



Finance, Administration and Oversight Committee

Action Item III-A

May 10, 2007

**Reimbursable Project for Clean Renewable
Energy (Solar Program)**

**Washington Metropolitan Area Transportation Authority
Board Action/Information Summary**

Action
 Information

MEAD Number:
N/A

Resolution:
 Yes No

PURPOSE

To request approval of a resolution to add a reimbursable project to the FY08 System Access/Capacity Program (SAP) for a clean renewable energy solar power program.

DESCRIPTION

In the Energy Tax Incentives Act of 2005, Congress enabled governmental entities and electric cooperatives to apply for the ability to issue clean renewable energy bonds (CREBS) to finance qualified clean renewable energy projects. Congress authorized the issuance of up to \$800 million of the bonds with \$500 million available to governmental authorities and \$300 million available for electric cooperatives. The CREBS are zero interest bonds where the Federal government will underwrite the interest to the purchasers of the CREBS in the form of tax credits.

On April 24, 2006, the WMATA Board of Directors approved Resolution 2006-23, granting staff approval to file the appropriate applications with the United States Treasury and negotiate all appropriate documents with the proposal team including New York-based finance company, Allco Finance Group, and Baltimore-based solar energy company, SunEdison, the group responsible for designing, building, operating and maintaining the solar energy equipment.

At the end of November 2006, the U.S. Treasury Department awarded \$14.67 million to Metro for CREBS as part of the national program to fund alternative, renewable energy projects. Under this program, Metro will use the \$14.67 million award to install solar energy equipment atop six rail maintenance facility buildings in Maryland and Virginia, including the Shady Grove, Greenbelt, Branch Avenue, Glenmont, New Carrollton and West Falls Church rail yards.

Under the terms of the transaction, the financing consortium will make payments to WMATA that will be used to retire the bonds and WMATA will own the solar

energy generating facilities. Under the agreement, Metro will buy the energy generated by the solar energy equipment from the financing consortium at a fixed, below market rate.

FUNDING IMPACT

The \$14.67 million in bond principal will be repaid through payments received from the financing consortium. Up to \$350,000 for legal and other bond issuance activities will be funded from the tax-advantaged lease account; further, these costs will be included in negotiations with the financing consortium to minimize WMATA's final cost.

RECOMMENDATION

Staff recommends Board approval of the resolution to add a reimbursable project to the FY08 SAP for a clean renewable energy solar power program.

PRESENTED AND ADOPTED:

SUBJECT: INCLUSION OF CLEAN RENEWABLE ENERGY SOLAR POWER PROGRAM INTO
FY2008 SYSTEM ACCESS/CAPACITY PROGRAM

PROPOSED
RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, On April 24, 2006, the Board of Directors passed Resolution 2006-23 to authorize the Authority to apply for federal bond authority under the Energy Tax Incentives Act of 2005; and

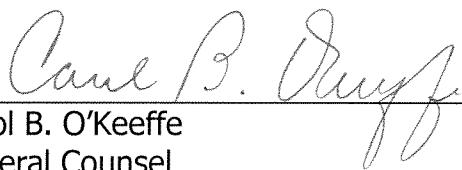
WHEREAS, In November 2006, the U.S. Department of the Treasury awarded the Authority approximately \$14.67 million in bonding authority to pursue the installation of solar energy panels on selected Authority facilities; and

WHEREAS, The cost of the facilities must be included in an Authority budget; now, therefore be it

RESOLVED, That the Board of Directors directs that the amount of \$14.67 million be included in the FY2008 System Access/Capacity Program Budget for the installation of clean renewable energy solar power equipment; and be it finally

RESOLVED, That this Resolution shall be effective immediately.

Reviewed as to form and legal sufficiency,



Carol B. O'Keeffe
General Counsel