

In accordance with City Council Resolution No. 1995-21, the minutes of meetings of the City Council and the Boards, Commissions, and Committees of the City shall be prepared as Action Minutes.

MINUTES
CITY COUNCIL
BANNING, CALIFORNIA

11/12/2019
SPECIAL MEETING - WORKSHOP

COUNCIL/BOARD MEMBERS PRESENT: Councilmember Happe
Councilmember Peterson
Councilmember Wallace
Mayor Pro Tem Andrade
Mayor Welch

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT: Douglas Schulze, City Manager
Kevin G. Ennis, City Attorney
Marie Calderon, City Clerk
Sonja De La Fuente, Deputy City Clerk
Art Vela, Director of Public Works/City Engineer
Adam Rush, Community Development Director
Tom Miller, Electric Utility Director
Jim Steffens, Power Resource & Revenue Administrator
Carla Young, Business Support Manager

I. CALL TO ORDER

A special meeting of the Banning City Council was called to order by Mayor Welch on November 12, 2019 at 4:05 P.M. at the Banning City Council Chamber, 99 E. Ramsey Street, Banning, California.

II. WORKSHOP

1. New Energy North America

City Manager Doug Schulze introduced a proposal for public/private partnership with New Energy North America (Attachment 1) and expressed

Marion Ashley, Governmental Relations for New Energy North America, thanked the Council for their consideration of New Energy's proposal and introduced Paul Towsley.

Paul Towsley, Investor Relations for New Energy, provided a brief explanation of New Energy North America's services and introduced members of their team, including the following:

Del Allison, Hanwha Energy
Mark Tucker, Enel
Bill Currier, Governmental Relations, New Energy
James Holtz, BYD
Gary Armantrout, President/CEO, New Energy
Marion Ashley, Vice President Governmental Affairs, New Energy

Mr. Towsley introduced Del Allison with Hanwha who provided the Council with a presentation (Attachment 2) regarding New Energy North America's proposal.

James Holtz with BYD invited the Council and public to take a tour of the bus he brought down after the workshop.

Members of the City Council asked questions and clarification regarding the public/private partnership proposal. Mr. Towsley and other members of the New Energy team answered questions and provided clarification as needed.

City Attorney Ennis explained public/private partnerships from a legal standpoint.

There was a consensus of the Council for New Energy North America to put together a detailed proposal for consideration.

III. PUBLIC COMMENTS

None

IV. ADJOURNMENT

By consensus, the meeting adjourned at 5:05 p.m.

Minutes Prepared by:



Sonja De La Fuente, Deputy City Clerk

The entire discussion of this meeting may be viewed here:
<https://banninglive.viebit.com/player.php?hash=4rtIAmUEePRk> and related
documents can be viewed here:
<http://www.banningca.gov/ArchiveCenter/ViewFile/Item/2192>
or by requesting a CD or DVD at Banning City Hall located at 99 E. Ramsey Street.

ATTACHMENT 1

(Proposal)

New Energy North America

The City of Banning Proposal

Who We Are:

New Energy North America, LLC is an umbrella company that has brought together the best-in-class leading entities in the world in renewable energy generation, storage, distribution, finance and Net Zero energy conservation to work in collaboration to be able to provide the City of Banning with an all-encompassing solution to its renewable energy requirements in a very cost effective way. These companies are:

Hanwha Energy - The largest producer of solar cells/panels in the world with a 1.6 GW manufacturing facility in the United States. Has a solid balance sheet with over \$155 Billion in assets. It has a proven track record of developing successful renewable energy generation projects in the United States.

Enel X – A multinational power company with facilities in 31 countries on 5 continents, Enel X is a leading integrated player in the renewable energy field. Enel X has over 50 years of energy utility experience, earns over \$84 Billion in annual revenues, generates over 42 GW of renewable power and has over 65,000 employees worldwide.

Sensus – As a subsidiary of the \$5 Billion in annual revenue Xylem Corporation, Sensus is a leading company in the energy monitoring and management business. Sensus operates on 6 continents, with over 14,000 customers, in over 2,000 communities providing over 80 million meters. Its "FlexNet" system remotely monitors gas, electric, water meters and streetlights to provide analysis and reporting for energy efficiency, safety and cost savings.

BYD Company – A leading provider of advanced battery storage technologies for over 23 years. BYD has facilities in over 33 locations worldwide, over 240,000 employees and earned over \$16 Billion in 2017. In addition to manufacturing battery storage, the BYD Motor division is a leading manufacturer of electric vehicles having delivered over 45,000 electric buses and over 2,000 electric trucks to its many customers. Its electric truck and bus manufacturing facility is located in Lancaster, California.

AT&T – The foremost U. S. communication company. In addition to its many more recognized businesses, AT&T is driving "Smart City" initiatives across the U.S. through its LED lighting technology, advanced lighting controls, energy metering, environmental sensors, traffic control systems, 5G internet and integrated communication infrastructure.

Zeem – A leading company in the conversion of gas and diesel trucks and buses into electrically powered vehicles. Zeem is responsible for nearly 40% of the commercial electric trucks operating in the U.S. today. Zeem has a conversion facility in Moreno Valley, California.

Big Sky Electric – EPC, solar and battery installer based in Riverside, California. Big Sky will employ local union electricians and tradesmen and will source supplies from local vendors. Big Sky has a proven track record of completing large, successful electrical projects on time and on budget in California.

Brummitt Energy Associates - Founded in 1998 by Beth Brummitt, and based in San Diego, the firm's mission is to help clients benefit from the financial and health benefits of high-performance Zero Net Energy buildings that combine intelligent efficiency with renewable energy. It is from Beth's total dedication to helping cities and companies reduce their carbon footprints that Brummitt Energy Associates now employs the industry's leading building performance experts to fulfill the company's vision.

Lockton Insurance – Large commercial and industrial insurance provider currently working in the renewable energy space who will provide performance guarantees and back-stop the manufacture's warranties to eliminate the City of Banning's future risk in entering into a PPP and PPA.

Why We Are Here:

New Energy North America, through its partner companies, has the expertise and financial resources to provide a comprehensive solution to the challenges facing the City of Banning in providing renewable energy to its facilities:

- a) to meet State of California imposed mandates;
- b) to reduce its current energy costs;
- c) to provide protection from ever continuing utility electricity rate increases;
- d) to meet the increasing public citizens' demand for green energy solutions
- e) to do so despite the limited availability of City funding to meet these challenges.

Necessary Steps:

Initial Presentation – New Energy North America made a presentation to representatives of the City of Banning on August 13, 2019.

Information Gathering – The City of Banning has scheduled a Workshop for November 12, 2019 to begin the process of information gathering, to obtain its consumption data and energy load profile and New Energy will begin assembling that data. Additional information and site visits will still be still required.

Letter of Intent – In consideration of the time, cost and effort that New Energy is putting into the analysis and preparation of a comprehensive renewable energy Proposal at no cost to the City of Banning, New Energy requests the City of Banning to execute a letter of Intent to give New Energy a reasonable period of exclusivity to complete its analysis and prepare a definitive proposal.

Analysis – New Energy's technical experts and engineers will begin analyzing the energy consumption data in order to determine where cost savings could be achieved, where revenue could be generated, and where energy efficiencies could be obtained in order to financially model what energy solutions New Energy can cost effectively provide.

Formal Presentation – New Energy will make a formal presentation to the City of Banning City Council and deliver a definitive Proposal providing in detail what facilities, programs and funding New Energy is able to provide and what the City of Banning's obligations would be going forward.

PPP and PPA Negotiation – Based on the Proposal, the language of a final draft of the PPP and PPA would be negotiated by the party's representatives.

Approval – The City Council of Banning would conduct a final vote to approve the Proposal and enter into the PPP and PPA with New Energy North America and construction of the renewable energy facilities would begin.

What We Will Propose:

Subject to New Energy's completion of its final analysis of the City of Banning's current energy consumption profile and financial pro forma, New Energy North America's proposal to the City of Banning may include some or all of the following renewable energy components to be implemented in phases:

Solar Panel Energy Generation – State-of-the-art Hanwha Q CELLS made in America solar panels to be installed by New Energy on City provided sites at ground level and on City owned building rooftops. It may also include the installation of solar panels on parking structure canopies where advantageous to do so.

Battery Storage – Behind the meter state-of-the-art battery storage manufactured by BYD Company and located on City provided sites.

Electric Vehicles – The conversion by Zeem of existing City fleet vehicles from natural gas or diesel to an electrically driven powertrain where possible. Where not possible, the providing of new electrically powered trucks, side loaders and busses by BYD Company. It may also include providing small Chevy Bolt size passenger cars to the City fleet.

EV Charging Stations – Up to two hundred and fifty electric vehicle charging station to be located on City sites to charge City owned electric vehicles and available to the public for the charging of their own private electric vehicles for a fee. These charging stations can provide an additional source of revenue to the City.

Street Lighting – Conversion of a large portion of the City of Banning's streetlights to smart LED streetlights that can deliver and estimated 50% to 70% energy savings over existing HID technology while at the same time providing better uniformity on the roadway and pedestrian areas, reducing up light and light pollution.

Energy Management System – "Smart City" energy management infrastructure by AT&T and Sensus to monitor and control the City's energy generation and consumption to maximize efficiency and reduce cost.

Additional Revenue Source:

New Energy North America proposes to joint venture with the City of Banning to sell surplus electricity generated by its solar panels to commercial and industrial customers, home builders to meet their zero energy mandates, and private customers to fuel their electric powered vehicles at charging stations located throughout the City. For example, the City of Banning would be paid a fixed royalty for electricity sold by the joint venture to non-City customers or on to the grid, thus providing an additional source of revenue to the City of Banning.

Funding:

New Energy North America has already secured third-party financing to be able fund all of the solar, battery, streetlighting, electric vehicles and energy management systems that will be proposed to the City of Banning. That means that the City of Banning will not have to tap into its limited financial resources, increase taxes or find other means to fund the renewable energy mandates that are being imposed on it by the State of California. The City also will be able to capture all of its own cost savings that the renewable energy sources generate.

Time is of the Essence:

The current economics of renewable energy generation are highly sensitive to the amount of tax credits, incentives and grants that may be available to reduce costs. The amount of Federal ITC tax credits will be reduced starting next year and certain other grants and incentives that make renewable energy cost effective are at risk of being exhausted soon. The extent to which these tax credits, incentives and grants are reduced or lost will only serve to increase the eventual cost of the renewable power and reduce the cost savings to the City. This means that time is of the essence for the City of Banning to move forward on renewable energy initiatives.

PPP vs RFP:

A negotiated **Public Private Partnership (PPP)** offers many advantages over a cumbersome **Request For Proposal (RFP)** process as the most efficient method for the City of Banning to obtain the benefits of a comprehensive, state-of-the-art solution to its energy needs.

The two most compelling reasons to go the direct negotiated PPP route are:

1. **Cost Savings** – the RFP process requires the City to utilize its limited resources up front in an effort to identify the full scope of the problem and evaluate all of the differing

proposals. In addition, it may not have in-house resources with the requisite expertise and be forced to contract the RFP process to outside consultants.

2. **Saves Time** – the RFP process is very lengthy and time consuming. It requires the City to attempt to identify all of its energy issues, then draft a solicitation document, then research to find potential respondents, then issue the RFP, then wait for potential respondents to analyze and respond, then evaluate the responses, then negotiate a contract with a selected vendor. This lost time is particularly detrimental when the agency or local government is facing short term energy mandates and the expiration of energy incentives, and the loss of grants and subsidies.

In addition, the RFP process:

3. May not be complete or produce an all-encompassing solution.
4. May stifle innovation and unconventional approaches.
5. Is ill suited to newly emerging technologies.
6. Produces only rigid and often siloed solutions to problems.
7. Is too formal a process that does not encourage relationship building between the parties that facilitates a true understanding of the problems and potential solutions.

Fortunately, the California Legislature has recognized the drawbacks of the RFP process in the context of seeking new and innovative solutions to a city's energy problems by enacting **Government Code Section 4217.10 – 4217.18** permitting governmental entities to enter into negotiated Public Private Partnerships directly without requiring an RFP process.

The law provides that:

1. A public agency or local government may enter into an energy service contract and related ground lease if it determines that it is in the best interest of the public at a regularly scheduled hearing with at least two weeks' notice, and
2. A public agency or local government may lease property to an energy provider at a below fair rental value if the agreed rent is anticipated to be offset by below-market energy purchases.

PPP:

The Public Private Partnership Agreement documents the joint venture relationship between the City of Banning and New Energy North America, clearly spelling out each party's duties and obligations going forward. For the City of Banning's part, it will agree to provide City owned/controlled sites, both ground level and rooftop, for the installation of the solar panels under a lease arrangement with New Energy North America for a nominal rental fee for the term of the PPP. The City of Banning will agree at its cost to facilitate and fast-track the building permit and other regulatory approvals required; obtain any interconnection and environmental

approvals required to provide a "shovel-ready" site in order to speed up the installation process for all renewable energy components.

For its part, New Energy North America will agree to provide its expertise to design, provide and install and maintain all of the renewable energy components on the City sites at no cost to the City of Banning for the term of the PPP. New Energy will be responsible for arranging the financing to fund the renewable energy components and will own those components. Ownership of the components will be conveyed to the City at the end of the PPP.

PPA:

The Power Purchase Agreement documents the terms and conditions by which the City of Banning agrees to purchase from the joint venture the electric energy that it generates and stores for consumption by the City. The cost of the energy to the City will be specified on a price per kilowatt hour basis and contain an escalation provision based on a discount from the prevailing utility rates. It also will set out the terms and conditions for the sale of the surplus electric energy generated and stored by the joint venture to third parties thereby creating an additional source of revenue for the City. For example, a royalty paid to the City on power sold through EV charging stations to private citizens.

The PPA will specify New Energy's maintenance and equipment replacement obligations on the renewable energy components and provide for insurance coverage in favor of the City to guarantee performance and protection from liability. The term of the PPA will be thirty (30) years.

Respectfully Submitted

New Energy North America, LLC

ATTACHMENT 2

(Presentation)



***City of Banning
Workshop and Discussion***

***New Energy North America, LLC
October 22, 2019***

OUR GOALS



- Maximize and Monetize non-revenue generating land and under-performing existing resources while providing Compliance to California Energy Mandates
- Provide Year-over-Year Growing Revenue Streams
- Minimize electrical energy costs with no start up costs



Health Care
Facility –
Bakersfield, CA
(1.3 Megawatt
Solar Carport)



OUR GOALS

- Establish a Public Private Partnership and Joint Venture
New Energy will:
 - Provide all the assets
 - Money and Financing
 - Engineering and Energy Modeling
 - Solar Panels
 - Car Ports
 - Safe and Reliable Battery Storage
 - Opportunity to participate in the emerging "any source" resale program
- Deliver Comprehensive Program enabling JV to benefit from California mandated renewables, resiliency and fleet electrification requirements
- Complete E-mobility Solutions:
 - EV Bus, Truck and Auto Recharging stations
 - Next Gen Hydrogen Charging
- Net Zero Energy Solutions

Jobs - Using as much local labor content to create jobs and infuse capital into the local economy



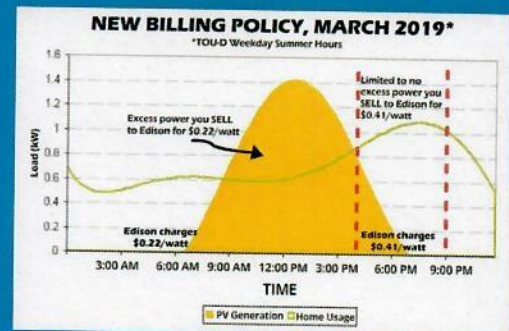
After installation | Train Station (2.5-Megawatt Solar Carport)



Future of Supply One of the Greatest Energy Challenges

Uncertain Future of Supply and Impact on Future Rate Pricing -

- Example: SCE facing a >\$1B short fall in its power budget.
- Massive lawsuits filed as a result of the Thomas fire, the 2nd largest in California history, PG&E Rolling Black outs
- Natural Gas Futures – Long term energy availability and are the spot market suppliers oversold?
- Meeting the Power and Energy requirements as demand grows at an unprecedented rate along with impact of EV Programs and Rebates on the Grid
- SOLUTION - New Energy through a proven **Public Private Partnership OR Joint Venture** ensures electricity cost is the lowest possible and at a predictable rate **using Solar and Storage** both in front of the meter and behind the meter and sustainable secondary charging solutions

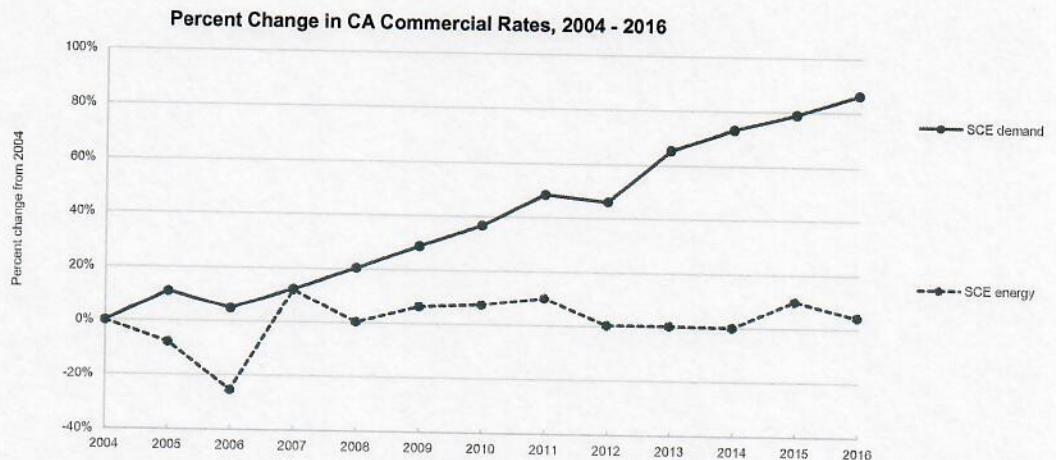


SCI TOU Rate Periods Will Cut Benefit of Solar by Up to 50%



Eliminate the Massive exposure to rising Demand costs

Over the last 12 years,
demand charges
increased by
**120% on average in
California**
while energy charges are
about the same.



SOLUTION - New Energy through a proven Private Public Partnership provides a long term **Energy Solution** that ensures electricity cost at a significantly lower and predictable rate using Solar and Storage with complete monitoring and management and Control

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OUR GOALS – *The Future Is Now!*



Newenergynorthamerica.com

The E-mobility Solution is Now!

Monitizing and Optimizing Land Useage - Local Generation

The energy produced can be used

- a) to charge e-vehicles
- b) to produce hydrogen and to fuel vehicles with hydrogen
- c) to store excess energy or to sell it on the spot market in intraday trading. Offset existing site utility bills

Storage Systems:

- a) to store excess energy from the generating facilities
- b) Option to provide services in the control market (primary / secondary) with spare capacity
- c) for intraday trading
- d) for supplying energy for E / H2 mobility, when the generating facilities need additional support to supply enough energy.
- e) Charging at night and other time of low and available energy from the grid
- f) Resiliency

Advantage: the charging or discharging process can be implemented independently of the status of the battery. In other words, when the operation status "discharging" is in progress free capacities in the battery can be charged at the same time.



Newenergynorthamerica.com

Who Are We?


Industry Leaders in Every Segment of Energy -- Public
Private Partnering/JV for Integrating Renewable Resources
Effectively

| | Hanwha Energy | Enel X | AT&T | ENERCOLL | BYD Motors | Baja Carports | Brummitt Energy | NewEnergy |
|--|---------------|--------|------|----------|------------|---------------|-----------------|-----------|
| Energy Storage Needs | ✓ | ✓ | | ✓ | | | | ✓ |
| Solar Generation | ✓ | | | ✓ | | ✓ | | ✓ |
| Street Lighting | | ✓ | ✓ | | | | | ✓ |
| Fleet Electrification and Conversion | | | | | ✓ | | | ✓ |
| Fast EV Charging Stations | ✓ | ✓ | | ✓ | ✓ | ✓ | | ✓ |
| Smart City & MTS Monitoring and Management | | | | | ✓ | | ✓ | ✓ |
| Zero Energy/Carbon Modeling | | | | | | | ✓ | ✓ |
| E-Mobility - E and Hydrogen Charging | | | | ✓ | | | | ✓ |
| Public Private Partnership (PPP) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Bankable and Global experience



Over \$600 Billion Balance Sheet

 Hanwha Energy

174 POWER GLOBAL

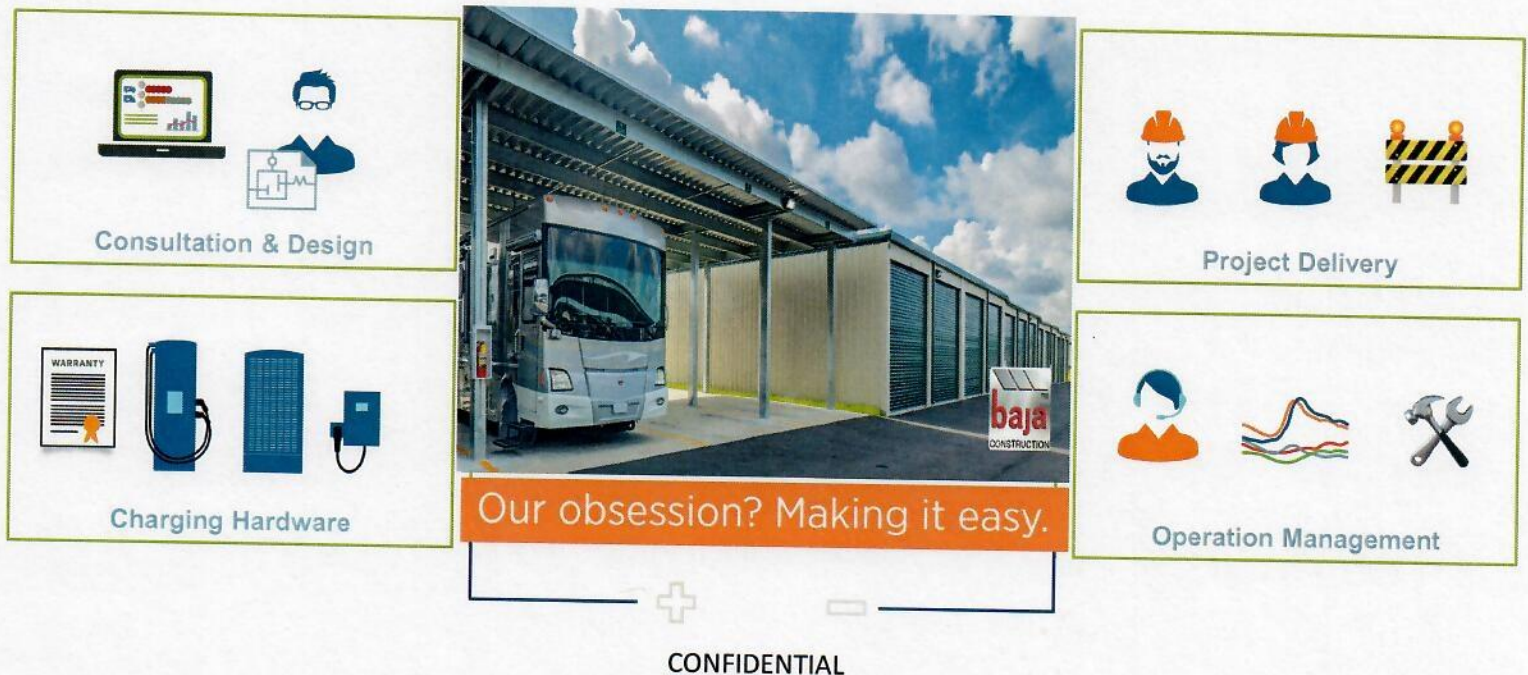


 BRUMMITT ENERGY ASSOCIATES INC



-chargepoint+

Making electric Zero Emission Bus a reality



ChargePoint Overview



2007

Founded in Campbell CA

600+

Employees globally

200+

Engineering staff globally

Offices Located:

United States Campbell CA*
Scottsdale AZ



Europe Amsterdam
Munich
London



India Haryana

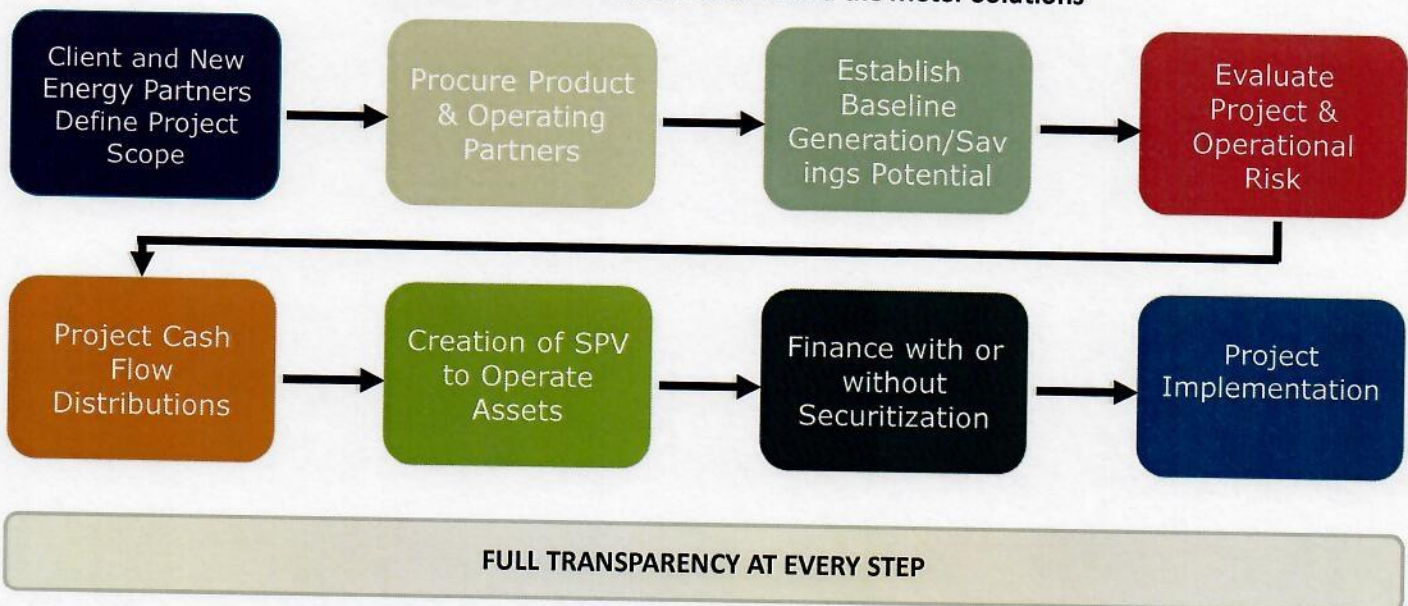


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* Manufacturing in compliance with Buy America Act

CLIENT AND NEW ENERGY PARTNERS TURNKEY JOINT VENTURE MODEL

Both In Front of the Meter and Behind the Meter Solutions



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Tier 1 Suppliers and Local Approved EPC and Labor Force

Tier 1 Total Solution with Best Pricing

Total Hardware

"Made in America" – Hanwha's highest performing quality Solar Panels with proven Utility-grade performance with 25 year warranty manufactured and delivered in the USA from number one supplier of solar.

Energy Storage Solutions designed to maximize overall system performance from only Tier 1 suppliers

Vehicle electrification that is flexible and scalable to meet the needs using only Tier 1 suppliers. Made in America

Helps negate any Utility Rate increases

Hydrogen Generation and building Incremental revenue streams: Enercoll

Integrated Software

Enel X Second largest Utility in the world providing consolidated City-wide performance monitoring with cloud-based "Smart" software platform.

Ensures CEC compliance include:
Environmental monitoring,
Public Safety, Water, City wide Lighting control and more

Enables Utility scale participation in Ancillary market and Power Generation

Flexible interface for fully customized reports and monitoring through cloud based resources

Professional Services & Construction

Already approved NECA electrical workers deliver turnkey solar and energy storage power plants fully integrated into a "Smart City monitoring and management system.

Hire local labor from sources to insure that majority of workers reside within territory.

70% of all Journeyman electricians will be graduates of a state approved electrical apprenticeship program ensuring highest quality workmanship.

All Electricians will have state certifications and will follow a stringent electrical safety policy

Most Favored nation pricing ensure lowest possible costs for project

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Maximize and Monetize non-revenue generating land and under-utilized existing resources

- **Provide Year-over-Year Growing Revenue Streams**
- **Minimize electrical energy costs with no start up costs**
- **Blockchain Approach to stripping out layers of excess margins**

Our Strategic Partners have a balance sheet strength of over \$600 Billion USD ensuring the depth and breath to enable a successful Public Private Partnership with you

Over \$600 Billion Balance Sheet

 **Hanwha Energy**

174 POWER GLOBAL

 **AT&T**







 **BRUMMITT ENERGY ASSOCIATES INC**

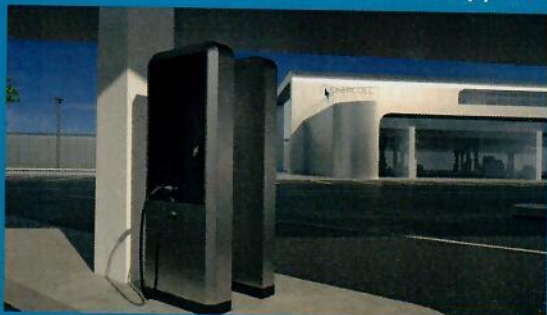




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CLIENT AND NEW ENERGY PUBLIC PRIVATE PARTNERSHIP/ JOINT VENTURE

- Maximize and Monetize non-revenue generating land and under-utilized existing resources
- Provide Year-over-Year Growing Revenue Streams
- Minimize electrical energy costs with no start up costs
- PROVIDE MONEY FOR OTHER NEEDED PROJECTS
- Fleet Electrification and Grid Support



Bus



Coach



Taxi



Consumer
car



Logistics Vehicle



Construction
Vehicle



Sanitation
Vehicle

Newenergynorthamerica.com



Thank You

Discussion

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