



Western Riverside Council of Governments Finance Directors Committee

AGENDA

**Thursday, February 27, 2025
1:00 PM**

**Western Riverside Council of Governments
3390 University Avenue, Suite 200
Riverside, CA 92501**

Remote Meeting Locations:

**City of Banning
City Hall, Administrative Services Director's Office
99 E Ramsey Street
Banning, CA 92220**

**City of Corona
City Hall, Conference Room 3219
400 South Vicentia Avenue
Corona, CA 92882**

**City of Eastvale
City Hall, Conference Room 2
12363 Limonite Avenue, Suite 910
Eastvale, CA 91752**

**City of Moreno Valley
City Hall, City Manager's Meeting Room
14177 Frederick Street Moreno Valley, CA 92553**

**City of Wildomar
City Hall, Council Chambers
23873 Clinton Keith Road, Suite 105 and 106 Wildomar, CA 92595**

**Eastern Municipal Water District
Headquarters Community Room 2270 Trumble Road
Perris, CA 92572**

March Air Reserve Base
14205 Meridian Parkway, Suite 140
Riverside, CA 92518

Committee members are asked to attend this meeting in person unless remote accommodations have previously been requested and noted on the agenda. The below Zoom link is provided for the convenience of members of the public, presenters, and support staff.

[Public Zoom Link](#)

Meeting ID: 832 6299 7594

Passcode: 324166

Dial in: 669 444 9171 U.S.

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in the Finance Directors Committee meeting, please contact WRCOG at (951) 405-6706. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting. In compliance with Government Code Section 54957.5, agenda materials distributed within 72 hours prior to the meeting which are public records relating to an open session agenda item will be available for inspection by members of the public prior to the meeting at 3390 University Avenue, Suite 200, Riverside, CA, 92501.

In addition to commenting at the Committee meeting, members of the public may also submit written comments before or during the meeting, prior to the close of public comment to lfelix@wrcog.us.

Any member of the public requiring a reasonable accommodation to participate in this meeting in light of this announcement shall contact Lucy Felix at least 72 hours prior to the meeting at (951) 405-6706 or lfelix@wrcog.us. Later requests will be accommodated to the extent feasible.

The Committee may take any action on any item listed on the agenda, regardless of the Requested Action.

1. CALL TO ORDER (Matthew Schenk, Chair)

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. PUBLIC COMMENT

At this time members of the public can address the Committee regarding any items within the subject matter jurisdiction of the Committee that are not separately listed on this agenda. Members of the public will have an opportunity to speak on agenda items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Whenever possible, lengthy testimony should be presented to the Committee in writing and only pertinent points presented orally.

5. CONSENT CALENDAR

All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Committee, any public comments on any of the Consent Items will be heard.

There will be no separate action unless members of the Committee request specific items be removed from the Consent Calendar.

A. Action Minutes from the August 22, 2024, Finance Directors Committee

Requested Action(s): 1. Approve the Action Minutes from the August 22, 2024, Finance Directors Committee

B. Fiscal Activities Update

Requested Action(s): 1. Receive and file.

6. REPORTS / DISCUSSION

Members of the public will have an opportunity to speak on agenda items at the time the item is called for discussion.

A. C-PACE Activities Update and Annual C-PACE Program Bond Capacity Review

Requested Action(s): 1. Recommend that the Executive Committee authorize the Executive Director to approve an increase of \$80M in bond capacity for the Greenworks / Nuveen Green Capital Commercial PACE Program to a total of \$580M in bonding capacity through Fiscal Year 2025/2026.

B. Fiscal Year 2025/2026 Budget

Requested Action(s): 1. Receive and file.

C. The Economy and Financial Markets

Requested Action(s): 1. Receive and file.

7. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz

8. ITEMS FOR FUTURE AGENDAS

Members are invited to suggest additional items to be brought forward for discussion at future Committee meetings.

9. GENERAL ANNOUNCEMENTS

Members are invited to announce items / activities which may be of general interest to the Committee.

10. NEXT MEETING

The next Finance Directors Committee meeting is scheduled for Thursday, April 24, 2024, at 1:00 p.m., in WRCOG's office at 3390 University Avenue, Suite 200, Riverside.

11. ADJOURNMENT

Finance Directors Committee

Action Minutes

1. CALL TO ORDER

The meeting of the WRCOG Finance Directors Committee was called to order on August 22, 2024, at 1:00 p.m. by Chair Erika Gomez in WRCOG's office.

2. PLEDGE OF ALLEGIANCE

Chair Gomez led members and guests in the Pledge of Allegiance.

3. ROLL CALL

- City of Banning - Lincoln Bogard*
- City of Beaumont - Lisa Leach
- City of Calimesa - Celeste Reid
- City of Canyon Lake - Terry Shea
- City of Corona - Kim Sitton
- City of Jurupa Valley - Susan Paragas*
- City of Lake Elsinore - Brendan Rafferty*
- City of Menifee - Margarita Cornejo*
- City of Murrieta - Javier Carcamo*
- City of Perris - Matt Schenk
- City of San Jacinto - Erika Gomez (Chair)
- City of Wildomar - Adam Jantz
- Eastern Municipal Water District (EMWD) - Thomas Hayes
- Western Water - Kevin Mascaro

*Arrived after roll call

Absent:

- City of Eastvale
- City of Hemet
- City of Moreno Valley
- City of Norco
- City of Riverside
- City of Temecula
- County of Riverside
- March JPA
- Riverside County Office of Education

4. SELECTION OF FINANCE DIRECTORS COMMITTEE CHAIR, VICE-CHAIR, AND 2ND VICE-CHAIR POSITIONS FOR FISCAL YEAR 2024/2025

A. Leadership Selection for Fiscal Year 2024/2025 and Recognition of Outgoing Chair

Action:

1. Selected Matt Schenk, City of Perris, as Chair; Kevin Mascaro, Western Water, as Vice-Chair; and Kim Sitton, City of Corona, as 2nd Vice-Chair.

RESULT:	APPROVED AS RECOMMENDED
MOVER:	Canyon Lake
SECONDER:	Calimesa
AYES:	Banning, Beaumont, Calimesa, Canyon Lake, Corona, Lake Elsinore, Murrieta, San Jacinto, Wildomar, EMWD, Western Water

New Chair, Matt Schenk, continued the meeting.

5. PUBLIC COMMENTS

There were no public comments.

6. CONSENT CALENDAR

RESULT:	APPROVED AS RECOMMENDED
MOVER:	San Jacinto
SECONDER:	Canyon Lake
AYES:	Banning, Beaumont, Calimesa, Canyon Lake, Corona, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Perris, San Jacinto, Wildomar, EMWD, Western Water

A. Action Minutes from the February 22, 2024, Finance Directors Committee Meeting

Action:

1. Approved the Action Minutes from the February 22, 2024, Finance Directors Committee meeting.

B. Approval of Finance Directors Committee Meeting Schedule for 2025

Action:

1. Approved the schedule of Finance Directors Committee meetings for 2025.

7. REPORTS / DISCUSSION

A. Results of Financial Services Software Request for Proposals for WRCOG

Action:

1. Received and filed.

B. Overview of the TUMF Nexus Study - Final Draft & TUMF Revenue Update

Action:

1. Received and filed.

C. The Economy and Financial Markets

Action:

1. Received and filed.

8. REPORT FROM THE CHIEF FINANCIAL OFFICER

Andrew Ruiz, WRCOG Chief Financial Officer, thanked Committee members for their participation and reminded them to provide advance notice if they wish to participate remotely. Additionally, Mr. Ruiz will be scheduling annual meetings with each member agency to touch base.

9. ITEMS FOR FUTURE AGENDAS

Mr. Ruiz indicated that staff will be meeting with the Riverside County Sheriff to see if he would provide a presentation to this Committee in the future.

Committee member Erika Gomez suggested having a presentation by CalFire about how each city will be affected by new contract and schedule changes.

10. GENERAL ANNOUNCEMENTS

Committee member Kevin Mascaro will be retiring in November after 20 years of service.

Mr. Ruiz stated WRCOG will be hiring to fill a fiscal analyst position.

Chris Gray, WRCOG Deputy Executive Director, reminded the Committee about the WRCOG Fellowship Program. Interested parties may reach out to him.

11. NEXT MEETING

The November 21, 2024, Finance Directors Committee meeting is canceled. The next Finance Directors Committee meeting is scheduled for Thursday, February 27, 2025, at 1:00 p.m., at WRCOG's office located at 3390 University Avenue, Suite 200, Riverside.

12. ADJOURNMENT

The Finance Directors Committee meeting adjourned at 2:15 p.m.



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: Fiscal Activities Update
Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6741
Date: February 27, 2025

Recommended Action(s):

1. Receive and file.

Summary:

The Finance Department has completed the Fiscal Year 2023/2024 audit with an unmodified opinion, indicating no findings or concerns. Additionally, staff have also begun work on the Fiscal Year 2025/2026 budget.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to provide information regarding Finance Department activities. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #3 (Ensure fiscal solvency and stability of the Western Riverside Council of Governments).

Discussion:

Background

The Finance Department provides regular updates to WRCOG Committees regarding the financial status of WRCOG and also provides summaries of on-going activities that might be of interest to member agencies. The financial reports document Agency revenues and expenditures through the current fiscal year, as reported by various programs, funds, and other administrative divisions. On-going activities include the preparation of the Agency audit, budget amendments, and preparation of the WRCOG budget for consideration and approval by WRCOG Committees.

Present Situation

Fiscal Year 2023/2024 Year-End Close: The Fiscal Year 2023/2024 audit was successfully completed in December 2024 and received an unmodified opinion, indicating no findings or issues of concern were identified. Completing the audit within six months after the fiscal year-end is considered "on time" by the Government Finance Officers Association (GFOA), marking the first time in five years that the Agency has achieved this milestone. The Agency has also applied for the GFOA Award for Excellence in

Financial Reporting.

Fiscal Year 2025/2026 Budget: Over the past month, staff have collaborated to develop the Fiscal Year 2025/2026 budget. On February 20, 2025, the budget was presented to the Technical Advisory Committee and is now being presented to the Finance Director's Committee. Based on feedback from these committees, staff will then present to the Administration & Finance Committee before seeking a recommendation from the Executive Committee for General Assembly approval. Key topics for discussion this year include:

1. Commercial PACE Bond Capacity Increase
2. Additional Positions
3. Cost of Living Adjustment
4. Member Dues
5. Building Purchase

Financial Documents

All of WRCOG's most recent financial statements, budget, monthly financials, amendments, etc., are located on the Agency's [Fiscal Department's webpage](#).

Prior Action(s):

None.

Financial Summary:

Fiscal Department activities are included in the Agency's adopted Fiscal Year 2024/2025 Budget under the Finance Department under Fund 110.

Attachment(s):

None.



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: C-PACE Activities Update and Annual C-PACE Program Bond Capacity Review
Contact: Casey Dailey, Director of Energy & Environmental Programs, cdailey@wrcog.us, (951) 405-6720
Date: February 27, 2025

Recommended Action(s):

1. Recommend that the Executive Committee authorize the Executive Director to approve an increase of \$80M in bond capacity for the Greenworks / Nuveen Green Capital Commercial PACE Program to a total of \$580M in bonding capacity through Fiscal Year 2025/2026.

Summary:

WRCOG's C-PACE Program provides commercial property owners with financing for energy, water, seismic, and EV charging upgrades, repaid through property tax assessments. WRCOG issues limited obligation bonds for these improvements. In December 2024, the Executive Committee requested an annual C-PACE bond capacity review aligned with WRCOG's budget. Staff recommends increasing bonding capacity by \$80M, bringing the total to \$580M, to support anticipated FY 2025/2026 projects.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to provide an update on Commercial PACE activities and review C-PACE Program bond capacity. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #5 (To develop projects and programs that improve infrastructure and sustainable development in the subregion).

Discussion:

Background

Property Assessed Clean Energy (PACE) Programs are authorized by several states to offer property-based financing assistance to residential and/or commercial property owners seeking to implement energy saving, renewable energy, water conservation, new construction, electric vehicle charging stations, and seismic strengthening improvements. For both residential and commercial projects, improvements installed utilizing PACE financing are secured by placing a lien on the underlying property and are paid back through a line-item charge on the secured property tax bill. California began authorizing PACE financing in 2008 and is currently one of 40 states to authorize this type of financing for commercial projects and one of only three states offering the Program for residential projects. WRCOG began offering PACE financing for local residential and commercial projects in 2011.

In 2014, the WRCOG Program offerings expanded beyond the WRCOG boundaries to include much of the state - 384 of the 482 cities and 47 of the 58 counties in California. This was accomplished by enrolling the extra-territorial jurisdictions as Associate Members of WRCOG. The Residential Program was closed to new participants in 2021 at the direction of the Executive Committee; however, the Commercial Program remains active, and the Associate Member designations also remain active.

The Commercial Program operates in partnership with external vendors, or providers, who provide design and administrative services to the Program, which include setting and adhering to processes and procedures to review eligibility of potential improvements, marketing the program, approving property owner applications, providing origination services related to financing eligible C-PACE improvements, and developing of a standard set of documents documenting the legal requirements of the transaction. WRCOG currently works with Nuveen Green Capital (formerly Greenworks Lending).

Until recently, the partner list included Nuveen Green Capital, CleanFund, and Twain Financial Partners Holding. Two of the three partners are no longer participating in the Program. As a result, there is currently only one provider, Nuveen Green Capital, partnering with WRCOG for C-PACE projects.

Having a sole provider is contrary to best practices and reminiscent of the former residential (HERO) program's relationship with a single provider.

In March 2024, the Executive Committee gave direction to staff to open the Program to additional C-PACE providers. Staff have received high levels of interest from potential partners looking to participate with WRCOG's Commercial Program. Any decision to bring additional providers into the Program requires approval from the Executive Committee.

What's the Difference Between Residential PACE and C-PACE?: Residential and C-PACE Programs within the state of California were enacted from the same Legislation (Assembly Bill 811). The PACE Program concept and purpose of both types of programs are similar, as they both provide a financing option to property owners for eligible energy efficiency, renewable energy, and water conservation. Beyond this general framework, however, C-PACE firstly differentiates from residential PACE in that C-PACE can support financing eligible projects within new construction, can provide a 36-month retroactive look-back financing for eligible products, and can provide financing for seismic and fire-hardening improvements, which residential PACE does not. C-PACE projects more closely align with local government economic development efforts by offering competitive financing to businesses seeking to develop or expand new commercial facilities within its jurisdictions.

Additionally, C-PACE differentiates itself from residential PACE in financing closing processes in the following important ways:

1. **Lender consent** - existing lienholders are required to acknowledge and consent to C-PACE financing. This requires acknowledgement of senior lien holder prior to finance closing.
2. **Enhanced underwriting standards** - C-PACE works with businesses and corporations, and as such, the underwriting process includes businesses and PACE legal counsels and typically takes a longer process. Typical underwriting processes include the legal review of multiple projects, financing, and legal documents which, in many cases, can take up to a few months.
3. **More sophisticated borrowers** - C-PACE is a business transaction on both sides of the deal. Borrowers are typically commercial real estate owners or developers with legal counsel to review loan and bond documents. As a result of this, C-PACE transactions typically take weeks, if not

months, to complete.

C-PACE Project Update: In Fiscal Year (FY) 2020/2021, the C-PACE Program financed 11 projects for a total amount of \$81.1M and covered five energy efficiency projects (two with seismic improvements), three renewable system projects, and three refinance projects. Over \$8M in C-PACE financing was used by business owners in two WRCOG subregional projects:

1. A retrofit project at an exotic car dealership in the City of Murrieta covering HVAC, electrical, lighting, plumbing, and roofing improvements.
2. A new construction apartment project in the City of Corona covering HVAC, plumbing, seismic, electrical, and windows.

In FY 2021/2022, 11 C-PACE projects were completed, totaling \$68M, and covered six energy efficiency projects (five with seismic improvements), three renewable system projects, and two new construction projects. Over \$12M in C-PACE financing was used by business owners in two WRCOG subregional projects:

1. An energy efficiency project converting vacant space for a brewery in the City of Temecula covering HVAC, building envelope, and installation.
2. A new construction project converting a senior living center in the City of Temecula covering HVAC, lighting / electrical, building envelope, and plumbing.

In FY 2022/2023, three C-PACE projects were completed, totaling \$15.3M, and covered two new construction and one retrofit project:

1. A new construction, 914-unit self-storage facility in the City of El Cajon, covering HVAC, plumbing, seismic, building envelope, and electrical improvements.
2. A retrofit project of an existing 135-room hotel, comprised of 54,102 square feet in the City of Santa Rosa, covering electrical, lighting, plumbing, building envelope improvements and related soft costs.
3. A new construction project with Everhome Suites Hotel located in Temecula. The project's energy improvements are eligible measures, envelope, concrete, steel, windows, and lighting.

In FY 2023/2024, three C-PACE projects have been completed, totaling \$39M, and covered one renewable and two new development projects:

1. A renewable solar array atop a ground up new development in the City of Carlsbad covering solar improvements.
2. A ground up new development in the City of El Centro covering seismic, building envelope, plumbing, lighting, and electrical.
3. A ground up new development in the Sand City covering seismic, building envelope, plumbing, lighting, and electrical.

As shown below, the frequency, volume, and value of closed C-PACE projects vary greatly and do not appear to follow a predictable pattern or cycle.

Fiscal Year	Completed Projects	Amount of C-PACE Financing
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2017/2018	1	\$1,806,854.50
2018/2019	9	\$6,247,153.44
2019/2020	8	\$54,991,988.25
2020/2021	11	\$81,115,090.22
2021/2022	11	\$67,767,724.02
2022/2023	3	\$15,347,209.00
2023/2024	3	\$38,841,961.00
Total	46	\$266,117,980.43

Additionally, there is some volatility among the various companies that offer C-PACE financing. In 2022, one of WRCOG's C-PACE partners, Clean Fund, withdrew from the industry and, in 2023, Twain Financial Partners, announced it was no longer going to offer C-PACE financing. This volatility does appear to be limited to a small number of companies and appears to be balanced by the continued growth of C-PACE throughout the nation and the continued inquiries WRCOG receives from interested parties as further discussed below.

Present Situation

Continued Interest to Participate in WRCOG C-PACE Program and Expansion to Partner Directly with Capital Providers: Over the last year, staff have received **35** requests from additional service providers and potential capital providers regarding interest in participating in WRCOG's C-PACE Program, most notably from large investment banks developing C-PACE groups, such as JP Morgan and Citizen's Business Bank. Previously, staff informed these providers that it is the current direction of the Executive Committee not to expand the C-PACE Program to additional providers.

Additionally, Nuveen Green Capital, WRCOG's existing C-PACE partner, expressed interest in adding additional jurisdictions (currently 384 jurisdictions across California) to WRCOG's approved jurisdictional list.

On March 4, 2024, the Executive Committee authorized the expansion of WRCOG's C-PACE Program to create a pathway to partner directly with investment and commercial banks and other financial institutions - Direct Capital Providers (DCP) - in which there would be no administrators or program administration agreements needed. The benefits analyzed of this WRCOG DCP program include:

- Working with capital providers subject to federal banking regulations and audited by the federal government.
- Typically, with capital providers, PACE financing constitutes only a small portion of its portfolio and, as such, there is a diversification of capital provider's investments / assets.
- Capital providers with a commercial lending platform could offer PACE as an additional lending option for projects. As such, banks would conduct their own due diligence of projects and would have established underwriting criteria.
- With no program administrator for these projects, interest rates and fees would be lower, as the financing is directly placed with the capital provider.
- Potentially, the capital provider could also serve as the fiscal agent / trustee and thereby reduce the costs of financing as well.
- Increased minimum project size leads to more sophisticated property owners.

Additionally, since 2021, staff analyzed potential risks and developed mitigation measures through program design and additional effort management and reassessment. Potential risks could include:

- No indemnification of projects.
- Failed or fraudulent projects.
- Increase in annual administrative costs to property owners.

Mitigation measures of identified risks include:

- Indemnification risk:
 - Require investor letter clearly describing bank roles / responsibilities.
 - Partnership with stable and diverse capital providers.
- Failed or fraudulent project risk:
 - Same compliance process as with current providers.
- Risk of potential increase in annual administrative costs:
 - Property owners could be subject to an increase in annual administrative costs.
- Additional management of efforts:
 - Add additional requirements for Capital Providers.
 - Must be federally regulated institution.
 - 2+ years of C-PACE experience.
 - 10+ years of commercial banking experience.
 - Minimum of \$10M in capital available for financing C-PACE loans.

Maximum Bond Authorization

WRCOG's primary role is the issuance of limited obligation bonds. These bonds are distinct from general obligation bonds in several ways but most notably is the absence of risk to the WRCOG Treasury (and the Treasuries of WRCOG member agencies) in the event of a default in the assessment or project collapse. Consistent with the Program Agreement, WRCOG is obligated to issue bonds if a strict set of conditions has been met. Each assessment contract must conform to the conditions established by the Executive Committee in WRCOG's Program Reports and must also conform to maximum bond indebtedness limits, or bonding capacity.

Increasing the bonding capacity does not directly authorize the issuance of new bonds. WRCOG issues bonds in accordance with the Program Administration Agreement after reviews are conducted by legal counsel, bond counsel, and WRCOG financial advisors, to ensure they have been deemed to meet adopted standards and requirements prior to execution.

WRCOG previously authorized the Programs to issue bonded indebtedness to finance Authorized Improvements within the Program Area in one or more series of bonds (Resolution Number 08-13, as amended).

The Executive Committee authorized Greenworks Lending ("Greenworks") to serve as a Commercial Program administrator for the Programs (the "Greenworks Program") and the issuance of bonds for the Greenworks Programs (Resolution Number 02-18). Resolution Number 02-18 originally authorized the issuance of one or more series of limited obligation improvement bonds for the Greenworks Program in the maximum aggregate principal amount not to exceed \$150M. Resolution Number 27-19 authorized the increase of the maximum aggregate principal amount of Greenworks Program bonds to \$200M.

On January 8, 2018, WRCOG and Greenworks entered into a Commercial PACE Program Administration Agreement which was executed by Greenworks and WRCOG with assistance from WRCOG's Bond Counsel, Best Best & Krieger (BB&K). The term of this Agreement commenced on January 8, 2018, and terminated on December 31, 2019, and automatically extended for an additional year at the end of each succeeding year. The purpose of this Agreement is for Greenworks to provide Program Administration services and to furnish financing necessary to provide labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately implement the provision of the Program Administration services.

On April 6, 2021, WRCOG and Greenworks entered into a First Amendment to the Administration Agreement to amend the Agreement related to the compensation schedule for performance of Program Administrative services, Exhibit D, and update provisions related to the delivery of notices by or to the Parties. The First Amendment was executed by WRCOG and Greenworks and became effective, binding, valid, and enforceable as of the time of acceptance.

On August 5, 2024, the Executive Committee was presented with a resolution to increase the maximum bonded indebtedness in an amount equal to \$1B. At this meeting, the Executive Committee requested additional information and requested that the matter be remanded to the PACE Ad Hoc Committee.

On September 9, 2024, following a meeting with the Ad Hoc Committee, staff returned with a modified resolution to approve an increase in the maximum bonded indebtedness to \$583M. The Executive Committee voted against such modified resolution, citing concerns regarding, amongst other things, the size of the cap on WRCOG's fees and the lack of transparency regarding large projects. The Executive Committee requested the item return at a subsequent meeting after further evaluation of the agreement terms.

Following the September 9, 2024, Executive Committee meeting, staff provided Greenworks with a notice to terminate the Administration Agreement to allow WRCOG to enter into negotiations with Greenworks to modify the existing Administration Agreement between WRCOG and Greenworks to address the concerns expressed by the Executive Committee. WRCOG was able to negotiate an increase in the cap, which was \$250,000 for all assessment contracts and bonds to:

- \$250,000 for project costs up to \$50 million,
- \$300,000 for project costs over \$50 million up to \$100 million, and
- \$500,000 for project costs over \$100 million

On December 2, 2024, the Executive Committee adopted Resolution Number 30-24, approving WRCOG and Greenworks to enter into a Second Amendment to the Administration Agreement for Greenworks Commercial PACE Program increasing the maximum bonded indebtedness for such Program to \$500M. The Second Amendment was executed by WRCOG and Greenworks and became effective, binding, valid, and enforceable as of the time of such acceptance. All members will be provided with a copy of the Greenworks Executive Summary for Assessment Contract with projects greater than \$200M. WRCOG's standard flat fee will remain 0.70% of total project cost to remain competitive with the market.

Other key items of the negotiation included providing the Executive Committee the opportunity to review large projects as well as the annual review of bond capacity. WRCOG will provide each member of the

Executive Committee with a copy of an Executive Summary prepared by Greenworks for Assessment Contracts with project costs in excess of \$200M. Additionally, WRCOG staff will also review bond limits annually, separately but aligned with annual budget planning items, for the Greenworks Program and present such information to the Executive Committee. This annual process will include an annual summary of accomplishments from the previous year, a prospectus of anticipated projects and bond amounts, and potential recommendations from both the WRCOG Finance Directors' Committee and Technical Advisory Committee.

Review of Bond Capacity and FY 2025/2026 Outlook

To-date, Nuveen has closed approximately \$180M in projects. As of December 2, 2024, due to the increase in bonding capacity of the Nuveen C-PACE Program to \$500M in capacity, there remains \$320M in available bonding capacity.

In January 2025, staff met with Nuveen Green Capital to discuss the longer-term outlook of projects to best estimate the bond capacity needs through FY 2025/2026. Currently, there are two projects estimated to close in the near-term pipeline, with a total PACE financed amount of \$30,051,000 (\$15.2M and \$14.8, respectively). Staff anticipate the closure of these projects in March 2025. In addition to the two previously mentioned projects, Nuveen anticipates a handful of projects, and at least one substantially larger project (greater than \$100M) that equates to roughly \$400M in funding needs.

At its February meeting, the Technical Advisory Committee (TAC) recommended that the Executive Committee authorize the Executive Director to approve an increase of \$80M in bond capacity for the Greenworks / Nuveen Green Capital Commercial PACE Program to a total of \$580M in bonding capacity through Fiscal Year 2025/2026. [Click here to listen to the TAC presentation.](#)

This action requests authority to raise the maximum bond indebtedness level by \$80M in order to achieve sufficient capacity for the issuance of limited obligation bonds for conforming Commercial PACE projects through FY 2025/2026.

Prior Action(s):

February 20, 2025: The Technical Advisory Committee recommended that the Executive Committee authorize the Executive Director to approve an increase of \$80M in bond capacity for the Greenworks / Nuveen Green Capital Commercial PACE Program to a total of \$580M in bonding capacity through Fiscal Year 2025/2026.

December 2, 2024: The Executive Committee adopted Resolution Number 30-24, A Resolution of the Executive Committee of the Western Riverside Council of Governments approving the form of a Second Amendment to the Administration Agreement for the Greenworks Commercial PACE Program, increasing the maximum bonded indebtedness for such Program and approving other actions in connection thereto.

Financial Summary:

PACE Program Activities are included in the Agency's adopted FY 2024/2025 Budget under the Energy & Environmental Department (Fund 110). If the total bond authorization is increased, the additional bond capacity could enable the completion of more projects, which would generate increased revenue for the

Program. While WRCOG acts as the bond issuer, it does not carry the liability for the bonds on its financial statements, as these are considered a fiduciary activity of the Agency, and is reported as a custodial fund in accordance with GASB 84.

Attachment(s):

None.



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: Fiscal Year 2025/2026 Budget
Contact: Andrew Ruiz, Chief Financial Officer, aruiz@wrcog.us, (951) 405-6741
Date: February 27, 2025

Recommended Action(s):

1. Receive and file.

Summary:

The annual budget process for Fiscal Year 2025/2026 includes sharing major changes or issues with the Finance Director's Committee (FDC) for consideration and input. With a small number of exceptions, the upcoming budget is substantially similar to the current year budget. This item is intended to highlight those changes.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to provide information regarding the Fiscal Year 2025/2026 budget. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #3 (Ensure fiscal solvency and stability of the Western Riverside Council of Governments).

Discussion:

Background

There are two externally driven and three internally driven changes of particular interest.

EXTERNAL:

The change in federal funding and programmatic priorities has resulted in Stop Work orders affecting some WRCOG programs. While those orders are currently being debated in political and legal arenas, WRCOG is similarly situated to most public agencies as staff awaits clarity from the federal government. Fortunately, the exposure poses a very small risk to WRCOG because the federal government is not a significant revenue source for WRCOG.

One of the lessons learned from the last Classification & Compensation study was that WRCOG should seek regular Cost of Living Adjustments (COLA) in order to maintain market comparability and avoid large single-year market gaps that occur over time. After surveying similar agencies, WRCOG informally

adheres to the Riverside County Transportation Commission standard of applying the 2024 annual CPI rate for the Riverside-San Bernardino-Ontario Region while applying a minimum and maximum rate based on affordability. By applying that formula, the proposed budget will include a 2.6% COLA for employees.

INTERNAL:

Almost two years ago, the Technical Advisory Committee (TAC) was directed by the Executive Committee to evaluate WRCOG member dues levels and provide a recommendation. The TAC recommendation has been vetted through the committee structure and approved by the Executive Committee. An increase in member dues will be incorporated into the upcoming proposed budget.

Workload changes in some programs have raised the issue of staffing levels. Those discussions are ongoing and, based on an analysis of workload and affordability, may result in new proposed positions. If positions are included in the proposed budget, further information will be brought to the TAC at a future meeting.

The most significant change for the proposed budget will be a change to the WRCOG office space. Currently, WRCOG rents office space in Citrus Towers to serve the majority of WRCOG staff. The Executive committee has authorized the purchase of a new building to serve our office needs. The purchase is on schedule to be completed in the current fiscal year. If so, the proposed budget will see a significantly decreased cash position (proposing an all cash purchase) offset by a new asset of similar value. Additionally, the proposed budget will include a new project code to account for the new revenues and expenses including substantial rental income from tenants.

Prior Action(s):

None.

Financial Summary:

This item is for informational purposes only; therefore there is no fiscal impact. However, as staff begins to receive direction and further develop the budget, fiscal impacts will be related to the upcoming Fiscal Year 2025/2026 budget.

Attachment(s):

None.



Western Riverside Council of Governments Finance Directors Committee

Staff Report

Subject: The Economy and Financial Markets
Contact: Richard Babbe, Managing Director, Public Financial Management,
babber@pfm.com, (213) 415-1631
Date: February 27, 2025

Recommended Action(s):

1. Receive and file.

Summary:

Richard Babbe of Public Financial Management Asset Management, WRCOG's investment advisor, will provide a presentation regarding the current economic data, the financial markets, and their impact on WRCOG member agencies.

Purpose / WRCOG 2022-2027 Strategic Plan Goal:

The purpose of this item is to provide information regarding an interest rate overlook as well as where equity markets are headed. This effort aligns with WRCOG's 2022-2027 Strategic Plan Goal #3 (Ensure fiscal solvency and stability of the Western Riverside Council of Governments).

Discussion:

Background

Broader macroeconomic trends can have a significant impact on local government finances. For example, changes in the stock market can impact investment returns while changes in interest rates can impact borrowing costs. These trends can also impact development activity and other items which also impact municipal finances. This presentation will address the current overall level of economic activity, inflation, financial market activity, and other factors, and how they might impact WRCOG members.

Prior Action(s):

None.

Financial Summary:

This item is for informational purposes only; therefore, there is no fiscal impact.

Attachment(s):

None.