



Santee Cooper New Lease Proposal (OLC-22) Review

Revised to reflect final lease pricing

Victory shall come to those who prevail.
February 2023

Overview

After four plus years of consistent hard work and diligence by the Street Light Committee, Santee Cooper has agreed to restructure their street light lease terms. This is a major victory for Plantation Lakes.

The new Santee Cooper lease (OLC-22) is categorized as an “experiment”. Participation in the experiment is limited to five percent of the HOA customer base and has a limited customer acceptance window.

The new lease terms have minimal changes re. the inventory, maintenance, end of contract provisions; however, the new lease significantly alters the cost model.

The terms of the new lease are explained in this package, as are Plantation Lakes’ options re. moving forward.

New Lease Terms

- New lease is defined by Santee Cooper as an “experiment”.
 - Limited to five percent of customer base.
- New lease period is ten years.
- Santee Cooper retains ownership of inventory.
- Maintenance is covered by Santee Cooper.
 - Bulb replacement.
 - If a pole is damaged, Santee Cooper repairs/replaces.
 - If/when replacements are required, Santee Cooper pays up to the value of standard inventory (manufacturer estimates a lifespan of 50 years).
- Discounted Santee Cooper lease rates.
- One time “contribution” (i.e., up front charge).

What is the catch...

- Significant one time up front contribution.
- Santee Cooper possesses a unilateral early termination right – the right to terminate the experiment in March 2025.
 - Santee Cooper would return a proportionate refund of the one time contribution.

Financials

Current Lease Terms

\$7,984/mth

\$95,814/yr

Savings

New Lease Terms

\$2,767/mth

\$33,207/yr

\$5,226/mth

\$62,607/yr

One time contribution = \$249,511

To satisfy the one time contribution, Plantation Lakes would obtain a five year loan.

Back up Data

5.50% 5 YEAR MODEL						
The below data reflects lease rates only.						
No change in energy usage rates.						
\$418/mth tax reduction/savings not included below.						
CURRENT						
	Qty	Each	Monthly	Yearly		
CS bracket arm	12	6.22	74.64	895.68		
14' fiberglass pole	220	22.30	4,906.00	58,872.00		
100w private light	1	2.68	2.68	32.16		
175w hampton light	159	11.70	1,860.30	22,323.60		
81w led hampton light	3	13.92	41.76	501.12		
81w led lexington retrofit light	2	13.10	26.20	314.40		
81w led hampton retrofit light	74	14.50	1,073.00	12,876.00		
		Totals	7,984.58	95,814.96		
OLC-22						
	Qty	Each	Monthly	Yearly	1x Fee (each)	1x fee (total)
CS bracket arm	12	6.22	74.64	895.68	0.00	0.00
14' fiberglass pole	220	7.38	1,623.60	19,483.20	615.05	135,311.00
100w private light	1	2.68	2.68	32.16	0.00	0.00
175w hampton light	156	4.34	677.04	8,124.48	412.76	64,390.56
81w led hampton light	3	5.10	15.30	183.60	534.25	1,602.75
81w led lexington retrofit light	2	4.54	9.08	108.96	512.76	1,025.52
81w led hampton retrofit light	77	4.74	364.98	4,379.76	612.76	47,182.52
		Totals	2,767.32	33,207.84		249,512.35
		OLC-22 savings/year	62,607.12			
Finances/Loan						
	Re. the \$250,000 required to pay 1x fee					
	\$250K @ 5.5% for 5yrs = \$4,775.29/month					
			4,775.29	12	57,303.48	
	This loan amount/payment makes the OLC-22 payment plus loan slightly less than current PL payment.					
	If Santee Cooper cancels end of March 2025...					
	Jan 2023 - Mar 2025 = 27 months					
	\$250K 1x payment is for a 10 year contract					
	27 months of 10 years (120 months) = 22.5%					
	If Santee Cooper returns a true proportion...					
	22.5% owed of \$250K = \$56,250					
	77.5% returned of \$250K = \$193,750					
	At month 27, PL would have an outstanding loan balance of \$145,936.					
	\$193,750 - \$145,936 resulting in a net profit to PL of \$47,814.					
27 Month Scenario						
- PL saves \$5,217/mth x 27 months, or \$140,866 on lease. Loan payout for 27 months = \$128,932.						
- PL collects \$47,814 at loan payoff.						
Net savings to PL = \$59,748.						
10 Year Scenario						
- PL could borrow the \$250K for the 1x "existing contribution".						
- \$250K at 5.50% interest, 5 year loan = \$4,775/month or \$57,303/year.						
Bottom Line:						
- In years 1-5 PL would save \$5,303 annually (62,607-57,303) due to loan payoff.						
- In years 6-10 PL would save \$62,607 annually.						
Total savings for 10 years = \$339,553.						