

Preliminary Facility Analysis Hidalgo County, Texas

Presented to:

**Mr. Richard F. Cotez, County Judge
Hidalgo County
100 E. Cano St.
Edinburg, TX 78539**



Submitted by:



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November 19, 2020



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TABLE OF CONTENTS

- 1. Executive Summary 1**
- 2. Utility Usage Overview 2**
- 3. Facility Overview 13**
- 4. Potential Facility Improvements 15**
- 5. Financial Impact 17**
- 6. Moving Forward 18**
- 7. Gexa Energy Solutions - Profile 19**
- 8. Gexa Energy Solutions - References 26**

1. EXECUTIVE SUMMARY

Gexa Energy Solutions, LLC (GES) has completed our preliminary survey and analysis ⁽¹⁾ of the county facilities within Hidalgo County, Texas. The survey identified opportunities for the County to reduce annual operating costs, update critical infrastructure and improve the overall operation within the County.

Initial projections indicate Hidalgo County can save between **\$158,813** and **\$176,459** annually. The savings come from a combination of energy consumption reduction and maintenance cost savings. These cost savings will be a direct improvement to the County's current operating budget. Projections show the combination of the savings will support a project of between **\$1,800,000** and **\$2,000,000**, based on a 15-year finance term. This financial projection also includes an estimated utility rebate between \$63,998 and \$71,109.

Implementation of the measures identified in this preliminary facility analysis will allow the County to fund many, if not all, of the recommended improvements and net the County between **\$1,580,001** and **\$1,755,556** over a 20-year period. These cost reductions will give the County more flexibility with its annual budget, allowing for increased investment in County services. An additional benefit allows Hidalgo County to avoid unplanned capital expenditures. The improvements outlined herein make significant improvements now to critical infrastructure systems, allowing the County to take a more methodical and planned approach to future investments. A more methodical approach to capital expenditures often times equates to less bond dollars required, thus reducing the tax burden on the public.

Additional benefits Hidalgo County will realize with the implementation of these measures include improvements to County building space conditions, such as light level and light quality, space temperature stability and predictable facility and infrastructure performance. Further, these improvements will keep overhead costs to a minimum, reduce risk, and avoid future unplanned equipment failures, with the ultimate result being reduced annual operating budgets and a more reliable delivery of services to the public.

In summary, Hidalgo County has a unique opportunity to make an environment conducive to the County's mission, reduce waste, and drive cash to the County's bottom line. This effort will speak directly to the public saying "We are good stewards of the taxpayer's dollars".

⁽¹⁾ This Gexa Energy Solutions preliminary survey and analysis report is based upon the observations made, documents reviewed and the information received from Hidalgo County. Conditions noted in this report are as of the time of observation only. Our findings may be subject to change upon the receipt of additional information. This report shall not be construed to warrant or guarantee the building(s) and its components under any circumstances. Gexa Energy Solutions shall not be responsible for latent or hidden deficiencies that may exist, nor shall it be inferred that any and all deficiencies will have been either observed or recorded. The preliminary energy audit review is intended solely to identify the general condition of the building(s) infrastructure which may include, but not be limited to, the lighting, water, heating, ventilating, and air conditioning (HVAC) systems and provide recommendations for potential utility conservation measures (UCM's) that may be implemented. This Gexa Energy Solutions report shall not constitute a detailed specification for design and/or construction. Any associated cost savings noted should be utilized as an estimate based on existing information available and not be construed as a guarantee. Should additional information be warranted, including construction costs and savings guarantees, it is recommended that a full investment grade audit (IGA) be conducted.

2. UTILITY USAGE OVERVIEW

FACILITY USAGE SUMMARY

For purposes of this assessment, GES obtained 12 months of electrical usage and cost data from the County. GES focused on the following buildings when analyzing the respective usage of utilities and proposed energy conservation measures:

| Building | Location |
|--|---|
| County Admin Bldg. - 1 | 100 E. Cano Edinburg, Texas 78539 |
| Health Dept. Central Office | 1304 S. 25 th St. Edinburg, Texas 78539 |
| County Admin Bldg. - 2 | 2802 S. Bus. Hwy 281 Edinburg, Texas 78539 |
| Sheriff's Law Enf. Bldg. | 711 E. El Cibolo Rd. Edinburg, Texas 78541 |
| Sheriff's Detention Center | 701 E. El Cibolo Rd. Edinburg, Texas 78541 |
| Judge Mario E. Ramires Jr. Juv. Justice Center | 1001 N. Doolittle Rd. Edinburg, Texas 78542 |
| Adult Probation Center | 3102 S. 281 Edinburg, Texas 78539 |
| Pct. 4 Field Operation Center | 1124 N. M Road Edinburg, Texas 78539 |
| Pct. 1 Admin/Multi Center Bldg. | 1902 Joe Stephens Ave. Weslaco, Texas 78596 |
| Justice of the Peace 1-1 | 1902 Joe Stephens Ave., Suite 301 Weslaco, Texas 78596 |
| Justice of the Peace 1-2 | 1902 Joe Stephens Ave., Suite 302 Weslaco, Texas 78596 |
| Health & WIC Clinic II | 300 W. Hall Acres Rd., Suite A Pharr, Texas 78577 |
| Tax Office | 300 W. Hall Acres Rd. Pharr, Texas 78577 |
| Justice of the Peace 2-2 | 303 W. Hall Acres Rd., Suite D Pharr, Texas 78577 |
| Pct. 2 Admin Office | 300 W. Hall Acres Rd., Suite G Pharr, Texas 78577 |
| WIC Clinic 1224 Pharr II | 301 W. Hall Acres Rd., Suite B Pharr, Texas 78577 |
| Constable Pct. 2-1 | 304 W. Hall Acres Rd., Suite E Pharr, Texas 78577 |
| JP 2-1 B. Contreras | 305 W. Hall Acres Rd., Suite B Pharr, Texas 78577 |
| Pct. 3 Admin Office-MSA | 724 N. Breyfogle Mission, Texas 78572 |

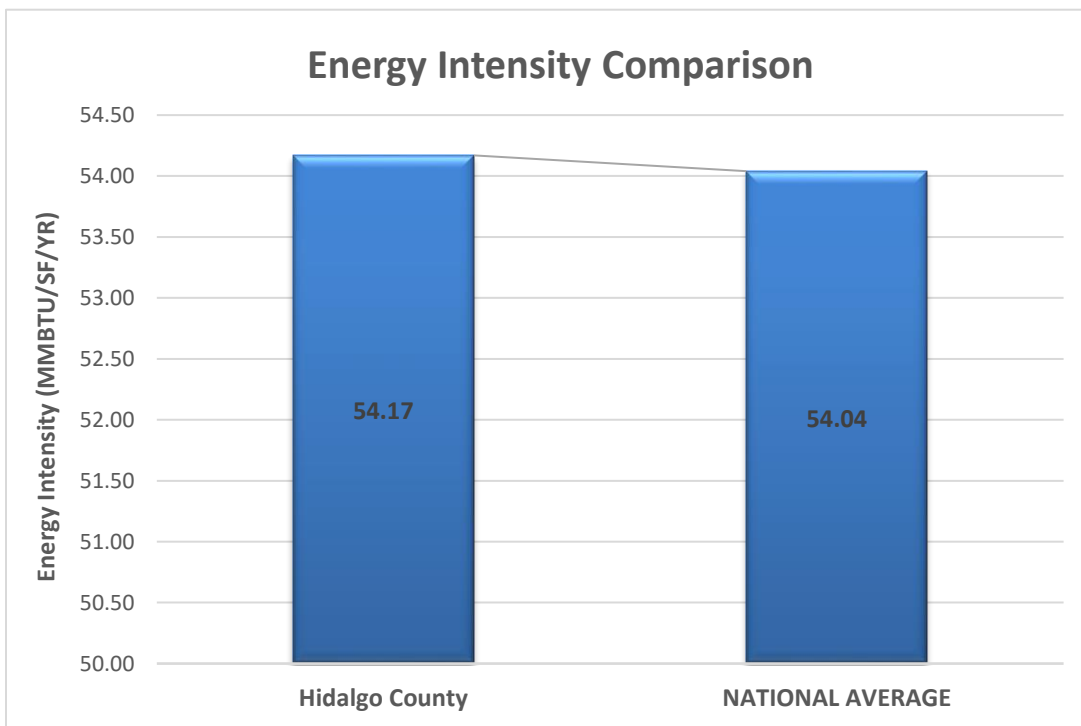
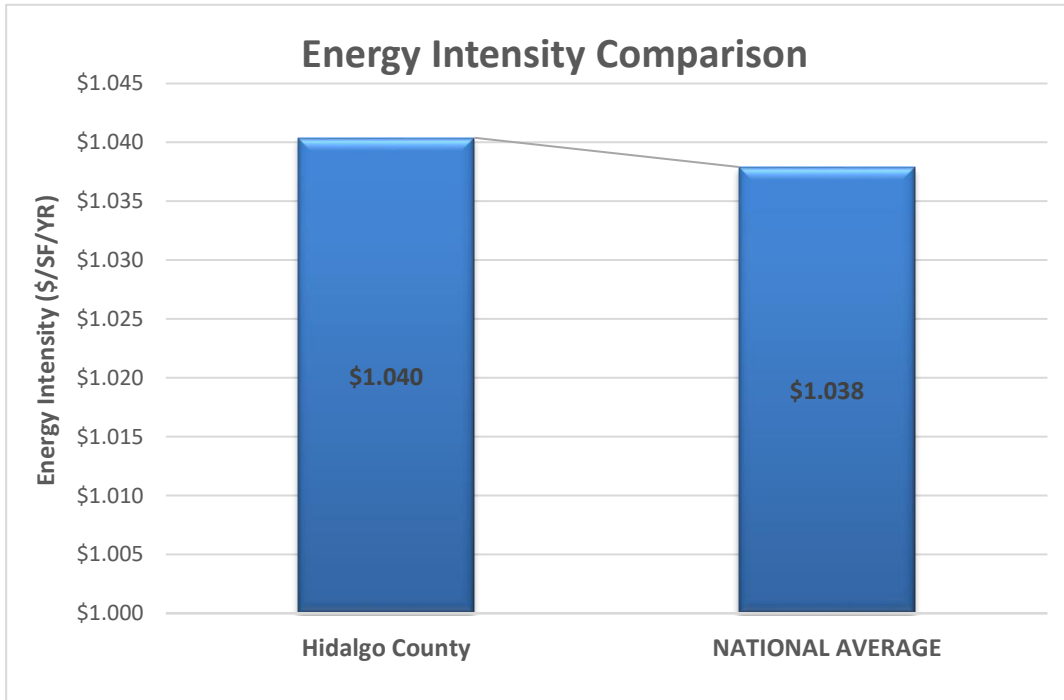
Focusing primarily on the 12 months from July 2019 through June 2020 for the above listed buildings Hidalgo County spent a total of \$800,289. Please note that this amount includes primarily electric usage for the nineteen main facilities listed above and does not include water pumping usage and/or items such as parking lot, parks and sport field lights, etc.

Based on the square footage of County facilities evaluated, Hidalgo County is spending approximately \$1.040 per square foot annually for electricity. The Department of Energy national average cost for municipal facilities is \$1.038 per square foot. This places the County just .2% above the national average. Likewise, the Hidalgo County Energy Use Index (EUI) for the evaluated facilities is 54.17 kbtu/sf/yr., which compares to the national average of 54.04 kbtu/sf/yr. Again, this places the County just .2% above the national average.

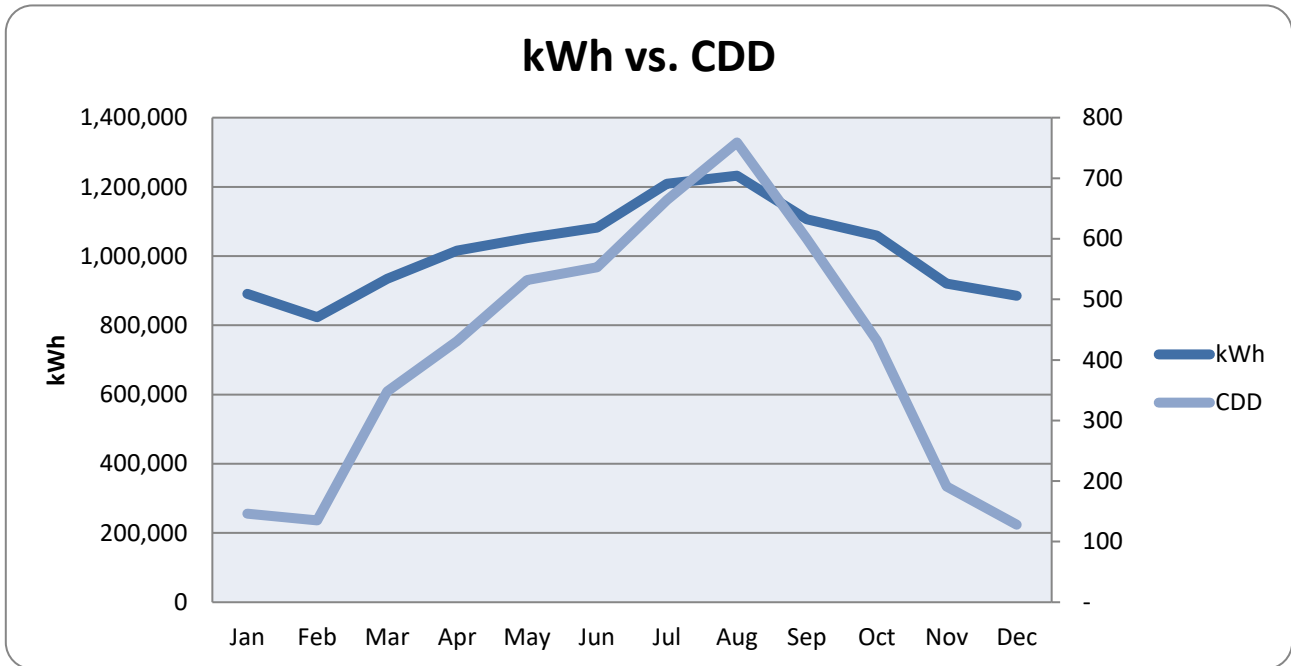
Given the County is running right at the national average for both energy cost per square foot and energy usage per square foot it is reasonable to expect Hidalgo County may achieve significant reductions that would place the County below the national average. Please refer to Section 4, which outlines potential facility improvements that will lower the County's energy usage and improve Hidalgo County's bottom line.

Please note that the profile data is based on similar types of buildings and does not take into effect specific building operational characteristics (i.e. extended hours of operation for meetings, etc.). The overall spending for electricity may likely fluctuate periodically due to variations in the building operation.

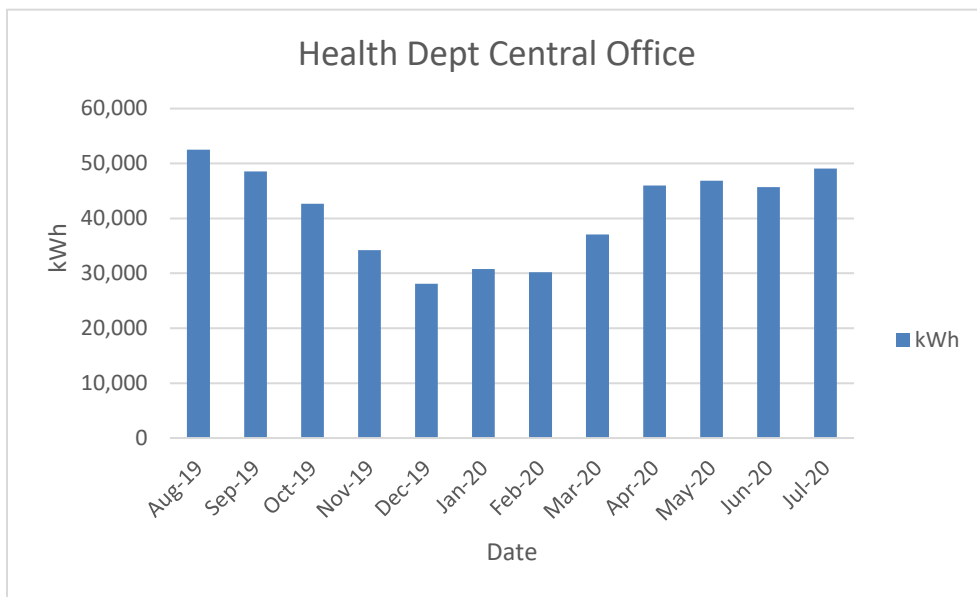
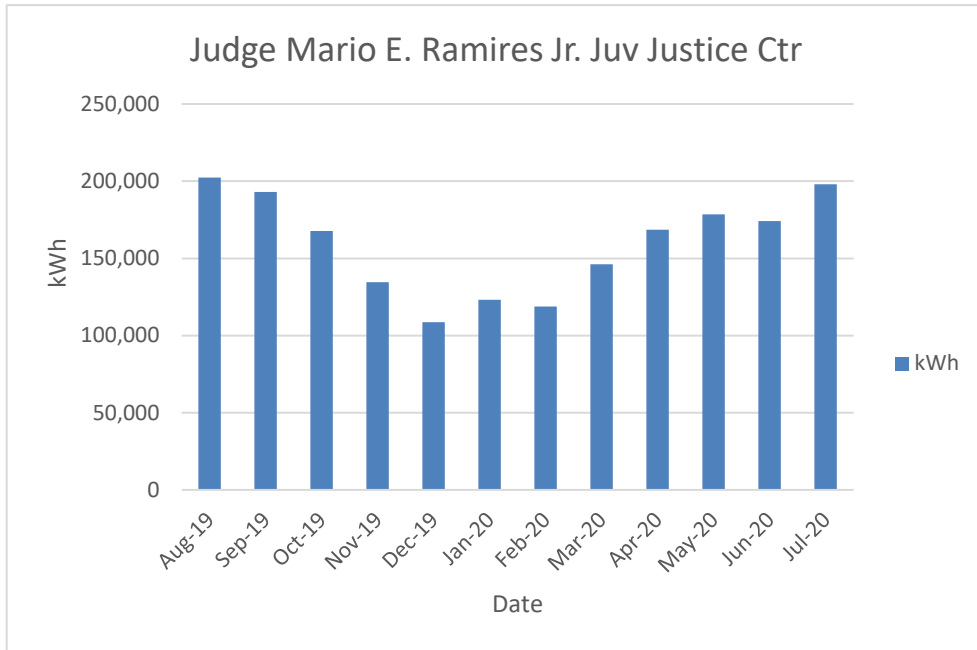
The bar graph below displays the Energy Intensity Comparison for gas and electrical cost at the selected Hidalgo County facilities compared to the national average:

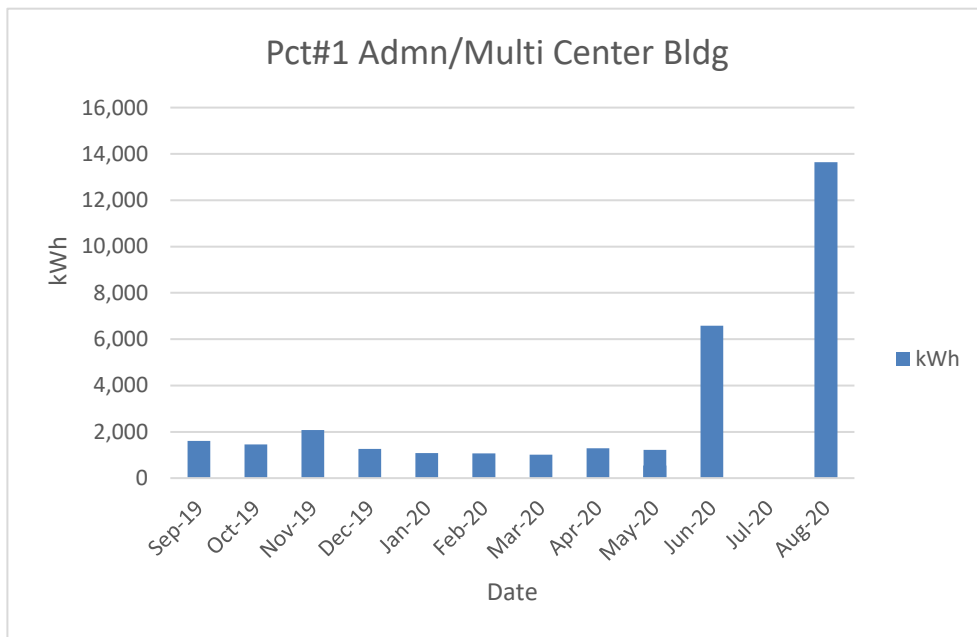
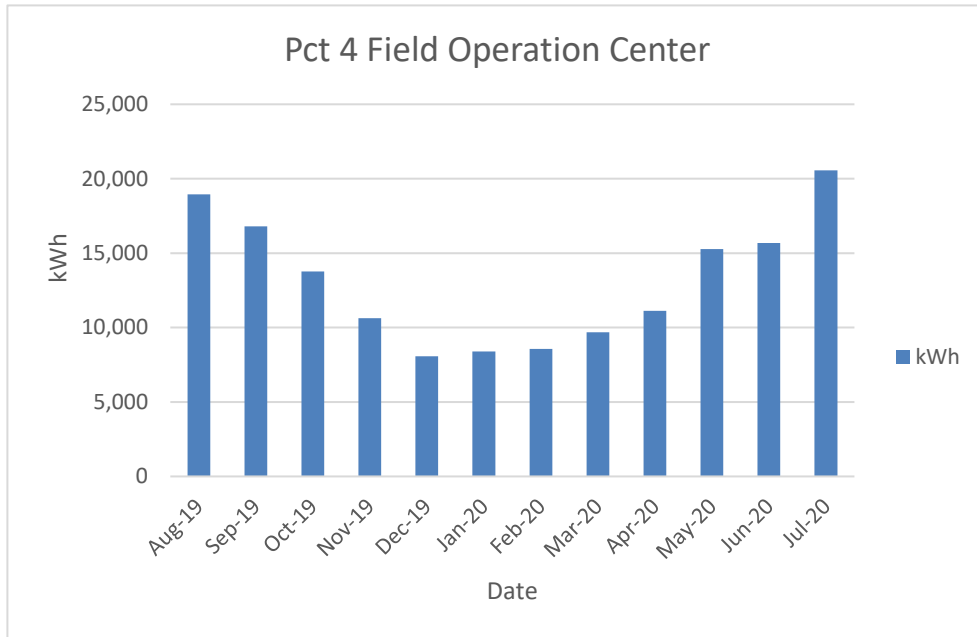


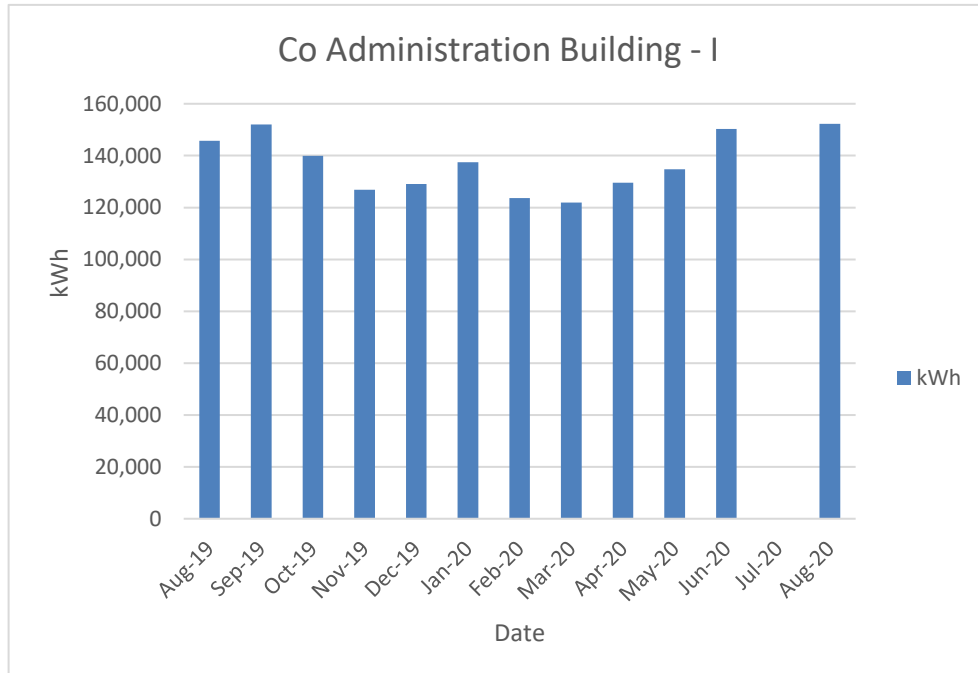
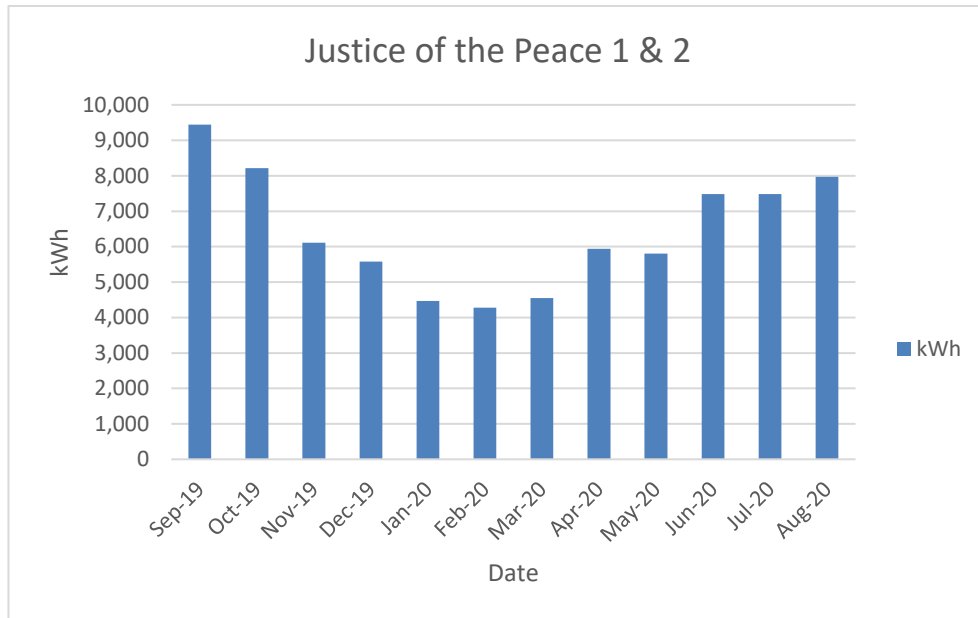
The following graphical information displays the monthly electric consumption for the select County facilities from July 2019 to June 2020. The monthly electric consumption is compared to the monthly cooling degree days for Hidalgo County, TX. Correlation between electrical consumption and cooling degree days is quite good.

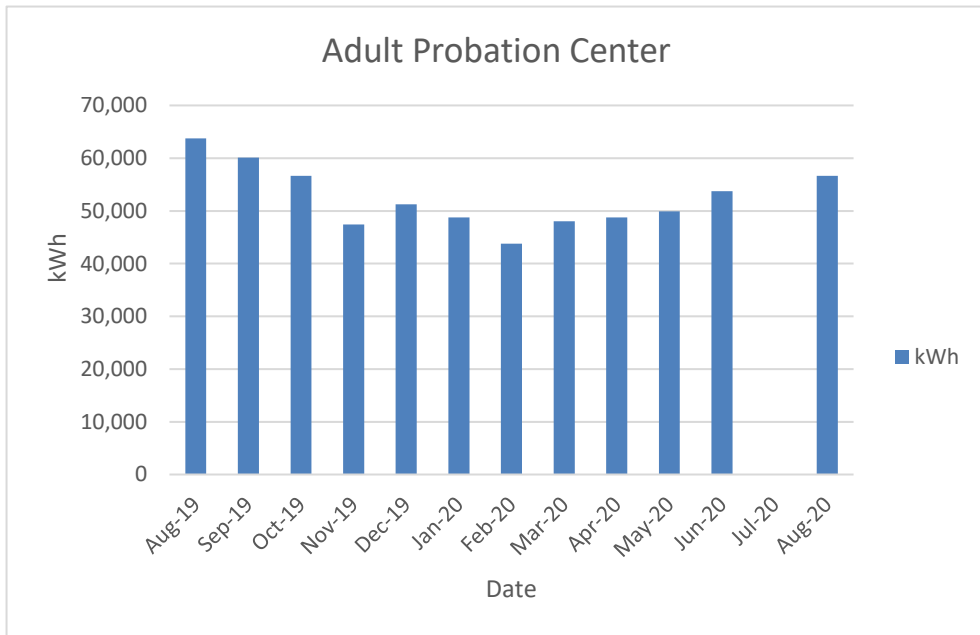
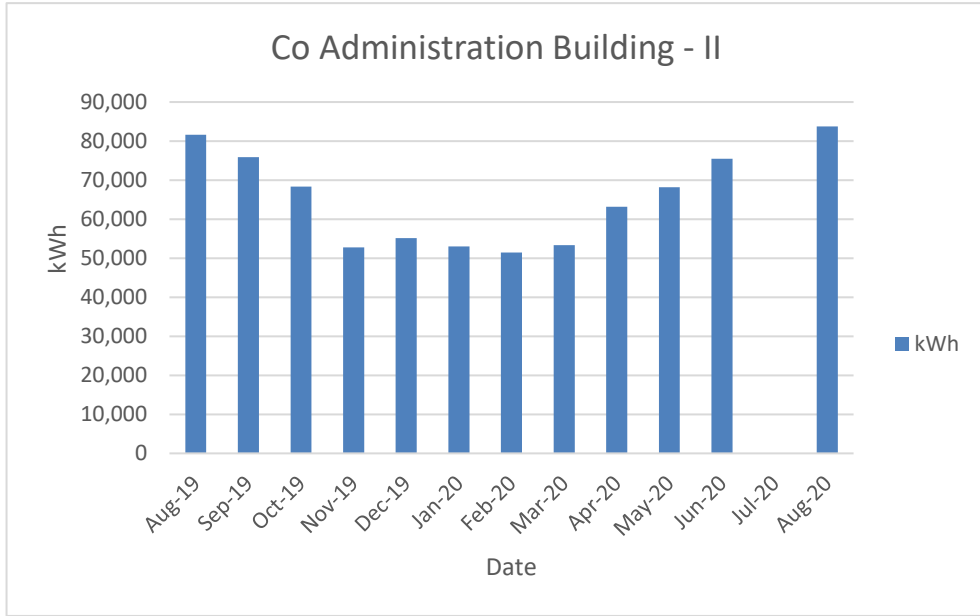


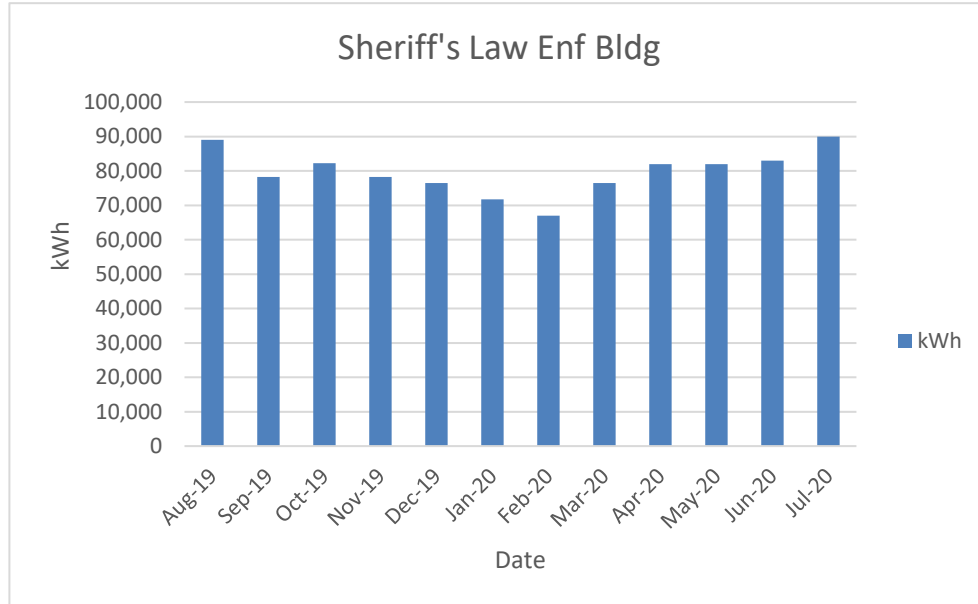
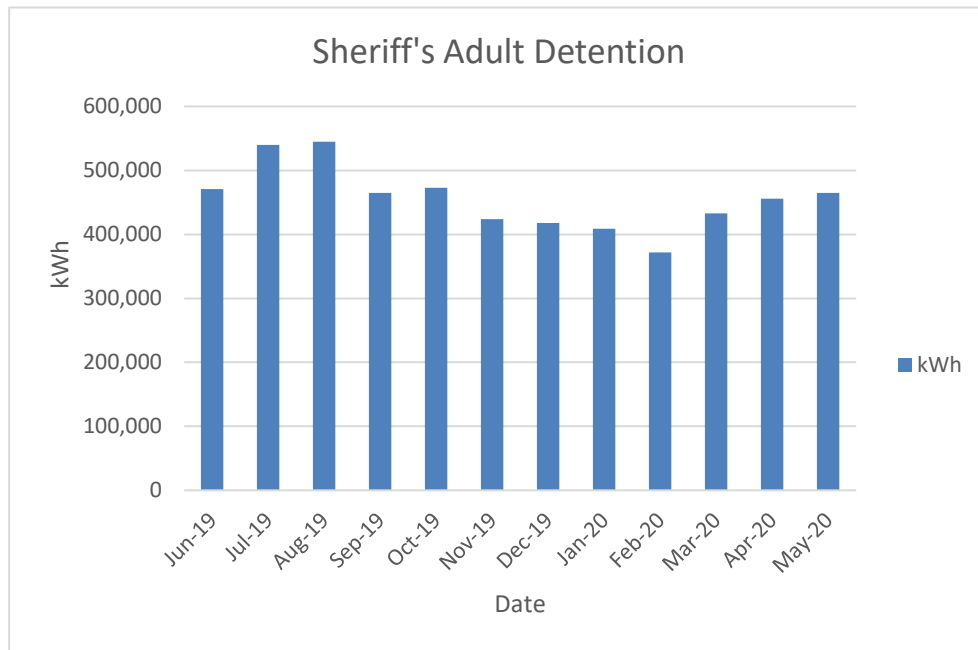
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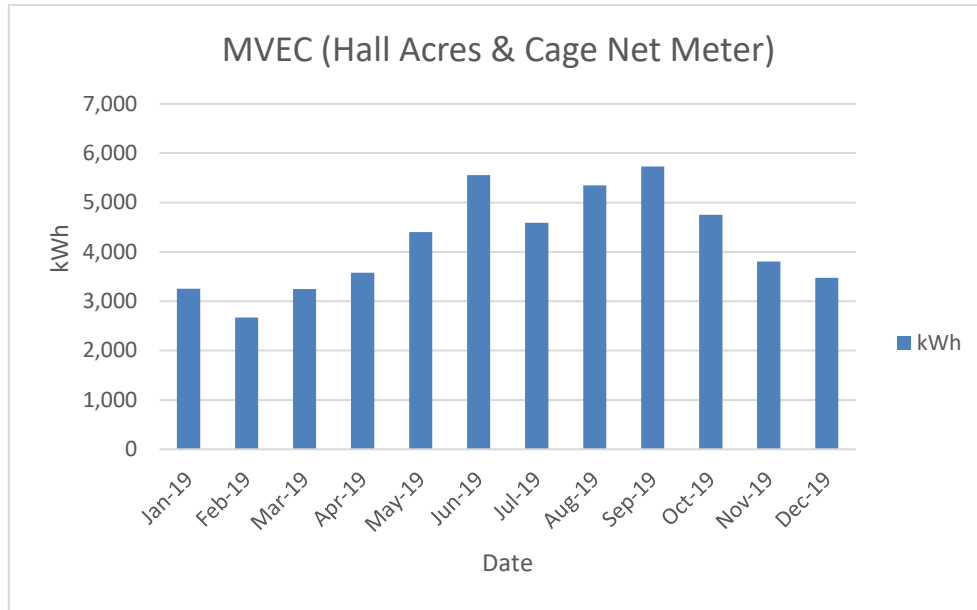




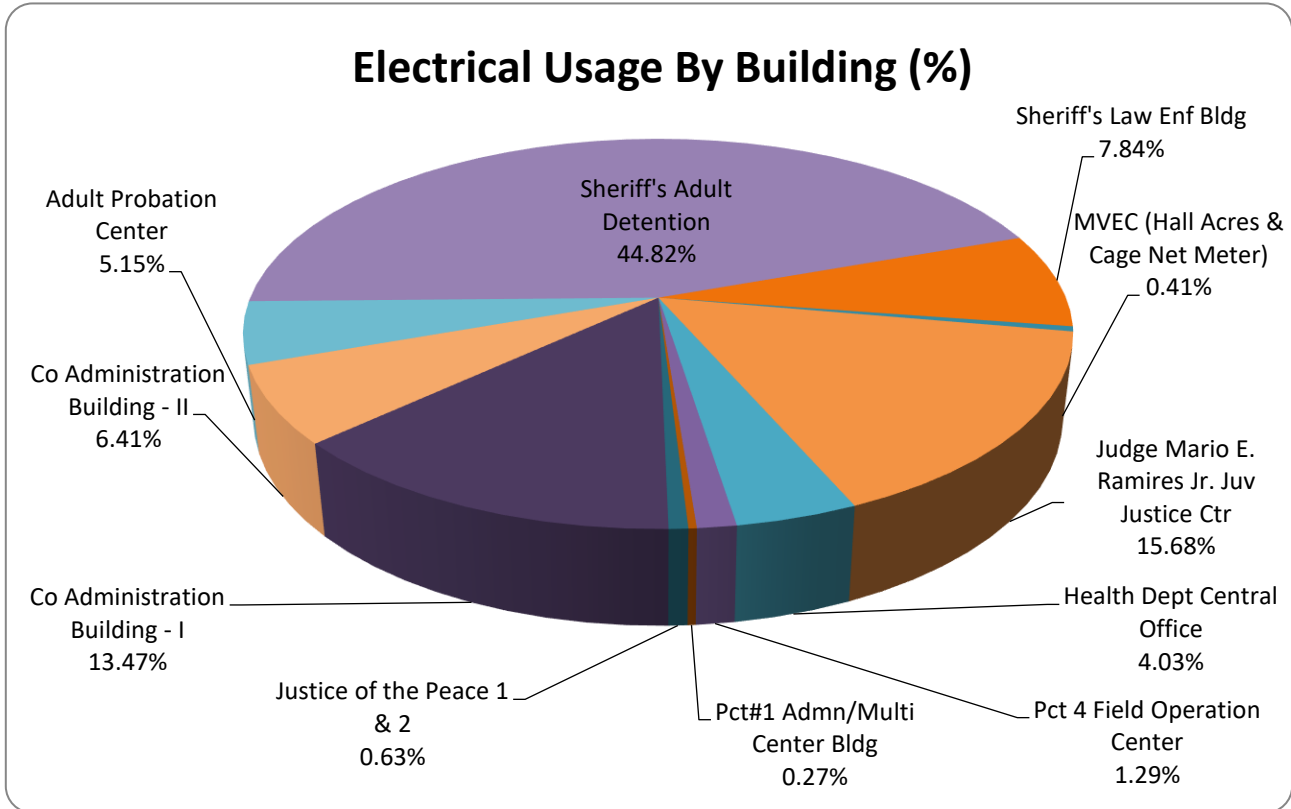








The chart below indicates the distribution of energy usage per facility for the County facilities.



3. FACILITY OVERVIEW

The background data used in the development of this preliminary energy survey is based on a limited site surveys of the County facilities performed on June 8 & 9, 2020 and September 28 & 29, 2020. Our survey included interviews with on-site staff and analysis of available load data and historical utility consumption.

GENERAL INFORMATION AND BACKGROUND

Hidalgo County in the Rio Grande Valley, with county seat in Edinburg, Texas. The County consists of numerous facilities including county offices, law enforcement, community outreach services and multiple support facilities along with parks and recreational areas. For the purpose of this preliminary audit evaluation, GES' survey focused on nineteen (19) County facilities. These nineteen County facilities have varied construction dates and most appear to have had some renovations completed since its original construction.

The buildings are constructed of various materials including, but not limited to: concrete block, masonry, metal and wood construction. Roof type per building varies; however, a majority of the roofs consist of modified bitumen and/or membrane. The exact age of many of the existing roofs were unable to be verified. Most of the roofs were reported by facility staff to be in good condition with the exception of the Juvenile Justice Center, which is experiencing leaks associated with a recent re-roof of the facility.

LIGHTING/LIGHTING CONTROLS

According to site observations, the County has a wide range of lighting types ranging from 32WT8 fluorescent lamps paired with an electronic ballast to highly efficient LED lighting in select areas of certain buildings. The facilities utilize occupancy or other lighting controls sensors on a limited basis. The lighting in all spaces is typically operated by a single wall switch.

Exterior lighting primarily includes wall-mounted building wash fixtures along with some pole mounted parking lot lighting. Control of the exterior lighting is either via a photocell or a time clock.

HVAC SYSTEMS

A majority of the facilities are served by a combination of packaged direct expansion (DX) rooftop units and split DX systems. The split DX systems are located either on the roof or on grade of their respective buildings. These systems vary in size between 3-tons and 15-tons in cooling capacity. The County has continued to replace aged and/or failed systems with new high efficiency units. However, there are a number of systems that remain which are aged, have low SEER ratings such as 10 SEER and utilize R-22 refrigerant. These systems should be replaced with high efficiency systems utilizing modern day refrigerants.

The Adult Probation Center is served by three (3) air cooled chillers. These chillers, manufactured by Trane, utilize screw/scroll compressor technology, which is an efficient compressor design. This system provides chilled water to a number of air handling units throughout the facility. A visual inspection indicated this HVAC appears to be in good condition.

The county Administration Building #1 is served by two (2) air cooled chillers. These chillers, manufactured by Daikin, utilize screw/scroll compressor technology, which is an

efficient compressor design. This system provides chilled water, via a primary/secondary pumping system, to a number of air handling units throughout the facility. A visual inspection indicated this HVAC system appears to be in good condition.

HVAC CONTROLS

Field observations indicate a majority of HVAC systems are controlled by either programmable or standard 24-volt thermostats. The county Administration Building #1 is controlled by a Direct Digital Control (DDC) system that overlays a pneumatic control system. The Adult Probation Center utilizes a Direct Digital Control (DDC) system as well. The Administration Building #1 and Adult Probation Center DDC systems could not be accessed, so no determination relative to active schedules and temperature set points could be ascertained. Analysis of randomly selected programmable thermostats indicate that a number of the thermostats were not programmed or were placed in the Hold mode. Where programs were in place, setback temperatures were not particularly aggressive, permitting excessive energy use during unoccupied hours. Further, given the size and number of County facilities with their HVAC systems predominately controlled by local programmable thermostats, the County lacks the ability to monitor and control the facilities' HVAC systems from a single seat of operation. The result is an inability to remotely monitor and manage these facilities in an efficient and coordinated fashion.

PLUMBING

A limited preliminary survey of some of the water consuming fixtures was conducted in select buildings. Existing water closets are primarily low-flow 1.6 GPF floor-mount flush valve type. Existing urinals were primarily wall-hung type models with 1.0 GPF capacity. No significant physical damage was observed. A random sampling of the toilet flush cycles in a majority of the buildings indicates the flush volume is much greater than the recommended 1.6 GPF. This high flush volume manifests itself in high water use and associated high water/sewer costs.

4. POTENTIAL FACILITY IMPROVEMENTS

In conducting this survey, Gexa Energy Solutions focused on major energy consuming systems within the select County facilities, including Lighting, HVAC, Building Control and Point of Use Plumbing Systems.

Following is a list of potential Utility Conservation Measures (UCMs) for implementation throughout the County. However, the general cost-to-savings analysis for each of these measures needs to be further evaluated in order to determine which items and quantities may be the most suitable and operationally viable for the Hidalgo County.

| | |
|--|---|
| <p>Lighting Renovation:</p> | <p>The facilities, with the exception of select renovated areas, throughout the County use older lighting technology (T8 lamp/electronic ballast & High Intensity Discharge) for interior lighting. Either high pressure sodium or metal halide lighting is used for the exterior fixtures.</p> <p>Gexa Energy Solutions has identified an opportunity to renovate a majority of the light fixtures in the select facilities with LED technology. The LED lighting technology will reduce energy consumption, lower maintenance costs, improve lighting quality and improve light levels in many areas.</p> |
| <p>HVAC Controls Upgrade:</p> | <p>As stated earlier, a majority of the HVAC systems are currently operated by 24-volt non-programmable and programmable thermostats with limited programs or programs that have been placed on Hold.</p> <p>Gexa Energy Solutions would recommend replacement of the non-programmable and programmable thermostats with Wi-Fi enabled thermostats throughout the select facilities. This will allow for proper programming of the various HVAC equipment and allow the County to monitor and control each HVAC unit from a single seat of operation.</p> <p>Further, Gexa Energy Solutions would recommend an evaluation of the Administration Building #1 pneumatic control systems to determine if the pneumatic system should be repaired or replaced. In either case the repaired or replaced system would fall under control of the existing DDC system in the Administration Building #1.</p> <p>The result here will be proper and timely operation of the HVAC systems in each facility throughout the County.</p> |
| <p>HVAC System Replacement:</p> | <p>As stated earlier, the HVAC systems at several locations have reached or are nearing the end of their useful life. As the equipment ages, the efficiency and reliability decreases, placing the County at risk for equipment failure. The ultimate result here is the failure to deliver proper space conditions for the staff, administration and citizens that visit the facilities.</p> <p>Therefore, it would be beneficial to replace this equipment with new, more efficient equipment. Further, replacing aged equipment prior to</p> |

| | |
|---------------------------------------|---|
| | <p>equipment failure reduces cost of the replacement and avoids use of facility interruption.</p> <p>Gexa Energy Solutions recommends we coordinate with the County to identify those systems that have not already been earmarked for replacement. Once these outstanding systems have been identified, a program to replace these select systems with high efficiency HVAC systems can be undertaken.</p> |
| <p>Plumbing:</p> | <p>We performed a preliminary survey of the sinks, urinals, and toilets. While many of the fixtures are of the low flow design, they appear to be out of calibration. It is important to identify and adjust these fixtures, as they can consume a high amount of water relative to their intended design.</p> <p>Gexa Energy Solutions would recommend further evaluation to more clearly identify this opportunity.</p> |
| <p>Demand Side Management:</p> | <p>The Sheriff's Law Enforcement facility has an opportunity to participate in two Demand Side Management programs. The County can recognize significant demand cost reductions by participating in the 4 Coincident Peak and the Emergency Response Service programs.</p> <p>Gexa Energy Solutions would recommend the County participate in both these programs.</p> |

Other measures that may warrant further considerations include the following:

- **Electric Transformer Replacement:** Transformers are not perfectly efficient devices in that they do not convert 100% of the energy input to a useable energy output. The difference between the energy input and their output is quantified as losses. Transformer losses fall into two categories: no-load losses and load losses. No-load losses, commonly referred to as core losses, are the amount of power required to magnetize, or energize, the core of the transformer. Since all the transformers are energized 24/7, no-load losses are present at all times.

Gexa Energy Solutions has feels several transformers in each facility would benefit from re-sizing and replacement. These recommended replacements would appropriately size the transformer to the electrical service required and significantly improve safety and reduce both no-load and load losses resulting in energy savings to the County. This effort requires a full survey and catalog of viable transformers along with design of appropriate replacements. However, this effort should prove to be quite lucrative.

- **Capacitors for Power Factor Correction**

5. FINANCIAL IMPACT

COUNTY FACILITIES

Utility Savings

As shown earlier, energy use and expenditure for the identified County facilities run approximately equal with the national average. As such, there is an excellent opportunity to capture additional energy savings for the County. This preliminary evaluation indicates that implementation of the facility improvements outlined within this report should produce an additional 19.8% to 20.0% reduction in current energy usage. This equates to between **\$158,813** and **\$160,305** in annual electrical cost savings for Hidalgo County.

Maintenance Savings

Through implementation of the measures identified in this report the burden on the County to maintain, repair, and replace some of the major infrastructure will be reduced and/or eliminated. Based upon previous history and benchmark calculations, the reduction in annual maintenance costs are projected to be between **\$14,538** and **\$16,154**.

FUNDING & LONG TERM BENEFITS

Utilizing the generated savings, the County can fund a project ranging between **\$1,800,000** and **\$2,000,000** based on a 15-year financing term. Over the 20-year life of the implemented measures, the County will see a positive cash flow between **\$1,580,001** and **\$1,755,556**.

ADDITIONAL BENEFITS

Implementation of the recommended measures provides other additional benefits, which include but may not be limited to the following:

Reliability – The facility infrastructure provides greater reliability due to the installation of new equipment and reduced downtime due to unexpected equipment failures.

Gexa Energy Solutions will work closely with the Hidalgo County to ensure a thorough evaluation is performed prior to implementation, so that the County is comfortable with the return on investment of all selected improvements.

6. MOVING FORWARD

Hidalgo County has a tremendous opportunity to implement measures that will provide benefits on many levels. The following steps provide a clear path to reach those benefits and the goal of an improved facility.

- Review opportunities and resulting cash flow with Gexa Energy Solutions
- Engage Gexa Energy Solutions through purchasing cooperative agency
- Conduct a detailed audit that specifically defines savings to be achieved and the costs necessary to implement the improvements.
- From the audit, develop a scope of work that best fits the needs of the County.
- Set a timeline to implement the selected measures.
- Reap the rewards of a reduced budget and improved facility operations.

These steps can, and should, be accomplished in partnership with a firm experienced and knowledgeable in this type of effort. Gexa Energy Solutions stands ready with all the skills necessary to ensure that the Hidalgo County reaches its goal with a minimum of risk.

7. GEXA ENERGY SOLUTIONS - PROFILE

OVERVIEW

Gexa Energy Solutions, LLC (GES) is a subsidiary of one of the largest energy companies in North America, NextEra Energy, Inc. (NextEra Energy). NextEra Energy's energy services business units (NextEra Energy Services Companies) have a national footprint with local roots in the communities they serve. With several regional offices located across the southeast, including local offices in Texas, NextEra Energy Services Companies provide solutions for our customer's toughest energy challenges.

GES performs, but is not limited to, the following primary services:

- Project Management
- Engineering and Design
- Lighting and Controls
- HVAC and Controls
- Water Conservation
- Building Envelope Upgrades
- Commissioning/Retro-commissioning
- Measurement and Verification
- Operations and Maintenance
- Training
- Master Planning
- Complete customer support

For more than 30 years, NextEra Energy Services Companies, including GES, have been leaders in performance contracting and Utility Cost Reduction Measure (UCRM) implementation. The names of some of our affiliates are: NextEra Energy, Inc. (parent company, formerly FPL Group, Inc.); FPL Group, Inc. (parent company, founded in 1984); FPL Energy Services, Inc. (30 years); and FPL Services LLC (30 years); and NextEra Energy Solutions, LLC. ESCO projects implemented in Florida are performed as FPL Energy Services, Inc. (FPLES) or FPL Services, LLC (FPLS). Both entities are unregulated subsidiaries of Florida Power & Light Company (FPL), which is also a subsidiary of NextEra Energy.

Since its inception, NextEra Energy Services Companies have been providing business and government customers innovative, cost-effective solutions for conserving energy and water, implementing renewable energy initiatives, managing the purchase and usage of energy, installation of facility infrastructure enhancements along with providing financing of these projects. NextEra Energy Services Companies have established a history of long-term multi-phase relationships with many customers, including counties, cities, municipalities, and school districts.

GES has built a solid reputation as a full-service ESCO in Texas, having designed, developed, built, and managed many energy conservation projects since its incorporation on December 19, 2013. GES is a leader in performance contracting and Utility Cost Reduction Measure (UCRM) implementation. A strong management focus, best-in-class customer service, and staying ahead of new and emerging trends in energy conservation and technologies are the driving forces behind GES. Our expertise in energy conservation, power generation technology, and utility rate structures provides us with a broad base of expertise in energy conservation and sustainable design coupled with the capability to analyze and apply electric, gas, and water rate structures. Furthermore, Gexa Energy

Solutions has significant expertise and experience in identifying and securing funding for our clients that improve cash flow and return on investment.

This level of expertise sets us apart from others and distinguishes our innovative Engineering-Procurement-Construction (EPC) project processes for our customers; this is evidenced by our 60% return customer ratio.

Gexa Energy Solutions has built a solid reputation as a nationally recognized full-service ESCO, designing, developing, building, and managing energy conservation projects. For 30 years, Gexa Energy Solutions has been a leader in performance contracting and UCRM implementation. A strong management focus, best-in-class customer service, and staying ahead of new and emerging trends in energy conservation and technologies are the driving forces behind Gexa Energy Solutions.

PERSONNEL

Gexa Energy Solutions has organized a team specifically designed to maximize the benefits of the performance contracting process. Our team offers:

- The full range of technical expertise, including all engineering disciplines, local contracting and facility knowledge, local staffing resources and offices, and operational experience with renewable generation; and
- Proven cost-effective approaches to federal facilities through our project approach, subcontract and product procurement procedures, construction management and communications procedures.

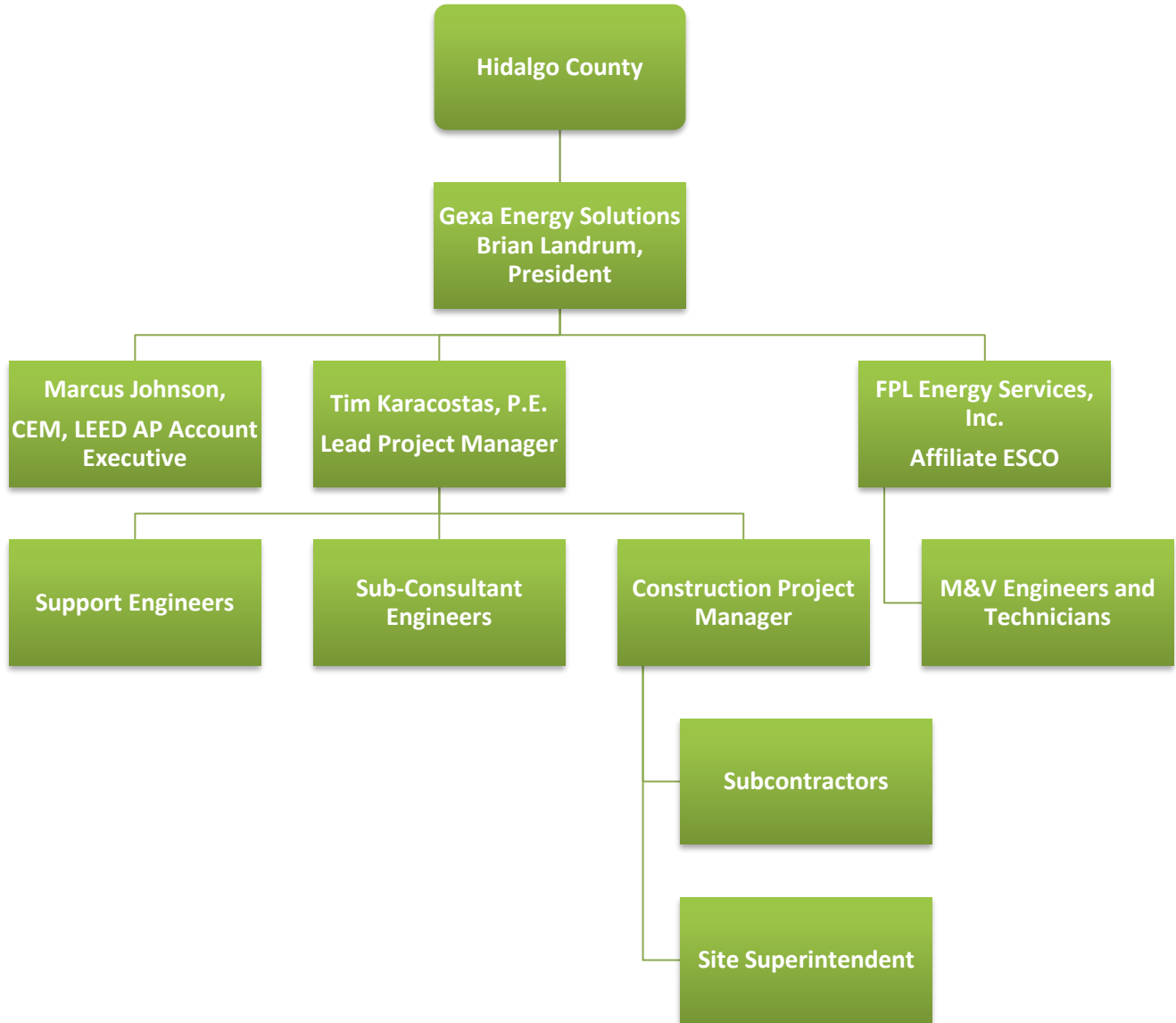
By partnering with us, customers will benefit from our industry expertise in allocating and directing energy performance contracts, personnel, resources and subcontractors. Gexa Energy Solutions maintains the majority of the technical and professional skills and resources in-house in order to provide a better product through closer control and reduced cost. In addition, our team uses a wide range of advanced Total Quality Management and Six Sigma analytical and process improvement services and proven business tools and solutions. These tools are used to determine the best implementation strategy on a task-by-task basis, improve product standardization, expedite the project schedule and reduce overall costs for customers.

For each project, we put a project management team in place that includes senior leaders from our organization. Each project is then supported by: registered professional engineers, Measurement & Verification engineers, licensed technicians and maintenance professionals, lighting energy professionals, certified energy engineers, general contractors and mechanical contractors, indoor air quality specialists, and LEED (Leadership in Energy & Environmental Design) accredited professionals. Approximately fifty percent of the members of our development team are LEED accredited professionals, who can help identify and implement practical and measurable green building design, construction, operations and maintenance solutions for existing facilities under the existing building program developed by the U.S. Green Building Council (USGBC).

The ability to minimize product and service costs allows our team to maximize the value of the measures that can be installed within a given payback period. By leveraging our experienced team of subject matter experts, local personnel, competitive procurement, and quality processes, we are able to minimize costs to the customer.

PROJECT TEAM ORGANIZATIONAL CHART

The organizational chart below provides an overview of the Gexa Energy Solutions organization, which will be responsible for implementing and managing the Hidalgo County project.



PROJECT ROLES AND RESPONSIBILITIES

The project team members for the Hidalgo County project include:

| Name | Project Role | Project Responsibility |
|-----------------------------------|--|--|
| Brian Landrum | President | <ul style="list-style-type: none"> ○ Executive management and oversight ○ Signing authority |
| Marcus F. Johnson CEM, LEED AP | Senior Solutions Consultant Primary Customer Contact and Contract Negotiations | <ul style="list-style-type: none"> ○ Primary customer contact ○ Contract negotiations ○ Customer relationship management ○ Finance coordination ○ Collaborates with the development and construction teams to ensure customer satisfaction in meeting the energy plan and project goals |
| Tim Karacostas, P.E. | Lead Project Engineer Responsible for Project Development | <ul style="list-style-type: none"> ○ Lead project developer for project design, savings calculation, project cost analysis |

UTILITY CONSERVATION AWARENESS

Gexa Energy Solutions recognizes that a successful energy conservation program not only includes improvements to the infrastructure but an education of the facility users relative to the impact of energy conservation. The users (administration, staff) of the County facilities must take enthusiastic ownership of the energy conservation program. This ownership is generated through an energy conservation education program.

Our energy education program was developed to increase each user’s understanding of energy management, motivate them to maintain energy reduction objectives, and encourage policy and programs that best enhance utility conservation management practices. The program is designed to increase energy conservation behavior so that facilities users fully understand the impact of their actions or lack of action. Energy conservation awareness will allow our customers to thoroughly interact with Gexa Energy Solutions, while simultaneously deriving maximum value from the energy conservation measures we provide.

Because behavioral savings are subjective and are dependent on individuals becoming fully engaged in change, we propose to include energy awareness and behavioral savings as **additional savings** that can translate into real energy conservation. However, these savings would not be included in the financial cash flows or payback analysis and therefore would not be part of the guarantee portion of the Performance Contract.

EDUCATION INITIATIVES – TRAINING PROGRAM

We would be pleased to develop and implement a training program in cooperation with Hidalgo County to train staff in the renewable energy field.

We understand the need and importance of comprehensive training programs relative to the various equipment and systems as part of the introduction of new equipment and systems. Our commitment to the County is to develop a program tailored to the

requirements of each site that meets the operational needs of the installed systems and to support the staff maintaining those systems.

Our team has experience administering various educational programs. We have developed educational tools specifically for municipal organizations that include technology-specific training, energy tips posted through internal publications, live Q&A response resources, topical webinars, and various case study and technology focused publications.

Staff training programs for Hidalgo County may include a customized plan covering some, or all of the following elements:

Systems – understanding of the various components associated with the overall installation which may comprise solar equipment, metering and monitoring devices, and utility interconnection gear.

Equipment – specific components contributing to the system and its successful performance.

Operations – critical maintenance provisions, problem resolution and FAQs, available resources for various operational issues. In addition, various environmental hazard and operational safety programs can also be included in a package.

Performance – system production goals and parameters around the assumptions made to reach those goals. This may also include sensitivities that may impact overall performance and how adjustment of specified variable under varied conditions can maximize operational and economic benefits.

Renewables – industry trends, local and federal legislation, various financial incentives, benefits to local utilities, environmental impacts, Renewable Energy Credit market, and technologies.

FINANCIAL STABILITY

Gexa Energy Solutions, LLC has excellent financial resources and a broad range of experience in obtaining financing for our customers, including construction financing, capital leasing, and municipal lease structures. Projects financed have included the educational, municipal, federal, and corporate sectors. All of this translates into the lowest possible interest rates and the best possible financial agreement for our customers.

Our financial information is combined with our parent company. Moody’s Investors Service, Inc. (Moody’s), Standard & Poor’s Ratings Services (S&P), and Fitch Ratings (Fitch) had assigned the following credit ratings to NextEra Energy, Inc.:

| NextEra Energy, Inc. Corporate Credit Rating | Moody’s | S&P | Fitch |
|---|---------|-----|-------|
| | Baa1 | A- | A- |

You can be confident that you are working with a company that possesses the strength, continuity, and financial stability to be a long-term partner.

BONDING ABILITY

Relevant information about NextEra Energy's bonding capacity is provided below.

Surety Company: Fidelity and Deposit Company of Maryland (F&D), F&D is rated "A+" (Superior) with a financial size category of **XV** (\$2 billion +) by AM Best.

Capacity: \$200,000,000

Surety Broker: Aon Surety
Aon Risk Services Central, Inc.

FINANCING MECHANISMS, SOURCES, AND TYPES OF FINANCING

In addition to ensuring a competitive rate, Gexa Energy Solutions' approach is to finance the project via an escrow funding so that the finance rate is locked at the start of construction. This traditional approach allows for construction funding so that the County never has to go out of pocket and can rely on the savings from the energy conservation measures to cover any debt service payments after the completion of construction.

Much like its approach in regard to the equipment to be installed, Gexa Energy Solutions is lender neutral- looking purely for the best rate and structure for its customers. Further, if the customer has a specific lender they prefer to use we will include that lender in the financing bid process.

Because we are lender-neutral, we recommend a lender based purely on the best rate and structure.

Gexa Energy Solutions has worked with a variety of lenders for its projects including Bank of America, Capital One, Chase, Government Capital Corporation, and Suntrust. We also have a group of smaller lenders that will bid on our projects and have assisted in the financing of the energy savings projects.

In the municipal or tax exempt market, we have arranged for the financing, via these various sources, for over \$220M in projects with savings guarantees as required by statute. These financings cover 37 different projects for a variety of end users (including various County, county and state agencies and several school districts) and involve a master lease document between the lender and the end user or tax-exempt entity. As noted, the project will require a savings guarantee and with its strong track record on project performance (since 1996, the various energy savings projects have experienced actual savings at 120% of the expected or guaranteed savings level) and with an A- rated parent standing behind the guarantee, Gexa Energy Solutions can provide the assurance that its customer will achieve positive cash flow from the energy savings measures.

With extensive experience in the energy savings field, a strong track record of performance and a large stable of investors to finance the projects, Gexa Energy Solutions is well-positioned to implement, finance, and monitor energy projects for the Hidalgo County.

AWARDS AND RECOGNITION

We are proud to be a subsidiary of NextEra Energy, Inc., a group of companies that are leaders in energy conservation, forerunners in clean energy generation, and #1 in the U.S. in wind and solar generation.

NextEra Energy's success in customer service, corporate responsibility, and employee programs has been recognized by a variety of outside organizations, including:

- **Fortune World's Most Admired Companies**

In 2019, NextEra Energy was ranked No. 1 in the electric and gas utilities industry on Fortune's list of "Most Admired Companies" for the 12th time in 13 years. We were also named one of the top 25 companies in the world, across all industries, for innovation, use of corporate assets, social responsibility and long-term investment value.



- **Ethisphere Institute World's Most Ethical Companies**

In 2019, NextEra Energy was named one of the World's Most Ethical Companies® by the Ethisphere Institute, the global leader in defining and advancing the standards of ethical business practices. We're one of only 14 companies in the world to achieve this honor 12 or more times.



- **Forbes' America's Best Employers**

For the fourth consecutive year, NextEra Energy was named by Forbes as one of America's Best Employers. Working with research firm Statista, Forbes asked thousands of U.S. workers employed by large companies whether they would recommend their employer.



- **EI New Energy Top 100 Green Utilities**

In 2017, NextEra Energy was ranked as the top green utility in the United States and No. 2 in the world based on carbon emissions and renewable energy capacity by EI Energy Intelligence.

8. GEXA ENERGY SOLUTIONS – REFERENCES

EXAMPLES OF EXPERIENCE WITH MUNICIPALITIES

CITY OF EVERMAN

Customer Challenge: The City was burdened with ever increasing operating expenses in the form of higher utility bills and rising maintenance costs. Adding to the burden was a high water loss rate, thus preventing the City from recovering the proper amount of revenues from City water meters.

Project Solutions: Gexa Energy Solutions performed a detailed Utility Assessment Analysis and identified two conservation measures that would generate significant energy savings and revenue for the City:

- LED Lighting Retrofit in all City Facilities
- Water Meter Replacement for 1800+ meters

Impact: This project completed in June 2017, the implementation of the selected measures is projected to generate over \$87,400 in first-year savings. The project will produce in excess of \$2,220,000 over a 20-year span.

Project Cost: \$1,336,437

CITY OF ODESSA

Customer Challenge: The City was challenged with an aged and failing HVAC system in one City facility and an underperforming HVAC system in another facility.

Project Solutions: Gexa Energy Solutions performed a detailed Utility Assessment Analysis and identified several facility improvement measures that would eliminate risk of system failures, ensure proper operation of systems for years to come and generate energy savings for the City:

- Total HVAC System Replacement in one City Facility
- Refurbishment of HVAC System in one City Facility
- LED Lighting Retrofit in three City Facilities
- Expansion of HVAC Control Systems in two City Facilities

Impact: This project is scheduled to complete in June 2019.

Project Cost: \$3,301,190

CITY OF SARASOTA

The City partnered with us to improve energy efficiency and lighting while reducing water consumption and costs. Despite the need for improvements, capital budgets were limited and no funds were available to replace aging equipment.

Through the use of an energy performance contract, the City of Sarasota, Florida was able to make more than \$2.1 million of improvements with no up-front capital expense. Goals included:



- Reducing overall electricity and water demand
- Reducing kWh consumption
- Standardizing the lighting system
- Minimizing maintenance costs

In addition to saving energy, the City reduced its water consumption by more than a million gallons of water per year.

We developed an Investment Grade Audit of selected city buildings, identified ECMs that would provide optimum savings and energy use reduction, and implemented five distinct project phases. Primary ECMs installed include:

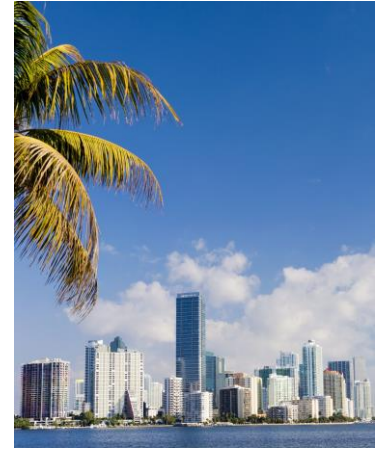
- Downtown central energy plant, consolidating air conditioning loads and electric distribution systems for five county buildings
- Emergency generation systems allowing for application of utility load control program
- High-efficiency interior and exterior lighting
- Thermal energy storage and high-efficiency chiller
- Energy management control systems

NextEra Energy Solutions, LLC ("NEES") is an energy services company ("ESCO") and affiliate of Gexa Energy, LP ("Gexa"). NEES and Gexa are subsidiaries of NextEra Energy, Inc. ("NextEra"), the largest generator in North America of renewable energy from the wind and sun. Through its affiliates FPL Services, LLC ("FPLS") and FPL Energy Services, Inc. ("FPLES"), NextEra has provided ESCO services in Florida for over 26 years. ESCO projects within the electric utility service territory of Florida Power & Light Company ("FPL") are conducted by FPLS, while ESCO projects within Florida but outside of FPL's electric utility service territory are conducted by FPLES.

CITY OF MIAMI

Customer Challenge: The City of Miami made a commitment to improve energy efficiency in City buildings, reduce fossil fuel emissions, and reduce total energy consumption in accordance with Energy Efficiency and Conservation Block Grant (EECBG) program guidelines.

Project Solutions: We performed an energy audit for the City of Miami in order to identify and analyze energy conservation opportunities that would result in the greatest reductions in energy consumption. Technologies evaluated included: lighting systems, occupancy sensors, chiller, air handling units, HVAC systems, programmable thermostats, outside air controls (demand controls/VAV) sports field lighting systems, solar photovoltaic renewable energy, and LEED certification.



We developed solutions capable of producing first year energy savings of \$88,910 and material savings of \$7,432 through use of the following technologies.

- High efficiency lighting
- Occupancy sensors
- Outside Air controls
- Programmable thermostats

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INDIAN RIVER COUNTY (PHASES 1 AND 2), FLORIDA

Challenge: The County was seeking to reduce energy/utility costs without incurring capital costs through the use of a guaranteed savings performance contract. In addition, as a green local government member who embraced the Standards for Florida Green Building Coalition, Inc., the County hoped to set itself apart as a governmental leader in environmental responsibility.

Solutions: As the prime contractor, we completed a detailed energy audit and analysis of occupied, multi-building facilities, developed a feasibility study, installed the ECMs (including hiring and management of subcontractors), commissioned equipment, trained maintenance personnel, and will perform ongoing M&V. We did not assist with financing as the County opted to self-fund the projects. The energy conservation project achieved the following:

- Increased lighting levels
- Implemented lighting controls
- Increased water conservation
- Improved HVAC efficiencies
- Enhanced public safety
- Yielded significant energy savings
- Reduced the County's impact on the environment



The installed ECMs included:

- Lighting retrofit
- Lighting controls and occupancy sensors
- Water conservation, including high efficiency toilets (1.28 GPF) and urinals (0.125 GPF)
- DX split system unit replacements (20 and 30 ton split systems)
- HVAC controls
- 96 ton air cooled chiller replacement for eight county facilities

Project Cost: Phase 1: \$839,238 Phase 2: \$1,030,731

Results: Phase 1 resulted in average **annual savings of \$110,273, exceeding the guaranteed savings** by an average of 14% each year. Phase 2 resulted in average **annual savings of \$121,250, exceeding the guaranteed savings** by an average of 11.6% each year.

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EXAMPLES OF EXPERIENCE IN TEXAS

MT. PLEASANT INDEPENDENT SCHOOL DISTRICT

Scope: This project began with a comprehensive feasibility study of existing equipment for nine K-12 schools, encompassing 20 buildings. Although some of the HVAC systems were reaching the end of their life-cycle, school budgets were limited and no funds were available to replace these aging systems.

Solutions: We designed and implemented a project that replaced aging equipment, improved the classroom environment, and reduced the financial risk to Mt. Pleasant ISD. The school district will save both energy and money while giving students and faculty brighter light levels, improved classroom comfort, and increased security. Project design, analysis, construction was completed after hours and during semester breaks to limit disturbances in the classroom and downtime in critical areas.



Equipment upgrades, like these new cooling towers, will result in lower energy consumption and lower O&M costs for the County.

Installed ECMs included:

- Building management system upgrade
- Roof replacement
- Solar PV
- Lighting retrofit
- High efficiency DX air conditioners
- Boilers and cooling towers
- Pumping upgrades

Size: Phase 1: Three K-12 buildings totaling 426,513 square feet
Phase 2: Thirty buildings

Contract Value: Phase 1: \$3,496,650
Phase 2: \$4,055,350

MUENSTER INDEPENDENT SCHOOL DISTRICT

Scope: This project included a comprehensive study of existing equipment for five (5) facilities: Administration Building, 3rd-4th Grade Building, Field House, Gymnasium, and High School. The remaining school buildings within the District were scheduled for demolition and replacement; thus, no effort was required in these remaining facilities.

Solutions: Various ECMs were evaluated based on need, taking factors such as age, current performance, impending maintenance costs, and owner input into account. The ECMs that produced the best financial performance balanced against the highest need were ultimately recommended. The school district will save both energy and money while giving students and faculty brighter light levels, improved classroom comfort, and increased security. Project design, analysis, construction was completed after hours and during semester breaks to limit disturbances in the classroom and downtime in critical areas.

Installed ECMs included:

- Lighting retrofit
- Lighting occupancy sensors
- High efficiency DX replacement
- Programmable thermostats

Size: Five facilities totaling 57,575 square feet

Contract Value: \$294,763



Programmable thermostats offer advanced occupancy functionality, providing energy savings during occupied hours without sacrificing occupant comfort.

PAMPA INDEPENDENT SCHOOL DISTRICT

Scope: Our team performed a comprehensive utility audit of existing equipment at six (6) facilities: Pampa High School, Austin Elementary, Lamar Elementary, Wilson Elementary, and Harvester Field. HVAC and lighting systems were reaching the end of their life-cycle, but school budgets were limited and no funds were available to replace these aging systems.

Solutions: The District implemented cost-effective measures that centered on HVAC and lighting replacements, as well as a sports field lighting replacement at the football field and track. These measures:

- Reduce operational energy and utility expenses
- Relieve capital expenditures for other critical improvements
- Minimize service and upkeep expenses
- Provide a comfortable indoor environment

Size: Six facilities with more than 425,300 square feet

Contract Value: Phase 1: \$1,600,000
Phase 2: \$2,690,367



Rooftop DX units were replaced at Lamar Elementary, improving the indoor environment for students and staff.

FORNEY INDEPENDENT SCHOOL DISTRICT

Scope: Our team evaluated a majority of Forney ISD's facilities, which included 26 buildings. We performed a comprehensive utility audit of existing equipment and developed a scope of work for each facility

Solutions: The Gexa Energy Solutions implemented the following measures to reduce utility consumption and save money:

- Interior lighting upgrades with fluorescent technology
- Interior and exterior LED lighting
- LED parking lot lighting
- Building controls
- HVAC upgrades
- Chilled water

Size: 14 schools

Contract Value: \$4,598,193



Work at Forney High School includes lighting retrofits, occupancy sensors, and building controls