

## ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team  
at [MileHighOrdinance@DenverGov.org](mailto:MileHighOrdinance@DenverGov.org) by **3:00pm on Monday**.

***\*All fields must be completed.\****

*Incomplete request forms will be returned to sender which may cause a delay in processing.*

Date of Request: 7/17/2013

Please mark one:  Bill Request or  Resolution Request

**1. Has your agency submitted this request in the last 12 months?**

Yes  No

**If yes, please explain:**

**2. Title:** *(Include a concise, one sentence description – please include name of company or contractor and contract control number - that clearly indicates the type of request: grant acceptance, contract execution, amendment, municipal code change, supplemental request, etc.)*

DIA Solar IV Loan Agreement – The proposed 20-year no-interest Loan Agreement with SH COD XXV, LLC is part of business structure that provides low cost solar power to the Airport.

**3. Requesting Agency:** Department of Aviation

**4. Contact Person:** *(With actual knowledge of proposed ordinance/resolution.)*

- **Name:** Amy Raaz
- **Phone:** (303) 342-2201
- **Email:** Amy.Raaz@flydenver.com

**5. Contact Person:** *(With actual knowledge of proposed ordinance/resolution who will present the item at Mayor Council and who will be available for first and second reading, if necessary.)*

- **Name:** John Ackerman
- **Phone:** 303-342-2568
- **Email:** john.ackerman@flydenver.com

**6. General description of proposed ordinance including contract scope of work if applicable:**

The proposed Loan Agreement is part of business structure including Power Purchase and Ground Lease Agreements that provides low cost solar power to the Airport for 20 years. This loan will have a subordinate position to the prime private capital lender. The loan will be used only for costs related to the DIA portion of the overall program. The loan is secured by SH COD XXV, LLC entity and by provisions that allow the City to withhold loan payments from power purchase payments in the event the partnership fails to pay timely loan payments. Based on a 3% growth rate in the Average Hourly Incremental Cost (the rate at which Xcel buys power produced from solar installations in excess of power used at the meter) DIA may realize a benefit of more than \$615 thousand over the term including a modest load offset savings related to interconnection at the DIA ARFF Training Facility. There may be additional demand charge savings related to the ARFF Training Facility that are difficult to quantify at this time. Through these agreements the airport will add 3.1 million kWh of clean renewable energy to its portfolio and thus reduce carbon dioxide emissions by 2742 tons or the equivalent of 400 residences annually.

**\*\*Please complete the following fields:** *(Incomplete fields may result in a delay in processing. If a field is not applicable, please enter N/A for that field.)*

- a. **Contract Control Number:** 201311770-00
- b. **Duration:** 20 years
- c. **Location:** DIA
- d. **Affected Council District:** 11
- e. **Benefits:** Based on a 3% growth rate in the Average Hourly Incremental Cost (the rate at which Xcel buys power produced from solar installations in excess of power used at the meter) DIA may realize a benefit of more than \$615 thousand over the term including a modest load offset savings related to interconnection at the DIA ARFF Training Facility.

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There may be additional demand charge savings related to the ARFF Training Facility that are difficult to quantify at this time. Through these agreements the airport will add 3.1 million kWh of clean renewable energy to its portfolio and thus reduce carbon dioxide emissions by 2742 tons or the equivalent of 400 residences annually.

**f. Costs:**

<i>Current Contract Amount (A)</i>	<i>Additional Funds (B)</i>	<i>Total Contract Amount (A+B)</i>
1,000,000	-0-	1,000,000

  

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
20 years	-0-	12/31/2033

**g. Date Goals Assigned:** N/A

**h. Goals:** N/A

**7. Is there any controversy surrounding this ordinance? (Groups or individuals who may have concerns about it?) Please explain.**

There is no controversy surrounding this ordinance.

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## Key Contract Terms

Vendor/Contractor Name: SH COD XXV, LLC

Contract control number: 201311770-00

City's contract manager: Woods Allee

Was this contractor selected by competitive process? Was it the low bid? The developer was selected through RFQ for solar developer in 2009.

Term/Duration of contract/project: 20 years

Renewal terms: N/A

Purpose: Reduce operating costs, add 3.1 million kWh of clean renewable energy to the Airport's portfolio and reduce carbon dioxide emissions by 2742 tons or the equivalent of 400 residences

Scope of services to be provided with performance bench marks: The loan agreement will complete a suite of three agreements including a Power Purchase Agreement (PPA) and Ground Lease Agreement (GLA). Together these agreements create a business structure that will generation and delivery low cost solar energy consistent with design estimates of ~ 3.1 million kWh in the first year. Power is purchased on a per kWh basis.

Cost/value: The business arrangement includes a \$1,000,000 no-interest 20-year loan. The IRR of this business structure is 6.1% assuming a 3% growth in AHIC after five years.

Source of funds: Airport equity

Benefit: Reduce operating costs, add 3.1 million kWh of clean renewable energy to the Airport's portfolio and reduce carbon dioxide emissions by 2742 tons or the equivalent of 400 residences

Termination provision for City and for contractor: Subordinated loan, optional termination in event of default, lack of payment etc.; cross default with power purchase and ground lease agreements for lack of payment and other technical provisions. Tenant may terminate in City breaches any material term and fails to cure such breach.

WBE/MBE/DBE commitments (construction, design, Airport concession contracts):

Who are the subcontractors to this contract? There are no goals related to the loan agreement. A goal of 20% has been established for tenant construction. IME is the principle contractor and has committed to meet or exceed the goal however subcontractors have not been selected at this point.

Location: DIA

Affected Council District: 11

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