

Submitted January, 26, 2015: Responses to Questions Regarding PACE Financing, Received from Julie Enea, Staff to the Contra Costa County Board of Supervisors' Internal Operations Committee. Responses provided by the following PACE Programs: CaliforniaFIRST, Figtree, and HERO

1. *How many counties and cities have implemented PACE Programs and what are the populations of those jurisdictions? Of the counties that have implemented a PACE program(s), which, if any, are Teeter counties?*

- Statistics are as of January, 2014
- Statewide:
 - There are PACE programs in 320+ jurisdictions, across 41 of California's 58 counties.
 - The total population covered is more than 25 million, which represents over 66% of the state's population.
 - Of the covered jurisdictions, 24 are in unincorporated County areas
 - These figures do not include most of Los Angeles County, whose Board of Supervisors has approved the creation of its own, multi-PACE provider program that would cover all 88 cities in the County as well as the County's unincorporated County areas. That program is expected to launch by summer, 2014. LA County's launch will add another 7.6 million people to the population coverage figures, increasing statewide coverage to well over 80%.
- In Contra Costa County:
 - Eleven cities have one or more active PACE programs covering 67% of the county's population, and 79% of the populations of the incorporated cities. The cities are:
 - Antioch
 - Brentwood
 - Concord
 - Lafayette
 - Martinez
 - Oakley
 - Pittsburg
 - Richmond
 - San Pablo
 - San Ramon
 - Walnut Creek
- See Exhibit "A" for a county-by-county list of jurisdictions that have one or more PACE programs.
- Teeter:
 - According to our research, all counties in the state are Teeter counties, excepting: Alpine, Calaveras, Los Angeles, and Mariposa.

2. *From the PACE lenders, what is your monitoring and foreclosure process for Teeter counties?*

- Note: State law allows counties to remove certain special districts from their Teeter plans, including AB 811 PACE special districts.
- Figtree's Response:
 - In the event of a delinquency PACE programs remove the assessment in question from the secured roll and place it on the unsecured roll. Once placed on the unsecured roll it should no longer be subject to the Teeter Plan and therefore no longer a concern in this regard.

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- CaliforniaFIRST Response:
 - The CaliforniaFIRST Program team monitors 1st and 2nd property tax installment payments, and performs an annual review to check for delinquencies. If a property owner is delinquent, the Program will send letters to the property owner requesting that the past due amount be paid and advising the property owner that the property is subject to foreclosure for non-payment. The Program pursues payment on all delinquent accounts, regardless if the jurisdiction has a Teeter Program. In accordance with sections 8830 and 8835 of the Bond Act, the Program has the right to foreclose on the property. However, the mortgage lender will typically step in to ensure that foreclosure does not occur by paying delinquent taxes and, until the property is sold, keeping the property current on incoming tax payment obligations, including the PACE assessment payments. The State's PACE Loss Reserve will make the lender whole for any portion of the property taxes associated with the PACE lien that the mortgage lender paid.
- HERO Response
 - The Western Riverside Council of Governments (WRCOG) monitors 1st installments, 2nd installments and performs an annual review to check for delinquencies. If a property owner is delinquent, WRCOG will send letters to the property owner requesting the past due amount to be paid and advising the property is subject to foreclosure for non-payment. WRCOG pursues payment on all delinquent accounts, regardless if the jurisdiction has a Teeter Program. In accordance with sections 8830 and 8835 of the Bond Act, WRCOG has the right to foreclose on the property. However, the mortgage lender will typically step in to ensure that foreclosure does not occur by paying delinquent taxes and any other taxes until the property is sold - including the PACE lien. The PACE Loss Reserve will make the lender whole for any portion of the property taxes that the mortgage lender paid associated with the PACE lien.

3. *With regard to the State's PACE loss reserve, what constitutes a default that is covered by the reserve? Is the lender not being paid or the tax lien not being paid? (This is significant for Teeter counties.)*

- PACE Liens have accelerated foreclosure provisions. In the event that a property owner does not pay their PACE lien for a year (which would also mean that all other property taxes have not been paid; counties do not accept partial payment of property taxes, nor a partial payment that is earmarked for one or more line items on the property tax bill), the PACE foreclosure process can begin. The mortgage lender will typically step in to ensure that foreclosure does not occur by paying delinquent taxes and any other taxes until the property is sold - including the PACE lien. The PACE Loss Reserve will make the lender whole for any

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portion of the property taxes that the mortgage lender paid associated with the PACE lien.

4. *In those counties or cities that obtained indemnification agreements, what did the indemnification cover? In the case of a JPA, who is the indemnifying party?*

- A draft of the CaliforniaFIRST indemnification agreement is provided as Exhibit "B1," and of the HERO indemnification agreement as Exhibit "B2."
- Figtree response:
 - Figtree, on behalf of itself and its JPA the California Enterprise Development Authority, agrees to defend, indemnify and hold harmless the Public Entity, its officers, elected or appointed officials, employees, agents and volunteers from and against any and all actions, suits, proceedings, claims, demands, losses, costs and expenses, including legal costs and attorneys' fees, for injury or damage due to negligence or malfeasance of any type claims as a result of the acts or omissions of Figtree, except for such loss or damage which was caused by the sole negligence or willful misconduct of the Public Entity. This indemnity applies to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as limitation upon the amount of indemnification to be provided by Figtree.

5. *What is the measurable increase in property tax revenue due to the energy efficiency upgrades? Assessor/industry.*

- The following table provides a summary of three studies, two on solar PV and the other on energy efficiency, which estimate the increase in property value that would result from an energy efficiency upgrade with some form of "green labeling" provided, or a solar PV system installation. These property value gains would result in property tax gains when the properties are sold (per the limits of Proposition 13)

Name of Study and Source	Year Published	Findings
<i><u>Selling Into the Sun</u></i> , Lawrence Berkeley National Laboratory (LBNL) and Adomatis Appraisal Services	2014	Existing homes with PV sell for a premium of \$4.51/watt.
<i><u>Exploring California PV Home Premiums</u></i> , Lawrence Berkeley National Laboratory (LBNL)	2013	For 5KW PV systems that are 5 years old, <u>each kilowatt</u> adds a \$5,495 premium to the sale price. (<i>Study looked at 1,600 homes with PV systems, and 6,140 homes without PV systems.</i>)

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Name of Study and Source	Year Published	Findings
<i>The Value of Green Labels in the California Housing Market: An Economic Analysis of the Impact of Green Labeling on the Sales Price of a Home</i> , UC Berkeley, UCLA, and Maastricht University (Netherlands)	2012	A green label adds an average 9% price premium to sale price versus other comparable homes. (Study looked at 1.6 million homes.)

- The size of the average solar system installed in Contra Costa County is 6 KWs (according to the California Solar Initiative database). Using the second study referenced above, the resulting price premium would be \$33,000, which translates to a \$300/per home increase in property tax revenues.
- The estimated median market value of homes in Contra Costa County is now approximately \$469,500. Thus the premium for each Green Labeled home would be \$42,000, which translates to between a \$400/per home increase in property tax revenues.
- If in one year, 0.75% of the single family homes in all of Contra Costa County were to use PACE financing to upgrade their homes to improve energy efficiency, and 0.25% used PACE to install solar PV systems, and 0.05% implemented both kinds of upgrades, the increase in property tax revenues would be about \$800,000 greater, once these homes sold, than if these homes were not to make these upgrades before selling. Over a ten year period, the increase in property tax revenues would be \$8 million.

6. *What problems do mortgage lenders report regarding mortgage sales and refinancing of properties with the PACE liens?*

- The PACE providers have not received any reports from mortgage lenders regarding mortgage sales and refinancing.
- *Sonoma County Experience and Data:* "Sonoma's records also reflect that 98 different lending institutions did not make new financing subject to the PACE lien being paid-off. This indicates that pay-off of the PACE lien is more likely due to buyer preference than due to lender requirement." ([from Placer County staff report, June, 2013, page 4.](#))
- *HERO Program Experience and Data:* Of the 20,197 projects that the HERO Program has financed to date, 2,233 property owners have successfully refinanced or sold their property. According to the data below, 55% of property owners who sold their property transferred the remaining balance of their PACE lien to the new owner. Of those who refinanced, 85% kept the PACE assessment in place (i.e. the mortgage lender did not require that it be paid off). Property owners have the right to pay off their PACE lien should they choose to do so with no pre-payment penalty. Property owners choose to pay off their PACE lien for various reasons, including access to a lower interest rate, receipt of a large tax refund or inheritance, or negotiation with a buyer. Some property owners

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opted to pay off their PACE lien during a refinance because the interest rate for the new first mortgage was lower. That's not surprising given that interest rates on first mortgages have been at a historic low over the last few years.

	Properties Sold	Properties Refinanced
Number of Properties	355	1,878
PACE Assessment Not Paid-Off	197 (55%)	1,602 (85%)
PACE Assessments Paid-Off	158 (45%)	276 (15%)

HERO's data show that the vast majority of banks allow the PACE lien to stay on the property during a sale or refinance, including larger banks like Wells Fargo, Bank of America and Citibank. It's clear from the data that no bank has taken a stance against PACE. If a bank were opposed to PACE, they would require EVERY customer with a PACE lien to pay it off during a sale or refinance. This is simply not the case. Property owners are paying off their PACE lien for the reasons mentioned above.

7. *Number of PACE loan defaults by implementing jurisdiction and how much was defaulted?*

- In an email exchange on December 4, 2014 with Noah Proser from CAEATFA (the agency in the California State Treasurer's Office that manages the PACE Loss Reserve Fund), Mr. Proser stated that as of that date, there have been **zero** defaults. A copy of this email exchange is provided in Exhibit "C."

8. *What remains of the State of California's PACE loan loss reserve and what is the mechanism to replenish the reserve? Is the fund protected from seizure or the whims of the state budget process?*

- Given that there have been zero defaults, there has been no draw on the PACE Loss Reserve Program's Fund. It's balance remains at its originally funded amount of \$10 million.
 - The administration of the fund is paid for in part by a fee of 0.25% on each PACE-financed project's costs, thereby not drawing on the Fund to cover such expenses.
- The fund was established by state law. Eliminating the fund is always a possibility, in much the same way that a reduction in the flow of funds from the federal government or the state government to county governments is also always a possibility. That being said, the newly re-elected Governor and the state legislature are highly committed to PACE programs, including the Fund.

9. *What is the position of the local real estate association boards on PACE financing?*
CCAR to provide response.

10. What happens when a new buyer doesn't want to assume the PACE lien?

- When a new buyer does not want to assume the PACE lien, the seller has the option of paying off the full remaining balance of the PACE assessment.
 - In the Figtree, HERO and CaliforniaFIRST programs, there are no pre-payment penalties imposed for taking advantage of the pre-payment option.

11. What financing alternatives to PACE currently exist for energy efficiency upgrades?

- There are numerous ways for a homeowner to pay for an investment that consists of renewable energy, energy efficiency, and water conservation. Some of these ways fit well with some homeowners, and other ways fit well with others. Some ways are simply not available to certain homeowners because of their financial situation, and some may take too long to secure approval – such as the need for a new HVAC system in heat of summer or the cold of winter.
- Home Equity Lines of Credit (HELOCs) are often cited as a better option than PACE. According to the US Census' 2009 American Housing Survey, only 12% of all owner-occupied homes in the country have a HELOC in place. Looking at just those households whose owners self-identify as Black or Hispanic, and the numbers drop even lower, to 7% and 9%, respectively.
- Comparing financing alternatives requires looking at a handful of key variables:
 - Interest rates, with lower interest payments leading to lower payments
 - And the tax deductibility of the interest portion of financing payments, which if allowed, can be translated as lower effective interest rates
 - Minimum and maximum amounts that can be financed
 - Loan terms, with longer loan terms allowing for lower payments
 - The speed with which the financing can be approved
 - The ability to qualify for the financing
 - The consumer protections in place to ensure high and long-term customer satisfaction
 - Availability – geographically, and the amount of capital available to fund projects

The following discussion refers to the table in Exhibit "D," which assesses PACE against more traditional financing products

- Interest Rates and Deductibility of Interest: PACE financing interest rates range from about 5% to 9% - depending on the PACE program and, more so, on the loan term selected (shorter loan terms providing lower interest rates). Compared to a personal loan or credit card – whose interest costs are not deductible – the deductibility of the interest makes the effective interest rate between 200 and 300 basis points (or 2% to 3%) lower, depending on the financing term, the amount financed, and the tax bracket of the homeowner.
- Comparing Interest Rates: One of the most commonly cited alternatives to PACE is a Home Equity Loan (HEL) or a Home Equity Line of Credit (HELOC). Like PACE, both allow the deduction of interest payments for income tax purposes. However, unlike

PACE, both home equity products can take at least a month to put in place; PACE approval can take just one day. HELOC rates are similar to today's mortgage rates, which are both more competitive than PACE interest rates. HEL rates are comparable to PACE rates. PACE has much better interest rates than a credit card, and PACE interest rates are comparable to or better than a personal loan.

- Additional PACE-HELOC Comparison Notes:
 - If you've had your HELOC open for a while, it may expire in only a few years, thereby forcing a shorter loan term than may be desired. There are often options to lock in HELOC balances and pay them off over terms up to 20 years, yet this option typically leads to a higher fixed interest rate. Through a PACE-financed project, interest rates are locked in for the term of the loan.
 - Using PACE to finance a home's energy upgrade leaves the HELOC balance free from that draw, allowing the HELOC to be used for other purposes.
 - Using PACE financing – and thus having the additional line item on a property tax bill – does not impact the homeowner's debt-to-income ratio, which is important when applying for future debt, such as a car loan.
- Qualifying – Speed and Criteria: For those homeowners who do not have a HELOC or HEL in place when the need comes for a new HVAC system, roof, or other upgrade – which is the case for some 85% of homeowners in Contra Costa County, according to US Census figures – qualifying for one can be much more difficult than qualifying for PACE. PACE applications do not require a minimum FICO score in order to secure a competitive interest rate, whereas HELOC and HEL applications do consider one's FICO score in the application process.
- Consumer Protections: Through the PACE project development and application process, and after project completion, there are numerous protocols in place in each PACE program that exist to protect the consumer. These consumer protections include:
 - Certification of each contractor company to ensure quality work
 - Ensuring that all products to be installed meet high levels of energy or water-saving performance
 - Ensuring that all required permits are pulled
 - Post-install installation assessments by third party Quality Assurance companies
 - A process for identifying and disciplining badly performing contractors, which can lead to probation and ultimately to removal of a contractor from a PACE Program's certified contractor list
 - A dispute resolution process to resolve disagreements between a homeowner and her contractor.

Conventional financing alternatives do not come with any of these consumer protection measures. For more detail on each program's consumer protection measures, please see Exhibit "E."

12. How is the property owner protected from being misled or inadequately informed of the possible consequences of PACE financing?

- All PACE programs provide very similar disclosure language in the financing documentation.
- The CaliforniaFIRST language is as follows (and is presented in ALL CAPS format in the document, to help assure that homeowners review the language):

"Before completing a program application, you should carefully review any mortgage agreement(s) or other security instrument(s) that affect the property or to which you as the property owner are a party. Entering into an assessment contract without the consent of your existing lender(s) could constitute an event of default under such agreements or security instruments. Defaulting under an existing mortgage agreement or security instrument could have serious consequences to you, which could include the acceleration of the repayment obligations due under such agreement or security instrument. In addition, Fannie Mae and Freddie Mac, the owner of a significant portion of all home mortgages, stated that they would not purchase home loans with assessments such as those offered by CSCDA. This may mean that property owners who sell or refinance their property may be required to prepay such assessments at the time they close their sale or refinancing."

- Figtree Response:
 - Figtree believes strongly that property owners should make fully informed decisions regarding PACE. To this end property owners in our residential program will be provide disclosures during the application process which outline the potential risk posed by the FHFA uncertainty, the impact this may have on their current mortgage contract, and information regarding the rates and fees being charged.
 - Figtree also believes strongly in maintaining a personal relationship with each and every customer. Based on our experience contractors often lack the ability to properly educate customers regarding the intricacies of PACE financing. Prior to financing each transaction Figtree intends to communicate directly with each property owner in order to ensure they understand how the program works, the disclosures they have signed, and the rates and fees associated with the program.
 - Figtree also maintains a zero tolerance policy for contractors who misled or cheat customers. Contractors engaging in this type of behavior are ejected from our program. This hasn't happened to date as we have an extensive on boarding process for contractors wishing to participate in our program. Contractors must demonstrate they have been licensed for three years, bonded, and participate in a mandatory training program prior to serving Figtree PACE customers.

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13. How many PACE lienholders were able to sell/refinance since the settlement of the FHFA lawsuit without having to repay the entire PACE loan balance?

- Note #1: The lawsuit brought against FHFA by the State of California and other parties was not settled. The courts instead found that when FHFA issued its 2010 letter that put residential PACE programs to a halt, that FHFA was acting in the role of conservator of the assets of the government sponsored enterprises that it oversees, rather than as a regulator; the plaintiffs arguments were founded on FHFA acting improperly as a regulator. As a result, the lawsuit did not proceed any further.
- Note #2: We fail to see a connection between the FHFA lawsuit and an increase or decrease in the instances of homeowners who must pre-pay their PACE assessment in full upon sale or refinance. That being said, please see the statistics provided in the response to Question #6 above.

How many instances have occurred of a buyer withdrawing from a sale or requiring the owner to remove equipment or repay the PACE balance because the buyer refused the PACE upgrade/encumbrance?

- There are no data nor anecdotes available that reveal how many – if any – buyers withdrew from a sale because of the presence of the PACE assessment, or sellers who refused to pay off the PACE assessment's balance.
- In those instances when a homeowner paid her PACE assessment in full at the time of sale or refinance, we do not have data that tells us why the homeowner took that action.

14. Is there any evidence that PACE projects actually increase a property's appraised value or, conversely, that a PACE lien has been a hindrance to resale?

- To our knowledge, no studies have been done specifically on the impact of PACE financing on a home's market value, nor if the presence of a PACE assessment is a hindrance to sale. That being said, the data referenced in Question #5 above show that the types of projects that PACE financing facilitates lead to an increase in property values. Such increases will be partially offset by the balance of the PACE assessment; the impact of the offset will decrease as a result of two factors: the inevitable rise in utility rates, and, as time goes by, the reduction in the PACE assessment balance as payments are made.

In addition to providing responses to the questions above, Exhibit "F" provides comments and responses to statements made by opponents to PACE Programs during the November 3 meeting of the Internal Operations Committee of the Contra Costa County Board of Supervisors.

EXHIBIT "A"

<http://www.dof.ca.gov/research/demographic/reports/estimates/e-5/2011-20/view.php>

Source:

Table 2: E-5 City/County Population and Housing Estimates, 1/1/2014

# of Jurisdictions in CA with at least one active PACE program, as of 12/4/2014	328
Total CA Population Covered	25,493,121
% of CA Population Covered	66%

County / City	POPULATION Total	Jurisdictions with ACTIVE PACE Programs
Alameda County		
Alameda	75,988	75,988
Albany	18,472	18,472
Berkeley	117,372	117,372
Dublin	53,462	53,462
Emeryville	10,491	10,491
Fremont	223,972	223,972
Hayward	151,037	151,037
Livermore	84,852	84,852
Newark	43,856	43,856
Oakland	404,355	404,355
Piedmont	11,023	11,023
Pleasanton	73,067	73,067
San Leandro	87,691	87,691
Union City	72,155	72,155
Unincorporated County	145,461	145,461
Incorporated	1,427,793	
County Total	1,573,254	
Butte		
Biggs	1,684	
Chico	88,389	88,389
Gridley	6,739	
Oroville	15,980	15,980
Paradise	26,109	26,109
Unincorporated County	83,415	83,415
Incorporated	138,901	
County Total	222,316	
Contra Costa		
Antioch	106,455	106,455
Brentwood	54,741	54,741
Clayton	11,200	

EXHIBIT "A"

Concord	124,656	124,656
Danville	43,146	
El Cerrito	24,087	
Hercules	24,572	
Lafayette	24,659	24,659
Martinez	36,842	36,842
Moraga	16,348	
Oakley	38,075	38,075
Orinda	18,089	
Pinole	18,794	
Pittsburg	66,368	66,368
Pleasant Hill	33,872	
Richmond	106,138	106,138
San Pablo	29,465	29,465
San Ramon	77,270	77,270
Unincorporated County	166,048	
Walnut Creek	66,183	66,183
Incorporated	920,960	
County Total	1,087,008	
El Dorado		
Placerville	10,527	
South Lake Tahoe	21,409	21,409
Unincorporated County	150,468	
Incorporated	31,936	
County Total	182,404	
Fresno		
Fresno	515,609	515,609
Unincorporated County	169,500	169,500
Clovis	102,188	102,188
Sanger	24,908	24,908
Selma	23,977	23,977
Reedley	25,122	25,122
Kingsburg	11,685	11,685
Kerman	14,339	14,339
Coalinga	16,467	
Parlier	15,019	
Mendota	11,225	
Orange Cove	9,410	9,410
Fowler	5,883	5,883
Firebaugh	7,809	7,809
San Joaquin	4,056	4,056
Huron	6,843	6,843
Incorporated	794,540	
County Total	964,040	

EXHIBIT "A"

Glenn County		
Orland	7,683	7,683
Willows	6,154	6,154
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Unincorporated County	14,516	
Incorporated	13,837	
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County Total	28,353	
Imperial County		
Brawley	25,897	25,897
Calexico	40,564	
Calipatria	7,517	7,517
El Centro	44,311	44,311
Holtville	6,154	
Imperial	16,708	
Westmorland	2,301	
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Unincorporated County	37,220	37,220
Incorporated	143,452	
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County Total	180,672	
Kern County		
Arvin	20,226	20,226
Bakersfield	367,315	367,315
California City	13,276	13,276
Delano	52,591	52,591
Maricopa	1,180	
McFarland	13,745	13,745
Ridgecrest	28,638	28,638
Shafter	17,461	17,461
Taft	8,942	8,942
Tehachapi	13,346	
Wasco	26,159	26,159
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Unincorporated County	310,213	310,213
Incorporated	562,879	
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County Total	873,092	
Kings County		
Avenal	13,239	
Corcoran	22,515	
Hanford	55,283	
Lemoore	25,281	25,281
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Unincorporated County	33,863	
Incorporated	116,318	
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County Total	150,181	

EXHIBIT "A"

Lake County		
Clearlake	15,194	15,194
Lakeport	4,807	4,807
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Unincorporated County	44,698	
Incorporated	20,001	
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County Total	64,699	
Los Angeles County		
Agoura Hills	20,625	
Alhambra	84,697	84,697
Arcadia	57,500	57,500
Artesia	16,776	
Avalon	3,820	
Azusa	48,385	48,385
Baldwin Park	76,715	76,715
Bell	35,972	
Bellflower	77,741	77,741
Bell Gardens	42,667	
Beverly Hills	34,677	
Bradbury	1,082	1,082
Burbank	105,543	
Calabasas	23,943	
Carson	92,636	92,636
Cerritos	49,741	
Claremont	35,920	35,920
Commerce	13,003	13,003
Compton	98,082	
Covina	48,619	48,619
Cudahy	24,142	
Culver City	39,579	
Diamond Bar	56,400	56,400
Downey	113,363	
Duarte	21,668	
El Monte	115,064	115,064
El Segundo	16,897	16,897
Gardena	60,082	60,082
Glendale	195,799	
Glendora	51,290	51,290
Hawaiian Gardens	14,456	
Hawthorne	86,644	86,644
Hermosa Beach	19,750	19,750
Hidden Hills	1,901	
Huntington Park	59,033	
Industry	438	
Inglewood	111,795	111,795
Irwindale	1,466	1,466
La Canada Flintridge	20,535	20,535
La Habra Heights	5,420	

EXHIBIT "A"

Lakewood	81,224	
La Mirada	49,178	
Lancaster	159,878	159,878
La Puente	40,478	
La Verne	32,228	32,228
Lawndale	33,228	33,228
Lomita	20,630	20,630
Long Beach	470,292	
Los Angeles	3,904,657	
Lynwood	70,980	
Malibu	12,865	
Manhattan Beach	35,619	
Maywood	27,758	
Monrovia	37,162	37,162
Montebello	63,527	63,527
Monterey Park	61,777	61,777
Norwalk	106,630	
Palmdale	155,657	155,657
Palos Verdes Estates	13,665	
Paramount	55,051	
Pasadena	140,879	
Pico Rivera	63,873	
Pomona	151,713	151,713
Rancho Palos Verdes	42,358	42,358
Redondo Beach	67,717	
Rolling Hills	1,895	1,895
Rolling Hills Estates	8,184	8,184
Rosemead	54,762	54,762
San Dimas	34,072	34,072
San Fernando	24,222	
San Gabriel	40,313	40,313
San Marino	13,341	13,341
Santa Clarita	209,130	
Santa Fe Springs	17,349	
Santa Monica	92,185	92,185
Sierra Madre	11,094	11,094
Signal Hill	11,411	
South El Monte	20,426	20,426
South Gate	96,057	
South Pasadena	26,011	26,011
Temple City	36,134	36,134
Torrance	147,706	147,706
Vernon	122	
Walnut	30,112	30,112
West Covina	107,828	107,828
West Hollywood	35,072	
Westlake Village	8,386	
Whittier	86,538	
Unincorporated County	1,046,557	
Incorporated	8,995,240	

EXHIBIT "A"

County Total	10,041,797	
Madera County		
Chowchilla	18,971	18,971
Madera	63,008	
Unincorporated County	71,918	71,918
Incorporated	81,979	
County Total	153,897	
Marin County		
Belvedere	2,094	
Corte Madera	9,381	9,381
Fairfax	7,541	7,541
Larkspur	12,102	12,102
Mill Valley	14,257	14,257
Novato	52,967	52,967
Ross	2,461	2,461
San Anselmo	12,514	12,514
San Rafael	58,566	58,566
Sausalito	7,175	
Tiburon	9,090	9,090
Unincorporated County	67,698	67,698
Incorporated	188,148	
County Total	255,846	
Mendocino County		
Fort Bragg	7,350	
Point Arena	454	
Ukiah	16,185	
Willits	4,937	
Unincorporated County	60,103	
Incorporated	28,926	
County Total	89,029	
Merced County		
Atwater	29,050	29,050
Dos Palos	5,050	
Gustine	5,648	
Livingston	13,793	
Los Banos	37,168	
Merced	81,130	81,130
Unincorporated County	93,083	93,083
Incorporated	171,839	

EXHIBIT "A"

County Total	264,922	
Mono County		
Mammoth Lakes	8,098	8,098
Unincorporated County	6,045	6,045
Incorporated	8,098	
County Total	14,143	
Monterey County		
Carmel-By-The-Sea	3,722	3,722
Del Rey Oaks	1,665	1,665
Gonzales	8,383	8,383
Greenfield	16,919	16,919
King City	13,211	13,211
Marina	20,268	20,268
Monterey	28,381	28,381
Pacific Grove	15,431	15,431
Salinas	155,205	155,205
Sand City	343	343
Seaside	33,534	33,534
Soledad	24,997	24,997
Unincorporated County	103,697	103,697
Incorporated	322,059	
County Total	425,756	
Napa County		
American Canyon	20,001	20,001
Calistoga	5,224	5,224
Napa	78,358	78,358
St Helena	5,943	5,943
Yountville	3,017	3,017
Unincorporated County	26,712	26,712
Incorporated	112,543	
County Total	139,255	
Nevada County		
Grass Valley	12,668	
Nevada City	3,016	3,016
Truckee	15,981	
Unincorporated County	65,560	
Incorporated	31,665	
County Total	97,225	
Orange County		

EXHIBIT "A"

Anaheim	348,305	348,305
Huntington Beach	195,999	195,999
Santa Ana	331,953	331,953
Irvine	242,651	
Unincorporated County	121,473	
Garden Grove	173,953	173,953
Orange	139,279	
Mission Viejo	95,334	
Fullerton	140,131	
Newport Beach	86,874	86,874
Yorba Linda	67,069	
Costa Mesa	111,846	111,846
Westminster	91,652	91,652
San Clemente	64,874	64,874
Lake Forest	79,139	79,139
Laguna Niguel	64,460	
Buena Park	82,344	82,344
Fountain Valley	56,702	
La Habra	61,717	
Placentia	52,094	52,094
Cypress	48,886	48,886
Tustin	78,360	78,360
Rancho Santa Margarita	48,834	48,834
Brea	42,397	42,397
Dana Point	34,037	
Laguna Beach	23,225	
Aliso Viejo	49,951	49,951
San Juan Capistrano	35,900	
Laguna Hills	30,857	30,857
Seal Beach	24,591	
La Palma	15,896	15,896
Stanton	38,963	38,963
Los Alamitos	11,729	
Villa Park	5,935	
Laguna Woods	16,581	
Incorporated	2,992,518	
County Total	3,113,991	
Riverside County		
Banning	30,325	30,325
Beaumont	40,876	40,876
Blythe	18,992	
Calimesa	8,231	8,231
Canyon Lake	10,826	10,826
Cathedral City	52,595	
Coachella	43,633	
Corona	159,132	159,132
Desert Hot Springs	28,001	
Eastvale	59,185	59,185
Hemet	81,537	81,537

EXHIBIT "A"

Indian Wells	5,137	
Indio	82,398	82,398
Jurupa Valley	97,774	97,774
La Quinta	39,032	
Lake Elsinore	56,718	56,718
Menifee	83,716	83,716
Moreno Valley	199,258	199,258
Murrieta	106,425	106,425
Norco	26,582	26,582
Palm Desert	50,417	
Palm Springs	46,135	46,135
Perris	72,103	72,103
Rancho Mirage	17,745	
Riverside	314,034	314,034
San Jacinto	45,563	45,563
Temecula	106,289	106,289
Unincorporated County	363,590	363,590
Wildomar	33,718	33,718
Incorporated	1,916,377	
County Total	2,279,967	
Sacramento County		
Citrus Heights	84,544	84,544
Elk Grove	160,688	160,688
Folsom	74,014	
Galt	24,289	24,289
Isleton	815	
Rancho Cordova	67,839	67,839
Sacramento	475,122	475,122
Unincorporated County	567,095	567,095
Incorporated	887,311	
County Total	1,454,406	
San Benito County		
Hollister	36,676	36,676
San Juan Bautista	1,905	1,905
Unincorporated County	18,936	18,936
Incorporated	38,581	
County Total	57,517	
San Bernardino County		
Unincorporated County	297,425	297,425
San Bernardino	212,721	212,721
Fontana	202,177	202,177
Rancho Cucamonga	172,299	172,299
Ontario	167,382	167,382

EXHIBIT "A"

Victorville	120,590	120,590
Rialto	101,429	101,429
Hesperia	91,506	91,506
Chino	81,747	81,747
Chino Hills	76,131	76,131
Upland	75,147	75,147
Apple Valley	70,755	70,755
Redlands	69,882	69,882
Highland	54,033	54,033
Colton	53,057	53,057
Yucaipa	52,654	52,654
Montclair	37,374	37,374
Adelanto	32,511	32,511
Twentynine Palms	26,576	26,576
Loma Linda	23,614	23,614
Barstow	23,292	23,292
Yucca Valley	21,053	21,053
Grand Terrace	12,285	12,285
Big Bear Lake	5,121	5,121
Needles	4,908	4,908
Incorporated	1,788,244	
County Total	2,085,669	
San Diego County		
Carlsbad	110,169	110,169
Chula Vista	256,139	256,139
Coronado	23,419	23,419
Del Mar	4,234	4,234
El Cajon	101,256	101,256
Encinitas	61,204	61,204
Escondido	147,102	147,102
Imperial Beach	26,675	26,675
La Mesa	58,769	58,769
Lemon Grove	25,928	25,928
National City	59,381	59,381
Oceanside	171,183	171,183
Poway	48,979	48,979
San Diego	1,345,895	1,345,895
San Marcos	90,179	90,179
Santee	55,806	55,806
Solana Beach	13,099	13,099
Vista	96,122	96,122
Unincorporated County	498,823	498,823
Incorporated	2,695,539	
County Total	3,194,362	
San Francisco County		
San Francisco	836,620	836,620

EXHIBIT "A"

San Joaquin County

Stockton	300,899	300,899
Unincorporated County	146,146	
Tracy	85,146	85,146
Manteca	72,880	
Lodi	63,651	63,651
Lathrop	19,831	
Ripon	14,855	
Escalon	7,323	

Incorporated	564,585	
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County Total	710,731	
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San Luis Obispo County

Arroyo Grande	17,334	17,334
Atascadero	28,675	28,675
El Paso De Robles	30,469	30,469
Grover Beach	13,153	13,153
Morro Bay	10,276	10,276
Pismo Beach	7,705	
San Luis Obispo	45,473	45,473

Unincorporated County	119,272	
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Incorporated	153,085	
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County Total	272,357	
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San Mateo County

Atherton	6,917	6,917
Belmont	26,559	26,559
Brisbane	4,431	4,431
Burlingame	29,685	29,685
Colma	1,470	1,470
Daly City	105,076	105,076
East Palo Alto	28,934	28,934
Foster City	32,168	32,168
Half Moon Bay	11,721	11,721
Hillsborough	11,260	11,260
Menlo Park	32,896	32,896
Millbrae	22,605	22,605
Pacifica	38,292	38,292
Portola Valley	4,480	4,480
Redwood City	80,768	80,768
San Bruno	43,223	43,223
San Carlos	29,219	29,219
San Mateo	100,106	100,106
South San Francisco	65,710	65,710
Woodside	5,496	5,496

Unincorporated County	64,177	64,177
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EXHIBIT "A"

Incorporated	681,016	
County Total	745,193	
Santa Barbara County		
Buellton	4,893	
Carpinteria	13,442	
Goleta	30,202	
Guadalupe	7,144	
Lompoc	43,314	
Santa Barbara	90,385	
Santa Maria	101,103	
Solvang	5,363	
Unincorporated County	137,552	
Incorporated	295,846	
County Total	433,398	
Santa Clara County		
Campbell	41,993	41,993
Cupertino	59,946	59,946
Gilroy	52,413	52,413
Los Altos	29,969	29,969
Los Altos Hills	8,354	8,354
Los Gatos	30,532	30,532
Milpitas	70,092	70,092
Monte Sereno	3,450	3,450
Morgan Hill	41,197	41,197
Mountain View	76,781	76,781
Palo Alto	66,861	66,861
San Jose	1,000,536	1,000,536
Santa Clara	121,229	121,229
Saratoga	30,887	30,887
Sunnyvale	147,055	147,055
Unincorporated County	87,263	
Incorporated	1,781,295	
County Total	1,868,558	
Santa Cruz County		
Capitola	10,136	10,136
Santa Cruz	63,440	63,440
Scotts Valley	11,954	11,954
Watsonville	52,508	52,508
Unincorporated County	133,557	133,557
Incorporated	138,038	

EXHIBIT "A"

County Total	271,595	
Shasta County		
Anderson	10,361	10,361
Redding	91,207	
Shasta Lake	10,128	
Unincorporated County	67,716	67,716
Incorporated	111,696	
County Total	179,412	
Solano County		
Benicia	27,454	27,454
Dixon	19,005	19,005
Fairfield	110,018	110,018
Rio Vista	7,934	
Suisun City	28,549	28,549
Vacaville	93,613	93,613
Vallejo	118,470	118,470
Unincorporated County	19,190	19,190
Incorporated	405,043	
County Total	424,233	
Sonoma County		
Unincorporated County	147,713	147,713
Santa Rosa	170,236	
Petaluma	59,000	
Windsor	27,104	
Rohnert Park	40,722	
Healdsburg	11,541	
Sonoma	10,801	
Cloverdale	8,641	
Sebastopol	7,440	
Cotati	7,288	
Incorporated	342,773	
County Total	490,486	
Stanislaus County		
Ceres	46,463	
Hughson	7,118	
Modesto	206,785	206,785
Newman	10,668	10,668
Oakdale	21,442	21,442
Patterson	20,922	
Riverbank	23,243	23,243
Turlock	70,132	70,132
Waterford	8,619	8,619

EXHIBIT "A"

Unincorporated County	110,650	
Incorporated	415,392	
County Total	526,042	
Sutter County		
Live Oak	8,481	8,481
Yuba City	65,677	65,677
Unincorporated County	21,575	
Incorporated	74,158	
County Total	95,733	
Tulare County		
Dinuba	23,666	
Exeter	10,539	10,539
Farmersville	10,932	10,932
Lindsay	12,650	
Porterville	55,697	
Tulare	61,857	61,857
Visalia	129,582	129,582
Woodlake	7,711	7,711
Unincorporated County	146,812	146,812
Incorporated	312,634	
County Total	459,446	
Ventura County		
Camarillo	66,752	66,752
Fillmore	15,339	15,339
Moorpark	35,172	35,172
Ojai	7,594	7,594
Oxnard	203,645	203,645
Port Hueneme	22,399	22,399
San Buenaventura	108,961	108,961
Santa Paula	30,448	30,448
Simi Valley	126,305	126,305
Thousand Oaks	129,039	129,039
Unincorporated County	97,313	97,313
Incorporated	745,654	
County Total	842,967	
Yolo County		
Davis	66,656	66,656
West Sacramento	50,836	50,836
Winters	6,979	6,979

EXHIBIT "A"

Woodland	57,223	57,223
Unincorporated County	24,687	24,687
Incorporated	181,694	
County Total	206,381	

**INDEMNIFICATION AND INSURANCE AGREEMENT
BY AND BETWEEN
CITY OF CONCORD
AND
RENEWABLE FUNDING, LLC**

This Indemnification and Insurance Agreement (the “Agreement”) is entered into by and between the City of Concord a municipal corporation (“City”) and Renewable Funding, LLC, a California limited liability company (the “Administrator”), the administrator of the CaliforniaFIRST Program, which is a program of the California Statewide Communities Development Authority, a California joint exercise of powers authority (the “Authority”).

RECITALS

WHEREAS, the Authority is a joint exercise of powers authority whose members of which include the City in addition to other cities and counties in the State of California; and

WHEREAS, the Authority established the CaliforniaFIRST Program (“PACE Program”) to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements that are permanently affixed to real property through the levy of assessments voluntarily agreed to by the participating property owners pursuant to Chapter 29 of Division 7 of the Streets and Highways Code (“Chapter 29”) and the issuance of improvement bonds under the Improvement Bond Act of 1915 upon the security of the unpaid assessments; and

WHEREAS, the Authority has conducted or will conduct proceedings required by Chapter 29 with respect to the territory within the boundaries of the City; and

WHEREAS, on January 19, 2010, the City Council of the City of Concord adopted a resolution authorizing the City to join the PACE Program, authorizing the Authority to accept applications from eligible property owners, conduct assessment proceedings and levy assessments within the territory of the City and authorizing related actions; and

WHEREAS, the Authority is solely responsible for the formation, operation and administration of the PACE Program as well as the sale and issuance of any bonds in

connection therewith, including the conduct of assessment proceedings, the levy and collection of assessments and any remedial action in the case of such assessment payments, and the offer, sale and administration of any bonds issued by the Authority on behalf of the PACE Program; and

WHEREAS, the Administrator is the administrator of the PACE Program and agrees to indemnify the City and provide insurance and add the City as an additional insured on its insurance policy or policies in connection with the operations of the PACE Program as set forth herein; and

NOW, THEREFORE, in consideration of the above premises and of the City's agreement to join the PACE Program, the parties agree as follows:

1. Agreement to Indemnify. The Administrator agrees to defend, indemnify and hold harmless the City, its officers, elected or appointed officials, employees, agents and volunteers from and against any and all claims, damages, losses, expenses, fines, penalties, judgments, demands and defense costs (including, without limitation, actual, direct, out-of-pocket costs and expenses and amounts paid in compromise or settlement and reasonable outside legal fees arising from litigation of every nature or liability of any kind or nature including civil, criminal, administrative or investigative) arising out of or in connection with the PACE Program except such loss or damage which was caused by the sole negligence or willful misconduct of the City. The Administrator will conduct all defenses at its sole cost and expense and the City shall reasonably approve selection of the Administrator's counsel. This indemnity shall apply to all claims and liability regardless of whether any insurance policies of the Administrator, its affiliates or any other parties are applicable thereto. The policy limits of any insurance of the Administrator, its affiliates or other parties are not a limitation upon the obligation of the Administrator including without limitation the amount of indemnification to be provided by the Administrator.

2. Insurance. The Administrator agrees that, at no cost or expense to the City, at all times during the operation of the PACE Program, to maintain the insurance coverage set forth in Exhibit A to this Agreement.

3. Amendment/Interpretation of this Agreement. . This Agreement, including all Exhibits attached hereto, represents the entire understanding of the parties as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. This Agreement shall not be interpreted for or against any party by reason of the fact that such party may have drafted this Agreement or any of its provisions.

4. Section Headings. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

5. Waiver. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

6. Severability and Governing Law. If any provision or portion thereof of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California applicable to contracts made and to be performed in California.

7. Notices. All notices, demands and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed certified or registered mail and addressed

as follows:

If to the Administrator

Renewable Funding, LLC
500 12th Street, #300
Oakland, CA 94607

If to the City:

City of Concord

8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, which together shall constitute the same instrument.

9. Effective Date. This Agreement will be effective as of the date of the signature of City's representative as indicated below in the City's signature block.

IN WITNESS HEREOF, the parties hereto duly executed this Agreement as of the date below.

APPROVED AS TO FORM:

“City”

City of Concord, a municipal corporation

NAME

Title

By _____

Date: _____

“Administrator”

Renewable Funding, LLC

By _____

Name:

Title:

Date: _____

EXHIBIT A
INSURANCE

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. The coverage provided by Insurance Services Office Commercial General Liability coverage ("occurrence") Form Number CG 0001; and
2. The coverage provided by Insurance Services Office Form Number CA 0001 covering Automobile Liability. Coverage shall be included for all owned, non-owned and hired automobiles; and
3. Workers' Compensation insurance as required by the California Labor Code and Employers Liability insurance; and
4. Professional Liability Errors & Omissions for all professional services.

There shall be no endorsement reducing the scope of coverage required above unless approved by the City's Risk Manager.

B. Minimum Limits of Insurance

Administrator shall maintain limits no less than:

1. Commercial General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit; and
2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage; and
3. Workers' Compensation and Employers Liability: Workers' Compensation limits as required by the California Labor Code and Employers Liability limits of \$1,000,000 per accident; and
4. Professional Liability Errors & Omissions \$1,000,000 per occurrence/ aggregate limit.

C. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to, and approved by City's Risk Manager. At the option of City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its officers, employees, agents and contractors; or Administrator shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses in an amount specified by the City's Risk Manager.

D. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. Commercial General Liability and Automobile Liability Coverages
 - a. City of Concord, its officers, employees, agents and contractors are to be covered as additional insureds as respects: Liability arising out of activities performed by or on behalf of, Administrator; products and completed operations of Administrator; premises owned, leased or used by Administrator; and automobiles owned, leased, hired or borrowed by Administrator. The coverage shall contain no special limitations on the scope of protection afforded to City, its officers, employees, agents and contractors.
 - b. Administrator's insurance coverage shall be primary insurance as respects City, its officers, employees, agents and contractors. Any insurance or self-insurance maintained by City, its officers, employees, agents or contractors shall be excess of Administrator's insurance and shall not contribute with it.
 - c. Any failure to comply with reporting provisions of the policies by Administrator shall not affect coverage provided City, its officers, employees, agents, or contractors.
 - d. Coverage shall state that Administrator's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - e. Coverage shall contain a waiver of subrogation in favor of the City, its officers, employees, agents and contractors.
2. Workers' Compensation and Employers' Liability

Coverage shall contain waiver of subrogation in favor of City of Concord, its officers, employees, agents and contractors.

3. All Coverages

Each insurance policy required by this AGREEMENT shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30) days' prior written notice has been given to City, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.

E. Acceptability of Insurers

Insurance is to be placed with insurers acceptable to City's Risk Manager.

F. Verification of Coverage

Administrator shall furnish City with certificates of insurance and with original endorsements affecting coverage required by this AGREEMENT. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

Proof of insurance shall be either emailed in pdf format to: [REDACTED], or mailed to the following postal address or any subsequent address as may be directed in writing by the Risk Manager:

[REDACTED] ADDRESS of City of Concord

G. Subcontractors

Administrator shall include all subcontractors as insureds under its policies or shall obtain separate certificates and endorsements for each subcontractor.

**INDEMNIFICATION AND INSURANCE AGREEMENT
BY AND BETWEEN THE CITY OF ANTIOCH
AND RENOVATE AMERICA, INC.**

This Indemnification and Insurance Agreement (the "Agreement") is entered into by and between the City of Antioch, a municipal corporation ("City") and Renovate America, Inc., a Delaware corporation (the "Administrator"), the administrator of the WRCOG HERO Program, which is a program of the Western Riverside Council of Governments, a California joint exercise of powers authority (the "Authority").

RECITALS

WHEREAS, the Authority is a joint exercise of powers authority whose members of which include the City in addition to other cities and counties in the State of California; and

WHEREAS, the Authority established the WRCOG HERO Program ("PACE Program") to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements that are permanently affixed to real property through the levy of assessments voluntarily agreed to by the participating property owners pursuant to Chapter 29 of Division 7 of the Streets and Highways Code ("Chapter 29") and the issuance of improvement bonds under the Improvement Bond Act of 1915 upon the security of the unpaid assessments; and

WHEREAS, the Authority has conducted or will conduct proceedings required by Chapter 29 with respect to the territory within the boundaries of the City; and

WHEREAS, on December 16, 2014, the City Council of the City of Antioch adopted a resolution authorizing the City to join the PACE Program, authorizing the Authority to accept applications from eligible property owners, conduct assessment proceedings and levy assessments within the territory of the City and authorizing related actions; and

WHEREAS, the Authority is solely responsible for the formation, operation and administration of the PACE Program as well as the sale and issuance of any bonds in connection therewith, including the conduct of assessment proceedings, the levy and

collection of assessments and any remedial action in the case of such assessment payments, and the offer, sale and administration of any bonds issued by the Authority on behalf of the PACE Program; and

WHEREAS, the Administrator is the administrator of the PACE Program and agrees to indemnify the City and provide insurance and add the City as an additional insured on its insurance policy or policies in connection with the operations of the PACE Program as set forth herein; and

NOW, THEREFORE, in consideration of the above premises and of the City's agreement to join the PACE Program, the parties agree as follows:

1. Agreement to Indemnify. The Administrator agrees to defend, indemnify and hold harmless the City, its officers, elected or appointed officials, employees, agents and volunteers from and against any and all claims, damages, losses, expenses, fines, penalties, judgments, demands and defense costs (including, without limitation, actual, direct, out-of-pocket costs and expenses and amounts paid in compromise or settlement and reasonable outside legal fees arising from litigation of every nature or liability of any kind or nature including civil, criminal, administrative or investigative) arising out of or in connection with the PACE Program, except such loss or damage which was caused by the sole negligence or willful misconduct of the City, and including but not limited to any obligations that the City undertakes pursuant to any agreement with the Authority. The Administrator will conduct all defenses at its sole cost and expense and the City shall reasonably approve selection of the Administrator's counsel. This indemnity shall apply to all claims and liability regardless of whether any insurance policies of the Administrator, its affiliates or any other parties are applicable thereto. The policy limits of any insurance of the Administrator, its affiliates or other parties are not a limitation upon the obligation of the Administrator including without limitation the amount of indemnification to be provided by the Administrator.
2. Insurance. The Administrator agrees that, at no cost or expense to the City, at all times during the operation of the PACE Program, to maintain the insurance coverage set forth in Exhibit A to this Agreement.

3. Amendment/Interpretation of this Agreement. . This Agreement, including all Exhibits attached hereto, represents the entire understanding of the parties as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. This Agreement shall not be interpreted for or against any party by reason of the fact that such party may have drafted this Agreement or any of its provisions.

4. Section Headings. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

5. Waiver. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

6. Severability and Governing Law. If any provision or portion thereof of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California applicable to contracts made and to be performed in California.

7. Notices. All notices, demands and other communications required or permitted hereunder shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed certified or registered mail and addressed

as follows:

If to the Administrator

Renovate America, Inc.
15073 Avenue of Science #200
San Diego, CA 92128

If to the City:

City of Antioch
PO Box 5007
Antioch, CA 94531
Attn: City Manager

With a copy to:

City of Antioch
PO Box 5007
Antioch, CA 94531
Attn: City Attorney

8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, which together shall constitute the same instrument.

9. Effective Date. This Agreement will be effective as of the date of the signature of City's representative as indicated below in the City's signature block.

IN WITNESS HEREOF, the parties hereto duly executed this Agreement as of the date below.

APPROVED AS TO FORM:

Lynn Tracy Nerland
City Attorney

Attest:

Arne Simonsen, City Clerk

"City"

City of Antioch, a municipal corporation

By _____

Date: _____

"Administrator"

Renovate America, Inc., a Delaware
Corporation

By Scott A. 43

Name: Scott A. McKinley

Title: EVP

Date: 1/14/2015

EXHIBIT A
INSURANCE

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. The coverage provided by Insurance Services Office Commercial General Liability coverage ("occurrence") Form Number CG 0001; and
2. The coverage provided by Insurance Services Office Form Number CA 0001 covering Automobile Liability. Coverage shall be included for all owned, non-owned and hired automobiles; and
3. Workers' Compensation insurance as required by the California Labor Code and Employers Liability insurance; and
4. Professional Liability Errors & Omissions for all professional services.

There shall be no endorsement reducing the scope of coverage required above unless approved by the City's Risk Manager.

B. Minimum Limits of Insurance

Administrator shall maintain limits no less than:

1. Commercial General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit; and
2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage; and
3. Workers' Compensation and Employers Liability: Workers' Compensation limits as required by the California Labor Code and Employers Liability limits of \$1,000,000 per accident; and
4. Professional Liability Errors & Omissions \$1,000,000 per occurrence/ \$2,000,000 aggregate limit.

C. Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to, and approved by City's Risk Manager. At the option of City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its officers, employees, agents and contractors; or Administrator shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses in an amount specified by the City's Risk Manager.

D. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. Commercial General Liability and Automobile Liability Coverages
 - a. City of Antioch, its officers, employees, agents and contractors are to be covered as additional insureds as respects: Liability arising out of activities performed by or on behalf of, Administrator; products and completed operations of Administrator; premises owned, leased or used by Administrator; and automobiles owned, leased, hired or borrowed by Administrator. The coverage shall contain no special limitations on the scope of protection afforded to City, its officers, employees, agents and contractors.
 - b. Administrator's insurance coverage shall be primary insurance as respects City, its officers, employees, agents and contractors. Any insurance or self-insurance maintained by City, its officers, employees, agents or contractors shall be excess of Administrator's insurance and shall not contribute with it.
 - c. Any failure to comply with reporting provisions of the policies by Administrator shall not affect coverage provided City, its officers, employees, agents, or contractors.
 - d. Coverage shall state that Administrator's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - e. Coverage shall contain a waiver of subrogation in favor of the City, its officers, employees, agents and contractors.
2. Workers' Compensation and Employers' Liability

Coverage shall contain waiver of subrogation in favor of City of Antioch, its officers, employees, agents and contractors.

3. All Coverages

Each insurance policy required by this AGREEMENT shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30) days' prior written notice has been given to City, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.

E. Acceptability of Insurers

Insurance is to be placed with insurers acceptable to City's Risk Manager.

F. Verification of Coverage

Administrator shall furnish City with certificates of insurance and with original endorsements affecting coverage required by this AGREEMENT. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

Proof of insurance shall be either emailed in pdf format to: Julie Haas-Wajdowicz at jhaaswajdowicz@ci.antioch.ca.us, or mailed to the following postal address or any subsequent address as may be directed in writing by the City Manager:

City of Antioch
PO Box 5007
Antioch, CA 94531

G. Subcontractors

Administrator shall include all subcontractors as insureds under its policies or shall obtain separate certificates and endorsements for each subcontractor.

Quick question on PACE defaults - any?

3 messages

Jonathan Kevles <jkevles@renewfund.com>

Thu, Dec 4, 2014 at 2:46 PM

To: noah.proser@treasurer.ca.gov

Noah - Hello. This is Jonathan Kevles from Renewable Funding. I have a quick question for you.

Can you provide me the number of defaults there have been to date by properties with PACE assessments?

I recall you saying on a RAC call back in November that there have been zero defaults. Please confirm that that number is still accurate.

I need your response in writing as I am preparing a response to questions from the Contra Costa County Board of Supervisors.

Thank you very much for your assistance,

Jonathan Kevles

Jonathan Kevles
Senior Director, PACE
Bay Area Region
Renewable Funding (Program Administrator for [CaliforniaFIRST](#))
500 12th Street, Suite #300
Oakland, CA 94607
(510) 350-3709 (o) // (213) 610-6805 (m)
jkevles@renewfund.com // www.renewfund.com

Proser, Noah <Noah.Proser@treasurer.ca.gov>

Thu, Dec 4, 2014 at 2:48 PM

To: Jonathan Kevles <jkevles@renewfund.com>

Hi Jonathan,

There have been no claims or associated defaults reported to CAEATFA as part of the PACE Loss Reserve Program to date, and as far as I'm aware, none outside of that either.

Hope that helps,

Noah

Noah Proser

California Alternative Energy

*and Advanced Transportation
Financing Authority (CAEATFA)*
(916) 653-3032
Noah.Proser@treasurer.ca.gov
www.treasurer.ca.gov/caeatfa

From: Jonathan Kevles [mailto:jkevles@renewfund.com]
Sent: Thursday, December 04, 2014 2:46 PM
To: Proser, Noah
Subject: Quick question on PACE defaults - any?

Noah - Hello. This is Jonathan Kevles from Renewable Funding. I have a quick question for you.

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(510) 350-3709 (o) // (213) 610-6805 (m)
jkevles@renewfund.com // www.renewfund.com

Jonathan Kevles <jkevles@renewfund.com>
To: "Proser, Noah" <Noah.Proser@treasurer.ca.gov>

Thu, Dec 4, 2014 at 2:49 PM

Perfect. Thank you for the super rapid reply!

Jonathan Kevles
Senior Director, PACE
Bay Area Region
Renewable Funding (Program Administrator for [CaliforniaFIRST](#))
500 12th Street, Suite #300
Oakland, CA 94607
(510) 350-3709 (o) // (213) 610-6805 (m)
jkevles@renewfund.com // www.renewfund.com

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Noah Proser

*California Alternative Energy
and Advanced Transportation
Financing Authority (CAEATFA)*

(916) 653-3032

Noah.Proser@treasurer.ca.gov

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Sent: Thursday, December 04, 2014 2:46 PM

To: Proser, Noah

Subject: Quick question on PACE defaults - any?

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Can you provide me the number of defaults there have been to date by properties with PACE assessments?

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Bay Area Region

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500 12th Street, Suite #300

Oakland, CA 94607

[\(510\) 350-3709](#) (o) // [\(213\) 610-6805](#) (m)

jkevles@renewfund.com // www.renewfund.com

Exhibit D - Financing Alternatives Comparison Table

	PACE	Home Equity Line of Credit	Home Equity Loan	Personal Unsecured Loan	Credit Card
Interest Rate	5% - 9% (fixed)	3% - 7% (variable)	6% - 9% (fixed)	6% - 10% + (fixed)	5% - 25% (variable)
Tax Deductibility of Interest Portion of Payments	Yes	Yes	Yes	No	No
Minimum Finance Amounts	\$5K	\$1	\$1,000	\$1	\$1
Maximum Finance Amounts, and primary limiting factors	Lesser of \$200K or 10% of home equity	Limited by home's Combined Loan- to-Value and debt- to-income ratios	Limited by home's Combined Loan-to- Value and homeowner's debt- to-income ratios	Limited by homeowner's debt- to-income ratio	Limited by homeowner's debt- to-income ratio
Minimum Loan Term	5 years	1 day	1 day	1 day	1 day
Maximum Loan Term	20 years (25 for solar w/CAFIRST)	20 years	20 years	Unlimited	Unlimited
Speed to Approve Financing Application	1 day	1 month	1 month	1-2 weeks	1 day
Key Qualifying Criteria	Equity in the home	FICO score, Combined Loan- to-Value and debt- to-income ratios	FICO score, Combined Loan-to- Value and debt-to- income ratios	FICO score, homeowner's debt- to-income ratio	FICO score, homeowner's debt- to-income ratio

Exhibit E – Quality Assurance and Consumer Protection Measures in PACE Programs

The following quality assurance and consumer protection measures provided through CaliforniaFIRST do not exist when a homeowner finances their energy and water upgrade projects through their home equity line of credit, home equity loan, personal unsecured loan, or credit card.

Many of the consumer protection measures are in place because of requirements for participation in the State of California's PACE Loss Reserve Program. The three PACE Programs all participate in this Loss Reserve Program. The most widely known element of this Program is the Loss Reserve fund itself, which exists to ensure mortgage lenders and mortgage note buyers (e.g., Fannie Mae and Freddie Mac) that they are protected from the potential loss of unpaid PACE assessment payments should a home be foreclosed upon; the Program reimburses the note holder 100% of the unpaid PACE assessments that need to be paid before the property is sold to a new owner. (Note: As of October 31, 2014, zero properties have defaulted on their PACE assessment payments, and thus no claims have been made from the Loss Reserve's fund.)

An important but lesser known element of the program serves to protect consumers (as well as mortgage note holders). The [Program's regulations](#) require underwriting standards to ensure that homeowners do not over-leverage their properties. These standards are:

- All property taxes for the assessed property are current for the previous three years or since the current owner acquired the property, whichever period is shorter.
- The property is not subject to any involuntary lien in excess of \$1,000.
- The property is not subject to any notices of default.
- The property owner is not in bankruptcy proceedings.
- The property owner is current on all mortgage debt.
- The Assessment is for less than ten percent (10%) of the value of the property.

CaliforniaFIRST's underwriting standards exceed and add to those prescribed by the PACE Loss Reserve Program:

- No current involuntary liens and/or judgments totaling more than \$1,000 for all Property Owners
- Property Owners must be current on all subject Property-secured debt at the time of application and cannot have had more than one 30-day mortgage-related late payment over the previous 12 months
- There must be no notices of default or foreclosure filed against the Property within the last 2 years
- No bankruptcies (business or personal) in the last 2 years.

- The Property must not be an asset in any bankruptcy proceeding
- Property title cannot be subject to power of attorney, easements or subordination agreements restricting authority of the Property Owner(s) to a PACE lien
- Maximum financing amount is the lesser of \$200,000 or 10% of the value of the Property and combined amount financed under the Program plus mortgage-related debt cannot exceed 100% of the value of the Property
- Financing term cannot exceed the useful life of the highest cost Eligible Product (see below)
- The all-in tax rate on the Property (including the Assessment and other assessments) may not exceed 5% of the Property value

These same regulations also require PACE providers to include a detailed description of "Requirements for quality assurance and consumer protection, as related to achieving efficiency and clean energy production." To meet this requirement, CaliforniaFIRST includes the following quality assurance and consumer protection measures in our program:

- Only products from the program's Eligible Products list qualify for financing. To be on the list, a product must meet minimum efficiency and/or other performance standards. Not only does the eligible product list ensure that a CaliforniaFIRST-financed project meet the requirements of state law, it also helps assure that the project will yield utility bill savings through reduced water use and demand for utility-provided electricity and natural gas.
- All Eligible Products must be installed by a Participating Contractor.
- All required permits must be pulled.
- Participating contractors must become certified. The program's certification process includes a check of the contractor's:
 - Better Business Bureau grade (grade "B" or better)
 - License status with the California Contractors State Licensing Board (CSLB)
 - Bonding and workers' compensation insurance coverages, to ensure that they meet the CSLB's requirements
 - Liability insurance (minimum coverage of \$1 million)
- A third party quality assurance firm conducts a minimum check of contractors' projects, with newer contractors and contractors on probation receiving more frequent checks
- A process for putting contractors on probation for bad work quality or validated consumer complaints, which can ultimately lead to removal of the contractor from the Participating Contractor pool.
- A dispute resolution process for homeowners and contractors

Exhibit "F" – Comments on Excerpts from the Contra Costa County Board of Supervisors'
November 3, 2014 Internal Operations Committee meeting

The text below is excerpted from the "Record of Action" document, which was prepared by Julie Enea, staff to the Contra Costa County Board of Supervisors' Internal Operations Committee. The "Record of Action" documents the discussions that took place at this Committee's meeting on November 3, 2014. These excerpts are followed with comments, written by Jonathan Kevles, representing the CaliforniaFIRST PACE Financing Program.

Statements in quotation marks are taken verbatim from the "Record of Action" document.

"Nick Solis [CEO of Platinum Real Estate Group] later pointed out PACE-financed upgrades increase the asking price for a property, making it harder to afford and sell when combined with the additional tax obligation of the new owner."

Comment: If this statement is based on empirical data, such data should be provided. That being said, a good realtor will help a seller a) understand the value of the PACE-financed upgrades and their remaining useful life, b) understand how that value may be offset by however much the remaining balance is of the PACE assessment, and c) then set an asking price for the home based on numerous variables, including the home's amenities, recent upgrades (PACE-financed and otherwise), PACE assessment obligations, location, etc.

"Nick Solis pointed out that the main reason so many PACE loans have been made is that private lenders have the backstop of the State of California, in the form of a loan loss reserve, to make "risky" loans."

Comment: This statement is inaccurate. The Loss Reserve Fund does not serve as a backstop to protect the entities that provide PACE financing. The Loss Reserve Fund exists to protect the mortgage lenders in the event that default on the property results in the mortgage lender paying off the one year of unpaid PACE assessment payments that may have accrued. PACE financings are not risky – they are secured by the property.

In addition, PACE financings are not loans. They are tax assessments. Then-California State Attorney General Jerry Brown made this point in the brief he filed with the United States District Court September 15, 2010. The difference between loan and tax assessment is not merely one of semantics; the differences between the two carry important legal and financial implications.

"Solis also stated that the rapid growth of PACE financing has been driven less by consumer demand and benefit and more by private lenders wanting to make money with the benefit of State and local government sponsorship."

Comment: This statement is unsubstantiated; if this statement is based on empirical data, such data should be provided. The statement is wrong on how markets work. The supply of a product – financial or otherwise – does not create demand; a consumer need met by a quality, cost-effective product creates demand for that product. The growing demand for PACE financing is the result of pent up demand for which the marketplace did not supply a solution prior to the introduction of PACE.

Exhibit "F" – Comments on Excerpts from the Contra Costa County Board of Supervisors'
November 3, 2014 Internal Operations Committee meeting

To the issue of government sponsorship: Mr. Solis' comment seems contrary to an action of the Contra Costa Association of Realtors (CCAR) prior to the November 3 meeting. Prior to that meeting, CCAR presented County officials with information related to the emPower program in Santa Barbara County. Presented by CCAR as an alternative to PACE, the empower program also helps finance residential energy efficiency projects. This program exists in large part through government support, being "funded in part by the American Recovery and Reinvestment Act via the U.S. Department of Energy's Better Buildings program and the California Energy Commission" (<http://www.empowersbc.org/about-program>). Mr. Solis and the Realtors do not seem to be consistent on their position vis-à-vis government support for energy efficiency financing. It is not clear if Mr. Solis and CCAR support such programs, or if they oppose them. If the latter, then do they also oppose other government programs that support investments in – and drive tremendous demand for – housing, such as the mortgage interest deduction, or FHA's first-time homebuyer program?

"Nick Solis later contended that the reason mortgage lenders have not taken issue with the PACE liens is because they may not be aware of them. Since the PACE lien does not appear as a debt on a credit report, it is up to the borrower to disclose the PACE lien to the lender. The only independent way for the lender to become aware of a PACE lien is through a title search, which may not clearly identify a PACE encumbrance since it is an optional tax bill payment and not a tax."

Comment: All mortgage lenders routinely review title reports. All title reports will include clear mention of a PACE assessment if one is attached to the property. The mortgage lender will factor all property taxes into the underwriting of a prospective borrower, and thus that borrower's ability to make all of her property-related payment obligations, including mortgage, insurance, all property taxes, and insurance premiums. A sample title report is provided as Addendum "A" to this exhibit.

In addition, it is inaccurate to state that a "PACE encumbrance . . . is an optional tax bill payment." There is no such thing as an "optional tax." A tax is a tax and must be paid; there is nothing "optional" about it. A PACE encumbrance results in a tax payment, processed through the property tax bill.