

Solar PV and BESS Projects Financing



August 7, 2025



Municipal Advisory | Financial Planning | Pension Optimization

**Las Gallinas Valley
Sanitary District**



Solar PV and BESS Projects Financing



- Total Projects Budget: **≈\$6.4 million**
- Debt Financing: **\$6.1 million**
- District's Contribution: **≈\$300,000**

- The projects can be financed with **tax-exempt** debt

- The most efficient financing tool for these projects is a **municipal equipment lease**

Equipment Financing Overview



- Equipment projects are most often financed through **municipal equipment leases**
- Municipal leases are very different from commercial or car leases:
 - District owns equipment subject to lender's leasehold interest in the equipment
 - The entire financing amount is amortized over the entire term of the lease
 - There is no buy-out at the end
 - Semi-annual payments
- **Municipal leases are much more loans than leases**

Financing Strategy



- Finance most of the project cost + costs of issuance (legal, placement agent, municipal advisor, and State of California fees – \$76,025)
- Held a competitive financing RFP. **Nine banks provided proposals.**
- Bank of America offered the best terms: **BANK OF AMERICA** 
 - 10-year term
 - 3.85% fixed tax-exempt interest rate
 - Semi-annual payments
 - No fees
 - One-time prepayment from tax-credits and incentives

Next Steps



- Today – Adopt resolution approving the financing and execution of documents
- Financing closing targeted for August 19, 2025
- Lease payment dates are March 1 and September 1, starting March 1, 2026
- Annual debt service of ≈\$741,655

Questions?



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