RESOURCE MANAGEMENT AGENCY

COUNTY OF TULARE
AGENDA ITEM

AGENDA DATE: September 10, 2013

Public Hearing Required	Yes	☒	N/A	☐
Scheduled Public Hearing w/Clerk	Yes	☒	N/A	☐
Published Notice Required	Yes	☒	N/A	☐
Advertised Published Notice	Yes	☒	N/A	☐
Meet & Confer Required	Yes	☐	N/A	☒
Electronic file(s) has been sent	Yes	☒	N/A	☐
Budget Transfer (Aud 308) attached	Yes	☐	N/A	☒
Personnel Resolution attached	Yes	☐	N/A	☒
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	☒	N/A	☐

CONTACT PERSON: Celeste Perez PHONE: 559-624-7010

SUBJECT: Establishment of the Tulare County PACE Program

REQUEST(S):

That the Board of Supervisors:

1. Conduct a public hearing regarding the establishment by California Municipal Finance Authority of a community facilities district under the Mello-Roos Community Facilities Act of 1982, as amended, within the unincorporated areas of the County of Tulare.

2. Find that adoption of a resolution authorizing the California Municipal Finance Authority to establish a community facilities district is not a “project” under the California Environmental Quality Act, because the resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of regulations, Section 15378 (b) (4)).

3. Adopt a resolution authorizing the California Municipal Finance Authority to establish a community facilities district to provide financing for the acquisition, installation and improvement of renewable energy, energy efficiency and water conservation improvements to or on property in the County of Tulare, accept applications from property owners and levy special taxes within the territory of the County; and authorizing related actions.

SUBJECT: Establishment of the Tulare County PACE Program
DATE: September 10, 2013

SUMMARY:

Structured Finance Associates together with its partners, California Municipal Finance Authority (CMFA), Jones Hall, Goodwin Consulting Group, Inc., and ReNewAll is proposing to establish Tulare County PACE a Property Assessed Clean Energy (PACE) Program within the unincorporated area of the County of Tulare. The program will utilize the legal framework of SB 555 (Mello-Roos Act for Renewable Energy and Water Efficiency) to establish and implement the Tulare County PACE Program. The California Municipal Finance Authority is a joint exercise of powers authority whose members include numerous local agencies in the State of California, including the County of Tulare.

Property Assessed Clean Energy (PACE) financing programs provides financing to private property owners to cover the initial costs of renewable energy, energy efficiency, and water efficiency improvements. Property owners repay the loans through voluntary annual assessments, which are secured by priority liens, on their property tax bills. With the free and willing consent of affected property owners, state law lets public agencies use voluntary contractual assessments to finance; energy efficiency improvements, water conservation improvements, and renewable energy improvements.

In response to the negative guidance regarding PACE provided in 2010 by the Federal Housing Finance Authority ("FHFA"), the federal agency that oversees Fannie Mae and Freddie Mac, the Tulare County PACE Program will provide only financing for non-residential properties. "Non-residential" includes properties such as commercial, multi-family with 5 or more units, industrial, and agricultural.

Since the contractual assessment will have priority over pre-existing private liens, such as mortgages, notice to, and particularly with non-residential properties, written consent/acknowledgement from all mortgage holders of the property will be required.

The overall goals and objectives of the program are to allow businesses within the unincorporated County to lower their operating costs and decreases energy and water utilization. The Clinton Climate Initiative has estimated that every $1 million in PACE financing will result in the creation of 10-12 permanent jobs throughout the economy. PACE financing will also help reduce energy consumption, thus reducing greenhouse gas emissions within the County.

Specifically the Program will:

- Provide PACE financing in a cost effective manner to all qualified owners of commercial and industrial properties, including agricultural and multi-family residential housing, within the County.

- Promote job creation within the County for the renewable energy and energy efficiency industry.

- Be established and operate without County financial support.

- Focus on minimizing the time and efforts of County staff with regards to both the implementation and the ongoing supervision of the Program.

- Provide a complete turn-key solution with regards to the establishment and implementation of the Program.

- Attempt to utilize, where possible, local providers and contractors of energy efficiency, water conservation and renewable energy products in order to create jobs within the County.

- Create and establish marketing and outreach program for the Program that will contact property owners and explain, outline and document the economic benefits of the Program. This marketing effort will be tailored to the County and its businesses with the goal of gaining acceptance of the Program throughout the business community.

- Allow multiple, qualified, private lenders to provide PACE financing to the owners of commercial and industrial properties within the County. The goal to further lower the cost of PACE financing and increase the utilization of the Program throughout the business community.

Tulare County is free to develop and operate other financing programs, including the recently approved CaliforniaFIRST Program, independently of but concurrent to the Tulare County PACE Program.

Attachment "A" (Program Guidelines) includes a program an overview of the application process, eligible properties, financial standards, technical standards and the financing program.

Marketing and outreach efforts for the Tulare County PACE Program, will initially be focused on the unincorporated areas of Tulare County. It is anticipated that most, if not all, of the eight cities incorporated within the County will join the program. Once they become part of the program they will be included in the marketing plan.

Marketing and outreach will be focused on targeted clusters and segments, which have been identified by the Tulare County Economic Development Office. Targeted Industry Clusters include: agriculture, distribution/logistics, and manufacturing. Within the targeted agriculture segments; dairies, cold storage & packing, food processing, and general farming will be the primary focus. For more information of marketing the PACE program, please see Attachment "B" (Marketing Plan). An outline of the steps necessary to implement the marketing plan, including estimated completion dates for each step is provided in Attachment "C" (Implementation Plan).

Structured Finance Associates, LLC,("SFA"), was formed in 2011 to provide financing to commercial and industrial properties utilizing laws passed by the State of California and 28 other states for the implementation of PACE. The Company currently provides PACE financing throughout California as a participant in the California First program and a direct participant in the County of San Francisco and Los Angeles County PACE programs. SFA is working closely with the County of Los Angeles to close the first PACE financing project in the County of Los Angeles in July/August of 2013. SFA is also a participant in Connecticut's PACE program and is working closely in Connecticut with property owners and contractors to provide PACE financing there. The company has offices in San Diego, Los Angeles, and Connecticut. For more detailed information please see Attachment "D" which contains a company description and brief biographies of SFA's management team.

The proposed resolution authorizes the California Municipal Finance Authority to establish a community facilities district to provide financing for the acquisition, installation and improvement of renewable energy, energy efficiency and water conservation improvements to or on property in unincorporated County, accept applications from property owners and levy special taxes within the territory of the County; and authorizing related actions.

FISCAL IMPACT/FINANCING:

There is no cost for Tulare County to participate in PACE Program.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

Promoting economic development is a key strategic initiative and goal of Tulare County's Strategic Business Plan. Specifically, authorization of a PACE program would help promote jobs, enhance property value, reduce utility expenses, and assist the County in reaching the goals of Assembly Bill 32 affecting greenhouse gases.

SUBJECT: Establishment of the Tulare County PACE Program
DATE: September 10, 2013

<u>ADMINISTRATIVE SIGN-OFF</u>:

____
Michael C. Spata
Assistant Director – Planning Branch

Cc: Auditor-Controller
County Counsel
County Administrative Office (2)

Attachment(s) Attachment “A” – Tulare County PACE – Program Guidelines
June 17, 2013 – Structured Finance Associates, LLC.

Attachment “B” – Tulare County PACE – Marketing Plan
June 17, 2013 – Structured Finance Associates, LLC.

Attachment “C” – Tulare County PACE – Implementation Plan
June 17, 2013 – Structured Finance Associates, LLC.

Attachment “D” – Tulare County PACE – Company Description
June 17, 2013 – Structured Finance Associates, LLC.

BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA

IN THE MATTER OF ESTABLISHMENT OF THE)
TULARE COUNTY PACE PROGRAM) RESOLUTION NO. _________

UPON MOTION OF SUPERVISOR _______________, SECONDED BY SUPERVISOR _____________________, THE FOLLOWING WAS ADOPTED BY THE BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD _____________ ______, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: JEAN M. ROUSSEAU
COUNTY ADMINISTRATIVE OFFICER/
CLERK, BOARD OF SUPERVISORS

BY: ___________________________________
Deputy Clerk

* * * * * * * * * * * * * * * * * * *

WHEREAS, the California Municipal Finance Authority (the "Authority") is a joint exercise of powers authority whose members include numerous local agencies in the State of California, including the County of Tulare (the "County"); and

WHEREAS, the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code, authorizes local agencies, including the Authority, to establish community facilities districts, levy special taxes and incur debt (as defined in the Act) to finance the acquisition, installation and improvement of energy efficiency, water conservation and renewable energy improvements that are affixed to or on real property and in buildings, whether the real property and buildings are privately or publicly owned (such improvements are referred to as "Facilities" in this resolution); and

WHEREAS, the Act authorizes local agencies to use an alternate procedure for forming a community facilities district and conducting an election on the proposition of authorizing bonded indebtedness and other debt for financing of Facilities, pursuant to which:

A. a community facilities district may initially consist solely of territory proposed for annexation to a community facilities district in the future, with the condition that a parcel or parcels within that territory may be annexed to the community facilities district and subjected to the special tax only with the unanimous approval of the owner or owners of the parcel or parcels at the time of annexation, or in compliance with other procedures established by the Act, and

B. the proposition to authorize bonded indebtedness may be approved by the owner or owners of a parcel or parcels of property at the time of annexation to the CFD pursuant to the unanimous approval described in 53328.1 of the Act or in compliance with other procedures established by the Act, pursuant to which no additional hearings or procedures are required, and each such unanimous approval shall be deemed to constitute a unanimous vote in favor of such proposition.

WHEREAS, the County desires that the Authority establish a community facilities district (the "CFD") under the Act within the County's unincorporated areas, levy special taxes, issue bonds and incur debt in order to allow the owners of property in those areas that so choose (the "Participating Property Owners") to receive special tax financing for the acquisition, installation and improvement of Facilities on their property; and

WHEREAS, the Authority is willing to consider establishing the CFD, subject to receipt of a request for it to do so from the County; and

WHEREAS, pursuant to Government Code Section 6586.5, a notice of public hearing has been published once at least five days prior to the date hereof in a newspaper of general circulation in the County and a public hearing has been duly conducted by this Board of Supervisors concerning the significant public benefits of the Authority forming the CFD and providing financing for the acquisition, installation and improvement of Facilities on property in the unincorporated territories in the County.

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Tulare as follows:

<u>Section 1.</u> On the date hereof, the Board of Supervisors held a public hearing and hereby finds and declares that the issuance of bonds and other debt by the Authority for the CFD will provide significant public benefits, including without limitation, savings in effective interest rate, bond preparation, bond underwriting and bond issuance costs and reductions in effective user charges levied by water and electricity providers within the boundaries of the County.

<u>Section 2.</u> The County hereby consents to the Authority's formation of the CFD and the conduct of the special tax proceedings; provided, that the County will not be responsible for the conduct of any special tax proceedings, the levy of special taxes or any required remedial action in the case of delinquencies in related special tax payments, or the issuance, sale or administration of the bonds or any other debt incurred by the Authority for the CFD.

Section 3. The appropriate officials and staff of the County are hereby authorized and directed to make applications for the financing to be provided by the Authority through the CFD available to all property owners who wish to finance Facilities; provided, that the Authority shall be responsible for providing such applications and related materials at its own expense. The following staff persons, together with any other staff persons chosen by the County Administrative Officer from time to time, are hereby designated as the contact persons for the Authority: Director of the Resource Management Agency or his/her designee..

Section 4. The appropriate officials and staff of the County are hereby authorized and directed to execute and deliver such closing certificates, requisitions, agreements and related documents as are reasonably required by the Authority to implement the financing of the Facilities through the CFD for Participating Property Owners.

Section 5. The Board of Supervisors hereby finds that adoption of this Resolution is not a "project" under the California Environmental Quality Act, because the Resolution does not involve any commitment to a specific project which may result in a potentially significant physical impact on the environment, as contemplated by Title 14, California Code of Regulations, Section 15378(b)(4)).

Section 7. This Resolution shall take effect immediately upon its adoption. The Clerk of the Board is hereby authorized and directed to transmit a certified copy of this resolution to the Secretary of the Authority.

Attachment "A"

California Municipal Finance Authority

TULARE COUNTY PACE

Energy Efficiency Financing Solutions

PROGRAM GUIDELINES

Version 2

Released June 17, 2013

structured finance ASSOCIATES

1605 San Pablo Drive
San Marcos, CA 92078

Contents

Section 1: Overview

In the past five years, the California passed legislature passed legislation that gives property owners access to a new form of financing for building energy upgrades. Property Assessed Clean Energy (PACE) is an innovative financing program that will allow California building owners to access cleaner, cheaper, and more reliable energy.

Tulare County (the "County") asked California Municipal Finance Authority ("CMFA") to establish a PACE program to provide financing for properties in the County, and CMFA has established its "California Municipal Finance Authority Community Facilities District No. 1 (Tulare County PACE – Energy Efficiency Financing Solutions)" (the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act") for the purpose of providing financing for the CMFA's Tulare County PACE – Energy Efficiency Financing Solutions (the "Program").

CMFA designated Structured Finance Associates, ("SFA") to administer the program. The program will be empowered to provide financing to properties throughout the County, although it will initially focus on commercial and industrial buildings and agricultural properties. CMFA will initially provide financing to properties only in the unincorporated territory of the County, but will also provide financing to properties within the eight cities in the County, when asked to do so by the city councils of those cities and when those cities are members of CMFA. Property Assessed Clean Energy is a financial tool that allows property owners to finance qualifying energy efficiency and clean energy improvements on their properties through a voluntary assessment on their property tax bill. Interested property owners opt-in to receive long-term (up to 20 years), low interest financing for these improvements, which is repaid through a tax or assessment on their property tax bill. This arrangement spreads the cost of clean energy improvements including energy efficient lighting, upgraded insulation, new glazing, solar installations, co-generation, waste-to-energy systems or roof and hvac upgrades – over the expected life of the respective improvement. PACE also helps mitigate the issue of split incentives, allowing landlords to pass on both the benefits and the assessments directly to their tenants, (subject to lease terms). PACE provides for both the improvement of the property and energy efficiency savings.

Repayment is secured through a voluntary tax or assessment placed on the property tax bill. Under the Mello-Roos Act, the PACE special tax is subject to the same penalties and the same procedure, sale, and lien priority in the case of delinquency as is provided for ad valorem taxes, unless another procedure has been authorized in the resolution of formation establishing the district and adopted by the legislative body. Because the PACE assessment or tax obligation runs with the property, the tax or assessment automatically transfers to the next property owner if the property is sold. Because PACE taxes and assessments are levied on the property tax bill, PACE financing is viewed by many as less risky than commercial loans and can attract low interest rates from the private sector.

PACE builds on a long history of benefit assessments that a government can levy on real estate parcels to pay for installation of projects that serve a public purpose, such as sewers and sidewalks. PACE serves a public purpose by reducing energy costs, stimulating the economy, improving property valuation, reducing greenhouse gas emissions and creating jobs.

PACE is a proven and effective tool to attract private capital into the clean energy and energy efficiency market. The program will provide financing for commercial, industrial and agricultural properties, as well as multifamily properties with five or more units, although it may decide to provide residential financing in the future.

The following pages outline the Program Guidelines that will govern all program participants.

Section 2: About the PACE Program

The Program offers PACE financing to properties throughout the County, although (i) the Program will initially only provide financing for commercial, industrial, agricultural and multi-family residential (buildings with five or more units) properties and (ii) CMFA will only provide financing for properties in a city when it has been asked to do so by the city council and the cities are members of CMFA. Non-profit buildings may be eligible in certain cases. The program is administered by SFA and its team of service providers. Improvements eligible for financing include upgrades that will lower the energy consumption of the building (energy efficiency measures such as hvac and roof upgrades) or enable the building to produce clean energy (such as solar PV systems).

There is no financing minimum, although the Program's initial focus on commercial, industrial, agricultural and multi-family residential properties mean that the Program initially will be best suited for capital improvements above $200,000 (due to transaction costs).

Section 3: Program Process Flow

There are several procedural steps for a property owner to access this attractive financing for building upgrades. The individual steps are detailed out below.

1. An interested property owner **submits an initial application** on the PACE website. (NOTE: The website is in development and is expected to launch in August 2013. Until launch, see Exhibit C for the initial application questions which can be submitted to SFA.
    a. SFA plans to develop a pre-qualified, pre-approved list of PACE contractors (energy auditors, energy service companies and installation contractors). In view of the work involved to develop the approved contractors list and the fact that the PACE program is still in its infancy, SFA at this time will evaluate qualifications on a case-by-case basis.
    In connection with providing financing, the Program will record a notice of special tax lien, which will establish a continuing lien as security for the obligation to pay special taxes. The lien securing the obligation to pay special taxes will have priority over all private liens on the property, regardless of the time of their creation, including the existing purchase mortgage(s). Many mortgage and loan documents limit the ability of a property owner to further encumber the property – particularly encumbrances with priority over the mortgage/loan. Property owners should confirm with any mortgage lender that participation in the Program will not adversely impact their rights with respect to any existing loan documents, or require them to prepay their contractual assessment. Property owners must notify the mortgage lender in writing and receive written affirmative acknowledgment from any existing mortgage lender. The Program will provide mortgage lender-acknowledgment templates, but property owners are responsible for addressing issues with existing mortgage lenders.
2. SFA's Third Party Administrator, Bevilacqua & Knight, Inc., ("BKI"), reviews the initial application and **invites a full application** from qualified applicants within two business days. The initially screening determines whether the property resides within the CFD, whether the improvements fall within the guidelines of the Program and whether the project produces an acceptable amount of energy savings.

3. When invited, the property owner prepares **final application**. This application will include:
    a. An energy audit (if applicable) and will identify desired building improvements;
    b. The written acknowledgement of the mortgage holder for this type of financing (if applicable);
    c. Building and project lending economics with an identified capital source. (see the following paragraph (d) for capital sourcing options)
    d. If the building owner would like its PACE financing **referred to CMFA's qualified capital providers**, BKI will send the specifics of the deal to its pre-approved PACE lenders (list of qualified capital providers attached as Exhibit C) and allow the building owner to select a

project lender based on competitive financial terms. In the alternative, the property owner may identify its own source of capital. Such capital provider will be subject to approval of CMFA.

4. BKI receives and, based on financial and technical standards detailed in following sections, **approves application** and issues final program forms.

5. Property owner receives and **signs final program** forms, including a Unanimous Approval pursuant to which the property owner will vote in favor of special taxes to be levied to finance the improvements to its property and in favor of bonds to be issued to provide financing.

6. Upon receipt of the signed forms, BKI will record a notice of special tax lien in the in the County real property records..

7. The property owner will receive **final approval from BKI** and proceed to implement the project.

8. The Property Owner will notify CMFA that it wishes to receive financing from the Program, and CMFA will issue a bond to be purchased by the qualified capital partner. The amount released to the contractor and the timing of such releases shall be subject to agreement between the property owner and the contractor.

9. Over the course of the agreed-upon financing term, the property owner will **pay back the financing on its tax bill.**

Section 4: Eligible Properties and Financial Standards

In order to be eligible for PACE financing a property owner must meet the following requirements:

- The property is located within the boundaries of Tulare County and the related legislative body has asked CMFA to provide financing through the program in its boundaries.
- The applicant is the legal owner of the property and all the legal owners of such property agree to participate.
- Initially, the property must be a non-residential property. Residential properties containing five or more dwelling units or more are eligible.
- The property pays property tax. In some cases, building owners who do not pay property taxes may qualify.[1]
- The property owner must provide evidence that the mortgage holder(s) on the property has acknowledged the PACE assessment.
- The property must be current on property tax and assessment payments over the past three years.
- The property owner must not have any involuntary liens, defaults, or judgments applicable to the subject property. A property owner may be able to participate if it can demonstrate an acceptable reason for the lien, default, or judgment and provide supporting documentation.
- The property owner(s) or their affiliated companies have not been involved in a bankruptcy proceeding during the past seven (7) years and the property proposed to be subject to the contractual assessment must not currently be an asset in a bankruptcy proceeding.
- The principal amount of the bond issued by CMFA for the project, along with overlapping special tax bonds and assessments and the principal amount of existing, outstanding mortgage debt on the property, may not exceed 80% of the value of the property The value may be established by one of the following methods: (A) the property's assessed value; (B) appraised value according to an appraisal that is acceptable to CMFA; (C) other methods acceptable to CMFA.
- The cash flow generated by the property during the past 12 months exceed 1.25 times the sum of the amount of the annual assessment plus any interest expense associated with any mortgage debt for the past 12 months

[1] The Program may provide financing to non-profit organizations on a case-by-case basis.

- The measures proposed in the project must be affixed to the property, as specified in Section 660 of the California Civil Code (i.e. the property owner cannot take them in the event of a change of ownership). Examples of affixed improvements include, but are not limited to upgraded insulation, energy efficient heating equipment, solar photovoltaic (PV) rooftop systems, and fuel cells.

The goal of PACE is to ensure that the property owner improves their financial position through energy savings, while making their properties more efficient and robust.

Tulare County PACE program requires the property owner to receive the written acknowledgement of the mortgage holder(s). PACE financing offers an attractive option for current mortgage holders because the improvements not only free up cash flow from the property (less money spent on energy), but also makes the property more attractive to current and potential tenants and future buyers. Additionally, PACE is structured to be non-accelerating, so that in the event of default, only the obligations in arrears (plus penalties), a relatively small proportion of the total financed amount, are due.

Section 5: Technical Standards

I. Overview
II. Candidate Project Evaluation and Review Process
III. Audit Requirements
IV. Eligible / Ineligible Measures
V. Qualifications for Participating ESCOs, Auditors and Contractors

I - Overview

The methodology in these technical standards is designed to provide a flexible framework within which to qualify and manage the myriad eligible energy improvement projects applying for PACE financing. It is also designed to ensure that projects financed through the PACE program perform as predicted.

The Mello-Roos Act provides the following legal authority for the Program:

"A district may also finance and refinance the acquisition, installation, and improvement of energy efficiency, water conservation, and renewable energy improvements that are affixed, as specified in Section 660 of the Civil Code, to or on real property and in buildings, whether the real property or buildings are privately or publicly owned. Energy efficiency, water conservation, and renewable energy improvements financed by a district may only be installed on a privately owned building and on privately owned real property with the prior written consent of the owner or owners of the building or real property. This chapter shall not be used to finance installation of energy efficiency, water conservation, and renewable energy improvements on a privately owned building or on privately owned real property in connection with the initial construction of a residential building unless the initial construction is undertaken by the intended owner or occupant."

Initially, a qualifying real property includes any commercial (including multifamily with five or more units), agricultural or industrial property.

Projects can range from installation of a single energy conservation measure (ECM), such as a new high efficiency hvac system or a renewable energy system, to a whole building energy upgrade involving multiple, interactive ECMs. (Please see Section IV)

These proposed standards envision a two-track application review to be conducted by BKI or its designated representative.

The technical methodology incorporated into the review process relies upon three established industry protocols:

1. ASTM E2797-11, Building Energy Performance Assessment (BEPA) Standard directed at data collection and baseline calculations for the energy audit;
2. ASHRAE Level I, Level II and Level III Energy Audit Guidelines; and

3. International Performance Measurement and Verification Protocol (IPMVP).

II – Candidate Project Evaluation and Review Process

Candidate project proposals submitted to BKI will be classified into one of the following three categories:

1. Project proposals based upon the results from a recent (less than 3 years old) ASHRAE Level II or Level III (or equivalent) energy audit;
2. Project proposals focused on replacement/upgrading of a specific building energy-using component ("targeted ECM"); and
3. Project proposals without a specific plan, but with a goal to improve the building's energy efficiency and take advantage of PACE financing.

Assessment

Projects undergoing review will begin with a screening step conducted by BKI to eliminate projects where potential energy savings are not acceptable and other Program requirements. (Please see Exhibit A.) This will be determined based on the submittal by the property owner/contractor of an ASHRAE Level I energy audit or the submittal of a spreadsheet outlining the amount of energy to be saved or off-set per annum versus the current cost of such energy over a term equal to the useful life of the improvement(s). If the results determine the project savings do not meet the Program's minimum requirements, it will be rejected.

If the analysis indicates there is an acceptable level of energy savings, the property is located within the CFD and the proposed improvements conform with the Program guidelines BKI will advise the property owner and the contractor that the project is eligible for financing subject to credit underwriting.

The financial metrics of the property and the relevant credit standards will then be reviewed. (Please see Exhibit B.) Should the financial metrics meet the Program's minimum requirements, the project will be deemed qualified.

Qualified projects then proceed to securing PACE financing. Once financing is in place, a Program-approved energy contractor or energy service company (refer to Section V) is retained by the applicant to execute the project. Once the ECMs are installed, the contractor will also measure and verify the energy savings.

III - Audit Requirements

As a condition of financing, the Program requires performance of an energy audit or renewable energy feasibility analysis that assesses the expected energy cost savings of the energy improvements over their useful life. The principal objectives are to:

- Identify and recommend, in collaboration with the property owner/manager, PACE-eligible ECMs (see Section IV);
- Estimate the useful life of each ECM;
- Assess total project capital cost;
- Determine the energy savings that can confidently be achieved (energy savings should be determined by the difference between projected energy use after the ECMs are installed and the projected baseline energy use under similar conditions); and
- Determine the project's key financial metrics, including ROI, IRR, NPV and payback time based on the anticipated term of the PACE financing (the financial analysis performed should reflect any rebates or incentives offered by utilities operating in the State of California as well as any Federal tax benefits available).

In estimating the total project cost eligible for PACE funding (from upfront energy audits or renewable energy feasibility studies, to the design and installation of the energy improvements, to verification of the energy savings achieved), the energy auditor may also include the cost of a maintenance contract for the energy improvements, up to but not exceeding a five (5) year contract.

ASHRAE Level I Energy Audit

An ASHRAE Level I energy audit consists of 1) a walk-through analysis to assess a building's energy cost, 2) a utility bill analysis to assess its efficiency (using ASTM BEPA Methodology to establish the building's baseline energy use), and 3) conducting a brief on-site survey of the building. The walk-through may be targeted at a specific building component that is intended to be replaced or upgraded or added (such as in the case of installing a solar energy system) or may include checking all major energy-using systems. Operational metrics of building equipment are typically limited to data collection of nameplates, but may be more detailed if that data are readily available. Level I energy analysis should at the minimum identify ECMs and the associated potential energy savings, the estimated cost of the ECMs, and specify where further consideration and more rigorous investigation is warranted.

ASHRAE Level II Energy Audit

An ASHRAE Level II energy audit is a more detailed investigation and includes a more comprehensive building survey and energy analysis than a Level I audit. It also includes more detailed financial analysis. In addition to nameplate data collection, empirical data may also be acquired through various field measurements using handheld devices. The Level II audit should at the minimum identify and provide the investment and cost savings analysis of all recommended ECMs that meet SFA's and the owner's constraints and economic criteria, along with a discussion of any changes to operation and maintenance procedures. Detailed financial analysis includes ROI, IRR, NPV and payback period determination reflecting PACE financing. Sufficient detail on projected energy savings is provided to justify project implementation.

ASHRAE Level III Energy Audit

The ASHRAE Level III energy audit (often referred to as an "investment grade audit") is generally applicable to projects that are very capital intensive and demand more detailed field data gathering as well as more rigorous engineering analysis. The Level III energy audit provides even more comprehensive project investment and cost savings calculations to bring a higher level of confidence that may be required for major capital investment decisions. Data collection may involve field measurements acquired through data loggers and/or an existing energy management system.

IV – Eligible / Ineligible Measures

Common Eligible Energy Conservation Measures

The eligible measures must at the minimum achieve an energy savings (over the useful life of the energy improvements) to total project investment ratio greater than one and be permanently affixed to the property, as specified in Section 660 of the Civil Code. The useful life of the financed improvements must be at least as long as the term of the financing.

The following list of predominant, long-standing, proven energy efficiency technologies is intended as a reference list for PACE applicants. If not included on this list, the Program will review proposed ECM(s) and accept them on a case-by-case basis.

- ✓ High efficiency lighting
- ✓ Heating ventilation air conditioning (HVAC) upgrades
- ✓ New automated building and HVAC controls
- ✓ Variable frequency drives (VFDs) on motors fans and pumps
- ✓ High efficiency chillers
- ✓ High efficiency boilers and furnaces
- ✓ High efficiency hot water heating systems
- ✓ Combustion and burner upgrades
- ✓ Fuel switching
- ✓ Water conservation measures
- ✓ Building enclosure/envelope improvements
- ✓ Building automation (energy management) systems
- ✓ Renewable energy systems
- ✓ Waste-to-energy systems

The following end use savings technologies are generally more applicable to industrial facilities:

- ✓ New automated process controls
- ✓ Heat recovery from process air and water
- ✓ Cogeneration
- ✓ Process equipment upgrades
- ✓ Process changes

Shown below are key aspects of some of the most commonly applied technologies listed above.

Lighting:

- Daylight controls and natural day lighting designed to reduce energy and improve visual comfort
- Upgrades for existing fluorescent fixtures including electronic ballasts, T8 lamps, LED and reflectors

- Meeting rooms and other intermittently occupied spaces can garner significant energy savings with the use of timers and occupancy sensors
- Smaller impact opportunities including security lighting, stairwell lighting, exterior night-time security lighting and exit signs.

Motors:

- High efficiency electric motor replacements usually pay back when a motor is running for long periods at high load, or at the end of motor life
- Motor sizing to the actual load profile to improve efficiency and control electrical power factor.

Variable Frequency Drives:

- Applied to motors, pumps and fans
- Matches motor use to variable operating load
- Can be packaged with controls

HVAC:

- New packaged units can increase efficiency and indoor comfort
- Proper sizing of HVAC equipment is a major opportunity, since full-load operation is more efficient than part load operation - consider fan capacity reduction or staging of 2 smaller units rather than partial loading of one large unit
- Install VFDs on HVAC motors
- Balance air and water supply systems to remove trouble spots demanding inefficient system operation
- Improve maintenance
- Eliminate simultaneous heating and cooling
- Install economizers and direct digital controls
- Variable air volume conversions versus constant air flow
- Ventilation reduction
- Unoccupied shutdown or temperature setback/setup (controls).

Chillers:

- New chiller models can be up to 30-40 percent more efficient than existing equipment.
- Upgrade lead chiller(s) (base load) to high efficiency
- Manage chiller and condenser settings to minimize compressor energy
- Optimize pumping energy for distribution of chilled water
- Optimize HVAC operation to:
    - Improve temperature/humidity control
    - Eliminate unnecessary cooling loads
- CFC reclamation program/inventory - chiller replacement may achieve both CFC management and energy efficiency objectives.

Heat Recovery:

- Heat recovery devices to capture waste heat from water, process heat and exhaust air to re-use it for preheating:
    - Building intake air
    - Boiler combustion air
    - Boiler feed-water
    - Inlet water for domestic hot water.

New Automated Building and HVAC Controls:

- Old controls may still be pneumatic systems based on compressed air - new electronic controls are more precise and reliable, with greater capabilities.
- Can automate lighting, chiller, boiler and HVAC operation:
    - Load shedding
    - Optimal start/stop/warm up
    - Ventilation control.
- Whole-building energy management systems may come with other advanced control technologies:
    - Security, fire and life safety
    - Alarm monitoring and report generation
    - Preventive maintenance scheduling
- Remote monitoring/metering capabilities may be attractive.

Building Shell and Fenestration:

- Roof insulation combined with reflective roof coatings reduces energy consumption
- Review building pressurization for proper ventilation:
    - Balance exhaust and intake air quantities
    - Add weather-stripping on doors and windows
    - Seal cracks and unnecessary openings
- Window films to reduce solar heat gain and/or heat loss
- Replace windows with more energy efficient glazing.

Renewable Energy Technologies for Commercial Property

The following are the described as renewable technologies:

- Solar power
- Wind Power
- Geothermal Power
- Fuel Cell
- Cogeneration equipment utilizing natural gas
- Methane Gas from landfills
- Low emission advanced renewable energy conversion technologies
- Sustainable Biomass Facility.

Ineligible Measures

All PACE related improvements must be permanently affixed to the commercial property and part of a retrofit to existing infrastructure. The following items will not be considered as efficiency measures under the PACE program:

- Appliances, e.g., refrigerators, dishwashers, etc.
- Plug load devices
- Vending machine controls
- Any package of measures with a weighted average effective useful life (EUL) that does not meet or exceed the life of the financing
- Any package of measures that does not achieve an energy savings (over the life of the loan) to total project investment ratio of greater than one
- Any measure that is easily removed or not permanently installed
- Any measure that does not result in improved water or energy efficiency or renewable energy generation

V - Qualifications for Participating ESCOs, Auditors and Contractors

A PACE qualified project may involve an approved energy auditor, an energy service company (ESCO) that may also conduct the energy audit, and/or an installation contractor. Each must have sufficient knowledge, experience and expertise in assisting property owners with energy efficiency and renewable energy upgrades.

Depending on the scope and complexity of the project, the energy auditor, ESCO and/or installation contractor may be required to demonstrate some or all of the following general qualifications for implementing energy efficiency solutions in their respective area(s) of expertise:

1. Demonstrated experience and working knowledge of energy efficiency auditing using the ASHRAE energy audit guidelines, supported by ASTM BEPA data collection and analysis methodology, for commercial property projects, and familiarity with the processes, statutes, and codes governing the PACE program.
2. Have on staff, or access to, at least one licensed California Professional Engineer and, depending on the services being offered, have access to at least one Certified Energy Manager (CEM) and/or one Certified Measurement & Verification Professional (CMVP).
3. Experience and knowledge of building operational characteristics and energy systems.
4. Have a written quality assurance/quality control program for the products/services offered.
5. Provide at least three (3) references of successfully completed projects demonstrating expertise.

Qualified Auditor

A qualified energy auditor will have broad experience with all types of energy efficiency projects, such as lighting, HVAC, building envelope, domestic hot water and energy equipment controls. Individuals responsible for conducting audits will have at least three (3) years of experience performing audits on commercial buildings. The technical expertise and experience of the audit team selected for the project should be evident in the resumes provided. With respect to the references provided supporting energy audit expertise, information on the type building and client contact information should be included.

Qualified Energy Service Company

A qualified energy service company/contractor will have demonstrated experience with energy efficiency projects and provide the Program with a representative list of past projects involving building energy efficiency upgrades and/or renewable energy installation. The qualified energy service company/contractor must demonstrate the technical expertise and experience of the team selected for the project by providing resumes that include a list of projects worked on. Sufficient information must also be provided to demonstrate the firm's organizational and financial stability. If an energy savings performance guarantee is being provided and the company does not have sufficient financial resources to support the guarantee, energy savings insurance (or its equivalent) may be used to satisfy this shortcoming.

Contractor Pre-qualification

The Program plans to develop a pre-qualified, pre-approved list of PACE contractors (energy auditors, energy service companies and installation contractors). The Program at this time will evaluate qualifications on a case-by-case basis. The Program encourages property owners to research, check the bonding limits of, and receive bids from multiple contractors before signing a contract. The Program is not responsible for determining the appropriate equipment, price or contractor. By establishing contractor eligibility criteria, the Program is not recommending a particular contractor or warranting the reliability of any such installer. The Program is a financing program only. Neither CMFA, Tulare County nor the Program Administrator will participate in the resolution of any dispute between the property owner and their installer, contractor or equipment manufacturer.

Section 6: Program Financing

As described above, CMFA will issue bonds payable from special taxes levied on participating properties to provide financing for the Program.

Participating property owners should understand the following features of Program financing:

1. The financing cost paid by participating properties will consist of an amount equal to (i) the principal amount received through the Program, (ii) interest on the principal amount financed through the Program and (iii) initial and on-going program expenses.

2. The principal amount will be equal to all project costs that the property owner may choose to finance through the Program, which may include costs associated with implementing the project such as permits, audit expenses, closing fees, a deposit to a debt service reserve fund (if required) and capitalized interest (see “Capitalized Interest” below).

3. The rate of interest on the bonds issued by CMFA will be established by the project lender.

4. Depending on when a project’s financing is closed, it may not be possible to place the special taxes on the County’s property tax bill until the following tax roll cycle. Where such delay occurs, the interest payments that the property owner would have paid in the first tax year are capitalized into the principal amount.

5. It is possible that some project lenders may require a debt service reserve fund to be funded with bond proceeds.

6. The Program is funded by one-time and ongoing administrative fees paid by participating properties. One-time administrative costs may include 1) application fees, which are paid directly by the participating property owner and 2) closing fees, which are included in the total financed amount. Annual administrative costs are collected as part of the special taxes levied on the property tax bill. The fees for any specific project will be disclosed and agreed to prior to financing. Fees may vary based on the project size and bond structure.

Section 7: Miscellaneous

CMFA may make changes to this Report and other Program requirements from time to time in its absolute discretion. No such changes will affect a property's existing special tax obligation.

The Program is subject to certain State and federal laws designed to protect consumers. Among other things, these laws require CMFA to disclose information to property owners and, in some cases identified in applicable law, give property owners the right to rescind the agreement to pay special taxes. CMFA will comply with all applicable State and federal laws in connection with the Program.

Exhibit A – Initial Application for PACE

Evaluation criteria for this application:

1. Is the building type eligible for PACE financing?
2. Is the property located within the CFD?
3. Is the property subject to property taxes?
4. Has the property owner and all legal owners agreed to the assessment?
5. Are the energy conservation measures (ECMs) contemplated eligible for PACE financing?
6. What is the cost of the improvements?
7. Is the contractor approved by Program?
8. Has the property completed an ASHRAE Level II or greater audit? Does the property have adequate projections with regards to the projected savings produced by the ECMs and/or renewable energy generation equipment?
9. Do the savings exceed the cost of the ECMs and the renewable energy generation equipment?

Section 1: Building Information

1. Owner's name and contact info
2. Address of property
3. Type/description of building (ex: office, industrial, multi-family/apartment (> 5 units), agriculture, data center, food service, food sales, warehouse & storage,, lab, hospital, healthcare outpatient, hotel, non-profit, education, retail, service, municipal building, public assembly)
4. Tenant or Owner -Occupied
5. Date building was constructed
6. Gross square footage (not including any parking area)
7. Is a parking area associated with the building; if so, provide description (above/below ground, connected)
8. What type fuel use, e.g., natural gas, oil, steam; fuel provider (s) info
9. Electricity provider
10. Do you currently pay property taxes on building? Are payments current?

Section 2: Proposed Project Details

1. Name and contact info of energy consultant/project developer
2. Does the project involve a renewable energy system? If so, was a feasibility study conducted? When and by whom?

3. If the project involves energy conservation measures (ECMs), was an energy audit conducted on the building? If so when and by whom?
4. Description of the proposed ECMs and projected energy savings
5. Estimated total capital cost (equipment and installation) of ECMs (e.g., recent experience, R.S. Means (estimating guide), bid process, etc.)
6. Projected first year total energy savings (kBtu)
7. Estimates of rebates/incentives and from whom (utility, federal government, state, etc.)
8. Projected first year total energy cost savings ($)
9. Do you expect to use a contractor, work with an energy service company or another energy consultant should the project proceed?
10. Financial analysis of the project from the owner's point of view including cash flows and tax benefits

California Freedom of Information Act

The Program is subject to the California Freedom of Information Act (FOIA). Any files or documents associated with this application will be considered a public record and will be subject to disclosure under FOIA. Under C.G.S. §1-210(b) and §16-245n(d), FOIA includes exemptions for, among other things, "trade secrets" and "commercial or financial information given in confidence, not required by statute." All applicants submitting responses must specifically identify particular sentences, paragraphs, pages, sections or exhibits it claims are confidential and should be exempt.

PLEASE SUMBIT COMPLETED FORM TO ________________________

Exhibit B – Follow-up Application / Phase II

Upon approval of the Phase I application the property owner will submit a Phase II application

Evaluation criteria for this application:

> *1. Is the property current with regards to its property taxes? Has the property been current with regards to the payment of its property taxes for the past three (3) years?*
> *2. Have the property owner(s) or their affiliated companies been involved in a bankruptcy proceeding during the past seven (7) years?*
> *3. Is the property proposed currently an asset in a bankruptcy proceeding?*
> *4. Does the property have any involuntary liens, defaults, or judgments applicable to the subject property?*
> *5. Does the principal amount of the bond issued by CMFA for the project, along with overlapping special tax bonds and assessments and the principal amount outstanding of existing mortgage debt, exceed 80% of the value of the property?*
> *6. Has the first and second mortgage lenders provided their consent to allow the PACE assessment?*
> *7. Does the cash flow generated by the property during the past 12 months exceed 1.25 times the sum of the amount of the annual assessment plus any interest expense associated with any mortgage debt for the past 12 months?*

Section 1: Information Required

1. Name of mortgage lender(s), amount of loan(s), term(s) of loan(s), current mortgage statement(s)
2. Property assessed value (date of last assessment)
3. Estimated current property value, copy of recent appraisal of property if available
4. Copy of current title report
5. Are there any outstanding tax liens or notices of default?
6. Copy of lender consent(s) to PACE assessment
7. Property financial statements for the past three (3) years
8. Property financial statement for year to date
9. Current property rent roll
10. Property ownership documents including articles of incorporation, LLC operating agreement(s) partnership agreements, and / or any other relevant documents
11. Copies of last 3 months bank lending statements
12. Copy of current tax bill
13. Copy of lease agreements of primary tenants
14. Name, address, phone number, agent and policy number for insurance on the property
15. Breakdown of installation in terms of engineering cost, equipment cost, construction cost and total cost as well as names of manufacturers and models.

California Freedom of Information Act

The Program is subject to the California Freedom of Information Act (FOIA). Any files or documents associated with this application will be considered a public record and will be subject to disclosure under FOIA. Under C.G.S. §1-210(b) and §16-245n(d), FOIA includes exemptions for, among other things, "trade secrets" and "commercial or financial information given in confidence, not required by statute." All applicants submitting responses must specifically identify particular sentences, paragraphs, pages, sections or exhibits it claims are confidential and should be exempt.

PLEASE SUBMIT COMPLETED FORM TO: ________________________________

Exhibit C – PACE Qualified Capital Providers

Structured Finance Associates

Attachment "B"

California Municipal Finance Authority

TULARE COUNTY PACE

Energy Efficiency Financing Solutions

Marketing Plan

June 17, 2013

structured finance ASSOCIATES

1605 San Pablo Dr.   San Marcos, CA 92078

Summary

Structured Finance Associates, ("SFA"), marketing and outreach efforts for the California Municipal Finance Authority Tulare County PACE Energy Efficiency Financing Solutions Program, (the "Program"), will be solely focused on the unincorporated areas of Tulare County. This will include the County's new Enterprise Zone. It is anticipated that most, if not all, of the eight cities incorporated within the County will join the program. Once they become part of the program they will be included in the marketing plan.

Marketing and outreach will be focused on targeted clusters and segments, which have been identified by the Tulare County Economic Development Office and SFA, which will benefit the most from the Program:

Targeted Industry Clusters:

- Agriculture
- Distribution/Logistics
- Health Care
- Industrial Park businesses

Targeted Agriculture Segments:

1) Dairy
2) Cold Storage & Packing
3) Industrial
4) Food Processing
5) Farming

The actual message will vary according to the clusters and segments but will focus on the Program's benefits including:

- 100% financing for all improvements
- The financing is non-recourse and only looks to the value of the property
- No personal or corporate guaranty
- PACE is off-balance sheet
- Terms of up to 20 years
- Fixed rate of interest
- PACE financing costs may be passed-through to a property tenant

The result of the Program will be a reduction in operating costs resulting in an increase in property value and cash flow. In addition, the property owner will be able to advertise the "green attributes" of their business and have the chance to take advantage of tax incentives associated with the improvements further reducing costs and increasing profitability.

The marketing and outreach efforts will be comprised of multiple methods to reach the targeted clusters and segments through:

1) Materials distributed to property owners and businesses;
2) Meetings with groups representing property owners in the targeted cluster and segments – including the Tulare County Farm Bureau;
3) Distribution of materials at selected information meetings attended by Tulare County Economic Development Office;
4) Meetings with trade contractors who can promote PACE to building owners;
5) Information distributed through the utility energy efficiency and renewable energy programs;
6) Individual meetings with property owners.

The distribution of materials and meetings will be coordinated with the Tulare County Economic Development Office.

SFA will also provide:

1) Dedicated local phone number for PACE inquiries. The phone number will appear on all marketing materials and business cards. All calls to the number will be answered by either a PACE project developer or a PACE call center, which will collect basic information and email that information to a PACE developer who will return the call.
2) Tulare PACE webpage. The webpage URL will appear on all marketing materials and business cards. The webpage which will include information about the Program.
3) Informational handout. This will be a 2 sided document with information about the Program and contact information (phone number and website).

The following outlines the proposed marketing approach for the program.

<u>Stage 1 Initial Marketing and Information Events</u>

1) Build on the launch of the program with articles in local press emphasizing the signing of an initial dairy together with an explanation of the program. (SFA has arranged an initial PACE financing with a dairy. The financing funds solar improvements.)

2) Develop marketing materials including 1 page two-sided handouts for meetings and mailings. These may be used by the Economic Development Office as well as SFA.

3) Develop web site and email marketing lists.

4) Develop case studies and slide presentations to be used by the SFA as well as the County Economic Development Office and city economic development groups where appropriate.

Stage 2 Customer Contacts and Meetings

1) Contact the top 10 power users in the County to explain the program. This may be a combination of direct meetings as well as a group seminar event and will be coordinated with the County Economic Development Office. These users include:

A) Ventura Coastal
B) Land O' Lakes
C) California Dairies Inc.
D) Producers Dairy

2) Set up meeting(s) with the Tulare County Farm Bureau in conjunction with the County Economic Development Office.

3) Begin outreach to electrical contractors, solar providers, hvac contractors, and roofing contractors within the County. Coordinate efforts with the Economic Development Office.

4) Set up meeting with the Industrial Roundtable. Coordinate through the Tulare and Visalia Economic Development Corporations.

5) Begin contact with local Chambers of Commerce groups.

6) Begin contact with local growers associations.

Stage 3 Expand Marketing Reach

1) Email lists of possible users in the farming, dairy, and food processing industries.

2) Meet with local irrigation districts.

3) Contact specialty welders, irrigation pump firms, and specialized construction firms.

4) Contact agricultural lenders.

5) Contact HBA of Tulare and Kings County (Part of BIA)

6) Make contact with SCE and PG&E to coordinate the Program with their energy efficiency programs.

7) Participate with County Economic Development Office in the World Ag Expo.

Attachment "C"

California Municipal Finance Authority

TULARE COUNTY PACE

Energy Efficiency Financing Solutions

Implementation Plan

June 17, 2013

structured finance ASSOCIATES

1605 San Pablo Dr.   San Marcos, CA 92078

Summary

The following is an outline of the steps necessary to implement the marketing plan for the California Municipal Finance Authority Tulare County PACE Energy Efficiency Financing Solutions Program, (the "Program").

Implementation Steps and Timing (Please see Notes)

Step	Completion Date	Responsible Party
Work with local press to publicize passage of the Program	July 2013	SFA, EDO
Establish Program phone number	July 2013	SFA
Reserve Program web site address	July 2013	SFA
Work with EDO to establish mailing lists	July 2013	SFA, EDO (1)
Develop handout	August 2013	SFA, EDO (2)
Develop PACE application	August 2013	SFA
Develop presentation for meetings	August 2013	SFA, EDO (2)
Develop web site	September 2013	SFA, EDO (2)
Presentations to top 10 power users	September, October	SFA, EDO (1)
Meeting(s) with Tulare County Farm Bureau	September, October	SFA, EDO (1)
Develop Case Studies for Program	October 2013	SFA
Meeting(s) / Outreach to solar and other contractors	October, November, December	SFA, EDO (1)
Meetings with growers associations	October, November December	SFA, EDO (1)
Outreach to local Chambers of Commerce	October, November December	SFA, EDO (1)
Outreach to other farming, dairy, and food processing firms	October, November, December	SFA, EDO (1)

Step	Completion Date	Responsible Party
Meeting with local irrigation districts	December, January	SFA, EDO (1)
Outreach to specialty welders, irrigation pump firms, specialized construction firms	December, January	SFA, EDO (1)
World Ag Expo	February	SFA, EDO (3)

Notes:

- EDO – Tulare County Economic Development Office

1. SFA will attempt to leverage existing relationships with individuals and organizations established by EDO. It is anticipated that in some instances meetings will be organized by SFA and in others they will be organized by the EDO.
2. SFA will prepare all marketing materials. EDO will review and provide comments where appropriate.
3. SFA will participate with the EDO in their booth at the World Ag Expo.

Attachment 'D'

California Municipal Finance Authority

TULARE COUNTY PACE

Energy Efficiency Financing Solutions

Description of Structured Finance Associates, LLC

June 17, 2013

structured finance ASSOCIATES

1605 San Pablo Dr.   San Marcos, CA 92078

Description of Structured Finance Associates, LLC

Structured Finance Associates, LLC, ("SFA"), was formed in 2011 to provide financing to commercial and industrial properties utilizing laws passed by the State of California and 28 other states for the implementation of PACE, Property Assessed Clean Energy. PACE allows municipalities to issue bonds the proceeds of which are used to finance the acquisition and construction of energy efficiency and renewable energy technologies on commercial and industrial properties. The bonds are repaid through an assessment on the property which is added to the property taxes of the property owner and paid over time.

SFA works directly with property owners to develop PACE financing opportunities. The company also generates additional PACE transactions through its contacts with contractors and engineering firms involved in the installation of solar, hvac, roofing, lighting and other energy efficiency and renewable energy technologies.

The Company currently provides PACE financing throughout California as a participant in the California First program and a direct participant in the County of San Francisco and Los Angeles County PACE programs. SFA is working closely with the County of Los Angeles to close the first PACE financing project in the County of Los Angeles in July/August of 2013. SFA is also a participant in Connecticut's PACE program and is working closely in Connecticut with property owners and contractors to provide PACE financing there. The company has offices in San Diego, Los Angeles, and Connecticut.

SFA is currently looking to expand its operations into Colorado, Illinois, Ohio, Massachusetts, New Jersey, Texas, Washington, DC and Hawaii in 2013/2014. We hope to be active in the state of New York by 2015.

Current Members of Structured Finance's management team includes:

- L. Jean Dunn, Jr. - Mr. Dunn is the founder of Structured Finance. He has been involved in various aspects of corporate finance for the past 31 years. For the first 15 years of his career, Mr. Dunn was an investment banker with Morgan, Olmstead Kennedy & Gardner in Los Angeles and Banque Paribas Capital Markets in Los Angeles and New York. Mr. Dunn relocated back to San Diego from New York in 1992 where he has been the CFO and COO of a number of companies involved primarily with technology. Mr. Dunn is a graduate of UCSD and the Columbia University Graduate School of Business. He is currently a Lecturer in Finance and Accounting at the Rady School of Management at UCSD.

- John Krappman – Mr. Krappman has been involved in various aspects of commercial real estate for the past 25 years including President of PacWest Properties, a commercial real estate investment and development firm located in Southern California as well as co-founder and Principal of Afton Pacific, a development/operating partnership focused on retail and industrial properties in the Western U.S. His responsibilities have included firm including strategic planning, deal sourcing, structuring and negotiations and property review, financing, due diligence and property operations. He has experience with a variety of property types including retail, office and industrial. Mr. Krappman is a graduate of the University of Notre Dame.

- Martin Gitlin – Mr. Gitlin has been working in the energy and project finance sector for the past 20+ years including most recently as Managing Director, Carbon Credits and Renewable Energy USA at Noble Americas Energy Solutions. Mr. Gitlin is a lawyer by training having graduated from Harvard Law School Cum Laude. Prior to joining Noble Mr. Gitlin has served as corporate counsel and worked in legal firms where he developed his expertise negotiating project financings associated with energy as well as various regulatory issues. He is admitted to the Bar in California, District of Columbia, Colorado and Connecticut. Mr. Gitlin is based in Connecticut.

Contact Information

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