



Board Agenda Item 58

DATE: June 16, 2026

TO: Board of Supervisors

SUBMITTED BY: Edward Hill, Chief Operating Officer/Interim Director of General Services

SUBJECT: Consent to Collateral Assignment for Financing of Energy Services Agreements

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute Consent to Collateral Assignment of Solar Project Documents and Equipment Subordinations for Agreement Nos. A-23-675, A-23-676, A-23-679, A-23-680 and A-23-681, acknowledging and allowing Greenskies Clean Energy LLC to secure financing for the solar photovoltaic systems under each respective Agreement through KeyBank National Association; and**
- 2. Approve and authorize the Director of General Services, or their designee, to approve and execute any further documents, instruments, estoppel, acknowledgement certificates, memoranda of agreements, and sale-leaseback documents, all subject to the approval of County Counsel as to legal form and Auditor-Controller/Treasurer-Tax Collector as to accounting form, as they relate to the operation of the solar photovoltaic systems under Agreement Nos. A-23-675, A-23-676, A-23-679, A-23-680 and A-23-681.**

There is no additional Net County Cost associated with the recommended actions. The first recommended action will execute five separate Consent to Collateral Assignment of Solar Project Documents and Equipment Subordinations (Collateral Assignments) for Energy Service Agreement Nos. A-23-675, A-23-676, A-23-679, A-23-680 and A-23-681 (ESAs), acknowledging and allowing Greenskies Clean Energy LLC (Greenskies) to establish financing for the solar photovoltaic systems (Systems) from KeyBank National Association (KeyBank).

The second recommended action will allow the Director of General Services (Director), or their designee, to execute any further documents, including notice of a sale-leaseback transaction, for any such action relating to the operation of the photovoltaic systems (System or collectively, Systems). This item pertains to locations in Districts 1, 2, 3 and 5.

ALTERNATIVE ACTION(S):

There are no viable alternative actions for the first recommended action as Greenskies has the ability to execute an acknowledgment of collateral assignment without the County's prior approval (per the General Terms and Conditions, approved by the Board on February 4, 2020 as Agreement No. A-20-006), so long as Greenskies provides prior written notice and the collateral assignment is to a financing party or affiliate. Execution of the Collateral Assignments acknowledges and formalizes the terms of financing between KeyBank and Greenskies, ensuring none of the terms of the ESAs are violated with the financing arrangement, which will ultimately enable commercial operation of the Systems.

Should your Board not approve the second recommended action, the General Services Department (GSD)

would return to your Board for execution of any further documents required for Greenskies to operate the Systems, which could cause delays in completion of processes that are standard for energy production and system operation.

FISCAL IMPACT:

There is no additional Net County Cost associated with the recommended actions, which allow Greenskies to secure financing through KeyBank. There are no changes to the power purchase agreement (PPA) rates already approved by your Board. Costs associated with the ESAs will be charged back to user departments, including the Department of Behavioral Health, Department of Public Health, Fresno County Sheriff's Office, GSD, Information Technology Services Department, and Library. Sufficient appropriations and estimated revenues are included in the GSD Facility Services Org 8935 FY 2025-26 Adopted Budget and will be included in future Recommended Budget requests for the duration of the ESA terms.

DISCUSSION:

On December 13, 2022, the Board approved a non-binding Letter of Interest (LOI) authorizing FFP BTM Solar, LLC (ForeFront Power) to evaluate ten County facilities for solar feasibility. For the seven sites determined to be feasible, ForeFront Power submitted interconnection applications to PG&E on behalf of the County, securing grandfathered eligibility under the California Public Utilities Commission's Net Energy Metering (NEM) 2.0 tariff prior to the April 14, 2023, deadline. This preserves NEM 2.0 status for 20 years from the date of operation, provided the systems are deemed operational by April 14, 2026, or February 15, 2027, for load-aggregated (NEMA) sites.

On December 12, 2023, the Board held a public hearing determining that the terms of the ESAs with ForeFront Power were in the best interests of the County, as the anticipated costs for electrical energy or conservation services to be provided by the solar photovoltaic energy systems would be less than the County's anticipated marginal costs for the purchase of energy in absence of the ESAs. The ESAs allow ForeFront Power the ability to design, construct, install, operate, and maintain seven separate Systems located at (1) Animal Control at 1510 W. Dan Ronquillo Drive, (2) the Area 2 Sheriff Substation at 1129 N. Armstrong Avenue, (3) the to-be constructed Olive Campus (labeled "Behavioral Health and Mental Health" in the ESA) located at 5555 E. Olive Avenue, (4) Hamilton Yard for multiple buildings at the corner of S. Maple and E. Hamilton Avenues, (5) the Health and Wellness Center at 1925 E. Dakota Avenue, (6) Pontiac Building 6 at 333 W. Pontiac Way, and (7) the Woodward Regional Library at 944 E. Perrin Avenue. Each ESA has a possible 25-year term, inclusive of a 20-year initial term and one optional five-year renewal period, as well as the ability for the County to purchase each System after the fifth anniversary of the Guaranteed Commercial Operation Date (COD).

On March 17, 2026, your Board approved nine documents: an Omnibus Amendment to ESAs (Omnibus Amendment), seven individual Change Orders for each ESA, and an Assignment and Consent to Assignment of Project Documents and Acknowledgement (Assignment). The Omnibus Amendment extended the potential term of each ESA by adding up three optional five-year extensions for a total term length of up to 35 years, aligned construction timelines for the Hamilton Yard and Olive Campus projects with NEMA-related deadlines, and clarified requirements surrounding System insolation and water access at all seven sites. The Change Orders revised the scope for all seven projects, addressing unforeseen conditions including: canopy height increase, permanent casings for canopy beam support, American with Disabilities Act compliance, updates to the Construction Start Dates and Guaranteed COD, and incorporation of existing canopy structures at the Area 2 Substation. With exception of the Area 2 Substation ESA, the Changes Orders also increased the PPA rates and termination values for the remaining six locations. Lastly, the Assignment transferred all rights, obligations, and duties from ForeFront Power to Greenskies as Greenskies assumed responsibility for the development, design, procurement, construction, operation, maintenance, and ownership of all the Systems.

The first recommended action establishes the financing structure between Greenskies and KeyBank by

authorizing Greenskies to use the Systems and ESAs as collateral to obtain financing from KeyBank and enter into one or more sale-leaseback (SLB) transactions. These SLB transactions will allow Greenskies to sell its rights, interests, and obligations for each System to a lessor (SLB Lessor), which will then lease the Systems back to Greenskies. The SLB structure is common for high-cost assets, like the Systems, as it allows the seller to raise capital from the sale while continuing to use the asset by leasing it back from the buyer.

Under the proposed structure, the Systems will be sold by Greenskies to KeyBank, which will be the owner of the Systems for tax purposes, allowing KeyBank to utilize tax credits associated with the renewable energy projects; simultaneously, KeyBank will lease back the Systems to Greenskies so that Greenskies can operate the Systems and provide energy to the County under the established PPA rates. Consistent with standard renewable energy project financing practices, Greenskies has created separate California limited liability companies for each project (e.g., "CF FFP Fresno Animal Control LLC," "CF FFP Fresno Sheriff Substation," etc.), all of which are affiliated with Greenskies.

Approval of the five Collateral Assignments will acknowledge this financing structure for each ESA, which will in turn allow Greenskies, through the individual LLCs, to request permission from PG&E to operate each System and reach Commercial Operation. After Commercial Operation is achieved, the County will begin to realize savings by purchasing energy from Greenskies at a rate lower than is currently paid to PG&E. Only five of the seven ESAs approved by the Board of Supervisors on December 12, 2023 are currently proceeding through this financing process with Greenskies and KeyBank: Animal Control, Area 2 Substation, the Health and Wellness Center, Pontiac Building 6, and the Woodward Library. Staff will return before your Board at a later date to request Collateral Assignments for the Hamilton Yard and Olive Campus locations once these projects are closer to commercial operation.

The second recommended action would allow the Director, or their designee, to approve and execute any further documents relating to the operation of these five Systems, subject to approval by County Counsel as to legal form and Auditor-Controller/Treasurer-Tax Collector as to accounting form. With consideration that Greenskies will enter into SLB transactions for each System, GSD is aware that further documents will need to be approved and executed for the Systems to reach Commercial Operation. For expedience in executing documents that are routine in nature for these types of projects, and are detailed under the recommended Collateral Assignments, GSD requests authority to approve and execute such documents.

REFERENCE MATERIAL:

BAI #25, March 17, 2026
BAI #8, December 12, 2023
BAI #49, December 13, 2022
BAI #5, February 4, 2020

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Collateral Assignment of ESA No. A-23-675
On file with Clerk - Collateral Assignment of ESA No. A-23-676
On file with Clerk - Collateral Assignment of ESA No. A-23-679
On file with Clerk - Collateral Assignment of ESA No. A-23-680
On file with Clerk - Collateral Assignment of ESA No. A-23-681

CAO ANALYST:

Amy Ryals