

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

TO: Valley Clean Energy Alliance Board of Directors

FROM: Lisa Limcaco, Finance and Operations Director, VCEA
Mitch Sears, Interim General Manager, VCEA

SUBJECT: River City Bank Revolving Line of Credit Extension

DATE: April 11, 2019

RECOMMENDATION:

Authorize the Interim General Manger to exercise VCE's option to extend the River City Bank Revolving Line of Credit (RLOC) for another six (6) month term.

BACKGROUND & DISCUSSION:

At the December 14, 2017 Board meeting, the Board adopted a resolution to select River City Bank as the credit and banking services vendor for VCE and authorized the Interim General Manager to execute a letter of intent and enter into negotiations for final contracts with River City Bank for VCE credit facilities. On March 7, 2018, the Interim General Manager executed a term sheet for up to \$11,000,000 in total credit facilities for VCE with River City Bank.

At the May 10, 2018 Board meeting, the Board approved the Credit Agreement with River City Bank and authorize the Board Chair to approve and execute the Credit Agreement. The availability of the RLOC expires 1 year from execution of agreement (May 15, 2018) with an option to extend the line for another 6 months for a total of 18 months.

Since August 2018, VCE has not drawn on the RLOC and the outstanding balance of the RLOC is currently \$1,976,610. VCE is in compliance with all its financial covenants stipulated in the Credit Agreement. At the expiration (including extension) of the RLOC, any outstanding balance can be converted to an amortizing Term Loan which matures up to 5 years from conversion date.

With the continued uncertainty of the PCIA fee and PG&E rates for 2019 and 2020, the availability of the RLOC for another 6 months would provide financial flexibility for VCE.

There are no direct fees or costs associated with extending the RLOC.

CONCLUSION:

Staff recommends that VCE exercises its option to extend the RLOC for another 6 months.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2019-_____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE
AUTHORIZING THE EXTENSION OF REVOLVING LINE OF CREDIT WITH RIVER CITY BANK**

WHEREAS, Valley Clean Energy Alliance (“VCEA”), is a public agency formed in January 2017 under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et. seq., between the County of Yolo and the City of Davis to provide Community Choice Energy (CCE) programs within the member agencies, and in June 2017, the City of Woodland also joined VCEA adding to the overall VCEA service territory;

WHEREAS, VCEA initially received loans from each member agency of \$500,000, together with co-operative agreements for member agencies to provide contracted staff and supplies during the implementation period, which will continue to June 2018 when VCEA will begin providing CCE programs; and

WHEREAS, VCEA solicited competitive bids for banking and credit services and selected River City Bank to lend VCEA up to \$11 million as a revolving line of credit to fund power purchases as part of administrating CCE programs, which has a term of 12-months at variable rates with an option to extend another 6 months and is convertible to a five-year term loan with a fixed interest rate; and

WHEREAS, on May 10, 2018, the VCEA Board approved the Credit Agreement between VCEA, as borrower, and the River City Bank, as lender; and

WHEREAS, the \$11 million revolving line of credit expires on May 15, 2019 and VCEA has an option to extend the line of credit for another 6 months, extending the term to November 15, 2019; and

WHEREAS, VCEA outstanding balance on the revolving line of credit on April 11, 2019 is \$1,976,610; and

NOW, THEREFORE, the Board of the Valley Clean Energy Alliance resolves as follows:

The VCEA Interim General Manager is hereby authorized to provide a written request to River City Bank to extend the revolving line of credit for another 6 months, extending the term to November 15, 2019.

ADOPTED, this ____ day of _____, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tom Stallard, VCEA Chair

Alisa M. Lembke, VCEA Board Secretary