

STAFF REPORT
City of Lancaster
Lancaster Power Authority

JNB 1
03/25/14
MVB

Date: March 25, 2014

To: Mayor/Chairman Parris and City Council/Authority Members

From: Jason Caudle, Deputy City Manager/Deputy Executive Director

Subject: **Solar Energy Site Lease Agreement, Recognition and Attornment Agreement, Memorandum of Property Lease, Memorandum of Solar Energy Site Lease Agreement, Agreement to Terminate Option Agreement, and Master Solar Purchase and Sale Agreement Termination Agreement with PsomasFMG, LLC.**

City Council Recommendation:

Approve the Recognition and Attornment Agreement and Memorandum of Property Lease with Psomas FMG, LLC (PsomasFMG) and authorize the City Manager to execute all documents and make any non-substantive changes necessary to complete the transaction.

Lancaster Power Authority Recommendation:

Approve the Solar Energy Site Lease Agreement, Memorandum of Property Lease, Memorandum of Solar Energy Site Lease Agreement, Agreement to Terminate Option Agreement, and Master Solar Purchase and Sale Agreement Termination Agreement with PsomasFMG, LLC (PsomasFMG) and authorize the Executive Director to execute all documents and make any non-substantive changes necessary to complete the transaction.

Fiscal Impact:

These agreements do not obligate the City of Lancaster (City) or Lancaster Power Authority (LPA) to financial outlay. PsomasFMG will continue to reimburse LPA \$400.00 per acre per year. Once the generation facility is constructed and has achieved commercial operation, LPA will receive \$2,150.00 per acre per year (\$64,500.00 annually) or approximately \$1.29 million over the twenty (20) year term.

Background:

On October 11, 2011, LPA approved a Master Solar Power Purchase and Sale Agreement (MSPPSA) with PsomasFMG for the purchase and sale of energy to SCE under the CREST program. Under the terms of this agreement the LPA leased land to PsomasFMG for the construction of a 6 MW solar generation facility on approximately thirty-five (35) acres of land near Lancaster National Soccer Center.

The Solar Energy Site Lease Agreement and supporting document revisions are necessary to accommodate developer lending requirements and the change in project size. Due to the constraints placed by SCE on interconnection, PsomasFMG will only be able to construct and interconnect 3 MW. As a result of the diminished project size, five (5) acres (APN 3170-008-909) is being relinquished back to the LPA for its use. However, even at its new size, this development is contributing greatly to the City's Net Zero Goal and will assist in pushing the City past the 50% mark of its Phase One goal.

JC:hs

Attachments:

Solar Energy Site Lease Agreement

Recognition and Attornment Agreement

Memorandum of Property Lease

Memorandum of Solar Energy Site Lease Agreement

Agreement to Terminate Option Agreement

Master Solar Purchase and Sale Agreement Termination Agreement