



**CITY OF PLANO
COUNCIL AGENDA ITEM**

CITY SECRETARY'S USE ONLY				
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory				
Council Meeting Date:		7/25/2011		
Department:		Purchasing		
Department Head		Diane Palmer-Boeck		
Agenda Coordinator (include phone #): Nancy Corwin 972-941-7137				
CAPTION				
<p>RFP No. 2011-46-C designating the Credit Union of Texas as program administrator for the Energy Efficiency Loan Loss Reserve Program created by City of Plano Sustainability and Environmental Services Department to expend federal grant funds in the amount of \$700,000 provided under the American Recovery & Reinvestment Act; approving the terms and conditions of the Depository Contract; and authorizing the City Manager or his designee to execute all necessary documents, and providing an effective date.</p>				
FINANCIAL SUMMARY				
<input type="checkbox"/> NOT APPLICABLE <input checked="" type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP				
FISCAL YEAR: 2010-11	Prior Year (CIP Only)	Current Year	Future Years	TOTALS
Budget	0	2,545,400	0	2,545,400
Encumbered/Expended Amount	0	-634,188	0	-634,188
This Item	0	-700,000	0	-700,000
BALANCE	0	1,211,212	0	1,211,212
FUND(S): AMERICAN RECOVERY & REINVESTMENT ACT GRANT				
<p>COMMENTS: Federal Grant Funding has been awarded by the Department of Energy to facilitate a financial partnership between the City of Plano and the Credit Union of Texas to coordinate the \$SMART Energy Loan Program, a residential energy improvement program, targeted towards helping Plano households make energy efficient improvements to their homes. The remaining balance on this award will be used towards other eligible projects throughout the City of Plano.</p> <p>STRATEGIC PLAN GOAL: Working with financial institutions to assist Plano households relates to the the City's goal of "Partnering for Community Benefit".</p>				
SUMMARY OF ITEM				
<p>Staff requests Council's appointment of the Credit Union of Texas as program administrator for the Energy Efficiency Loan Loss Reserve Program conditioned upon timely execution of any necessary contract documents and the terms and conditions of the Depository Contract. The federal grant funding is provided pursuant to the American Recovery & Reinvestment Act by the Department of Energy (DOE) - 2011-46-C.</p>				
List of Supporting Documents:		Other Departments, Boards, Commissions or Agencies		
Recommendation Memo, RFP Recap, \$SMART Energy Loan Memo, Depository Contract				



Date: June 30, 2011
To: Nancy Corwin, Buyer
From: Robert Smouse, Sustainability & Environmental Services Manager
Subject: Recommendation for Residential Energy Efficiency Loan Program \ 2011-46-C

Based on the evaluation team's recommendation, Credit Union of Texas was selected as the financial partner to coordinate this residential loan program. The total program costs are \$700,000 from Department of Energy (DOE) grant funds. As a Request for Proposal (RFP), each proposal was evaluated based on five (5) weighted criteria: Financial Intuition's Qualifications, Experience & Financial Strength/Stability – 15 points; Energy Efficiency Loan Terms & Underwriting – 30 points; Approach to Loan Loss Reserve – 30 points; Approach to the Program & Marketing – 20 points; and Match of Proposal with Program Goals – 5 points. The team's evaluation determined the Credit Union of Texas to exceed the criteria. There were no non-responsible vendors. If this residential loan partnership is not awarded, the funds will be expended toward another energy efficiency related projects as required by the DOE.

CC: Nancy Nevil, Sustainability & Environmental Services Director
Yarcus Lewis, Sustainability Project Coordinator
Michelle Long, Commercial Recycling Coordinator

Request For Qualifications Recap

CITY OF PLANO

RFP NO. 2011-46-C

**RFP Loan Loss Reserve Funding for Residential Energy Efficiency Project
Loans**

RECAP

RFP opening Date/Time: January 7, 2011 @ 3:00 PM

Number of Vendors Notified: 639

Vendors Submitting “No Bids”: 0

Number of Proposals Considered: 1

Credit Union of Texas \$700,000.00

Proposals Received – Not Considered: 0

Recommended Vendor(s):

Credit Union of Texas \$ 700,000.00

Nancy Corwin

January 7, 2011

Nancy Corwin, Buyer II



DATE: July 11, 2011
TO: Bruce Glasscock, City Manager
FROM: Nancy Nevil, Sustainability & Environmental Services Director
SUBJECT: \$SMART Energy Loan Program

The City of Plano's Sustainability & Environmental Services Department allocated \$700,000 of the ARRA funding for an affordable loan program for residential energy efficiency improvements. Our goal is to offer more attractive secured and unsecured financing options for Plano homeowners – especially those homes that were built during the dramatic surge of the 1980's and 90's. The loan program has lower interest rates (typically 2% below other unsecured loan rates), longer terms (up to 10 years), higher loan values (up to \$20,000), and timely accessibility (2-day approval).

The Loan Loss Reserve Fund (LLRF), in partnership with the Credit Union of Texas, will provide a credit enhancement in the form of an assignable loan loss reserve account should a loan default. The LLRF guidelines share the funding of losses associated with loan defaults (historically 2% of all loans) based on a 50/50 split between the Credit Union of Texas and the LLRF. In addition, the LLRF would be limited to a maximum loss of 10% of the outstanding LLRF loan portfolio. It is projected to protect the LLRF for continued energy efficiency project loans estimated to be \$9 million in total lending over a ten-year period.

The Depository Pledge Contract is a required separate agreement to collateralize the City's funding over and above the insured \$250,000 NCUSIF (FIDC equivalent) if the Credit Union of Texas should become insolvent.

This program follows two successful energy efficiency programs: \$140,088 EPA Energy Efficient Rebate that benefited 292 households and the current \$625,000 Energy Audit & Weatherization program benefiting 396 households. The \$SMART Energy Loan Program will assist up to 1,356 residents with improving their home's energy efficiency and lowering their monthly utility bills.

A city coordinator, in conjunction with Texas HERO certified auditors, will work with residential homeowners in identifying energy efficiency projects that meet the requirements of the program through a Texas HERO Standard Audit. A HERO Standard Audit Improvement Analysis Report will determine the home's baseline energy consumption, develop a customized energy improvement action plan, assist with available rebates, identify contractors, and verify improvements.

Eligible projects include, but are not limited to:

- HVAC replacements
- Exterior wall insulation
- Energy management systems
- Solar screens or film
- Energy Star window replacement
- Hot water systems (solar, tankless or higher efficiency storage tank based)
- Geothermal heating & cooling system
- Encapsulating Roof line and/or attic area
- Renewable energy generation (photovoltaic or wind) systems

Additional benefits of this program are to improve Plano's economic engine by increasing Plano based jobs and assessed home values.

- c: Frank Turner, Deputy City Manager
Mark Israelson, Assistant City Manager
Robert Smouse, Sustainability & Environmental Services Manager

CREDIT UNION DEPOSITORY CONTRACT

This CREDIT UNION DEPOSITORY CONTRACT, hereinafter called "Depository Contract", is made and entered into on the date last herein written by and between the CITY OF PLANO, a political subdivision of the State of Texas, hereinafter called "City" and Credit Union of Texas, organized under the law of the State of Texas and authorized by law to do banking business in the State of Texas, hereinafter called "Credit Union", and provides as follows:

1. **Designation of Depository.** City, through action of the City Council, its governing body, hereby designates Credit Union as a depository credit union for the period beginning _____, 2011, and continuing through _____, 2016.
2. **General.** All services rendered to City by Credit Union under this Depository Contract shall be performed in accordance with accepted commercial banking standards for public fund organizations and under the overall direction and instructions of City pursuant to Credit Union's standard operations, policies, and procedures.
3. **Scope of Services.** Credit Union agrees to provide those services as described in the Energy Efficiency Program and Loan Loss Reserve Agreement (the "Program Agreement") incorporated herein by reference. Credit Union acknowledges that all such services shall be performed by Credit Union subject to the approval of City.
4. **City Representatives.** During the term of this Depository Contract, the City will, through appropriate action of its City Council, designate the officer, or officers, who singly or jointly will be authorized to represent and act on behalf of the City in any and all matters of every kind arising under this Depository Contract and to (a) appoint and designate, from time to time, a person or persons who may request withdrawals, orders for payment or transfer on behalf of the City, and (b) make withdrawals or transfer by written instrument.
5. **Termination.** This Depository Contract shall terminate upon the termination of this Depository Contract or the termination of the Program Agreement, whichever occurs first. Termination of this Depository Contract shall terminate the Depository Pledge Agreement (as defined in Section 8).
6. **Documents.** The contract and agreement documents incorporated by reference herein, and any other agreements for specific bank services that have been or may be executed between the City and Credit Union, are or will be on file as permanent records in the City's Finance Department and available for public inspection during regular business hours.
7. **Interest on Deposits.** City may arrange for deposits and Credit Union may accept and shall hold such deposits. Interest shall be calculated at the rates, which Credit Union has proposed under the Program Agreement.
8. **Custodian.** City and Credit Union, by execution of this Depository Contract, hereby designate the _____, hereinafter called the "Custodian Bank", to hold in trust, according to the terms and conditions of this Depository Contract and the Depository Pledge Agreement, the collateral described and pledged by the Credit Union in accordance with the provisions of this Depository Contract and the Depository Pledge Agreement.
9. **Custodian Fees.** Any and all fees associated with the Custodian Bank's holding of collateral for the benefit of City will be paid by Credit Union and the City will have no liability therefore.
10. **Collateralization.** All funds on deposit with the Credit Union to the credit of the City shall be secured by collateral as provided for the Public Funds Collateral Act (Chapter 2257 of the Texas Government Code), the City's Investment Policy, and the Credit Union's Response to the City's Credit Union Depository Request For Proposal as accepted by the City. With the exception of deposits secured with irrevocable letters of credit at 100% of amount, the total market value of the collateral (which includes accrued interest or income to the extent it is not included in the market price) securing such deposits shall be in an amount at least equal to one hundred two percent (102%) of the amount of such deposits, plus the amount of any accrued interest thereon, less the amount that such deposits are insured by an agency or instrumentality of the United States government. The market value with respect to any securities (collateral) as of any date and priced on such date will be obtained from a non-affiliated information source acceptable to the City. The Credit Union will work with the City to establish an appropriated cushion to cover normal deposit fluctuations and City will notify Credit Union of significant changes in its balances. Credit Union will be liable for the monitoring and maintaining the required collateral margins and levels at all times.

Credit Union has heretofore, or will immediately hereafter, deliver to Custodian Bank collateral of the kind and character described in the Depository Pledge Agreement of sufficient amount and market value to provide adequate collateral for the funds of City deposited with Credit Union. Said collateral or substitute collateral, as hereinafter provided for, shall be kept and retained by the Custodian Bank in trust so long as the depository relationship between City and Credit Union shall exist hereunder, and thereafter so long as deposits made by City and Credit Union hereunder, or any portion thereof, shall have not been properly paid out by Credit Union to City or on its order. Except as provided in Section 11, 12 and 17 hereof, such collateral shall be subject only to the joint written instructions of both (a) authorized individuals appointed by the City and (b) specifically authorized officers of the Credit Union. Credit Union hereby grants a security interest in such collateral to City.

The Custodian Bank will accept said collateral and hold the same in trust for the purposes herein stated.

11. **Default.** Should Credit Union fail at any time to pay and satisfy, when due, any check, draft, or voucher lawfully drawn against any deposits and the interest on such deposits or in any manner breach its contract with City, City shall give written notice of such failure or breach to the Credit Union, and the Credit Union shall have three (3) business days to cure such failure or breach. In the event Credit Union shall fail to cure any such failure or breach within three (3) business days or should the Credit Union be declared insolvent by a Federal financial regulatory agency, with powers over the Credit Union, it shall be the duty of the Custodian Bank, upon demand of City (supported by proper evidence of any of the above listed circumstances), to surrender the above described collateral, in an amount equal to the current balance of City's deposits and accrued interest less agency or instrumentality of the United States government insurance, to City. City may sell any part of such collateral and out of the proceeds thereof, pay City all damages and losses sustained by it, together with all expenses of any and every kind incurred by it on account of such failure or insolvency, or sale, and return to and account to Credit Union for the remainder, if any, of said proceeds or collateral remaining unsold.

12. **Sale of Collateral.** Any sale of such collateral, or any part thereof, made by City hereunder may be either at public or private sale, provided, however, it shall give both the Custodian Bank and Credit Union two (2) business days notice of the time and place where such sale shall take place, and such sale shall be to the highest bidder therefore for cash. City and Credit Union shall have the right to bid at such sale.

13. **Substitution of Collateral.** If Credit Union shall desire to sell or otherwise dispose of any one or more of said collateral securities so deposited with the Custodian Bank, with the advance written approval of City, it may substitute for any one or more of such securities other securities of the same market value and character of the character authorized herein. Such right of substitution shall remain in full force and may be exercised by Credit Union as often as it may desire; provided, however, that the aggregate market value of all collateral pledged hereunder, shall be at least equal to the amount of collateral required hereunder and meet the requirements of the law. A written notice stating the par value, maturity date and market value on the proposed date of substitution must be sent to the City by the Credit Union prior to any substitution or exchange. If approved, the substituted securities shall thereafter be subject to all the terms and conditions of this Depository Contract and the Depository Pledge Agreement. If at any time, the aggregate market value of such collateral so deposited with the Custodian Bank is less than one hundred two percent (102%) of the City's funds on deposit with the Credit Union, Credit Union immediately shall deposit with the Custodian Bank such additional collateral as may be necessary to cause the market value of such collateral to equal the total amount of required collateral. Credit Union shall be entitled to income on securities held by the Custodian Bank for the collateral required hereunder, and the Custodian Bank may dispose of such income as directed by Credit Union without approval of City.

14. **Trust Receipts.** Credit Union shall promptly forward to City copies of safekeeping or trust receipts covering all such collateral held for Credit Union, including substitute collateral as provided for herein.

15. **Withdrawal of Collateral.** If at any time the collateral in the hands of the Custodian Bank shall have a market value in excess of one hundred two percent (102%) of the balances due City by Credit Union, City shall authorize the withdrawal of a specific amount of collateral. The Custodian Bank shall deliver this amount of collateral (and no more) to Credit Union, taking its receipt therefore, and the Custodian Bank shall have no further liability for collateral so redelivered to Credit Union.

16. **Successors.** This Depository Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever a reference is made herein to either party, such reference shall include the party's successors and assigns.

17. **Release of Collateral.** When the relationship of City and Credit Union shall have ceased to exist, and when Credit Union shall have properly paid out all deposits of City, it shall be the duty of City to give the Custodian Bank notice to that effect; whereupon the Custodian Bank shall, redeliver to Credit Union all collateral then in its possession belonging to Credit Union, taking its receipt therefore. An order in writing to the Custodian Bank by City and a receipt for such collateral by Credit Union shall be a full and final release of the Custodian Bank of all duties and obligations undertaken by it by virtue of these presents.

18. **Governing Law and Venue.** This Depository Contract shall be governed by the laws of the State of Texas. Collin County will be the venue for any lawsuit arising out of this Depository Contract.

19. **Notices.** Except as may otherwise be specified in the applicable service-level agreements and/or set-up forms, any demand, notice, request, instruction, designation, or other communication(s) required in writing under this Depository Contract shall be personally delivered or sent certified mail, return receipt requested, to the other party as follows:

Credit Union: Elizabeth Newman
Credit Union of Texas
8131 LBJ Freeway, Ste 550
Dallas, TX 75251

City: Denise M. Tacke, Finance Director
City of Plano
1520 K Avenue
Plano, TX 75074
972.941.5233

Changes to notice information may be made by either party with written notification to the other party.

20. **Severability.** If any provision of this Depository Contract is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the parties, shall, if possible, agree on a legal, valid, and enforceable substitute provision that is as similar in effect to the illegal, invalid, or unenforceable provision as possible. The remaining portion of the Depository Contract not declared illegal, invalid, or unenforceable shall remain valid and in full force and effect for the term remaining.

21. **Binding Commitment.** Credit Union hereby acknowledges itself duly and firmly bound for the faithful performance of all the duties and obligations required by applicable law, including the Texas Government Code and Texas Local Government Code, such that all funds deposited with it as depository shall be faithfully kept by it and accounted for according to law.

22. **Continuation.** Unless this Depository Contract is terminated sooner, Credit Union's designation as the City Depository will remain continuously in effect for a period not to exceed 60 days after _____, 2016 subject to execution of the extension option.

IN WITNESS Whereof, the duly authorized officers of the parties have this day executed this Depository Contract:

CREDIT UNION

BY: _____

NAME: Elizabeth Newman

TITLE: Vice President Lending/Member Services

Date: _____

CITY OF PLANO

BY: _____

NAME: Bruce D. Glasscock

TITLE: City Manager

Date: _____

APPROVED AS TO FORM

Diane C. Wetherbee, CITY ATTORNEY