

PRELIMINARY REVIEW – ENERGY SAVINGS PERFORMANCE INSTALLMENT FINANCING CONTRACT

The objective for the Energy Savings Performance Contract (ESPC) is to maximize energy cost savings in order to finance building system upgrades in the following buildings: Genetic Medicine Research Building, Medical Biomolecular Research Building (MBRB), Molecular Biology Research Lab/Glaxo, Chapman Hall, Kenan Labs, and ITS Manning

Brady Trane, the Energy Service Company (ESCO), was selected to perform an Investment Grade Audit (IGA), design, furnish and install, train, and conduct measurement and verification for the term of the not to exceed 20 year contract.

The IGA has confirmed an annual guaranteed energy savings of approximately \$1.3 M from the energy conservation measures (ECMs). These savings are sufficient to finance approximately \$15.6 M in needed facility upgrades. Repayment of the installment financing contract will be through guaranteed energy savings. In addition, approximately \$4.5M of the financed amount addresses deferred maintenance.

The University will solicit competitive proposals from qualified lenders to enter into an installment financing contract. The University expects that the interest rate under the contract will not exceed 5% on a principal amount not to exceed \$15,650,000. This information is presented to the Board of Trustees for review and comment. The Board of Governors will consider a request to approve the financing at its August 2013 meeting.

No formal action is requested at this time.