per pole commonly referred to as the LS-1 rate schedule. The LS-1 rate schedule is assessed for the street lighting system that is owned by SCE. The LS-2 rate is charged for those lights that are not SCE owned and operated and un-metered and the LS-3 rate is charged for those lights that are not owned by SCE and electrical service is metered.

There is a limited period for the City to determine whether to pursue acquisition of the SCE owned street lighting system. In order to take advantage of this SCE street lighting sale opportunity, the City would need to enter into a sales agreement with SCE before August 15, 2016.

It is recommended if the City elects to purchase the SCE street lighting system that the City undertake the capital cost to retrofit the lighting to LED. Converting the Street Lights to LED Technology provide the following benefits:

- LED lighting system comes with a 10-year manufacturer's warranty for parts, and a one-year labor installation warranty
- Reduced maintenance due the better technology (~75% less cost than HPS lighting)
- Improved lighting quality
- Reduced greenhouse gas emissions (~577,000 pounds CO2 reduction)
- Lower Tariffs (Reduced Energy Consumption, ~1.1M kWh saved)
- Tangible Return on Investment

FISCAL IMPACTS

The City's FY2014-15 annual general fund electrical operations and service cost for the street lighting system was approximately \$811,000.

The cost difference between the LS-1(SCE Owned) and the LS-2B (City owned) is \$6.34 per month per street light pole.

In order to proceed it is recommended we engage Southern/Muni-Fed to conduct the following;

1. A virtual audit of the City's LS-1, LS-2 and LS-3 inventory, identifying / creating the project foundation. The City will then know where all streetlights exist, supporting the true-up of the City's actual inventory with SCE's records. The cost for this task is \$18,000.
2. Based on the audit, create a detailed financial pro forma of the City's LS-1, LS-2 and LS-3 inventory base, applying actual SCE tariff rate tables to calculate the bottom line cash benefit to the City over 30 years. This task also includes assistance with review, modifications and negotiations of SCE's Purchase & Sale agreement and monitoring CPUC regulatory processes. The cost for this task is \$7,000.

Financial Summary:

1. Pole Purchase Price = \$ 2,223,710 (Includes \$58,040 for financing)
2. LED Conversion Price = \$ 1,600,867
3. Total City Investment = \$ 3,824,578

The following summarizes the cash saving accruing to the City for two options:

Option "A": Pay Cash SCE Street Light Purchase & Finance LED Conversion

- 15 year savings = \$ 4,346,860
- 30 year savings = \$17,165,937

(Cumulative saving after reserves and debit)

- ROI = 10.02 years

Option "B": Finance both the SCE Street Light Purchase & LED Conversion

- 15 year savings = \$ 1,418,376
- 30 year savings = \$14,028,275

(Cumulative Savings after reserves and financing)

- ROI = 10.09 years
- All expenses rolled into financing - No out of pocket

The City can contract out on-going operations and maintenance for the new LED technology system for a projected \$1.35 per pole per month and incorporated in the analysis. This projected maintenance fee covers the cost of routine maintenance, and an allowance reserve for replacing streetlight poles that may be damaged or "knocked down" as a result of vehicular collisions. The City will assume the financial responsibility for replacing knocked down streetlight poles, utilizing the services of the O&M Contractor to repair or replace the streetlight pole in a timely manner. The analysis also includes a re-lamp reserve to allow for sufficient funds to be accrued to replace the lamps at the end of their service life.

Southern Contracting Company, who is the preferred vendor for Western Riverside Council of Governments on their Street Lighting Acquisition and Conversion Program, and its key subcontractor, Muni-Fed Energy, will present a review of the analytical financial analysis associated with the spread sheet analysis for the two model runs.

In addition to the presented financial consideration associated with the purchase, conversion to LED and the management of the street lighting system, the street lighting grid and features provide the potential for additional future community benefits, such as revenue generating opportunities through smart Jurisdiction applications.

Government Code Section 4217 authorize local governments to enter into energy contracts on terms that are found to be “in the best interests” of the agency, “notwithstanding any other provisions of law.” In essence, this law allows a city to single-source an energy contract so long as the anticipated cost for the energy project or efficiency services are less than the anticipated energy cost savings to be derived from those services.

ALTERNATIVES

Provide alternative direction to staff.

ATTACHMENTS:

[Option A - Cash Purchase & Financed LED Conversion](#)

[Option B - Financed Purchase & LED Conversion](#)

[Supplemental Information - Benefits](#)

[SCE - Cost Analysis LS-1 to LS-2 Schedules](#)

[Southern Contracting/ Muni-Fed Proposal for Services](#)



Upland -OPTION 'A' CASH PURCHASE AND FINANCE STREET LIGHT CONVERSION

Base Assumptions

Streetlight Solutions Cash Flow Model				Eligible Poles	Pct. Total	SCE Adj.	Revised Count
Ownership Assumptions							
Current LS-1 Poles	Total Poles	Distribution Poles	Phantom Poles				
50w HPS	2644	0	0	2,644	53.8%	-176	2,468
70w HPS	399	0	0	399	8.1%	-26	373
100w HPS	1501	0	0	1,501	30.5%	-99	1,402
150w HPS	369	0	0	369	7.5%	-24	345
200w HPS	4	0	0	4	0.1%	0	4
250w HPS	0	0	0	0	0.0%	0	0
310w HPS	0	0	0	0	0.0%	0	0
400w HPS	0	0	0	0	0.0%	0	0
35W LPS	0	0	0	0	0.0%	0	0
55W LPS	0	0	0	0	0.0%	0	0
90W LPS	0	0	0	0	0.0%	0	0
135W LPS	0	0	0	0	0.0%	0	0
180W LPS	0	0	0	0	0.0%	0	0
175W MV	0	0	0	0	0.0%	0	0
400W MV	0	0	0	0	0.0%	0	0
100W MH	0	0	0	0	0.0%	0	0
175W MH	0	0	0	0	0.0%	0	0
250W MH	0	0	0	0	0.0%	0	0
Original Estimated Number of Poles	4,917	0	0	4,917	100.0%	-325	4,592
SCE Estimated Number of Poles	4,592						

Base Pole Purchase Cost	\$1,706,865
Purchase Cost LS-1's/pole per SCE	\$371.70

Denotes Input Field

SCE added "Below the Line" Pole Purchase Costs	
Ad Hoc Replacements (i.e. Knockdowns - no dev contribution)	\$194,653
Additional Asset Components (i.e. 2nd lamp on poles)	\$126,185
Tax/Other Adjustment	\$0
SCE Transition Cost/pole	\$30.00
Total added "Below the Line" Costs	\$458,598

TOTAL SCE VALUATION PRICE	\$2,165,463
Total SCE Cost/Pole	\$471.57

Finance Costs		
Financial Consulting	0.75%	\$11,778
Lender Fee	\$10,000	\$10,000
Bond Insurance	0.00%	\$0
Underwriter Fee	0.00%	\$0
Fixed Issuance Costs	0.00%	\$0
Legal	\$50,000	\$10,000
Sub Total (Financing Costs)	0.84%	\$31,778
Acquisition Cost before Debt Reserve		\$2,197,241
Debt Service Reserve (Refunded at end of term)		
Total acquisition Cost before financing		\$2,197,241
Total Acquisition Cost/Pole		\$0.00
Amount of Acquisition Costs Financed		\$0

LED Conversion		
Gross LED Retrofit cost before rebates		\$1,570,356
Net Incremental Cost w/ LED (less rebate)	71.47%	\$1,570,356
Amount Financed - LED Retrofit Cost		\$1,570,356
Total Cost w/ LED (less rebate)		\$3,767,597

Initial Net Savings/ lamp	\$6.83
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Simple Payback Period (Yrs) Ownership + LED conversion	10.02
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Cash Savings first 15 Years before Reserves	\$5,527,379
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Net Cash Savings after Reserves	\$4,346,860
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O&M & Finance Assumptions		
O&M for HPS/LPS (includes knockdowns)	\$5.16	per pole/mo
Knockdowns / year	9	per year
Knockdown Rate	0.20%	
Knockdown Recovery Factor	65.00%	
Program Management Fee		per pole/mo
Total Costs (HPS/LPS)	\$5.16	per pole/mo
O&M for LED (includes knockdowns)	\$1.42	per pole/mo
Total Costs (LED)	\$1.42	per pole/mo

SCE tariff inflation rate	4.00%	per annum
O&M and Replacement inflation	3.00%	per annum
Program Management Inflation	3.00%	per annum

Acquisition Financing Assumptions	
Acquisition Amount Financed	0.00%
Finance Rate (Subject to change based on timing)	4.6500%
Finance Term (yrs) (min 24 yr asset life)	15

LED Retrofit Financing Assumptions	
Amount Financed	100.00%
Rate	4.65%
Term (yrs)	15

SCE / City Partnership Incentive Rebates		
SCE Basic Incentive	NONE	Incentive
SCE Partner Incentive	\$0.000	\$0
Total SCE Incentive	\$0.000	\$0

LED Replacement Sinking Fund Reserve Rate (5 Year T-Bill)	1.3000%
LED Reserve Funding Period (in years)	10

Poles converted/mo	Months to convert	Year 1 LED Reserves
1,148	4	\$0

Energy LED Savings Assumptions	
Acquired LS-1 Poles	
New LED Cobrahead Costs	
LED Total Product Cost	\$1,187,054.16
LED Product Cost/ per lamp	\$258.50
LED Soft/Labor Cost	\$383,302.18
LED Soft Cost / Labor Rate/ per lamp	\$83.47
Total LED Retrofit Cost	\$1,570,356.34
LED Total Cost/ per lamp	\$341.98

HPS / LPS to LED Conversion Table		
	Efficiency Improvement	
	Old	New
50W HPS	50	20
70W HPS / 35W LPS	70	20
100W HPS / 55W LPS / 100MH	100	20
150W HPS / 135W / 90W LPS	150	80
200W HPS / 175W MV / 175W MH	200	80
250W HPS / 180W LPS	250	110
310W HPS	310	110
400W HPS / 400W MV / 400W MH	400	140

SCE Tariff Schedules		As of 2/23/15
Existing LS-1 Tariff		
50w HPS	\$10.47	53.77%
70w HPS	\$11.11	8.11%
100w HPS	\$12.05	30.53%
150w HPS	\$14.65	7.50%
200w HPS	\$16.55	0.08%
250w HPS	\$18.26	0.00%
310w HPS	\$20.39	0.00%
400w HPS	\$23.09	0.00%
35W LPS	\$13.13	0.00%
55W LPS	\$13.71	0.00%
90W LPS	\$15.54	0.00%
135W LPS	\$16.83	0.00%
180W LPS	\$18.69	0.00%
175W MV	\$14.78	0.00%
400W MV	\$22.86	0.00%
100W MH	\$13.13	0.00%
175W MH	\$15.95	0.00%
250W MH	\$18.33	0.00%
Existing Blended LS-1 Tariff	\$11.32	100.00%
New LS-2A tariff		
50w HPS	\$2.42	0.00%
70w HPS	\$3.12	0.00%
100w HPS	\$4.06	0.00%
150w HPS	\$6.16	0.00%
200w HPS	\$7.62	0.00%
250w HPS	\$9.47	0.00%
310w HPS	\$11.41	0.00%
400w HPS	\$14.23	0.00%
35W LPS	\$2.56	0.00%
55W LPS	\$3.14	0.00%
90W LPS	\$4.44	0.00%
135W LPS	\$5.85	0.00%
180W LPS	\$7.15	0.00%
175W MV	\$6.79	0.00%
400W MV	\$13.93	0.00%
100W MH	\$4.36	0.00%
175W MH	\$6.77	0.00%
250W MH	\$8.98	0.00%
New Average LS-2A Tariff	\$0.00	0.00%
New LS-2B HPS Tariff		
50w HPS	\$4.07	53.77%
70w HPS	\$4.77	8.11%
100w HPS	\$5.71	30.53%
150w HPS	\$7.81	7.50%
200w HPS	\$9.27	0.08%
250w HPS	\$11.12	0.00%
310w HPS	\$13.06	0.00%
400w HPS	\$15.88	0.00%
35W LPS	\$4.21	0.00%
55W LPS	\$4.79	0.00%
90W LPS	\$6.09	0.00%
135W LPS	\$7.50	0.00%
180W LPS	\$8.80	0.00%
175W MV	\$8.44	0.00%
400W MV	\$15.58	0.00%
100W MH	\$6.01	0.00%
175W MH	\$8.42	0.00%
250W MH	\$10.63	0.00%
New Average LS-2B tariff	\$4.91	100.00%
LS-2A tariff	0.0%	
LS-2B tariff	100.0%	
Blended LS-2A / LS-2B Tariff	\$4.91	
Tariff Savings due to Ownership	\$6.41	

New LS-2a LED Tariff		LED Wattage	LED Tariff	
50W HPS / 35W LPS	20	\$1.30		0.0%
70W HPS	20	\$1.30		0.0%
100W HPS / 55W LPS / 100W MV / 100W MH	20	\$1.30		0.0%
150W HPS / 135W LPS / 90W LPS	80	\$2.96		0.0%
200W HPS / 175W MV / 175W MH	80	\$2.96		0.0%
250W HPS / 180W LPS / 250W MH	110	\$3.79		0.0%
310W HPS	110	\$3.79		0.0%
400W HPS / 400W MV	140	\$4.62		0.0%
New Blended LS-2B LED Tariff		\$0.00		0.0%
New LS-2B LED Tariff				
50W HPS / 35W LPS	20	\$2.95		53.8%
70W HPS	20	\$2.95		8.1%
100W HPS / 55W LPS / 100W MV / 100W MH	20	\$2.95		30.5%
150W HPS / 135W / 90W LPS	80	\$4.61		7.5%
200W HPS / 175W MV / 175W MH	80	\$4.61		0.1%
250W HPS / 180W LPS / 250W MH	110	\$5.44		0.0%
310W HPS	110	\$5.44		0.0%
400W HPS / 400W MV	140	\$6.27		0.0%
New Blended LS-2B tariff		\$3.08		100.0%
LS-2A tariff		0.0%		
LS-2B Tariff		100.0%		
Blended LS-2A / LS-2B / LS-3		\$3.08		
HPS to LED Additional Savings		\$1.83		per pole/mo



Upland -OPTION 'A' CASH PURCHASE AND FINANCE STREET LIGHT CONVERSION

First Year Cash Flow

	Year 1 Totals	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Flow due to Ownership Change Only													
HPS LS-1 tariff pre-transfer (includes energy)		\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32
HPS LS-2 tariff amount (2a+2b) (includes energy)		\$4.91											
Number of lamps transferred to LS-2		1,148	2,296	3,444	4,592	4,592	4,592	4,592	4,592	4,592	4,592	4,592	4,592
Remaining LS-1 Lamps		3444	2296	1148	0								
LS-1 Tariff - Pre-Transfer	\$623,919	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993
LS-2 tariff on transferred HPS/LPS lamps	\$236,840	\$5,639	\$11,278	\$16,917	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556
LS-1 tariff on lamps yet to be transferred	\$77,990	\$38,995	\$25,997	\$12,998	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Monthly Tariff Charge	\$314,830	\$44,634	\$37,275	\$29,915	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556
Gross Tariff Savings Tariff from ownership change	\$309,089	\$7,359	\$14,719	\$22,078	\$29,437								
Less O&M for HPS Lamps	\$248,865	\$5,925	\$11,851	\$17,776	\$23,701	\$23,701	\$23,701	\$23,701	\$23,701	\$23,701	\$23,701	\$23,701	\$23,701
Net Savings from ownership change - before financing	\$60,225	\$1,434	\$2,868	\$4,302	\$5,736								
Cum savings from transfer only pre- financing		\$1,434	\$4,302	\$8,604	\$14,339	\$20,075	\$25,811	\$31,546	\$37,282	\$43,018	\$48,753	\$54,489	\$60,225
Less finance cost for pole purchase	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Savings from ownership change - after financing	\$60,225	\$1,434	\$2,868	\$4,302	\$5,736								
Cum savings from transfer only post- financing		\$1,434	\$4,302	\$8,604	\$14,339	\$20,075	\$25,811	\$31,546	\$37,282	\$43,018	\$48,753	\$54,489	\$60,225
Cash Flow with LED Conversion													
Number of LS-1 lamps yet to be transferred		3,444	2,296	1,148	-	-	-	-	-	-	-	-	-
Number of lamps transferred to LS-2		1,148	2,296	3,444	4,592	4,592	4,592	4,592	4,592	4,592	4,592	4,592	4,592
Number of lamps converted to LED		1,148	2,296	3,444	4,592	4,592	4,592	4,592	4,592	4,592	4,592	4,592	4,592
Number of lamps transferred to LS-2 but not yet converted to LED		-	-	-	-	-	-	-	-	-	-	-	-
Tariff LS-1 lamps yet to be transferred	\$77,990	\$38,995	\$25,997	\$12,998	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tariff on lamps transferred to LS-2 but not yet converted to LED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tariff on lamps converted to LED	\$148,487	\$3,535	\$7,071	\$10,606	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142
New Monthly Tariff after LED conversion	\$226,477	\$42,530	\$33,067	\$23,605	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142
Savings from LED conversion	\$88,354	\$2,104	\$4,207	\$6,311	\$8,415								
Add SCE Partnership Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Savings (LS-2 tariff savings + LED Savings + SCE Incentive)	\$397,443	\$9,463	\$18,926	\$28,389	\$37,852								
Cumulative gross savings		\$9,463	\$28,389	\$56,778	\$94,629	\$132,481	\$170,333	\$208,184	\$246,036	\$283,888	\$321,740	\$359,591	\$397,443
Program Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M for LED lamps	\$68,332	\$1,627	\$3,254	\$4,881	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508
Less total operations & maintenance fees	\$68,332	\$1,627	\$3,254	\$4,881	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508
Savings with LED conversion before financing	\$329,111	\$7,836	\$15,672	\$23,508	\$31,344								
Cum savings with LED conversion before financing & reserves		\$7,836	\$23,508	\$47,016	\$78,360	\$109,704	\$141,048	\$172,391	\$203,735	\$235,079	\$266,423	\$297,767	\$329,111
Less finance cost for pole purchase	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less LED conversion cost/debt service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Savings with LED conversion after financing	\$329,111	\$7,836	\$15,672	\$23,508	\$31,344								
Cumulative Savings after financing		\$7,836	\$23,508	\$47,016	\$78,360	\$109,704	\$141,048	\$172,391	\$203,735	\$235,079	\$266,423	\$297,767	\$329,111
Less LED relamp reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reserve Account Income (5-year T-Bill Rate)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative LED reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Savings after Reserves	\$329,111	\$7,836	\$15,672	\$23,508	\$31,344								
Cumulative Savings after Reserves		\$7,836	\$23,508	\$47,016	\$78,360	\$109,704	\$141,048	\$172,391	\$203,735	\$235,079	\$266,423	\$297,767	\$329,111



Upland -OPTION 'A' CASH PURCHASE AND FINANCE STREET LIGHT CONVERSION

Thirty Year Cash Flow

Streetlight Solutions Cash Flow Model	15 Year	20 Year	30 Year	Year														
Cash Flow due to Ownership Change Only	Totals	Totals	Totals	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
LS-1 Tariff - Pre-Transfer	\$12,493,106	\$18,579,123	\$34,992,485	\$623,919	\$648,876	\$674,831	\$701,825	\$729,898	\$759,093	\$789,457	\$821,035	\$853,877	\$888,032	\$923,553	\$960,495	\$998,915	\$1,038,872	\$1,080,427
New Monthly Tariff Charge	\$5,464,029	\$8,104,320	\$15,224,914	\$314,830	\$281,501	\$292,761	\$304,472	\$316,651	\$329,317	\$342,490	\$356,189	\$370,437	\$385,254	\$400,664	\$416,691	\$433,358	\$450,693	\$468,721
Gross Tariff Savings Tariff from ownership change	\$7,029,077	\$10,474,803	\$19,767,570	\$309,089	\$367,375	\$382,070	\$397,353	\$413,247	\$429,777	\$446,968	\$464,846	\$483,440	\$502,778	\$522,889	\$543,805	\$565,557	\$588,179	\$611,706
Less O&M for HPS Lamps	\$5,254,294	\$7,606,837	\$13,495,701	\$248,865	\$292,949	\$301,738	\$310,790	\$320,114	\$329,717	\$339,609	\$349,797	\$360,291	\$371,100	\$382,233	\$393,700	\$405,511	\$417,676	\$430,206
Net Savings from ownership change - before financing	\$1,774,784	\$2,867,966	\$6,271,869	\$60,225	\$74,425	\$80,332	\$86,563	\$93,133	\$100,059	\$107,359	\$115,049	\$123,149	\$131,678	\$140,656	\$150,105	\$160,046	\$170,503	\$181,500
<i>Cum savings from transfer only pre- financing</i>				\$60,225	\$134,650	\$214,982	\$301,545	\$394,677	\$494,737	\$602,096	\$717,145	\$840,295	\$971,973	\$1,112,629	\$1,262,734	\$1,422,781	\$1,593,284	\$1,774,784
Less finance cost for pole purchase	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Savings from ownership change - after financing	\$1,774,784	\$2,867,966	\$3,068,056	\$60,225	\$74,425	\$80,332	\$86,563	\$93,133	\$100,059	\$107,359	\$115,049	\$123,149	\$131,678	\$140,656	\$150,105	\$160,046	\$170,503	\$181,500
<i>Cum savings from transfer only post- financing</i>				\$0	\$74,425	\$154,757	\$241,320	\$334,453	\$434,512	\$541,871	\$656,921	\$780,070	\$911,748	\$1,052,405	\$1,202,510	\$1,362,556	\$1,533,059	\$1,714,559
Cash Flow with LED Conversion																		
New Monthly Tariff Charge	\$5,464,029	\$8,104,320	\$15,224,914	\$314,830	\$281,501	\$292,761	\$304,472	\$316,651	\$329,317	\$342,490	\$356,189	\$370,437	\$385,254	\$400,664	\$416,691	\$433,358	\$450,693	\$468,721
New Monthly Tariff after LED conversion	\$3,454,759	\$5,110,086	\$9,574,332	\$226,477	\$176,487	\$183,546	\$190,888	\$198,524	\$206,465	\$214,723	\$223,312	\$232,245	\$241,534	\$251,196	\$261,244	\$271,693	\$282,561	\$293,864
Savings from LED conversion	\$2,009,270	\$2,994,234	\$5,650,583	\$88,354	\$105,015	\$109,215	\$113,584	\$118,127	\$122,852	\$127,766	\$132,877	\$138,192	\$143,720	\$149,468	\$155,447	\$161,665	\$168,132	\$174,857
Add SCE Partnership Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Savings (LS-2 tariff savings + LED Savings + SCE Incentive)	\$9,038,347	\$13,469,037	\$25,418,153	\$397,443	\$472,389	\$491,285	\$510,936	\$531,374	\$552,629	\$574,734	\$597,723	\$621,632	\$646,497	\$672,357	\$699,252	\$727,222	\$756,311	\$786,563
<i>Cumulative Gross Savings</i>				\$397,443	\$869,832	\$1,361,117	\$1,872,054	\$2,403,427	\$2,956,056	\$3,530,790	\$4,128,513	\$4,750,145	\$5,396,643	\$6,069,000	\$6,768,252	\$7,495,474	\$8,251,784	\$9,038,347
Program Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M for LED lamps	\$1,442,696	\$2,088,645	\$3,705,577	\$68,332	\$80,436	\$82,850	\$85,335	\$87,895	\$90,532	\$93,248	\$96,045	\$98,927	\$101,895	\$104,951	\$108,100	\$111,343	\$114,683	\$118,124
Less total operations & maintenance fees	\$1,442,696	\$2,088,645	\$3,705,577	\$68,332	\$80,436	\$82,850	\$85,335	\$87,895	\$90,532	\$93,248	\$96,045	\$98,927	\$101,895	\$104,951	\$108,100	\$111,343	\$114,683	\$118,124
Savings with LED conversion before financing	\$7,595,651	\$11,380,393	\$21,712,576	\$329,111	\$391,953	\$408,435	\$425,601	\$443,479	\$462,097	\$481,486	\$501,678	\$522,705	\$544,603	\$567,406	\$591,152	\$615,879	\$641,627	\$668,439
<i>Cum savings with LED conversion before financing & reserves</i>				\$329,111	\$721,064	\$1,129,499	\$1,555,100	\$1,998,579	\$2,460,676	\$2,942,162	\$3,443,840	\$3,966,545	\$4,511,148	\$5,078,554	\$5,669,706	\$6,285,585	\$6,927,212	\$7,595,651
Less finance cost for pole purchase	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less LED conversion cost/debt service	\$2,068,272	\$2,216,006	\$2,216,006	\$0	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734
Savings with LED conversion after financing	\$5,527,379	\$9,164,387	\$19,496,570	\$329,111	\$244,219	\$260,702	\$277,868	\$295,745	\$314,363	\$333,752	\$353,944	\$374,972	\$396,869	\$419,672	\$443,418	\$468,145	\$493,894	\$520,706
<i>Cumulative Savings after financing</i>				\$329,111	\$573,330	\$834,032	\$1,111,899	\$1,407,644	\$1,722,007	\$2,055,759	\$2,409,704	\$2,784,675	\$3,181,544	\$3,601,217	\$4,044,635	\$4,512,780	\$5,006,673	\$5,527,379
Less LED relamp reserves	\$1,256,285	\$1,570,356	\$2,512,570	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$157,036	\$157,036	\$157,036	\$157,036	\$157,036	\$157,036	\$157,036	\$157,036
Reserve Account Income (5-year T-Bill Rate)	\$75,766	\$121,389	\$181,937	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,041	\$4,109	\$6,204	\$8,326	\$10,476	\$12,654	\$14,860	\$17,094
<i>Cumulative LED reserves</i>				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$159,077	\$320,222	\$483,462	\$648,824	\$816,336	\$986,026	\$1,157,921	\$1,332,051
Net Savings after Reserves	\$4,346,860	\$7,715,419	\$17,165,937	\$329,111	\$244,219	\$260,702	\$277,868	\$295,745	\$314,363	\$333,752	\$353,944	\$374,972	\$396,869	\$419,672	\$443,418	\$468,145	\$493,894	\$520,706
<i>Cumulative Savings after Reserves</i>				\$329,111	\$573,330	\$834,032	\$1,111,899	\$1,407,644	\$1,722,007	\$2,055,759	\$2,409,704	\$2,784,675	\$3,181,544	\$3,601,217	\$4,044,635	\$4,512,780	\$5,006,673	\$5,527,379

Payback Period (Yrs) with Ownership + LED conversion **10.02**

Year 16 Cumulative Lamp Reserves	
Year 16 Lamp Retrofit Cost	
Remaining reserves after Yr 16 retrofit	



Upland - OI
Thirty Year C

Streetlight Solutions Cash Flow Model	15 Year Totals	20 Year Totals	30 Year Totals	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Cash Flow due to Ownership Change Only																		
LS-1 Tariff - Pre-Transfer	\$12,493,106	\$18,579,123	\$34,992,485	\$1,123,644	\$1,168,589	\$1,215,333	\$1,263,946	\$1,314,504	\$1,367,084	\$1,421,768	\$1,478,638	\$1,537,784	\$1,599,295	\$1,663,267	\$1,729,798	\$1,798,990	\$1,870,949	\$1,945,787
New Monthly Tariff Charge	\$5,464,029	\$8,104,320	\$15,224,914	\$487,469	\$506,968	\$527,247	\$548,337	\$570,270	\$593,081	\$616,804	\$641,476	\$667,135	\$693,821	\$721,574	\$750,437	\$780,454	\$811,672	\$844,139
Gross Tariff Savings Tariff from ownership change	\$7,029,077	\$10,474,803	\$19,767,570	\$636,174	\$661,621	\$688,086	\$715,610	\$744,234	\$774,003	\$804,964	\$837,162	\$870,649	\$905,474	\$941,693	\$979,361	\$1,018,536	\$1,059,277	\$1,101,648
Less O&M for HPS Lamps	\$5,254,294	\$7,606,837	\$13,495,701	\$443,112	\$456,406	\$470,098	\$484,201	\$498,727	\$513,689	\$529,099	\$544,972	\$561,321	\$578,161	\$595,506	\$613,371	\$631,772	\$650,725	\$670,247
Net Savings from ownership change - before financing	\$1,774,784	\$2,867,966	\$6,271,869	\$193,062	\$205,216	\$217,988	\$231,409	\$245,507	\$260,315	\$275,864	\$292,190	\$309,327	\$327,313	\$346,188	\$365,990	\$386,763	\$408,552	\$431,401
Cum savings from transfer only pre- financing				\$1,967,846	\$2,173,061	\$2,391,050	\$2,622,459	\$2,867,966	\$3,128,281	\$3,404,145	\$3,696,335	\$4,005,662	\$4,332,975	\$4,679,163	\$5,045,153	\$5,431,916	\$5,840,468	\$6,271,869
Less finance cost for pole purchase	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Savings from ownership change - after financing	\$1,774,784	\$2,867,966	\$3,068,056	\$193,062	\$205,216	\$217,988	\$231,409	\$245,507	\$260,315	\$275,864	\$292,190	\$309,327	\$327,313	\$346,188	\$365,990	\$386,763	\$408,552	\$431,401
Cum savings from transfer only post- financing				\$1,907,621	\$2,112,837	\$2,330,825	\$2,562,234	\$2,807,741	\$3,068,056	\$3,343,920	\$3,636,110	\$3,945,437	\$4,272,751	\$4,618,938	\$4,984,928	\$5,371,692	\$5,780,244	\$6,211,645
Cash Flow with LED Conversion																		
New Monthly Tariff Charge	\$5,464,029	\$8,104,320	\$15,224,914	\$487,469	\$506,968	\$527,247	\$548,337	\$570,270	\$593,081	\$616,804	\$641,476	\$667,135	\$693,821	\$721,574	\$750,437	\$780,454	\$811,672	\$844,139
New Monthly Tariff after LED conversion	\$3,454,759	\$5,110,086	\$9,574,332	\$305,618	\$317,843	\$330,557	\$343,779	\$357,530	\$371,831	\$386,705	\$402,173	\$418,260	\$434,990	\$452,390	\$470,485	\$489,305	\$508,877	\$529,232
Savings from LED conversion	\$2,009,270	\$2,994,234	\$5,650,583	\$181,851	\$189,125	\$196,690	\$204,558	\$212,740	\$221,250	\$230,100	\$239,304	\$248,876	\$258,831	\$269,184	\$279,952	\$291,150	\$302,796	\$314,907
Add SCE Partnership Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Savings (LS-2 tariff savings + LED Savings + SCE Incentive)	\$9,038,347	\$13,469,037	\$25,418,153	\$818,026	\$850,747	\$884,776	\$920,167	\$956,974	\$995,253	\$1,035,063	\$1,076,466	\$1,119,524	\$1,164,305	\$1,210,878	\$1,259,313	\$1,309,685	\$1,362,073	\$1,416,556
Cumulative Gross Savings				\$9,856,373	\$10,707,119	\$11,591,896	\$12,512,063	\$13,469,037	\$14,464,290	\$15,499,354	\$16,575,819	\$17,695,344	\$18,859,649	\$20,070,527	\$21,329,840	\$22,639,525	\$24,001,597	\$25,418,153
Program Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M for LED lamps	\$1,442,696	\$2,088,645	\$3,705,577	\$121,667	\$125,317	\$129,077	\$132,949	\$136,938	\$141,046	\$145,277	\$149,636	\$154,125	\$158,748	\$163,511	\$168,416	\$173,469	\$178,673	\$184,033
Less total operations & maintenance fees	\$1,442,696	\$2,088,645	\$3,705,577	\$121,667	\$125,317	\$129,077	\$132,949	\$136,938	\$141,046	\$145,277	\$149,636	\$154,125	\$158,748	\$163,511	\$168,416	\$173,469	\$178,673	\$184,033
Savings with LED conversion before financing	\$7,595,651	\$11,380,393	\$21,712,576	\$696,358	\$725,429	\$755,699	\$787,218	\$820,036	\$854,207	\$889,786	\$926,830	\$965,400	\$1,005,557	\$1,047,367	\$1,090,897	\$1,136,217	\$1,183,400	\$1,232,523
Cum savings with LED conversion before financing & reserves				\$8,292,009	\$9,017,439	\$9,773,138	\$10,560,356	\$11,380,393	\$12,234,600	\$13,124,386	\$14,051,216	\$15,016,616	\$16,022,173	\$17,069,540	\$18,160,436	\$19,296,653	\$20,480,053	\$21,712,576
Less finance cost for pole purchase	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less LED conversion cost/debt service	\$2,068,272	\$2,216,006	\$2,216,006	\$147,734	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Savings with LED conversion after financing	\$5,527,379	\$9,164,387	\$19,496,570	\$548,624	\$725,429	\$755,699	\$787,218	\$820,036	\$854,207	\$889,786	\$926,830	\$965,400	\$1,005,557	\$1,047,367	\$1,090,897	\$1,136,217	\$1,183,400	\$1,232,523
Cumulative Savings after financing				\$6,076,003	\$6,801,433	\$7,557,132	\$8,344,350	\$9,164,387	\$10,018,594	\$10,908,380	\$11,835,210	\$12,800,610	\$13,806,167	\$14,853,534	\$15,944,430	\$17,080,647	\$18,264,047	\$19,496,570
Less LED relamp reserves	\$1,256,285	\$1,570,356	\$2,512,570	\$157,036	\$157,036	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$157,036	\$157,036	\$157,036	\$157,036	\$157,036	\$157,036
Reserve Account Income (5-year T-Bill Rate)	\$75,766	\$121,389	\$181,937	\$19,358	\$21,651	\$1,518	\$1,538	\$1,558	\$1,578	\$1,599	\$1,619	\$1,640	\$3,703	\$5,793	\$7,910	\$10,054	\$12,226	\$14,426
Cumulative LED reserves				\$1,508,445	\$1,687,132	\$118,293	\$119,831	\$121,389	\$122,967	\$124,566	\$126,185	\$127,825	\$288,564	\$451,393	\$616,338	\$783,427	\$952,689	\$1,124,151
Net Savings after Reserves	\$4,346,860	\$7,715,419	\$17,165,937	\$410,947	\$590,045	\$757,218	\$788,756	\$821,594	\$855,785	\$891,385	\$928,450	\$967,040	\$852,225	\$896,124	\$941,771	\$989,235	\$1,038,590	\$1,089,913
Cumulative Savings after Reserves				\$4,757,807	\$5,347,852	\$6,105,069	\$6,893,825	\$7,715,419	\$8,571,205	\$9,462,589	\$10,391,039	\$11,358,079	\$12,210,304	\$13,106,428	\$14,048,198	\$15,037,433	\$16,076,023	\$17,165,937
Payback Period (Yrs) with Ownership + LED conversion	10.02																	
Year 16 Cumulative Lamp Reserves				\$1,332,051														
Year 16 Lamp Retrofit Cost				\$1,570,356														
Remaining reserves after Yr 16 retrofit				-\$238,305														



Upland -OPTION 'B' FINANCE BOTH PURCHASE AND STREET LIGHT CONVERSION

Base Assumptions

Streetlight Solutions Cash Flow Model				Eligible Poles	Pct. Total	SCE Adj.	Revised Count
Ownership Assumptions							
Current LS-1 Poles	Total Poles	Distribution Poles	Phantom Poles				
50w HPS	2644	0	0	2,644	53.8%	-176	2,468
70w HPS	399	0	0	399	8.1%	-26	373
100w HPS	1501	0	0	1,501	30.5%	-99	1,402
150w HPS	369	0	0	369	7.5%	-24	345
200w HPS	4	0	0	4	0.1%	0	4
250w HPS	0	0	0	0	0.0%	0	0
310w HPS	0	0	0	0	0.0%	0	0
400w HPS	0	0	0	0	0.0%	0	0
35W LPS	0	0	0	0	0.0%	0	0
55W LPS	0	0	0	0	0.0%	0	0
90W LPS	0	0	0	0	0.0%	0	0
135W LPS	0	0	0	0	0.0%	0	0
180W LPS	0	0	0	0	0.0%	0	0
175W MV	0	0	0	0	0.0%	0	0
400W MV	0	0	0	0	0.0%	0	0
100W MH	0	0	0	0	0.0%	0	0
175W MH	0	0	0	0	0.0%	0	0
250W MH	0	0	0	0	0.0%	0	0
Original Estimated Number of Poles	4,917	0	0	4,917	100.0%	-325	4,592
SCE Estimated Number of Poles	4,592						

Base Pole Purchase Cost	\$1,706,865
Purchase Cost LS-1's/pole per SCE	\$371.70

Denotes Input Field

SCE added "Below the Line" Pole Purchase Costs	
Ad Hoc Replacements (i.e. Knockdowns - no dev contribution)	\$194,653
Additional Asset Components (i.e. 2nd lamp on poles)	\$126,185
Tax/Other Adjustment	\$0
SCE Transition Cost/pole	\$30.00
Total added "Below the Line" Costs	\$458,598

TOTAL SCE VALUATION PRICE	\$2,165,463
Total SCE Cost/Pole	\$471.57

Finance Costs		
Financial Consulting	0.75%	\$28,019
Lender Fee	\$20,000	\$20,000
Bond Insurance	0.00%	\$0
Underwriter Fee	0.00%	\$0
Fixed Issuance Costs	0.00%	\$0
Legal	\$10,000	\$10,000
Sub Total (Financing Costs)	1.53%	\$58,019
Acquisition Cost before Debt Reserve		\$2,223,482
Debt Service Reserve (Refunded at end of term)		
Total acquisition Cost before financing		\$2,223,482
Total Acquisition Cost/Pole		\$484.21
Amount of Acquisition Costs Financed		\$2,223,482

LED Conversion		
Gross LED Retrofit cost before rebates		\$1,570,356
Net Incremental Cost w/ LED (less rebate)	70.63%	\$1,570,356
Amount Financed - LED Retrofit Cost		\$1,570,356
Total Cost w/ LED (less rebate)		\$3,793,838

Initial Net Savings/ lamp	\$6.83
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Simple Payback Period (Yrs) Ownership + LED conversion	10.09
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Cash Savings first 15 Years before Reserves	\$2,598,895
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Net Cash Savings after Reserves	\$1,418,376
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O&M & Finance Assumptions		
O&M for HPS/LPS (includes knockdowns)	\$5.16	per pole/mo
Knockdowns / year	9	per year
Knockdown Rate	0.20%	
Knockdown Recovery Factor	65.00%	
Program Management Fee		per pole/mo
Total Costs (HPS/LPS)	\$5.16	per pole/mo
O&M for LED (includes knockdowns)	\$1.42	per pole/mo
Total Costs (LED)	\$1.42	per pole/mo

SCE tariff inflation rate	4.00%	per annum
O&M and Replacement inflation	3.00%	per annum
Program Management Inflation	3.00%	per annum

Acquisition Financing Assumptions		
Acquisition Amount Financed		100.00%
Finance Rate (Subject to change based on timing)		4.6500%
Finance Term (yrs) (min 24 yr asset life)		15

LED Retrofit Financing Assumptions		
Amount Financed		100.00%
Rate	\$0	4.65%
Term (yrs)		15

SCE / City Partnership Incentive Rebates		
SCE Basic Incentive	NONE	Incentive
SCE Partner Incentive	\$0.000	\$0
Total SCE Incentive	\$0.000	\$0

LED Replacement Sinking Fund Reserve Rate (5 Year T-Bill)	1.3000%
LED Reserve Funding Period (in years)	10

Poles converted/mo	Months to convert	Year 1 LED Reserves
1,148	4	\$0

Energy LED Savings Assumptions		
Acquired LS-1 Poles		
New LED Cobrahead Costs		
LED Total Product Cost	\$1,187,054.16	
LED Product Cost/ per lamp	\$258.50	
LED Soft/Labor Cost	\$383,302.18	
LED Soft Cost / Labor Rate/ per lamp	\$83.47	
Total LED Retrofit Cost	\$1,570,356.34	
LED Total Cost/ per lamp	\$341.98	

HPS / LPS to LED Conversion Table		
	Efficiency Improvement	
	Old	New
50W HPS	50	20
70W HPS / 35W LPS	70	20
100W HPS / 55W LPS / 100MH	100	20
150W HPS / 135W / 90W LPS	150	80
200W HPS / 175W MV / 175W MH	200	80
250W HPS / 180W LPS	250	110
310W HPS	310	110
400W HPS / 400W MV / 400W MH	400	140

SCE Tariff Schedules		As of 2/23/15
Existing LS-1 Tariff		
50w HPS	\$10.47	53.77%
70w HPS	\$11.11	8.11%
100w HPS	\$12.05	30.53%
150w HPS	\$14.65	7.50%
200w HPS	\$16.55	0.08%
250w HPS	\$18.26	0.00%
310w HPS	\$20.39	0.00%
400w HPS	\$23.09	0.00%
35W LPS	\$13.13	0.00%
55W LPS	\$13.71	0.00%
90W LPS	\$15.54	0.00%
135W LPS	\$16.83	0.00%
180W LPS	\$18.69	0.00%
175W MV	\$14.78	0.00%
400W MV	\$22.86	0.00%
100W MH	\$13.13	0.00%
175W MH	\$15.95	0.00%
250W MH	\$18.33	0.00%
Existing Blended LS-1 Tariff	\$11.32	100.00%
New LS-2A tariff		
50w HPS	\$2.42	0.00%
70w HPS	\$3.12	0.00%
100w HPS	\$4.06	0.00%
150w HPS	\$6.16	0.00%
200w HPS	\$7.62	0.00%
250w HPS	\$9.47	0.00%
310w HPS	\$11.41	0.00%
400w HPS	\$14.23	0.00%
35W LPS	\$2.56	0.00%
55W LPS	\$3.14	0.00%
90W LPS	\$4.44	0.00%
135W LPS	\$5.85	0.00%
180W LPS	\$7.15	0.00%
175W MV	\$6.79	0.00%
400W MV	\$13.93	0.00%
100W MH	\$4.36	0.00%
175W MH	\$6.77	0.00%
250W MH	\$8.98	0.00%
New Average LS-2A Tariff	\$0.00	0.00%
New LS-2B HPS Tariff		
50w HPS	\$4.07	53.77%
70w HPS	\$4.77	8.11%
100w HPS	\$5.71	30.53%
150w HPS	\$7.81	7.50%
200w HPS	\$9.27	0.08%
250w HPS	\$11.12	0.00%
310w HPS	\$13.06	0.00%
400w HPS	\$15.88	0.00%
35W LPS	\$4.21	0.00%
55W LPS	\$4.79	0.00%
90W LPS	\$6.09	0.00%
135W LPS	\$7.50	0.00%
180W LPS	\$8.80	0.00%
175W MV	\$8.44	0.00%
400W MV	\$15.58	0.00%
100W MH	\$6.01	0.00%
175W MH	\$8.42	0.00%
250W MH	\$10.63	0.00%
New Average LS-2B tariff	\$4.91	100.00%
LS-2A tariff	0.0%	
LS-2B tariff	100.0%	
Blended LS-2A / LS-2B Tariff	\$4.91	
Tariff Savings due to Ownership	\$6.41	

New LS-2a LED Tariff			
50W HPS / 35W LPS	LED Wattage	LED Tariff	
20	20	\$1.30	0.0%
70W HPS	20	\$1.30	0.0%
100W HPS / 55W LPS / 100W MV / 100W MH	20	\$1.30	0.0%
150W HPS / 135W LPS / 90W LPS	80	\$2.96	0.0%
200W HPS / 175W MV / 175W MH	80	\$2.96	0.0%
250W HPS / 180W LPS / 250W MH	110	\$3.79	0.0%
310W HPS	110	\$3.79	0.0%
400W HPS / 400W MV	140	\$4.62	0.0%
New Blended LS-2B LED Tariff		\$0.00	0.0%
New LS-2B LED Tariff			
50W HPS / 35W LPS	20	\$2.95	53.8%
70W HPS	20	\$2.95	8.1%
100W HPS / 55W LPS / 100W MV / 100W MH	20	\$2.95	30.5%
150W HPS / 135W / 90W LPS	80	\$4.61	7.5%
200W HPS / 175W MV / 175W MH	80	\$4.61	0.1%
250W HPS / 180W LPS / 250W MH	110	\$5.44	0.0%
310W HPS	110	\$5.44	0.0%
400W HPS / 400W MV	140	\$6.27	0.0%
New Blended LS-2B tariff		\$3.08	100.0%
LS-2A tariff		0.0%	
LS-2B Tariff		100.0%	
Blended LS-2A / LS-2B / LS-3		\$3.08	
HPS to LED Additional Savings		\$1.83	per pole/mo



Upland -OPTION 'B' FINANCE BOTH PURCHASE AND STREET LIGHT CONVERSION

First Year Cash Flow

	Year 1 Totals	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Flow due to Ownership Change Only													
HPS LS-1 tariff pre-transfer (includes energy)		\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32	\$11.32
HPS LS-2 tariff amount (2a+2b) (includes energy)		\$4.91											
Number of lamps transferred to LS-2		1,148	2,296	3,444	4,592	4,592	4,592	4,592	4,592	4,592	4,592	4,592	4,592
Remaining LS-1 Lamps		3444	2296	1148	0								
LS-1 Tariff - Pre-Transfer	\$623,919	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993	\$51,993
LS-2 tariff on transferred HPS/LPS lamps	\$236,840	\$5,639	\$11,278	\$16,917	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556
LS-1 tariff on lamps yet to be transferred	\$77,990	\$38,995	\$25,997	\$12,998	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Monthly Tariff Charge	\$314,830	\$44,634	\$37,275	\$29,915	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556	\$22,556
Gross Tariff Savings Tariff from ownership change	\$309,089	\$7,359	\$14,719	\$22,078	\$29,437								
Less O&M for HPS Lamps	\$248,865	\$5,925	\$11,851	\$17,776	\$23,701	\$23,701	\$23,701	\$23,701	\$23,701	\$23,701	\$23,701	\$23,701	\$23,701
Net Savings from ownership change - before financing	\$60,225	\$1,434	\$2,868	\$4,302	\$5,736								
Cum savings from transfer only pre- financing		\$1,434	\$4,302	\$8,604	\$14,339	\$20,075	\$25,811	\$31,546	\$37,282	\$43,018	\$48,753	\$54,489	\$60,225
Less finance cost for pole purchase	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Savings from ownership change - after financing	\$60,225	\$1,434	\$2,868	\$4,302	\$5,736								
Cum savings from transfer only post- financing		\$1,434	\$4,302	\$8,604	\$14,339	\$20,075	\$25,811	\$31,546	\$37,282	\$43,018	\$48,753	\$54,489	\$60,225
Cash Flow with LED Conversion													
Number of LS-1 lamps yet to be transferred		3,444	2,296	1,148	-	-	-	-	-	-	-	-	-
Number of lamps transferred to LS-2		1,148	2,296	3,444	4,592	4,592	4,592	4,592	4,592	4,592	4,592	4,592	4,592
Number of lamps converted to LED		1,148	2,296	3,444	4,592	4,592	4,592	4,592	4,592	4,592	4,592	4,592	4,592
Number of lamps transferred to LS-2 but not yet converted to LED		-	-	-	-	-	-	-	-	-	-	-	-
Tariff LS-1 lamps yet to be transferred	\$77,990	\$38,995	\$25,997	\$12,998	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tariff on lamps transferred to LS-2 but not yet converted to LED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tariff on lamps converted to LED	\$148,487	\$3,535	\$7,071	\$10,606	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142
New Monthly Tariff after LED conversion	\$226,477	\$42,530	\$33,067	\$23,605	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142	\$14,142
Savings from LED conversion	\$88,354	\$2,104	\$4,207	\$6,311	\$8,415								
Add SCE Partnership Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Savings (LS-2 tariff savings + LED Savings + SCE Incentive)	\$397,443	\$9,463	\$18,926	\$28,389	\$37,852								
Cumulative gross savings		\$9,463	\$28,389	\$56,778	\$94,629	\$132,481	\$170,333	\$208,184	\$246,036	\$283,888	\$321,740	\$359,591	\$397,443
Program Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M for LED lamps	\$68,332	\$1,627	\$3,254	\$4,881	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508
Less total operations & maintenance fees	\$68,332	\$1,627	\$3,254	\$4,881	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508	\$6,508
Savings with LED conversion before financing	\$329,111	\$7,836	\$15,672	\$23,508	\$31,344								
Cum savings with LED conversion before financing & reserves		\$7,836	\$23,508	\$47,016	\$78,360	\$109,704	\$141,048	\$172,391	\$203,735	\$235,079	\$266,423	\$297,767	\$329,111
Less finance cost for pole purchase	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less LED conversion cost/debt service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Savings with LED conversion after financing	\$329,111	\$7,836	\$15,672	\$23,508	\$31,344								
Cumulative Savings after financing		\$7,836	\$23,508	\$47,016	\$78,360	\$109,704	\$141,048	\$172,391	\$203,735	\$235,079	\$266,423	\$297,767	\$329,111



Upland -OPTION 'B' FINANCE BOTH PURCHASE AND STREET LIGHT CONVERSION

Thirty Year Cash Flow

Streetlight Solutions Cash Flow Model	15 Year Totals	20 Year Totals	30 Year Totals	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Cash Flow due to Ownership Change Only																		
LS-1 Tariff - Pre-Transfer	\$12,493,106	\$18,579,123	\$34,992,485	\$623,919	\$648,876	\$674,831	\$701,825	\$729,898	\$759,093	\$789,457	\$821,035	\$853,877	\$888,032	\$923,553	\$960,495	\$998,915	\$1,038,872	\$1,080,427
New Monthly Tariff Charge	\$5,464,029	\$8,104,320	\$15,224,914	\$314,830	\$281,501	\$292,761	\$304,472	\$316,651	\$329,317	\$342,490	\$356,189	\$370,437	\$385,254	\$400,664	\$416,691	\$433,358	\$450,693	\$468,721
Gross Tariff Savings Tariff from ownership change	\$7,029,077	\$10,474,803	\$19,767,570	\$309,089	\$367,375	\$382,070	\$397,353	\$413,247	\$429,777	\$446,968	\$464,846	\$483,440	\$502,778	\$522,889	\$543,805	\$565,557	\$588,179	\$611,706
Less O&M for HPS Lamps	\$5,254,294	\$7,606,837	\$13,495,701	\$248,865	\$292,949	\$301,738	\$310,790	\$320,114	\$329,717	\$339,609	\$349,797	\$360,291	\$371,100	\$382,233	\$393,700	\$405,511	\$417,676	\$430,206
Net Savings from ownership change - before financing	\$1,774,784	\$2,867,966	\$6,271,869	\$60,225	\$74,425	\$80,332	\$86,563	\$93,133	\$100,059	\$107,359	\$115,049	\$123,149	\$131,678	\$140,656	\$150,105	\$160,046	\$170,503	\$181,500
Cum savings from transfer only pre- financing				\$60,225	\$134,650	\$214,982	\$301,545	\$394,677	\$494,737	\$602,096	\$717,145	\$840,295	\$971,973	\$1,112,629	\$1,262,734	\$1,422,781	\$1,593,284	\$1,774,784
Less finance cost for pole purchase	\$2,928,484	\$3,137,662	\$3,137,662	\$0	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177
Savings from ownership change - after financing	(\$1,153,701)	(\$269,696)	(\$69,606)	\$60,225	(\$134,752)	(\$128,846)	(\$122,615)	(\$116,044)	(\$109,118)	(\$101,818)	(\$94,128)	(\$86,028)	(\$77,499)	(\$68,521)	(\$59,072)	(\$49,131)	(\$38,674)	(\$27,677)
Cum savings from transfer only post- financing				\$0	(\$134,752)	(\$263,598)	(\$386,212)	(\$502,257)	(\$611,375)	(\$713,193)	(\$807,321)	(\$893,350)	(\$970,849)	(\$1,039,370)	(\$1,098,442)	(\$1,147,574)	(\$1,186,248)	(\$1,213,925)
Cash Flow with LED Conversion																		
New Monthly Tariff Charge	\$5,464,029	\$8,104,320	\$15,224,914	\$314,830	\$281,501	\$292,761	\$304,472	\$316,651	\$329,317	\$342,490	\$356,189	\$370,437	\$385,254	\$400,664	\$416,691	\$433,358	\$450,693	\$468,721
New Monthly Tariff after LED conversion	\$3,454,759	\$5,110,086	\$9,574,332	\$226,477	\$176,487	\$183,546	\$190,888	\$198,524	\$206,465	\$214,723	\$223,312	\$232,245	\$241,534	\$251,196	\$261,244	\$271,693	\$282,561	\$293,864
Savings from LED conversion	\$2,009,270	\$2,994,234	\$5,650,583	\$88,354	\$105,015	\$109,215	\$113,584	\$118,127	\$122,852	\$127,766	\$132,877	\$138,192	\$143,720	\$149,468	\$155,447	\$161,665	\$168,132	\$174,857
Add SCE Partnership Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Savings (LS-2 tariff savings + LED Savings + SCE Incentive)	\$9,038,347	\$13,469,037	\$25,418,153	\$397,443	\$472,389	\$491,285	\$510,936	\$531,374	\$552,629	\$574,734	\$597,723	\$621,632	\$646,497	\$672,357	\$699,252	\$727,222	\$756,311	\$786,563
Cumulative Gross Savings				\$397,443	\$869,832	\$1,361,117	\$1,872,054	\$2,403,427	\$2,956,056	\$3,530,790	\$4,128,513	\$4,750,145	\$5,396,643	\$6,069,000	\$6,768,252	\$7,495,474	\$8,251,784	\$9,038,347
Program Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M for LED lamps	\$1,442,696	\$2,088,645	\$3,705,577	\$68,332	\$80,436	\$82,850	\$85,335	\$87,895	\$90,532	\$93,248	\$96,045	\$98,927	\$101,895	\$104,951	\$108,100	\$111,343	\$114,683	\$118,124
Less total operations & maintenance fees	\$1,442,696	\$2,088,645	\$3,705,577	\$68,332	\$80,436	\$82,850	\$85,335	\$87,895	\$90,532	\$93,248	\$96,045	\$98,927	\$101,895	\$104,951	\$108,100	\$111,343	\$114,683	\$118,124
Savings with LED conversion before financing	\$7,595,651	\$11,380,393	\$21,712,576	\$329,111	\$391,953	\$408,435	\$425,601	\$443,479	\$462,097	\$481,486	\$501,678	\$522,705	\$544,603	\$567,406	\$591,152	\$615,879	\$641,627	\$668,439
Cum savings with LED conversion before financing & reserves				\$329,111	\$721,064	\$1,129,499	\$1,555,100	\$1,998,579	\$2,460,676	\$2,942,162	\$3,443,840	\$3,966,545	\$4,511,148	\$5,078,554	\$5,669,706	\$6,285,585	\$6,927,212	\$7,595,651
Less finance cost for pole purchase	\$2,928,484	\$3,137,662	\$3,137,662	\$0	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177	\$209,177
Less LED conversion cost/debt service	\$2,068,272	\$2,216,006	\$2,216,006	\$0	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734	\$147,734
Savings with LED conversion after financing	\$2,598,895	\$6,026,725	\$16,358,908	\$329,111	\$35,042	\$51,524	\$68,690	\$86,567	\$105,186	\$124,575	\$144,767	\$165,794	\$187,692	\$210,495	\$234,241	\$258,968	\$284,716	\$311,528
Cumulative Savings after financing				\$329,111	\$364,153	\$415,677	\$484,367	\$570,934	\$676,120	\$800,695	\$945,461	\$1,111,256	\$1,298,947	\$1,509,442	\$1,743,683	\$2,002,650	\$2,287,367	\$2,598,895
Less LED relamp reserves	\$1,256,285	\$1,570,356	\$2,512,570	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$157,036	\$157,036	\$157,036	\$157,036	\$157,036	\$157,036	\$157,036	\$157,036
Reserve Account Income (5-year T-Bill Rate)	\$75,766	\$121,389	\$181,937	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,041	\$4,109	\$6,204	\$8,326	\$10,476	\$12,654	\$14,860	\$17,094
Cumulative LED reserves				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$159,077	\$320,222	\$483,462	\$648,824	\$816,336	\$986,026	\$1,157,921	\$1,332,051
Net Savings after Reserves	\$1,418,376	\$4,577,758	\$14,028,275	\$329,111	\$35,042	\$51,524	\$68,690	\$86,567	\$105,186	\$124,575	(\$10,227)	\$12,868	\$36,860	\$61,786	\$87,681	\$114,586	\$142,540	\$171,587
Cumulative Savings after Reserves				\$329,111	\$364,153	\$415,677	\$484,367	\$570,934	\$676,120	\$800,695	\$790,467	\$803,335	\$840,196	\$901,981	\$989,662	\$1,104,248	\$1,246,789	\$1,418,376

Payback Period (Yrs) with Ownership + LED conversion **10.09**

Year 16 Cumulative Lamp Reserves	
Year 16 Lamp Retrofit Cost	
Remaining reserves after Yr 16 retrofit	



Upland - OI
Thirty Year C

Streetlight Solutions Cash Flow Model	15 Year Totals	20 Year Totals	30 Year Totals	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
Cash Flow due to Ownership Change Only																		
LS-1 Tariff - Pre-Transfer	\$12,493,106	\$18,579,123	\$34,992,485	\$1,123,644	\$1,168,589	\$1,215,333	\$1,263,946	\$1,314,504	\$1,367,084	\$1,421,768	\$1,478,638	\$1,537,784	\$1,599,295	\$1,663,267	\$1,729,798	\$1,798,990	\$1,870,949	\$1,945,787
New Monthly Tariff Charge	\$5,464,029	\$8,104,320	\$15,224,914	\$487,469	\$506,968	\$527,247	\$548,337	\$570,270	\$593,081	\$616,804	\$641,476	\$667,135	\$693,821	\$721,574	\$750,437	\$780,454	\$811,672	\$844,139
Gross Tariff Savings Tariff from ownership change	\$7,029,077	\$10,474,803	\$19,767,570	\$636,174	\$661,621	\$688,086	\$715,610	\$744,234	\$774,003	\$804,964	\$837,162	\$870,649	\$905,474	\$941,693	\$979,361	\$1,018,536	\$1,059,277	\$1,101,648
Less O&M for HPS Lamps	\$5,254,294	\$7,606,837	\$13,495,701	\$443,112	\$456,406	\$470,098	\$484,201	\$498,727	\$513,689	\$529,099	\$544,972	\$561,321	\$578,161	\$595,506	\$613,371	\$631,772	\$650,725	\$670,247
Net Savings from ownership change - before financing	\$1,774,784	\$2,867,966	\$6,271,869	\$193,062	\$205,216	\$217,988	\$231,409	\$245,507	\$260,315	\$275,864	\$292,190	\$309,327	\$327,313	\$346,188	\$365,990	\$386,763	\$408,552	\$431,401
Cum savings from transfer only pre- financing				\$1,967,846	\$2,173,061	\$2,391,050	\$2,622,459	\$2,867,966	\$3,128,281	\$3,404,145	\$3,696,335	\$4,005,662	\$4,332,975	\$4,679,163	\$5,045,153	\$5,431,916	\$5,840,468	\$6,271,869
Less finance cost for pole purchase	\$2,928,484	\$3,137,662	\$3,137,662	\$209,177	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Savings from ownership change - after financing	(\$1,153,701)	(\$269,696)	(\$69,606)	(\$16,115)	\$205,216	\$217,988	\$231,409	\$245,507	\$260,315	\$275,864	\$292,190	\$309,327	\$327,313	\$346,188	\$365,990	\$386,763	\$408,552	\$431,401
Cum savings from transfer only post- financing				(\$1,230,041)	(\$1,024,825)	(\$806,837)	(\$575,428)	(\$329,921)	(\$69,606)	\$206,258	\$498,448	\$807,775	\$1,135,089	\$1,481,276	\$1,847,267	\$2,234,030	\$2,642,582	\$3,073,983
Cash Flow with LED Conversion																		
New Monthly Tariff Charge	\$5,464,029	\$8,104,320	\$15,224,914	\$487,469	\$506,968	\$527,247	\$548,337	\$570,270	\$593,081	\$616,804	\$641,476	\$667,135	\$693,821	\$721,574	\$750,437	\$780,454	\$811,672	\$844,139
New Monthly Tariff after LED conversion	\$3,454,759	\$5,110,086	\$9,574,332	\$305,618	\$317,843	\$330,557	\$343,779	\$357,530	\$371,831	\$386,705	\$402,173	\$418,260	\$434,990	\$452,390	\$470,485	\$489,305	\$508,877	\$529,232
Savings from LED conversion	\$2,009,270	\$2,994,234	\$5,650,583	\$181,851	\$189,125	\$196,690	\$204,558	\$212,740	\$221,250	\$230,100	\$239,304	\$248,876	\$258,831	\$269,184	\$279,952	\$291,150	\$302,796	\$314,907
Add SCE Partnership Incentives	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Savings (LS-2 tariff savings + LED Savings + SCE Incentive)	\$9,038,347	\$13,469,037	\$25,418,153	\$818,026	\$850,747	\$884,776	\$920,167	\$956,974	\$995,253	\$1,035,063	\$1,076,466	\$1,119,524	\$1,164,305	\$1,210,878	\$1,259,313	\$1,309,685	\$1,362,073	\$1,416,556
Cumulative Gross Savings				\$9,856,373	\$10,707,119	\$11,591,896	\$12,512,063	\$13,469,037	\$14,464,290	\$15,499,354	\$16,575,819	\$17,695,344	\$18,859,649	\$20,070,527	\$21,329,840	\$22,639,525	\$24,001,597	\$25,418,153
Program Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M for LED lamps	\$1,442,696	\$2,088,645	\$3,705,577	\$121,667	\$125,317	\$129,077	\$132,949	\$136,938	\$141,046	\$145,277	\$149,636	\$154,125	\$158,748	\$163,511	\$168,416	\$173,469	\$178,673	\$184,033
Less total operations & maintenance fees	\$1,442,696	\$2,088,645	\$3,705,577	\$121,667	\$125,317	\$129,077	\$132,949	\$136,938	\$141,046	\$145,277	\$149,636	\$154,125	\$158,748	\$163,511	\$168,416	\$173,469	\$178,673	\$184,033
Savings with LED conversion before financing	\$7,595,651	\$11,380,393	\$21,712,576	\$696,358	\$725,429	\$755,699	\$787,218	\$820,036	\$854,207	\$889,786	\$926,830	\$965,400	\$1,005,557	\$1,047,367	\$1,090,897	\$1,136,217	\$1,183,400	\$1,232,523
Cum savings with LED conversion before financing & reserves				\$8,292,009	\$9,017,439	\$9,773,138	\$10,560,356	\$11,380,393	\$12,234,600	\$13,124,386	\$14,051,216	\$15,016,616	\$16,022,173	\$17,069,540	\$18,160,436	\$19,296,653	\$20,480,053	\$21,712,576
Less finance cost for pole purchase	\$2,928,484	\$3,137,662	\$3,137,662	\$209,177	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less LED conversion cost/debt service	\$2,068,272	\$2,216,006	\$2,216,006	\$147,734	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Savings with LED conversion after financing	\$2,598,895	\$6,026,725	\$16,358,908	\$339,447	\$725,429	\$755,699	\$787,218	\$820,036	\$854,207	\$889,786	\$926,830	\$965,400	\$1,005,557	\$1,047,367	\$1,090,897	\$1,136,217	\$1,183,400	\$1,232,523
Cumulative Savings after financing				\$2,938,342	\$3,663,771	\$4,419,470	\$5,206,688	\$6,026,725	\$6,880,932	\$7,770,718	\$8,697,548	\$9,662,948	\$10,668,505	\$11,715,872	\$12,806,769	\$13,942,985	\$15,126,385	\$16,358,908
Less LED relamp reserves	\$1,256,285	\$1,570,356	\$2,512,570	\$157,036	\$157,036	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$157,036	\$157,036	\$157,036	\$157,036	\$157,036	\$157,036
Reserve Account Income (5-year T-Bill Rate)	\$75,766	\$121,389	\$181,937	\$19,358	\$21,651	\$1,518	\$1,538	\$1,558	\$1,578	\$1,599	\$1,619	\$1,640	\$3,703	\$5,793	\$7,910	\$10,054	\$12,226	\$14,426
Cumulative LED reserves				\$1,508,445	\$1,687,132	\$118,293	\$119,831	\$121,389	\$122,967	\$124,566	\$126,185	\$127,825	\$288,564	\$451,393	\$616,338	\$783,427	\$952,689	\$1,124,151
Net Savings after Reserves	\$1,418,376	\$4,577,758	\$14,028,275	\$201,769	\$590,045	\$757,218	\$788,756	\$821,594	\$855,785	\$891,385	\$928,450	\$967,040	\$852,225	\$896,124	\$941,771	\$989,235	\$1,038,590	\$1,089,913
Cumulative Savings after Reserves				\$1,620,145	\$2,210,190	\$2,967,407	\$3,756,163	\$4,577,758	\$5,433,543	\$6,324,927	\$7,253,377	\$8,220,417	\$9,072,642	\$9,968,766	\$10,910,536	\$11,899,771	\$12,938,362	\$14,028,275
Payback Period (Yrs) with Ownership + LED conversion	10.09																	
Year 16 Cumulative Lamp Reserves				\$1,332,051														
Year 16 Lamp Retrofit Cost				\$1,570,356														
Remaining reserves after Yr 16 retrofit				-\$238,305														



Why Jurisdictions should buy their LS-1 SCE streetlights?

It's a fair question to ask – SCE has provided street lighting services for decades. The service is generally dependable and, when outages do occur, it's one less headache jurisdictions are responsible for addressing – it's SCE's responsibility!! In the bigger scheme of municipal issues street lighting is typically way down the list of priorities except when there is an outage and, even then, it's generally just an inconvenience, unless service is interrupted for an extended period of time over a wide area. So it's understandable that jurisdictions would question why they should commit to go through the process of having their street lights valued, negotiate a purchase agreement, obtain financing and seek approval from the California Public Utilities Commission (CPUC) for something they already receive from SCE.

The simple answer – **LOCAL CONTROL and IMPROVED BOTTOM LINE with LOW RISK!!**

Jurisdictions continually reevaluate the cost and quality of police & fire services, refuse collection, street sweeping, street & park maintenance and an array of other services to their communities for one essential reason – to control costs while providing the highest level of service possible. One of the few exceptions to this ongoing process – perhaps the only exception – is street lighting. That has largely occurred because jurisdictions generally did not have the ability to consider other options. Jurisdictions accepted the provided for levels of service and paid the full cost of service – end of discussion. This is not intended to be critical of SCE – the situation did not come about overnight and jurisdictions have been more-or-less willing to accept it simply as the cost of doing business. But with increased demands on shrinking General Fund resources, that has changed so the rationale of “it's always been this way” or “we don't have any other choice” no longer meets the test of due diligence expected by taxpayers.

One analogy is to imagine you (Jurisdiction) found a 3 bedroom home to live in and you have two choices.

*The first choice is **to rent** it from the owner (SCE) for 15 years starting at **\$1000/mo**, all bills included. The benefit is that the owner is responsible for responding to problems and maintaining the home.*

***The negatives**, however, are, 1) your rent continually increases annually throughout the lease, meaning your rent in year 15 is substantially higher, 2) you have no ability to lower your housing occupancy costs because the owner does not allow you to sublease any of your spare bedrooms, 3) the landlords service is marginal at best and you have no control, and 4) you own nothing at the end of 15 years.*

*The second choice is **to buy** the home which, including your 15 year mortgage, taxes, bills, maintenance etc, will cost you only **\$900/mo**. The negatives are, 1) you incur debt and 2) you have to either maintain the home yourself or hire someone to maintain it for you.*

***The benefits** are, 1) you immediately lower your housing costs, 2) you have control to do whatever you want with the home, 3) you can reduce, or even eliminate, your housing costs by subleasing spare bedrooms, 4) you can decide who to hire to provide maintenance and 5) you own the home free and clear after 15 years.*

Take control of this critical Jurisdiction service while SCE is offering to sell to cities. Let the savings pay for ownership transfer, rather than paying SCE rent. This will lead to improved Jurisdiction services. If the Jurisdiction does not purchase its poles, the opportunity may never come around again.



Reasons to Acquire Your Streetlights

NEAR TERM

1. **Local Control.** Buying your streetlights gives a jurisdiction control over costs, service levels, technologies, energy efficiency and future uses of this critically important infrastructure. Now jurisdictions decide the technology and level of savings that best fits their community – not what the standard is for the rest of Southern California.
2. **Lower Tariffs.** LS-2 rates (municipally owned) are substantially lower than LS-1 rates (utility owned) and the only way to obtain that savings is through municipal ownership. This savings alone covers 100% of the cost to acquire this critical infrastructure asset.
3. **Reduce Maintenance Costs.** You can either pay for the cost of available SCE personnel to handle the streetlight outages & repairs whenever SCE decides it is convenient for them to respond, or you can pay a standard crew, accountable to you, to handle the job based on better levels of service, desired by your community and established by you, at a lower cost.
4. **Hedge against Inflating Costs.** The cost of providing street lighting will continue to increase. The cost of energy, maintenance & operation and pole replacement will continue to escalate. Historical trends support significant increases. Unless jurisdictions obtain ownership and, as a result, control over streetlight technology, operations & maintenance costs they will be subject to whatever increases the CPUC authorizes.
5. **Reduce Energy Consumption and CO2 Emissions.** Implement LED lighting system 5-7 years sooner than SCE will otherwise offer the Jurisdiction. This will result in an improved Jurisdictionwide lighting system benefitting all citizens sooner.
6. **Economies of Scale.** Ability to opt into a regional program to obtain the most competitive and comprehensive services for all aspects of streetlight LED conversion, operations, maintenance, program management of new operational efficiency technology and value-add revenue opportunities.

LONGER TERM

7. **New Revenue Generating Opportunities.** Jurisdictions can generate significant new revenue streams while increasing efficiencies as many other technologies, besides energy efficiency, can be applied to utilize your streetlight infrastructure for advanced smart Jurisdiction applications, paving the way for Jurisdiction to enter the Jurisdiction-owned broadband business. This is a revenue generation opportunity for cities that cannot happen if the Jurisdiction does not own its poles. These include advertising, Wi-Fi, and small cell wireless, to name a few.
8. **New Cost Avoidance Opportunities.** Potential to significantly reduce Jurisdiction owned cell service, Emergency Response System
9. **Enhanced Public Safety.** Improved sense of safety as new broad spectrum LED light sources improve color rendering and night vision. We can easily envision streetlights equipped with cameras, or infrared sensors, to monitor traffic, identify road conditions needing immediate action and provide security both visually and through auditory triangulation of noise (i.e gun shots). Fixtures can contain speakers for broadcasting alerts.
10. **New Operational Efficiencies.** By expanding the sensing capabilities of LED streetlights and enabling connectivity to other devices a jurisdiction can move far beyond energy management to actionable business intelligence including Wi-Fi capabilities for wireless communications, sensors to monitor weather conditions, pollution levels and pollen, consumer apps to find open parking spaces on the street or in a lot; and if a meeting runs long, extend time on the meter through the same app. The options are endless.



Program Risks & Mitigations

1. Risk of system not performing in support of financial metrics. A competent contractor will help a Jurisdiction first mitigate this by financially engineering the design every step of the way, never recommending technologies that do not pencil out. Then the contractor should mitigate the financial performance risk by providing an integrated design-build approach so lights start getting installed as soon as the Jurisdiction takes ownership from SCE, avoiding costly maintenance of old technology.
2. Unknown approach to operations and maintenance. The Jurisdiction typically does not need a full bucket truck for an LED system this size. Our team can help mitigate this as we can offer a full operations and maintenance program to keep the lights on and quickly replace pole knockdowns to protect the public and rapidly restore lights.
3. The jurisdiction will take on some add risk of streetlight ownership, including knockdowns which randomly occur. SCE will continue to be responsible for securing sites and shutting off power and we will handle pole replacements .Our program has built in financial reserves to mitigate this risk
4. Most jurisdictions already own their intersection safety lights where, historically, most incidents occur so the addition of roadway lights purchased under this program will not significantly change a jurisdictions liability or risk profile. The Jurisdiction is not legally obligated to even provide streetlights as a service, much less maintain streetlights if lights are provided at all. But citizens love their streetlights, so when a Jurisdiction takes ownership its duty will be to keep the lights on. Know that the State of California Supreme Court has ruled that cities are generally shielded from liability. We can provide you with a briefing on the extent and nature of this potential risk from the attorney from the California Streetlight Association (CalSLA) describing the legal exposure to California Cities, corroborating this position.

In reality, there are actually no compelling reasons for cities to not own streetlights..

CITY OF UPLAND
Annual Streetlight Evaluation
Rates Effective 1/1/2016

Service Address	Service Account Number	Annual kWh	Current Rate Results	Current Rate	Proposed Rate	Proposed Rate Results	Proposed Rate	Proposed Rate Results	Proposed Rate	Est Annual Savings \$	Est Annual Savings %
Lamp Type & Quantity: 1226 N CAMPUS AVE	#1-9500L HPSV 3-008-8375-02	480	\$480	LS-1-ALLNITE	LS-2-B-ALLNITE	\$70	14.58	\$410	85.42%		
Lamp Type & Quantity: VARIOUS UPLAND	#2,975-4000L HPSV #445-5800L HPSV 3-001-3780-38 2,019,540	2,019,540	\$736,031	LS-1-ALLNITE	LS-2-B-ALLNITE	\$309,838	15.34	\$426,193	57.90%		
Lamp Type & Quantity: GRAYSON/BENNINGTON	#4-4000L HPSV 3-001-3780-39	960	\$495	LS-1-ALLNITE	LS-2-B-ALLNITE	\$188	19.54	\$307	62.09%		
Lamp Type & Quantity: 532 WASHINGTON BLVD	#3-5800L HPSV 3-002-1572-76	1,032	\$391	LS-1-ALLNITE	LS-2-B-ALLNITE	\$163	15.79	\$228	58.34%		
Lamp Type & Quantity: 1715 BENSON AVE	#2-9500L HPSV 3-043-5818-86	972	\$281	LS-1-ALLNITE	LS-2-B-ALLNITE	\$129	13.28	\$152	54.10%		

Assumptions:

- Usage is estimated (12 month average) based on most current 12 months (January 1, 2015 through December 31, 2015)
- Based on rates effective 1/1/2016
- Utility User Tax (UUT) Exempt
- State Tax Included
- All KVAR Charge are excluded for the LS-2 scenarios
- All L-2 Allnrite scenarios consider Multiple profile, not Series

This analysis is provided to help you evaluate your current Southern California Edison (SCE) bill and/or compare your projected bills to other SCE rate options. These results are based on your past usage and/or assumptions about your energy usage and cannot be guaranteed by SCE. This rate analysis may not reflect all of the rate options that are available to you as an SCE customer. Your actual bills will vary from this analysis due to changes to your actual usage and assumptions such as operating hours, the equipment you use, KVAR charges, weather patterns, service voltage, firm service levels, taxes, and added facilities charges. Moreover, the rate options used in this analysis are subject to change by the California Public Utilities Commission (CPUC), which would also alter the outcome of this analysis.

If your current rate schedule becomes unavailable — either by action of the CPUC or because you are no longer eligible to be placed on the rate — you will be notified of your rate options. If you do not select a different applicable rate option at that time, you will be placed on a default rate schedule.



April 25, 2016

Ms. Rosemary Hoerning
Public Works Director
City of Upland
1370 North Benson Ave.
Upland, CA 91786

Subject: Proposal to provide Streetlight Audit and SCE Purchase and Sales Agreement / CPUC Section 851 Asset Transfer support

Hello Rosemary,

Thank you for the opportunity to discuss Upland's plans to acquire streetlights from Southern California Edison (SCE). We are excited about the opportunity to assist the City to achieve its goals.

As we discussed, we see this opportunity unfolding in a series of steps. The City has already received its offer from SCE. Therefore the City is facing a hard deadline to sign a Purchase and Sales Agreement (PSA).

We are suggesting the following steps to help you reach your goals:

PHASE I

A. Audit: Conduct a virtual audit of the City's LS-1, LS-2 and LS-3 inventory, identifying / creating the project foundation. The city will then know where all streetlights exist, supporting the true-up of the City's actual inventory with SCE's records. The proposed work scope is:

1. Audit City Streetlight Inventory. . Audit will identify and confirm both LS-1 (~3,000 SCE-owned) and LS-2/3 (??? City-owned) lights. Specifically, we will:

- a. Reconcile the SCE inventory with the observed audit results;
- b. Join any City streetlight database with the audited database;
- c. Place streetlights on the ESRI system with 1 meter accuracy, (SCE's data points are notoriously inaccurate) and;



- d. Provide the city with an audited GPS Map layer in a form suitable for city use on its GIS/GPS platform of the entire audited streetlight database.

2. Assist City true-up records with SCE, including filing paperwork to correct any billing deficiencies, and secure refund if warranted.

Cost: Not to exceed \$18,000.00

B. Ownership Transfer Support: Create a detailed financial pro forma of the City's LS-1, LS-2 and LS-3 inventory base on this audited inventory, applying the actual SCE tariff tables to calculate the bottom-line cash benefit to the city over the next 30 years. This work will be led by Phil Bowman of Muni-Fed Energy. We own a pro forma model, developed in conjunction with, and vetted by, Public Financial Management (PFM) for WRCOG. This model includes an analysis LS-1 ownership transfer, including any financing, LED retrofit and on-going cost of maintenance for both the incumbent HPS technology and new LED technology so the City can better understand the cost risk associated with the old HPS technology. The proposed work scope is:

1. Provide the city with an SCE Pole Purchase and LED Streetlight Conversion Pro Forma Feasibility Review that will identify the estimated savings and payback period from purchasing SCE owned lights and converting to LED. This will be based on the current SCE tariffs.
2. Review and comment on staff reports and assist with the presentation to City Council under direction of staff.
3. Assist the City review the SCE Purchase and Sales Agreement (PSA), providing suggested modifications to the PSA for City attorney review and consideration.
4. Assist the City with SCE valuation meetings and PSA negotiations as terms are finalized.
5. Assist City track and expedite the PSA approval through the CPUC Section 851 process.

Cost: Not to exceed \$7000.00

TOTAL PHASE I COST: Not to exceed \$25,000.



PHASE II

- C. Develop a basic design of the City's lighting system to support the procurement of a contractor to provide a design-build contract to convert the entire city to LED. The design should address standard cobrahead roadway luminaires, as well as any special decorative light requirements and historical districts, with an emphasis on identification of any under-lit or over-lit conditions. You can either piggyback off of WRCOG or issue an RFP to hire us. We estimate you have about 90-120 days to decide on how to proceed here, given our project understanding. Contracting Method: Utilize WRCOG Piggyback Contract. Approximate Target Cost: \$15,000-\$20,000. *Note: There are significant economies of scale piggybacking here.*
- D. Implement the LED conversion project. The goal is to be in position to commence installing LED lights the date the CPUC approval is obtained. Target Cost per preliminary pro-forma: \$1.5 million.
- E. Implement either a third party or in-house on-going maintenance program, recognizing that LED lights require significantly less maintenance than LEDs. These details can be worked out / finalized once the LED lights have been ordered. Target Cost: \$1.35 / mo. / pole. This includes a reserve for knockdowns and routine maintenance. Target price for 3rd party. City will need to provide city rates and other costs to develop in-house cost budget, based on expected Level of Service (LOS).

Rosemary, we are proposing to be paid on a percent milestone basis as follows:

1. Confirming audit of City Streetlight Inventory – 40%
2. True-up SCE Records – 15%
3. Financial Pro Forma Support – 25%
4. SCE Purchase Assistance – 20%

The True-up process, pro forma and GIS Map layer file are products of the audit process.

Phil Bowman of Muni-Fed Energy will provide the pro-forma financial analysis. I will oversee the project, serving as project manager. I have a team of trained auditors ready to commence work. We can complete the audit and deliver the financial report and audit results within 30 days of receiving your Notice To Proceed.

We have already received SCE's LS-1 Excel data files. However, we will need to request an updated file showing the location of all SCE attachments and/or excluded wood poles. John King has provide this same list to the WRCOG cities so we know they can provide to Upland. We just need to make sure the file SCE sends includes a column/ field identifying which poles SCE is not selling (wooden distribution poles and poles with joint-use agreements with telecomm companies, etc. We will also need a list of the City's LS-2B lights, along with the LS-3 lights are typically found at



metered signaled intersections. So we will need the SCE invoice for each metered intersection so we can correlate to metered LS-3 safety lights. We will need this information before we start.

We look forward to working with the City and assisting with its plans to upgrade city lighting to LED. Please contact me if you have additional questions or need additional information.

Sincerely,

Mr. James Filanc, LEED AP
Director, Business Development
Southern Contracting Company

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