

FINANCING CASE STUDY

City of Donna Has Bright Future with New LED Lights

Noesis' Municipal Lease with Performance Rebate Offers Turnkey Financing with Savings Assurance

THE OPPORTUNITY

The City of Donna, a city located in the heart of the Rio Grande Valley in Texas, was evaluating opportunities to upgrade their city's outdated interior and exterior lighting infrastructure to more energy-efficient LEDs. This would not only significantly reduce both electricity and maintenance costs, but it would also provide better, brighter lights in public areas, making the city and its citizens safer at night.

OVERCOMING CHALLENGES

One of the contractors interested in this lighting project was Enviro-Lite, a leading Texas-based LED lighting company. Armed with a successful track record of selling to municipalities, Enviro-Lite knew the challenge associated with getting a city council to approve a measure such as this, a task made more difficult because city council members often base these decisions on the contractor's energy savings estimates (which often seem too good to be true with lighting projects). Additionally, Enviro-Lite knew that funding is difficult and time-consuming if a new municipal bond is required.

As a result, as Enviro-Lite was preparing its proposal, they knew they must provide a complete solution that addresses an efficient way for the city to both approve and pay for the project, as well as assuring the city council members that Enviro-Lite was prepared to stand behind their energy savings forecasts.

THE SOLUTION

Enviro-Lite partners with Noesis, a leading provider of financing for commercial and public energy efficiency projects, to help them sell to municipalities like the City of Donna. Working with Noesis, their proposal consisted of three items:

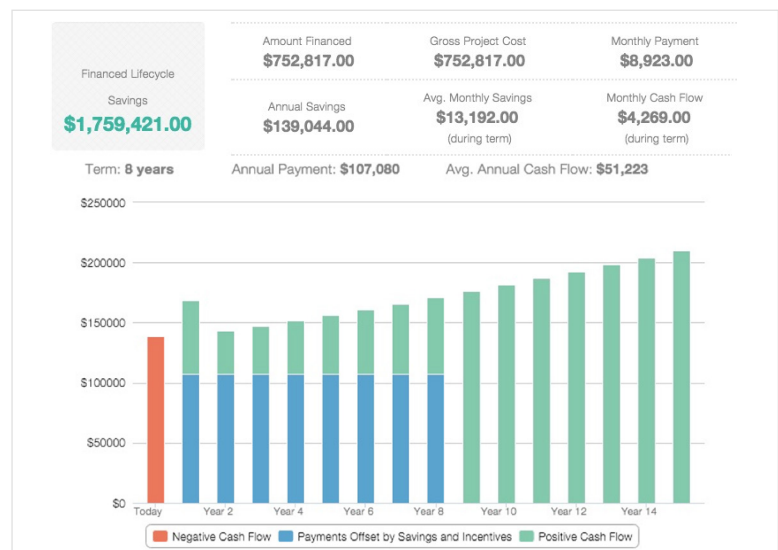
- Long-term municipal lease that was cash flow positive from day one (where the cash savings exceed the payments during the term of the loan)
- Noesis' Performance Rebate, a unique feature of Noesis' municipal lease where the city would receive a 6% rebate of the project cost from Enviro-Lite if the lights do not deliver at least 95% of the forecast savings in year one
- Coordinated plan to propose the complete project – packaged with pre-approved financing – to the Donna City Council that provides them with the information they need to make a thoughtful yet expedient decision

THE RESULTS

With a joint in-person presentation to the city council, Enviro-Lite and Noesis reviewed the complete project and financing, and discussed the benefits of their tax-exempt status, the low rate that they were pre-qualified for, and a delayed first payment until after the project is complete. Enviro-Lite also benefits because through the Noesis municipal lease, the project will be funded immediately, allowing them to start work without delay. Noesis also discussed the key features of the Performance Rebate, where Noesis will deploy its in-house experts monthly to provide standards-based measurement of the savings and report on those savings.

The motion passed, and the City of Donna is on their way to a "brighter" future.

ECONOMIC SUMMARY



PROJECT SUMMARY

Lighting upgrades for 16 building interiors, streetlights, and outdoor parking.

“Working with Noesis to get financing approval and payment options ready before we presented proved to be invaluable. Along with Noesis we were able to walk in fully prepared to answer any questions about the project and financing.”

—John Phillips, President, Enviro-Lite Solutions

“The City of Donna evaluates many opportunities to improve our infrastructure and our community. What really helped this project’s approval was that Enviro-Lite and Noesis had taken the time to understand our financial needs, get us approved, and present those options with the project. We all understood the project, the financing, and the commitment Enviro-Lite and Noesis had to its success.”

—Sonia Gallegos, Mayor Pro-Tem of Donna