Western Riverside Council of Governments
Executive Committee

AGENDA

Monday, April 1, 2019
2:00 p.m.

County of Riverside
Administrative Center
4080 Lemon Street
1st Floor, Board Chambers
Riverside, CA 92501

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in the Executive Committee meeting, please contact WRCOG at (951) 405-6703. 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 450, Riverside, CA, 92501.

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

1. CALL TO ORDER / ROLL CALL (Chuck Washington, Chair)

2. PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENTS

At this time members of the public can address the Executive Committee regarding any items within the subject matter jurisdiction of the Executive Committee that are not separately listed on this agenda. Members of the public will have an opportunity to speak on agendized 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 Executive Committee in writing and only pertinent points presented orally.

4. MINUTES

A. Summary Minutes from the March 4, 2019, Executive Committee Meeting are Available for Consideration. **P. 1**

Requested Action: *1. Approve the Summary Minutes from the March 4, 2019, Executive Committee meeting.*

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 Executive Committee, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Executive Committee request specific items be removed from the Consent Calendar.

Action item:

A. Adoption of Salary Schedule to meet CalPERS' Requirements — ***Andrew Ruiz*** — **P. 9**

Requested Action: *1. Adopt WRCOG Resolution Number 04-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting the Fiscal Years 2012/2013, 2013/2014, 2014/2015, 2015/2016 and 2016/2017 publicly available salary schedules as required by CalPERS.*

B. Environmental Department Application for CalRecycle HHW Small Projects Program Grant — ***Casey Dailey*** — **P. 23**

Requested Action: *1. Adopt WRCOG Resolution Number 06-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing submittal of application(s) for all CalRecycle grants for which the Western Riverside Council of Governments is eligible.*

Information items:

C. Finance Department Activities Update — ***Andrew Ruiz*** — **P. 65**

Requested Action: *1. Receive and file.*

D. WRCOG Committees and Agency Activities Update — ***Rick Bishop*** — **P. 71**

Requested Action: *1. Receive and file.*

E. Regional Streetlight Program Activities Update — ***Daniel Soltero*** — **P. 87**

Requested Action: *1. Receive and file.*

F. Western Riverside Energy Partnership Activities Update — ***Anthony Segura*** — **P. 95**

Requested Action: *1. Receive and file.*

G. PACE Programs Financial Update — ***Casey Dailey*** — **P. 99**

Requested Action: *1. Receive and file.*

H. Report out of WRCOG Representatives on Various Committees — ***Rick Bishop*** — **P. 111**

Requested Action: *1. Receive and file.*

6. REPORTS / DISCUSSION

A. PACE Programs Activities Update: General Activities Update, Approval of a New Provider, and Changes to Commercial Program Guidelines — ***Casey Dailey, WRCOG*** — **P. 159**

Requested Actions:
1. Adopt WRCOG Resolution Number 05-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing Twain Financial Partners Holding, LLC, to administer and finance authorized improvements to be installed on commercial properties, and in connection with such authorization, approving amendments to the Program Report for the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the form of a commercial handbook, agreement to pay assessment and finance improvements, administration agreement, indenture authorizing the issuance of bonds pursuant to such indenture and subsequent indentures in similar form secured by assessments levied on commercial properties to finance the installation of authorized improvements on such commercial properties and approving other actions in connection thereto.
2. Approve the Administration & Finance Committee's recommendation to allow refinancing on Commercial PACE projects.
3. Approve the Administration & Finance Committee's recommendation to allow a 30-year term for Commercial PACE projects that have met certain conditions.

B. Report from the League of California Cities — ***Erin Sasse, League of California Cities*** — **P. 479**

Requested Action: *1. Receive and file.*

C. Transportation Uniform Mitigation Fee (TUMF) Program Activities Update: Approval of the Draft 2019 Central Zone Transportation Improvement Program (TIP) and TUMF Network Administrative Amendment — ***Christopher Gray, WRCOG*** — **P. 483**

Requested Actions:
1. Approve the 2019 Central Zone TIP.
2. Approve the 2019 TUMF Network Administrative Amendment.

D. Fee Comparison Analysis – Final Report — ***Christopher Tzeng, WRCOG*** — **P. 495**

Requested Action: *1. Receive and file.*

E. **Western Riverside County Clean Cities Coalition Activities Update** — ***Kyle Rodriguez, WRCOG*** — **P. 553**

Requested Action: *1. Receive and file.*

7. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE CHAIR — ***George Johnson***

8. REPORT FROM COMMITTEE REPRESENTATIVES

SCAG Regional Council and Policy Committee Representatives
SCAQMD, Ben Benoit
CALCOG, Brian Tisdale
SAWPA OWOW Committee, Rusty Bailey
SANDAG Borders Committee, Crystal Ruiz

9. REPORT FROM THE EXECUTIVE DIRECTOR — ***Rick Bishop***

10. ITEMS FOR FUTURE AGENDAS — ***Members***

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

11. GENERAL ANNOUNCEMENTS — ***Members***

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

12. NEXT MEETING: **The next Executive Committee meeting is scheduled for Monday, May 6, 2019, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor Board Chambers.**

13. ADJOURNMENT

Western Riverside Council of Governments

Regular Meeting

~ Minutes ~

Monday, March 4, 2019 **2:00 PM** **County Administrative Center**

1. CALL TO ORDER

The meeting was called to order by Chair Chuck Washington at 2:03 p.m. on March 4, 2019, at the Riverside County Administrative Center, 4080 Lemon Street, Riverside

Jurisdiction	Attendee Name	Status	Arrived / Departed
City of Banning	Daniela Andrade	Present	1:55 PM
City of Beaumont	Mike Lara	Present	1:55 PM
City of Calimesa	Jim Hyatt	Present	1:55 PM
City of Canyon Lake		Absent	
City of Corona	Jason Scott	Present	1:55 PM
City of Eastvale	Brandon Plott	Present	1:55 PM
City of Hemet	Bonnie Wright	Present	1:55 PM
City of Jurupa Valley	Michael Goodland	Present	1:55 PM
City of Lake Elsinore	Brian Tisdale	Present	1:55 PM
City of Menifee	Matt Liesemeyer	Present	1:55 PM
City of Moreno Valley	Victoria Baca	Present	1:55 PM / 2:39 PM
City of Murrieta	Kelly Seyarto	Present	1:55 PM
City of Norco	Kevin Bash	Present	1:55 PM
City of Perris	Rita Rogers	Present	1:55 PM
City of Riverside	Rusty Bailey	Present	1:55 PM
City of San Jacinto	Russ Utz	Present	1:55 PM
City of Temecula	James Stewart	Present	1:55 PM
City of Wildomar	Ben Benoit	Present	1:55 PM
District 1	Kevin Jeffries	Present	1:55 PM / 2:36 PM
District 2		Absent	
District 3	Chuck Washington	Present	1:55 PM
District 5		Absent	
EMWD	David Slawson	Present	1:55 PM
WMWD	Brenda Dennstedt	Present	1:55 PM
Morongo Band of Mission Indians		Absent	
Office of Education (ex-officio)		Absent	
TAC Chair		Absent	
Executive Director	Rick Bishop	Present	1:55 PM

Note: Times above reflect when the member logged in; they may have arrived at the meeting earlier.

2. PLEDGE OF ALLEGIANCE

Committee member Rita Rogers led members and guests in the Pledge of Allegiance.

3. PUBLIC COMMENTS

There were no public comments.

4. MINUTES

RESULT:	**APPROVED AS RECOMMENDED**
MOVER:	Wildomar
SECONDER:	Murrieta
AYES:	Banning, Beaumont, Calimesa, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, Wildomar, District 1, District 3, WMWD
ABSTAIN:	EMWD
ABSENT:	Canyon Lake, District 2, District 5, Morongo Band of Mission Indians

A. Summary Minutes from the February 4, 2019, Executive Committee Meeting are Available for Consideration

Action:

1. *Approved the Summary Minutes from the February 4, 2019, Executive Committee meeting.*

5. CONSENT CALENDAR

RESULT:	**APPROVED AS RECOMMENDED**
MOVER:	Moreno Valley
SECONDER:	Hemet
AYES:	Banning, Beaumont, Calimesa, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, Wildomar, District 1, District 3, EMWD, WMWD
ABSENT:	Canyon Lake, District 2, District 5, Morongo Band of Mission Indians

A. Transportation Uniform Mitigation Fee (TUMF) Program Activities Update: Approval of the Draft 2019 Pass Zone Transportation Improvement Program (TIP), the 2018 Southwest Zone TIP Amendment, TUMF Reimbursement Agreements, and Fee Calculation Handbook Revisions

Actions:

1. *Approved the 2019 Pass Zone TIP.*
2. *Approved the amended 2018 Southwest Zone TIP.*
3. *Authorized the Executive Director to execute a TUMF Reimbursement Agreement with the Cities of Eastvale and Norco for the Planning and Engineering Phases of the Hamner Avenue Widening Project in an amount not to exceed $1,313,000.*
4. *Authorized the Executive Director to execute a TUMF Reimbursement Agreement with the County of Riverside for the Planning, Right-of- Way, and Construction Phases of the Sunset Avenue Grade Separation Project in an amount not to exceed $777,283.*

5. *Approved the proposed revisions to the TUMF Fee Calculation Handbook to include language for the 3,000 square foot reduction policy and credit for existing uses.*

B. 2nd Quarter Draft Budget Amendment for Fiscal Year 2018/2019

Action: 1. *Approved the 2nd Quarter Draft Budget Amendment for Fiscal Year 2018/2019.*

C. Amendment to Professional Services Agreement for On-Call Planning Professional Services for Member Jurisdictions

Action: 1. *Approved the Second Amendment to the Professional Services Agreement between WRCOG and Alta Planning + Design, Inc., to provide WRCOG planning support and advisory services in an amount not to exceed $100,000, and $200,000 in total, and to extend the term of the Agreement through June 30, 2021.*

D. Appointment of a WRCOG Representative to a SCAG Policy Committee

Action: 1. *Appointed Joseph Tessari, City of Eastvale, to the SCAG Community, Economic & Human Development Policy Committee for a term commencing March 1, 2019, ending December 31, 2020.*

E. Finance Department Activities Update

Action: 1. *Received and Filed.*

F. WRCOG Committees and Agency Activities Update

Action: 1. *Received and Filed.*

G. Western Community Energy Activities Update

Action: 1. *Received and Filed.*

H. Regional Streetlight Program Activities Update

Action: 1. *Received and Filed.*

I. Fiscal Year 2017/2018 Comprehensive Annual Financial Report (CAFR)

Action: 1. *Received and Filed.*

J. Environmental Department Activities Update

Action: 1. *Received and Filed.*

6. REPORTS / DISCUSSION

A. PACE Programs Activities Update: General Activities Update and Addition of New Providers

Casey Dailey, WRCOG Director of Energy & Environmental Programs, reported that on the residential side of PACE Programs 90k projects have been completed to date, valued at just over $2B. The Commercial PACE Program has completed 7 projects since February 2018, with a total value of $7.1M. These projects were completed through Greenworks Financial.

The PACE Program began experiencing a decline in volume in the middle of 2017 due in part to more competition and legislation changes over time. Staff has taken several actions to address this issue, such as decreasing the number of staff and consulting services.

Staff recently toured the offices of Lever Energy Capital, a commercial PACE Provider based out of Colorado. Lever expects to complete $25M in projects in 2019, and $375M over the next five years. Should Lever be approved to participate in the Program, this will bring the total number of commercial PACE providers to four which operate in the statewide footprint. Adding commercial providers increase the volume and activity, and subsequently, revenues.

Today's public hearing is to bring the Cities of Alameda and Santa Barbara into the California HERO Program.

Committee member James Stewart asked if there are a set of rules each PACE provider must follow regarding the cost of projects.

Mr. Dailey responded that WRCOG has an internal compliance team which reviews assessments as they are coming through the system to ensure that the project amount is consistent with what the homeowner is eligible for. Through 90k+ assessments, a wide range has been identified in which an item should cost. Staff reviews of the entire assessment before it is processed to ensure that costs are not in excess of established tolerances.

Chairman Washington opened the public hearing; there were no comments and the public hearing was closed.

Actions:

1. *Adopted WRCOG Resolution Number 03-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments Confirming Modification of the California HERO Program Report so as to Expand the Program Area within Which Contractual Assessments May be Offered.*
2. *Directed and authorized the Executive Director to enter into contract negotiations and execute any necessary documents to include Lever Energy Capital under WRCOG's statewide PACE umbrella.*

RESULT:	**APPROVED AS RECOMMENDED**
MOVER:	Wildomar
SECONDER:	Norco
AYES:	Banning, Beaumont, Calimesa, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, Wildomar, District 1, District 3, EMWD, WMWD
ABSENT:	Canyon Lake, District 2, District 5, Morongo Band of Mission Indians

B. Report from the League of California Cities

Erin Sasse, League of California Cities Representative, reported that the CalFire decision was released today indicating that the purchase of air time is not a vested right and not considered a deferred compensation. The State can cancel that air time.

The League's Board of Directors recently authorized the League to financially assist in the legal battle regarding The Bureau of Cannabis Control and the regulations it has implemented for deliveries.

When the Governor released his budget, he tied transportation dollars to meeting housing goals via AB 1568 (McCarty). If housing goals are not met, that local jurisdictions' funds will be withheld. There has been a lot of push back in the legislature on this proposal. The League is opposing this matter and will provide a sample letter which cities can use.

AB 847 (Grayson) deals with grant funding related to SB 1 (Beall). If production goals are being met at certain levels, then the local jurisdiction will receive preferential treatment when applying for grant funding through SB 1.

The League is supporting AB 147 (as amended, Burke), which fixes some of the glitches with implementing the Wayfair decision and would allow the State to collect sale and use taxes.

The Bureau of Cannabis Control has $10M available in grants for cities and counties.

The League is in support of AB 213 (Reyes), which would restore funding to cities that had inhabited annexations and impacts many cities, including Beaumont, Lake Elsinore, Riverside, San Jacinto, and Temecula. The League is encouraging letters of support.

The Federal Communications Commission (FCC) released regulations which reduces local authority with regard to regulating where 5G deployments will occur. HR 530 (Eshoo) was created to repeal the FCC regulations. The League is encouraging local governments to reach out to Legislators encouraging support of HR 530.

The City of Desert Hot Springs is hosting the next Division meeting on March 11, 2019. There are optional tours for a cannabis cultivation site and requires RSVPs.

Committee member James Steward ask if anything has gone through the legislative process regarding the Dynamex ruling on independent contractors.

Ms. Sasse responded that she was unsure and needs to obtain additional information on that from the League's lobbyists.

Action: *1. Received and filed.*

C. Options for Potential WRCOG Assistance for Regional Housing Needs Assessment Update

Christopher Gray, WRCOG Director of Transportation & Planning, reported that the State is making a stronger push for local jurisdictions to build housing. The WRCOG subregion continues to build fewer houses than population growth. Additionally, there is a shortage of affordable housing.

Since 1980 the State has a mandated process called the Regional Housing Needs Assessment (RHNA). The Southern California Association of Governments (SCAG) assigns housing goals to each of the local jurisdictions to designate sufficient space for housing tailored to various

household income levels.

The RHNA update cycle will commence in late 2019. SCAG will release preliminary numbers in the fall of 2019 or in the spring of 2020. Several of WRCOG's member agencies have asked WRCOG to investigate how WRCOG could assist in an informational capacity, or provide assistance in reviewing SCAG's data, or as a subregional delegate.

Delegation can be between to geographically contiguous agencies or at the subregional level via a COG. During the last RHNA cycle, it appears that no COGs assumed the responsibility.

If WRCOG were to be a subregional delegate, WRCOG would have to submit to SCAG and the California Department of Housing and Community Development the formula and process which WRCOG would use. SCAG would assign the types and number of housing it has determined is necessary to meet RHNA requirements.

The cost for WRCOG to perform this task for its subregion is unknown. SCAG has allocated approximately $2k per jurisdiction; staff anticipates it could cost WRCOG upwards of $250k. WRCOG could also be subject to legal action from local agencies or third parties. There is also the possibility that WRCOG's numbers would not differ from SCAG's.

Staff has had this conversation with the Planning Directors Committee. Many of those Committee members have indicated that they do not want WRCOG taking this matter on. Staff will continue presenting this matter through WRCOG's Committee structure for further conversations and return to this Committee with a final recommendation in May or June.

If there are any significant concerns, staff is happy to meet with jurisdictional staff to discuss further.

Committee member Rusty Bailey indicated that he is the RHNA representative for the County of Riverside. At a RHNA Subcommittee meeting this morning, some of the discussion items included the RHNA subregional delegation guidelines and funding, local planning factors which go into the methodology for the output of the numbers, SCAG's regional determination consultation package, and overarching principals for equitable distribution. Committee member Bailey indicated that he is happy to meet and discuss this further. If anyone would like to attend a RHNA Subcommittee meeting, they are held on the first Monday of each month in the SCAG Riverside office.

Mr. Gray added that the process is very complex and SCAG staff have also offered to meet with local jurisdictions to discuss further.

Action: *1. Received and filed.*

D. 2019/2020 Legislative Platform

Cynthia Mejia, WRCOG Staff Analyst, reported that the Legislative Platform is updated every two years at the beginning of the legislative session. New this year, staff has added a Housing Priority item, recognizing the acute impact the state-wide housing crisis has on the WRCOG subregion.

Over the past decade, housing development has not kept up with demand due to various reasons including the rising cost of construction and the loss of redevelopment dollars. In the past few years, several bills have also been passed at the state level in an effort to increase both affordable and market-rate housing; however, that legislation is seen as unsuitable for this subregion.

Staff sent the draft platform to various regionals partners for review and requested that any comments on the Platform be submitted by Friday, March 1, 2019. Two comments were received; one from the Riverside Transit agency and another by the Riverside County Transportation Commission.

While WRCOG does not hire lobbyists nor does it have an inhouse legislative analyst, staff will be monitoring legislation within the scope of the Platform.

Action: *1. Approved the 2019/2020 Legislative Platform.*

RESULT:	**APPROVED AS RECOMMENDED**
MOVER:	Norco
SECONDER:	San Jacinto
AYES:	Banning, Beaumont, Calimesa, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, Wildomar, District 1, District 3, EMWD, WMWD
ABSENT:	Canyon Lake, Moreno Valley, District 2, District 5, Morongo Band of Mission Indians

7. REPORT FROM THE TECHNICAL ADVISORY COMMITTEE CHAIR

The Technical Advisory Committee Chair was not present.

8. REPORT FROM COMMITTEE REPRESENTATIVES

Bonnie Wright, Southern California Association of Governments Energy & Environment Policy Committee representative, reported that the theme for the last meeting was "Who are we Planning for?" in which a presentation was provided by Healthy Communities Institute with the emphasis of planning for mixed use environment improvements as well as social service family amenities to create a complete community. Interestingly, the population of children are expected to decline. Multi-generational housing needs was also addressed.

Ben Benoit, South Coast Air Quality Management District (AQMD) representative for cities in Riverside County, reported that the Indirect Sorce Rule for warehouses was discussed at the last Board meeting. Most people who testify at the Board meetings are in support of the Rule. The Rule ensures that the fleet operations are as clean as can be.

Jim Hyatt reported that he sits on Southern California Association of Governments (SCAG) District Evaluation Subcommittee, and that there is a process to establish a new Regional Council District. The Subcommittee is studying what the size of a District should be; currently a city must have 245k+ residents to be an individual District. For a District consisting of more than one city, the total combined population has been increased to 245k+ as well. SCAG has capped its number of Regional Council seats at 70. SCAG will now hold its own Regional Council elections; odd-numbered District elections will be held in odd-numbered years. Phone-in elections will no longer be allowed.

9. REPORT FROM THE EXECUTIVE DIRECTOR

Rick Bishop, WRCOG Executive Director, reported that WRCOG is accumulating a library of COGcast podcasts. This year's General Assembly, scheduled for the evening of June 20, 2019, will include a Future of Cities Symposium, to be held either during that same day or the day after; details have not yet been confirmed. The Symposium will include three sessions: 1) State of the region (with a

presentation of indicators); 2) panel sessions; and 3) a keynote speaker. This year's General Assembly keynote speaker is Jos Earnest, White House Press Secretary for President Obama (2014-2017). Mr. Earnest is currently the Senior Vice President and Chief Communications Officer for United Airlines.

10. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

11. GENERAL ANNOUNCEMENTS

There were no general announcements.

12. CLOSED SESSION

There were no reportable actions.

13. NEXT MEETING

The next Executive Committee meeting is scheduled for Monday, April 1, 2019, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor Board Chambers.

14. ADJOURNMENT

The meeting adjourned at 3:02 p.m.

Western Riverside Council of Governments
Executive Committee

Staff Report

Subject: **Adoption of Salary Schedule to meet CalPERS' Requirements**

Contact: **Andrew Ruiz, Interim Chief Financial Officer, aruiz@wrcog.us, (951) 405-6741**

Date: **April 1, 2019**

The purpose of this item is to *adopt prior salary schedules to meet compliance with CalPERS' requirements of having a Board-approved salary schedule.*

Requested Action:

1. Adopt WRCOG Resolution Number 04-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting the Fiscal Years 2012/2013, 2013/2014; 2014/2015, 2015/2016 and 2016/2017 publicly available salary schedules as required by CalPERS.

On February 12, 2018, CalPERS conducted an audit of WRCOG's pension records and, based on its observation, generated a finding related to WRCOG not having a salary schedule adopted by the Executive Committee. Per California Code of Regulations (CCR) Section 570.5, a public agency must have its salary schedules approved by its Board, or highest governing body. To be in compliance with the current fiscal year, a salary schedule was adopted on June 22, 2018, by the Executive Committee, to be in compliance with PERS.

As part of its findings, CalPERS is now requiring that all WRCOG salary schedules from prior fiscal years, be approved.

Prior Actions:

June 22, 2018: The Executive Committee approved the revised Salary Schedule for Fiscal Year 2017/2018.

June 13, 2018: The Administration & Finance Committee 1) recommended that the Executive Committee approve the Salary Schedule as to form; 2) utilized a Cost-of-Living Adjustment to provide for future annual adjustments of the Salary Schedule, using the Los Angeles / Long Beach / Anaheim demographics from the U.S. Department of Labor Bureau's website.

Fiscal Impact:

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

Attachment:

1. WRCOG Resolution Number 04-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting the Fiscal Years 2012/2013, 2013/2014, 2014/2015, 2015/2016 and 2016/2017 publicly available salary schedules as required by CalPERS.

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Item 5.A

Adoption of Salary Schedule to meet CalPERS' Requirements

Attachment 1

WRCOG Resolution Number 04-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments adopting the Fiscal Years 2012/2013, 2013/2014, 2014/2015, 2015/2016 and 2016/2017 publicly available salary schedules as required by CalPERS

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RESOLUTION NUMBER 04-19

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS ADOPTING THE FISCAL YEARS 2012/2013, 2013/2014, 2014/2015, 2015/2016 AND 2016/2017 PUBLICLY AVAILABLE SALARY SCHEDULES AS REQUIRED BY CALPERS

WHEREAS, Western Riverside Council of Governments (WRCOG) is a participant in CalPERS; and

WHEREAS, CalPERS regulations require that employee salaries be included on a publicly available pay schedule as defined in California Code of Regulations, Title 2, Section 570.5; and

WHEREAS, one of the requirements of Section 570.5 is that employee salary schedules be adopted by resolution of the WRCOG Executive Committee; and

WHEREAS, WRCOG's salary schedules have been previously approved by the WRCOG Administration & Finance Committee in compliance with applicable public meeting laws; and

WHEREAS, to ensure compliance with Section 570.5, CalPERS has required that the WRCOG Executive Committee retroactively review and approve salary schedules for Fiscal Years 2012/2013, 2013/2014, 2014/2015, 2015/2016, and 2016/2017; and

WHEREAS, the Fiscal Year 2018/2019 salary schedule has previously been approved by the Executive Committee on June 22, 2018.

NOW, THEREFORE, BE IT RESOLVED that the Executive Committee of the Western Riverside Council of Governments hereby adopts the Fiscal Years 2012/2013, 2013/2014, 2014/2015, 2015/2016, and 2016/2017 salary schedules for WRCOG employees attached hereto as Exhibit A and incorporated herein by this reference, with an effective date of July 1 of the applicable fiscal year.

PASSED AND ADOPTED by the Executive Committee of the Western Riverside Council of Governments on April 1, 2019.

Chuck Washington, Chair
WRCOG Executive Committee

Rick Bishop, Secretary
WRCOG Executive Committee

Approved as to form:

_____
Steven DeBaun
WRCOG Legal Counsel

AYES: _____ NAYS: _____ ABSENT: _____ ABSTAIN: _____

EXHIBIT A

SALARY SCHEDULES FOR FISCAL YEARS 2012/2013, 2013/2014; 2014/2015, 2015/2016 AND 2016/2017

[ATTACHED]

EXHIBIT A

Western Riverside Council of Governments
Staff Salary Structure
As of July 1, 2017

CLASSIFICATION	ANNUAL SALARY RANGE Bottom	Top
Deputy Executive Director*	$ 109,720	$ 206,898
Chief Financial Officer*	107,482	202,673
Director*	107,482	202,673
Program Manager*	65,458	123,427
Administrative Services Manager*	65,458	123,427
Senior Analyst / Executive Assistant II**	46,446	87,589
Staff Analyst / Executive Assistant I**	42,162	83,450
Administrative Assistant / Staff Technician I**	31,096	58,635
Intern**	26,000	31,200

	Annual Salary
Executive Director*	$ 245,294

*Salaried Position
**Hourly Position
Employees are paid bi-weekly

Western Riverside Council of Governments
Staff Salary Structure
As of July 1, 2016

CLASSIFICATION	ANNUAL SALARY RANGE Bottom	Top
Deputy Executive Director*	$ 109,720	$ 206,898
Chief Financial Officer*	107,482	158,808
Director*	107,482	158,808
Program Manager*	65,458	123,427
Staff Analyst II / Executive Assistant II**	46,446	87,589
Staff Analyst / Executive Assistant I**	42,162	83,450
Administrative Assistant / Staff Technician I**	31,096	58,635
Intern**	26,000	31,200

	Annual Salary
Executive Director*	$ 245,294

*Salaried Position
**Hourly Position
Employees are paid bi-weekly

Western Riverside Council of Governments
Staff Salary Structure
As of July 1, 2015

CLASSIFICATION	ANNUAL SALARY RANGE Bottom	Top
Deputy Executive Director*	$ 109,720	$ 206,898
Chief Financial Officer*	107,482	158,808
Director*	107,482	158,808
Program Manager*	65,458	123,427
Staff Analyst II / Executive Assistant II**	46,446	87,589
Staff Analyst / Executive Assistant I**	42,162	83,450
Administrative Assistant / Staff Technician I**	31,096	58,635
Intern**	26,000	31,200

	Annual Salary
Executive Director*	$ 233,605

*Salaried Position
**Hourly Position
Employees are paid bi-weekly

Western Riverside Council of Governments
Staff Salary Structure
As of July 1, 2014

CLASSIFICATION	ANNUAL SALARY RANGE Bottom	Top
Deputy Executive Director*	$ 109,720	$ 206,898
Chief Financial Officer*	107,482	158,808
Director*	107,482	158,808
Program Manager*	65,458	123,427
Staff Analyst II / Executive Assistant II**	46,446	87,589
Staff Analyst / Executive Assistant I**	42,162	83,450
Administrative Assistant / Staff Technician I**	31,096	58,635
Intern**	26,000	31,200

	Annual Salary
Executive Director*	$ 233,605

*Salaried Position
**Hourly Position
Employees are paid bi-weekly

Western Riverside Council of Governments
Staff Salary Structure
As of July 1, 2013

CLASSIFICATION	ANNUAL SALARY RANGE Bottom	Top
Deputy Executive Director*	$ 109,720	$ 206,898
Chief Financial Officer*	107,482	158,808
Director*	107,482	158,808
Program Manager*	65,458	123,427
Staff Analyst II / Executive Assistant II**	46,446	87,589
Staff Analyst / Executive Assistant I**	42,162	83,450
Administrative Assistant / Staff Technician I**	31,096	58,635
Intern**	26,000	31,200

	Annual Salary
Executive Director*	$ 222,476

*Salaried Position
**Hourly Position
Employees are paid bi-weekly

Western Riverside Council of Governments
Staff Salary Structure
As of July 1, 2012

CLASSIFICATION	ANNUAL SALARY RANGE Bottom	Top
Deputy Executive Director*	$ 109,720	$ 206,898
Chief Financial Officer*	107,482	158,808
Director*	107,482	158,808
Program Manager*	65,458	123,427
Staff Analyst II / Executive Assistant II**	46,446	87,589
Staff Analyst / Executive Assistant I**	42,162	83,450
Administrative Assistant / Staff Technician I**	31,096	58,635
Intern**	26,000	31,200

	Annual Salary
Executive Director*	$ 207,396

*Salaried Position
**Hourly Position
Employees are paid bi-weekly

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Western Riverside Council of Governments
Executive Committee

Staff Report

Subject: **Environmental Department Application for CalRecycle HHW Small Projects Program Grant**

Contact: **Casey Dailey, Director of Energy & Environmental Programs, cdailey@wrcog.us, (951) 405-6720**

Date: **April 1, 2019**

The purpose of this item is to *request authorization to submit application(s) for CalRecycle Grants.*

Requested Action:

1. Adopt WRCOG Resolution Number 06-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing submittal of application(s) for all CalRecycle grants for which the Western Riverside Council of Governments is eligible.

Background

The California Department of Resources Recycling and Recovery (CalRecycle) has opened its 33rd round of the Household Hazardous Waste (HHW) Small Projects Program Grant; applications are due April 3, 2019. The grant provides an opportunity for local governments to implement safe HHW programs for collection infrastructure improvement, public education, source reduction, reuse, and/or recycling of relevant waste.

Environmental Department

WRCOG's Environmental Department is applying for CalRecycle's HHW Small Projects Program Grant to expand the reach of current environmental programs, increase community education and outreach opportunities, as well as address the negative impacts of pollution upon disadvantaged communities within the subregion. The grant would be used to fund the following initiatives:

- Implementation of ReCollect: A mobile application and web widget that allows residents to access their waste pickup schedule, receive information on temporary collection events, and learn about correct disposal methods or where to take hazardous waste, among other capabilities.
- Outreach expansion for Used Oil Events: Used oil and filter exchange events help educate and facilitate the proper recycling of used motor oil and used oil filters. WRCOG provides this outreach on behalf of its 16 member jurisdictions that participate in the Program. Additional funds would be used to expand community outreach via online platforms and targeted advertising, as well as to create youth-focused events to teach students about how to correctly dispose of HHW.
- Oil collection capacity expansions and enhancements for Certified Collection Centers: WRCOG's Used Oil Program has 165 certified collection centers for used oil and filters, open to the public. These centers accept all oil unless their collection tanks are full or the oil is contaminated. Additional funds would be used to provide collection centers with additional tanks or drums as well as information for residents on where to take their contaminated oil.

As part of the CalRecycle grant requirements, WRCOG's Executive Committee is required to adopt a resolution authorizing the submittal of the HHW Small Projects Program Grant. WRCOG Resolution 06-19 is provided as an attachment to the staff report. Blais & Associates will provide grant writing services to support a grant application due date of April 3, 2019.

Prior Action:

None.

Fiscal Impact:

Joint Power Authority (JPA) applicants have a maximum funding request limit of $100,000. WRCOG is applying for the full amount of $100,000. Blais & Associates have quoted $6,150.00 for their grant writing services.

Attachments:

1. WRCOG Resolution Number 06-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments Authorizing Submittal of Application(s) for all CalRecycle Grants for which the Western Riverside Council of Governments is Eligible.
2. CalRecycle HHW Grant Program Application Guidelines and Instructions.
3. B&A HHW Grant Fact Sheet.
4. B&A HHW Grant Timeline and Checklist.
5. B&A HHW Grant Writing Quote.

Item 5.B

Environmental Department
Application for CalRecycle HHW
Small Projects Program Grant

Attachment 1

WRCOG Resolution Number 06-19;
A Resolution of the Executive
Committee of the Western Riverside
Council of Governments Authorizing
Submittal of Application(s) for all
CalRecycle Grants for which the
Western Riverside Council of
Governments is Eligible

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RESOLUTION NUMBER 06-19

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS AUTHORIZING SUBMITTAL OF APPLICATION(S) FOR ALL CALRECYCLE GRANTS FOR WHICH THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS IS ELIGIBLE

WHEREAS, Public Resources Code sections 48000 et seq. authorizes the Department of Resources Recycling and Recovery (CalRecycle) to administer various grant programs (grants) in furtherance of the State of California's (State) efforts to reduce, recycle and reuse solid waste generated in the state thereby preserving landfill capacity and protecting public health and safety, and the environment; and

WHEREAS, the Household Hazardous Waste Program Grant allows regional grant projects; and

WHEREAS, CalRecycle grant application procedures require, among other things, a regional applicant's governing body to declare by resolution certain authorizations related to the administration of CalRecycle grants.

NOW, THEREFORE, BE IT RESOLVED that the Executive Committee authorizes the Western Riverside Council of Governments (WRCPG) to submit application(s) to CalRecycle for all grants for which WRCOG and the Cities of Banning, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Perris, Riverside, San Jacinto, Temecula, ad Wildomar, and the County of Riverside (participating jurisdictions) are eligible; and

BE IT FURTHER RESOLVED that the Executive Director, or his/her designee, is hereby authorized and empowered to execute on behalf of WRCOG all grant-related documents, including but not limited to, applications, payment requests, agreements, and amendments necessary to secure grant funds and to implement the approved grant project; and

BE IT FURTHER RESOLVED that these authorizations are effective for five years from the date of adoption of this resolution.

PASSED AND ADOPTED by the Executive Committee of the Western Riverside Council of Governments on April 1, 2019.

Chuck Washington, Chair
WRCOG Executive Committee

Rick Bishop, Secretary
WRCOG Executive Committee

Approved as to form:

_____
Steven DeBaun
WRCOG Legal Counsel

AYES: _____ NAYS: _____ ABSENT: _____ ABSTAIN: _____

Item 5.B

Environmental Department
Application for CalRecycle HHW
Small Projects Program Grant

Attachment 2

CalRecycle HHW Grant Program
Application Guidelines and
Instructions

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March 2019
Department of Resources Recycling and Recovery

HOUSEHOLD HAZARDOUS WASTE GRANT PROGRAM

APPLICATION GUIDELINES AND INSTRUCTIONS

33rd Cycle (HD33) – Fiscal Year 2019–20
Small Projects Grant

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GRANT CYCLE OVERVIEW

The Department of Resources Recycling and Recovery (CalRecycle) offers the Household Hazardous Waste (HHW) Grant Program pursuant to Section 47200(a) of the Public Resources Code. The purpose of the grant is to assist local governments in implementing safe HHW programs, which may include public education, source reduction, reuse, recycling, load checking and collection components.

This resource document provides applicants with instructions to access and complete the application online and information about grant administration. The web-based application is in CalRecycle's Grant Management System (GMS) (https://www.calrecycle.ca.gov/Funding/GMS/). You will need to sign in to GMS to complete and submit an application.

TIMELINE

Date	Activity
March 20, 2019	**Question and Answer Period** • Questions may be submitted from application release date to this date • Questions must be submitted by email
March 27, 2019	• All answers will be posted (tentative)
April 3, 2019	**Application Due Date** • Applications must be submitted in GMS by 11:59 p.m. on this date • Customer service will be available until 4:00 p.m. on this date
May 8, 2019	**Secondary Due Date** • Approved Resolution must be uploaded in GMS by this date if it was not submitted with the application • Applicant must have an Environmentally Preferable Purchasing and Practices (EPPP) Policy by this date
July 2019	**Grants Awarded** CalRecycle considers funding recommendations, and if approved, conditionally awards grants during this month (tentative)
September 30, 2022	**Grant Term** Notice to Proceed to this date
September 30, 2022	**Final Report and final Payment Request Deadline**

ELIGIBLE APPLICANTS

California Labor Code section 1782 prohibits a charter city from receiving state funding or financial assistance for construction projects if that charter city does not comply with Labor Code sections 1770-1782. If any applicants or participating jurisdictions are charter cities or joint powers authorities that include charter cities, the lead participating jurisdiction must certify on the Detail tab of the application that Labor Code section 1782 does not prohibit any included charter city from receiving state funds for the project described in this application. If it is determined after award that an applicant or participating jurisdiction is a charter city prohibited from receiving state funds for this

grant project, the grant will be terminated and any disbursed grant funds shall be returned to CalRecycle.

Only one application per qualifying entity will be accepted. Eligible applicants may submit an individual or regional application. One entity must be identified as the lead applicant to act on behalf of itself and its participating jurisdictions. The grants are available to:

- Local governments (cities, counties, and city, and counties) as defined in Public Resources Code section 30109 that have direct responsibility for HHW management.
- Regional or local sanitation agencies and waste agencies, having direct responsibility for HHW management.
- Joint Powers Authorities (JPA) if the JPA agreement includes solid and/or hazardous waste management responsibilities.
- Qualifying Indian Tribes with direct responsibility for HHW management. A "Qualifying Indian Tribe" is defined as an Indian tribe, band, nation or other organized group or community, residing within the borders of California, which:
  (1) Is recognized for special programs and services provided by the United States to Indians because of the status of its members as Indians; or
  (2) Can establish that it is a government entity and meets the criteria of the grant program.

If an applicant submits more than one application, it will be the applicant's responsibility to decide which application should go forward. If the additional application(s) are not withdrawn, all applications from that applicant will be disqualified, and that applicant will be eliminated from any regional application of which it is a part. Applicants with open CalRecycle grants must be in good standing and comply with grant reporting requirements before they can receive a HHW grant.

REGIONAL APPLICATION REQUIREMENTS

Local governments may join together in a regional grant application in which two or more eligible jurisdictions join together for the purpose of grant implementation. A Regional Lead Participant (Lead) must be designated to act on behalf of all participating jurisdictions. The Lead is the applicant/grantee who will be responsible for the performance of the grant and all required documentation. CalRecycle will direct all official correspondence and grant payments to the Lead. If a jurisdiction is a participant in a regional application, it may not apply individually.

JOINT POWERS AUTHORITY APPLICATION REQUIREMENTS

Joint Powers Authorities (JPA) may submit a grant application as an individual applicant. The JPA must upload a copy of its joint powers agreement giving it authority over solid waste management, listing all member entities, and containing the signature of all members. An entity may not submit an individual application if that entity is also a member of an applicant JPA.

ELIGIBLE PROJECTS/PRODUCTS

This grant cycle has been designed for smaller projects that complement existing and/or regional HHW programs in California. Grant applications must include one or more of the following types of projects:

- HHW public education and outreach for general audiences (may include extended producer responsibility [EPR] information).

- Implementation of sustainable EPR collection opportunities, to include but not limited to:
  - Promotion of an ongoing retail take-back program such as batteries or fluorescent lamps at local hardware stores, businesses, or government facilities.
  - Promotional collection events hosted at businesses or government facilities.
  - Promotional public education and outreach materials specifically for local retail take-back programs.
- Project to:
  - Determine and implement the most safe and cost effective methods for collecting propane gas cylinders and/or marine flares.
  - Implement effective education programs and identify effective incentives that reduce the disposal of household hazardous waste. The incentives must be something reusable to replace HHW being disposed (does not include monetary or Stuff We All Get (SWAG) (https://www.calrecycle.ca.gov/Funding/SWAG) incentives, rechargeable batteries, adapters, valves, caps or other accessories for refilling propane canisters).
    i. Incentive costs of up to 20 percent of the approved Budget are eligible. Incentives cannot exceed $20 (including sales tax) per item and no more than one per household may be distributed.
    ii. If refillable propane cylinders are used as incentives, they cannot be larger than one pound.
- Set-up and operation of temporary or mobile collection program for one-day or multi-day collection events for the following, except for those materials that are currently covered by another recycling/collection program (e.g. covered electronic waste, cell phones, thermostat, etc.):
  - Common HHW materials (https://www.dtsc.ca.gov/HazardousWaste/Haz_Wastes_Home.cfm) and universal waste (https://www.dtsc.ca.gov/HazardousWaste/UniversalWaste/).
  - Marine flares
  - Propane gas cylinders up to 5 gallons
  - Solar panels as a pilot project. Awardees are required to collect and report data on type/style of panels, manufacturer, volume, and the method of disposal. (**Note**: Review Department of Transportation rules and research costs during planning stage.)
- New or expanded curbside and/or door-to-door collection programs to allow for the collection of new and eligible HHW materials.
- Minor improvements to an existing HHW facility. (Examples include but are not limited to storage bins, signage, painting, paving, shelving, etc.)
- Purchase of personal protection equipment.
- 8-hour refresher Hazardous Waste Operations and Emergency Response Standards (HAZWOPER) training.

Projects that do not fall within one of these eight categories will not be eligible for grant funding.

AVAILABLE FUNDS

- $1,000,000 is available for this grant cycle, fiscal year 2019–20, subject to funding availability.
- $50,000 is the maximum available for individual grant awards.
- $100,000 is the maximum available for the following applicants:
    - Rural area counties (must have a population of 200,000 or less)
    - Regional or JPA applicants

GRANT TERM

The Grant Term begins on the date of the Notice to Proceed email. Grant-eligible program expenditures may start no earlier than the date indicated in the Notice to Proceed email. The Grant Term ends on September 30, 2022 and all eligible program costs must be incurred by this date.

The Final Report and final Payment Request are due on September 30, 2022. CalRecycle recommends reserving the period from September 1, 2022 to September 30, 2022 exclusively for the preparation of the Final Report and final Payment Request, though they may be completed earlier. **Costs incurred to prepare the Final Report and final Payment Request are only eligible for reimbursement during the Grant Term.**

Note: "A cost is incurred at the time the grantee becomes liable for it. (e.g. the cost of a vehicle is incurred when the grantee becomes obligated to make payments on it, not when the actual payments are made)"

ELIGIBLE COSTS

Eligible costs may be incurred only during the Grant Term, which starts when the grantee receives a Notice to Proceed email from CalRecycle and ends on September 30, 2022. (See "Grant Term" for additional information).

Eligible costs are limited to the following:

- HHW public education and outreach for general audiences (may include Extended Producer Responsibility (EPR) information).
- Implementation of sustainable EPR collection opportunities, to include but not limited to:
    - Promotion of an ongoing retail take-back program such as batteries or fluorescent lamps at local hardware stores, businesses, or government facilities.
    - Promotional collection events hosted at businesses or government facilities.
    - Promotional public education and outreach materials specifically for local retail take-back programs.
- Project to:
    - Determine and implement the most safe and cost effective methods for collecting propane gas cylinders and/or marine flares.
        - Implement effective education programs and identify effective incentives that reduce the disposal of household hazardous waste. The incentives must be something reusable to replace HHW being disposed (does not include monetary or SWAG (https://www.calrecycle.ca.gov/Funding/SWAG) incentives, rechargeable batteries, adapters, valves, caps or other accessories for refilling propane canisters).

i. Incentive costs of up to 20 percent of the approved Budget are eligible. Incentives cannot exceed $20 (including sales tax) per item and no more than one per household may be distributed.
ii. If refillable propane cylinders are used as incentives, they cannot be larger than one pound.

- Set-up and operation of temporary or mobile collection program for one-day or multi-day collection events. This includes promoting, handling, permitting, and disposal costs for the following, except for those materials that are currently covered by another recycling/collection program (e.g. covered electronic waste [https://www.calrecycle.ca.gov/Electronics/RegInfo], cell phones, thermostat, etc.):
  - Common HHW materials (https://www.dtsc.ca.gov/HazardousWaste/Haz_Wastes_Home.cfm) and universal waste (https://www.dtsc.ca.gov/HazardousWaste/UniversalWaste/)
  - Marine flares
  - Propane gas cylinders up to 5 gallons
  - Solar panels as a pilot project (Note: Review Department of Transportation rules and research costs during planning stage.)
- Set-up and operation of new or expanded curbside and/or door-to-door collection programs to allow for the collection of new and eligible HHW materials.
- Minor improvements to an existing HHW facility. (Examples include but are not limited to: storage bins, signage, painting, paving, shelving, etc.)
- Purchase of personal protection equipment.
- 8-hour refresher HAZWOPER training.
- Indirect costs up to 10 percent of the total grant funds that have been reimbursed. For more detail on overhead/indirect costs, refer to Exhibit B - Procedures and Requirements.

INELIGIBLE COSTS

Ineligible costs include, but are not limited to:

- Costs incurred prior to receipt of the Notice to Proceed email or after September 30, 2022
- Any costs, such as equipment, maintenance, repairs, tools, supplies, or services not related to the approved project
- Any food or beverages (e.g., as part of meetings, workshops, or events)
- Costs currently covered by another CalRecycle loan, grant, grant cycle or contract
- Costs for planning and/or design of HHW facilities
- Ongoing costs to maintain an HHW program
- Developing or customizing school curricula
- Developing or expanding a permanent facility on non-government owned property
- Equipment or services not related to the project
- HAZWOPER 40-hour and 24-hour courses
- Honoraria, stipends, prizes, royalties, strictly promotional give-away items (SWAG) (https://www.calrecycle.ca.gov/Funding/SWAG), etc.
- Management, handling, disposal, or treatment of radioactive, explosives, or medical wastes, sharps, and pharmaceuticals
- Out-of-state travel

- Overtime costs/Compensated Time Off (except for local government staffing during specially scheduled evening or weekend events when law or labor contract requires overtime compensation)
- Personnel costs not related to the project
- Premiums or promotional items unless pre-approved in writing by the Grant Manager
- Pre-paid expenditures for future goods or services delivered beyond the end of the grant term
- Promotion of either brand-name product(s) or private businesses with grant funds
- Public education and outreach not related to the project
- Purchase or lease of land
- Remediation (any cleanup or restoration of polluted areas)
- Travel costs exceeding the state-approved rates for mileage, per diem, lodging, etc.
- For one pound propane or marine flare projects, ineligible incentives include: monetary or incentives, rechargeable batteries, propane canisters/tanks over one pound, adapters, valves, caps or other accessories used for home refilling of propane canisters.
- Handling and recycling costs for HHW collected from commercial entities
- Propane fuel
- Costs deemed unreasonable or not related to the grant project by the Grant Manager

Prior to award, all questions regarding eligible/ineligible costs should be raised in the Question and Answer phase of the application period. After award, all questions should be directed to the Grant Manager. Detailed information is described in Exhibit B - Procedures and Requirements.

ENVIRONMENTALLY PREFERABLE PURCHASES AND PRACTICES POLICY REQUIREMENT

Consistent with CalRecycle's core values, all applicants are required to have or develop, adopt, and implement an Environmentally Preferable Purchasing and Practices (EPPP) Policy for their organizations. To see examples of existing EPPP Policies, visit the Responsible Purchasing Network (http://www.responsiblepurchasing.org/purchasing_guides/all/policies/), Environmentally Preferable Purchasing Laws and Policies (https://www.calrecycle.ca.gov/EPP/LawPolicy/) and Tools and Resources (https://www.calrecycle.ca.gov/EPP/Resources/). Some additional practices that CalRecycle encourages organizations to include in their EPPP Policies include:

- Buildings and Grounds
    - All building and renovations follow the green building practices for design, construction and operation, where appropriate, as described in the Leadership in Energy & Environmental Design Green Building Rating System (https://www.usgbc.org/resources/leed-v4-building-design-and-construction-current-version).
- Continual Improvement
    - Training is provided to new and existing employees.
    - Organization regularly evaluates and/or improves implementation of EPPP policy.

Applicants who have an EPPP Policy in place prior to submitting their application must certify to this fact on the Detail tab in the application. Applicants that do not have an EPPP Policy at the time of application submittal must adopt one by the secondary due date and upload the EPPP Notification to the application.

For more information, visit the EPPP Frequently Asked Questions webpage (https://www.calrecycle.ca.gov/Funding/EPPPQandA).

QUESTION-AND-ANSWER PROCESS

Questions regarding the application and its requirements must be in writing and emailed to grants@CalRecycle.ca.gov. Questions must be received by March 20, 2019 or they will not be accepted.

Anticipated Questions and Answers (Q&As) have been posted for this cycle. Review the Q&As before completing your application or submitting a question.

Periodically during the Question and Answer (Q&A) period, Q&As will be posted on the Q&As website. The Q&A website can be accessed from the Notice of Funds Available or from the application. Similar or related questions may be grouped together or re-worded for clarity and responded to as one question. All Q&As will be posted approximately one week after the deadline and are subject to updates. It is the applicant's responsibility to check this website for the latest information.

PUBLIC RECORDS REQUESTS

It is the policy of CalRecycle to make records requested by the public promptly available in accordance with the laws (https://www2.calrecycle.ca.gov/Forms/ContactUs/PublicRecordsRequest/) governing disclosure of records and information to the public. In general, all records in the possession of a state agency are public records subject to disclosure, unless a law provides that a particular kind of record or information is not a public record or is exempt or prohibited from disclosure. Upon request, the entire contents of your submitted application are subject to public records requests. This may include contact information, project summary, uploaded documents, and scoring information.

APPLICATION INSTRUCTIONS

APPLICATION ACCESS

The application is available in CalRecycle's web-based Grants Management System (GMS). Access to GMS is secure; therefore you must have a CalRecycle WebPass in order to log into the system. Applicants who have not previously obtained a CalRecycle WebPass can create an account at the CalRecycle WebPass site (https://secure.calrecycle.ca.gov/WebPass/).

When you are ready to start an application, log into GMS (https://secure.calrecycle.ca.gov/Grants), select "Apply for a Grant" on the left. Open grant cycles are displayed in a table. Find Household Hazardous Waste HD33: FY2019–20 and select "Start Application." A pop-up window will appear asking for contact information. You will automatically be added as the first contact and Primary Contact for the new grant application however, this can be updated later. The application then opens to the Summary Tab.

APPLICATION CONTENTS AND INSTRUCTIONS

The components of the application are divided into tabs. To fill out an application, click on each tab and complete the sections in each tab as required. General directions are on the top of each tab and detailed information about the requirements for each tab is listed below.

The applicant is responsible for a complete application. This includes signing documents, uploading required documents, and submitting the application by the due date(s). Failure to do so will result in disqualification from the HHW grant program. Examples of disqualifications may include:

- Applicant does not meet the eligibility requirements
- Project is not eligible
- Failure to use required CalRecycle documents or forms
- Uploading incomplete or blank documents to the Documents tab
- Signature Authority fails to sign Application Certification or any document that requires a signature
- The online application is incomplete or missing information
- Applicant fails to adopt an EPPP policy by the secondary due date

Summary Tab

This tab provides a summary of the application, due dates, resource documents and links, application documents, and the Application Submission section. It is the applicant's responsibility to ensure that all required documents, based on the individual grant application/project, are submitted by the appropriate due date.

Applicant/Participant Tab

The applicant name is the legal name of the jurisdiction/organization that is legally responsible for grant administration, if awarded. Do not enter your personal name.

- Select the Add Applicant/Participant button and type in the Applicant Name and County.
- Search the table for the correct applicant name and select Add Applicant/Participant.

- Choose the Lead Participant radio button. Every application must have a Lead Participant even if it is an individual application with no participating jurisdictions.
- If it is not listed, click on Add New Applicant/Participant. Complete the items marked with a red asterisk and save the information.
- Enter the applicant/participant name as it appears on the Resolution or Letter of Commitment. Do not include the department or unit name.
- County names must be listed with the name first followed by the word "County," e.g., "Sacramento County."
- City names must be listed as "City of" followed by the city's name, e.g., "City of Sacramento."

For Regional, Collaborative, or Joint Powers Authority Applications

- Add the name of each eligible participating jurisdiction and choose the Participating Jurisdiction radio button.

For a list of eligible applicants, please see the Grant Cycle Overview section titled "Eligible Applicants."

Detail Tab

Complete this tab as follows:

- Enter a dollar amount in the Grant Funds Requested field. Do not exceed the maximum grant award amount of $50,000 for individual applicants and $100,000 for regional, rural, and JPA applicants. Please round all amounts to the nearest whole dollar.
- Enter the Assembly Districts and Senate Districts. To select more than one district hold the "Ctrl" key while selecting the numbers.
- Enter the applicant's department name, e.g. "General Services." If the applicant does not have a department the applicant's name may be entered.
- Enter the grant payment mailing address.
- Project Summary/Statement of Use: Provide a brief description of your project (three to five sentences).
- Select the appropriate option for the Resolution or Letter of Commitment Requirement and optional Letter of Designation.
- Select the appropriate option for the Environmentally Preferable Purchasing and Practices Policy.
- Select the appropriate answer for Program Questions, Charter City.

Contacts Tab

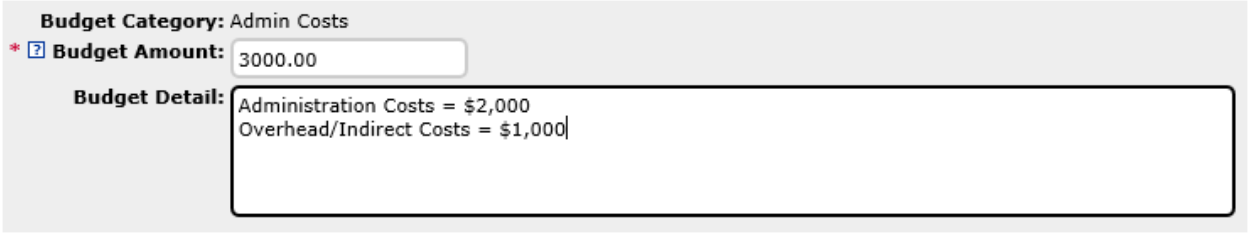
The application is required to have only one Primary Contact and at least one Signature Authority. Each contact entered into the application may be granted access by checking the box on the top of the contact's detail screen. The contact will be able to log into GMS using his/her own CalRecycle WebPass and access the application.

- **Primary Contact**. One person who has been authorized by the Signature Authority/Designee to manage and oversee the grant. This person will be the first contact with whom the Grant Manager will communicate.
- **Signature Authority**. The person(s) authorized to sign CalRecycle documents, such as grant applications, grant agreements, etc., as authorized by a board/council-adopted Resolution, Letter of Designation, or Letter of Commitment (if applicable).

- **Secondary Contact**. A person authorized (by the Primary Contact or Signature Authority/Designee) as the alternate person with whom the Grant Manager will communicate. (Not required)
- **Consultant**. A professional who provides advice in a particular area of expertise. If the applicant is awarded a grant, the consultants may manage the grant or only conduct specific activities, based on a written agreement between the applicant and the consultant outlining work to be performed. (Not required)

Budget Tab
Select the applicable budget category and enter a dollar amount and budget detail information as listed below. The budget costs should support expenditures for activities identified in your Work Plan. The Total must equal the Grant Funds Requested amount shown on the Detail tab.

Admin Costs – Budget Category
In the Budget Detail section, type in the amount of Administration Costs and Overhead/Indirect Costs where applicable. Eligible costs are more fully explained in the Overhead/Indirect Cost section of the Procedures and Requirements. See the following example:



Site(s) Tab
All applications must contain project site(s) information. Enter the **Site Name**. Use the drop down arrow of the **Site Type** and select **HHW Facility**. Type in the complete address and select the County. Enter the **Budget Amount** for this site and type a brief **Summary** of the project in the space provided. Repeat the steps above if you have multiple project sites.

Documents Tab
See the Application Documents section for documents that must be uploaded in the Documents tab. When uploading a document, enter a document title, select the appropriate document type from the drop down list, and enter the date that it was executed/signed, if applicable, or select “today’s date.”

After all the application documents are uploaded, return to the **Summary Tab** and print the **Application Certification** from the **Application Submission** section.

APPLICATION SUBMITTAL AND DEADLINE
The **Submit Application** button will be enabled after all required documents have been uploaded. Click the **Submit Application** button and the application status will change to **Submitted**. The application can only be submitted once, however you will be able to upload documents until the secondary due date.

Applications must be submitted no later than 11:59 p.m. on April 3, 2019. Customer service will be available until 4:00 p.m. on the application due date either by emailing grantassistance@calrecycle.ca.gov or calling Jayme Tesser at (916) 341-6047.

Note: Applications that are not submitted by the due date will be automatically deleted from GMS.

APPLICATION DOCUMENTS

Electronic and Original Signatures

CalRecycle documents or forms that certify legally binding information require an original wet ink signature. If a signature block with penalty of perjury language is provided please provide a wet ink signature. CalRecycle will accept electronic signatures on all other documents. If you have questions, email grantassistance@calrecycle.ca.gov.

CALRECYCLE DOCUMENTS

CalRecycle documents are on the Summary tab in the Application Documents section. To access a document, click on the link, open it up, fill it out, save it to your computer, and upload it to the Documents tab. Below is a list of the documents. Unless a document specifies that it may be reproduced as necessary, **do not** alter CalRecycle documents. If you are having trouble with a document, email grantassistance@calrecycle.ca.gov or call Jayme Tesser at (916) 341-6047. Altered or reproduced CalRecycle documents or templates may result in automatic disqualification of your application.

Application Certification

The Application Certification is a required application document that must be generate from GMS. After each tab of the application is complete and documents are uploaded, generate the Application Certification from the Summary tab. A wet ink signature from the authorized Signature Authority (identified in your resolution or letter of commitment) is required, then scan the document, upload it, and retain the original hard copy document.

Narrative Proposal

The Narrative Proposal is a required application document used to describe the details of your proposed project. The response size for each section is limited to a range of 2,500 characters and cannot be expanded. Utilizing a document form other than the official CalRecycle version, tampering with the CalRecycle version or otherwise circumventing imposed character limits will subject the applicant to disqualification from the HHW Grant Program.

Each section of this form must have a response. Ensure your narrative responses are concise, detailed, and most importantly, address each of the criteria below.

After you complete this document, use the “save as” command and save the file in the following format: **NP_name of your organization_HD33.pdf** (ex: NP_CityofCalifornia_HD33.pdf) then upload it within the Documents Tab.

Work Plan

The Work Plan, a required application document, must list the major activities, steps or tasks necessary to implement and complete your project. Provide a logical timeframe in chronological order for all proposed grant activities. Utilizing a document form other than the official CalRecycle version, tampering with the CalRecycle version or otherwise circumventing imposed character limits will subject the applicant to disqualification from the HHW Grant Program.

General Checklist of Business Permits, Licenses and Filings
The General Checklist of Business Permits, Licenses and Filings (CalRecycle Form 669) is a required application document. It can be found on the Summary Tab under Application Documents. Check the appropriate box on **each** line. It must be signed by the Signature Authority, scanned, and uploaded to the Documents tab along with copies of any documentation related to this form (i.e. permits, licenses and filings, letter describing what has been done to achieve full compliance). CalRecycle staff will use this information to determine how far along you are in the process of your project.

Environmentally Preferable Purchasing and Practices Policy Notification
If you checked "No our organization does not have an EPPP Policy" on the Detail tab of your application, your organization must adopt one by the secondary due date and upload the EPPP Notification or your application will be disqualified. **Do not upload a copy of your organization's policy. Your policy does not replace the required EPPP Notification document.**

For more information, visit the EPPP Frequently Asked Questions webpage.

APPLICANT'S DOCUMENTS
Below is a list of documents that the applicant is responsible for preparing and uploading to their application. For examples of these documents, please see the **Resolution and Letter Examples** link found on the **Summary Tab** under **Resource Links**.

Resolution
Any applicant that is subject to a governing body must upload a Resolution that authorizes specific grant-related matters. A copy of the authorizing Resolution is a required application document that must be uploaded no later than the secondary due date or the application will be deemed incomplete and will be disqualified. Resolution requirements vary for individual and regional applications. See the Resolution and Letter Examples for more information. CalRecycle staff are available to answer questions about the Resolution or letter examples, or to review your draft Resolution to ensure it meets the requirements of the grant program. You may upload the Resolution to your application as a Draft Resolution or for immediate review email it to grantassistance@calrecycle.ca.gov.

Note: Some publicly held businesses or private companies with a governing body may submit a Letter of Commitment, see Letter of Commitment section below.

Individual Application Requirements:

1. The Resolution must authorize submittal of an application for one or more specifically named CalRecycle grant(s) or for all CalRecycle grants for which the applicant is eligible.
2. The Resolution must identify the period of time, up to five years, during which the authorizations are valid. Five years is encouraged; however, periods of less than five years are acceptable. If a Resolution does not specifically identify a period of time, it will be considered valid for one year from the date of adoption.
3. The Resolution must identify the Signature Authority by listing the job title of the person(s) authorized to sign all grant-related documents necessary to implement and close-out the grant(s).

(Optional but encouraged) The Resolution should authorize the Signature Authority to delegate his/her signature authority to another person identified by job title.

Note: The Signature Authority must sign a Letter of Designation **prior** to the Designee's exercise of his/her authority.

Regional Application Requirements:

1. The Regional Lead Participant (Lead) must submit an approved Resolution that authorizes it to act as a lead for a regional program. This Resolution authorizes submittal of a regional application on behalf of the Lead and specifically named participants, and includes authorization letters from the participating jurisdictions authorizing the Lead to act on their behalf for this cycle.
2. If the Resolution is valid for more than one year, it is highly recommended a) that the list of participants be provided as an attachment rather than embedded in the Resolution, and b) that the Signature Authority be authorized to revise the list as necessary with each subsequent application (this allows a Signature Authority to add or remove participants with each new application without the necessity of obtaining a new Resolution).
3. Participants subject to a governing body must provide a Letter of Authorization to the Lead authorizing the Lead to act on its behalf for this cycle. Letters of Authorizations may be valid for as long as the Lead's Resolution, not to exceed five years, otherwise must be dated within the last 12 months. Copies of the Letters of Authorization must be uploaded with the application by the secondary due date.

Joint Powers Agreement

Joint Powers Authorities (JPA) must upload a copy of its joint powers agreement giving it authority to conduct the project, listing all member entities, and containing the signature of all members. Letters of Authorization are not required for JPA applicants.

Letter of Commitment

Applicants that are not subject to a governing body must upload a Letter of Commitment that authorizes specific grant-related matters. Some publicly held businesses or private companies with a governing body may submit a Letter of Commitment under the condition that the signatory is an individual authorized to contractually bind the applicant for the conditions of the grant award. The Letter of Commitment is due by the secondary due date or the application will be deemed incomplete and will be disqualified. The applicant/grantee must maintain the letter with the original signature in the grant file.

Letter of Commitment Requirements:

1. The letter must authorize submittal of the HHW Grant Program application on behalf of applicant.
2. It must designate the job title of the person authorized to execute all grant documents necessary to secure grant funds and implement the approved grant project (Signature Authority).
3. Optional. The letter may authorize the Signature Authority to delegate this authority.

Letter of Designation

A Letter of Designation is required only when the authorized Signature Authority title identified in the approved Resolution delegates his/her authority to another person.

First, the approved Resolution must indicate the Signature Authority's ability to delegate or designate his/her authority. Second, the letter must be uploaded **prior** to the Designee's exercise of his/her authority. For example, if the Designee signs the Application Certification in place of the Signature Authority, the letter must be uploaded when the Application Certification is submitted. The letter must be on the applicant's letterhead, signed by the Signature Authority, and include the information below.

- Identify the job title of the Designee and the scope of the Designee's authority.
- Identify the period during which the Designee may exercise the authority. The Designee's authority may not extend beyond the effective date of the approved Resolution or Letter of Commitment. For example, if the Resolution is effective until December 31, 2019, then the Letter of Designation may not be effective beyond December 31, 2019). If the letter does not identify a valid time period, the letter will follow the same time frame as the Resolution.

Letter of Authorization

For grants that allow for Regional applications, a Letter of Authorization may be used. It is prepared by the Participating Jurisdiction and gives the Lead Participant authorization to apply for and to act on its behalf in the implementation and administration of the grant/program. The Lead must upload the Letter of Authorization no later than the secondary due date or the Participating Jurisdiction(s) will be removed from the application. The Lead Participant must maintain the letter with the original signature in their file. The letter must be on the Participant's official letterhead, signed by an individual authorized to contractually bind the Participating Jurisdiction, and include the information below.

- The letter may be valid for as long as the Lead's Resolution, not to exceed five years, otherwise must be dated within the last 12 months.
- It must authorize the Lead to submit a regional application and act as Lead Agency on behalf of the Participating Jurisdiction.
- It must authorize the Lead to execute all documents necessary to implement the grant.

GRANT REVIEW AND AWARD PROCESS

GRANT APPLICATION REVIEW PROCESS

After the close of the application period, CalRecycle staff will review the applications for completeness and eligibility. Only complete applications can be considered for award.

Staff will review all applications to confirm project eligibility and evaluate the application narrative to determine if the application meets all requirements. A random selection process will be conducted if the cycle is oversubscribed. Applicants who did not receive an HHW small project grant award during the last three fiscal years will be given priority funding and awarded before those who did receive grant funds. Grant award information is available by accessing CalRecycle's Grant and Payment Reports.

GRANT AWARD PROCESS

For qualifying applications, CalRecycle staff will develop funding recommendations for the consideration and approval of CalRecycle's Director, or their designee; this is tentatively scheduled for July 2019. CalRecycle reserves the right to partially fund or fund individual phases of selected proposals, and CalRecycle may fund an amount less than requested.

CalRecycle reserves the right to not award any grant funds under one or more cycles.

GRANT AWARD CONDITIONS

When awarded, this grant will be subject to two conditions:

1) The recommended grantee must pay all outstanding debts due CalRecycle, or bring current outstanding payments owed to CalRecycle, within 60 days of the date of the award email.
2) The recommended grantee's Signature Authority (or where delegation is authorized, his or her Designee) must sign and return the Grant Agreement to CalRecycle. The signed Grant Agreement must be received by CalRecycle within 60 days of the date of the award email.

Failure to comply with either condition will void the grant award.

GRANT PROGRAM ADMINISTRATION

GRANT AGREEMENT

The Grant Agreement binds the grantee to CalRecycle's requirements as outlined in the Grant Agreement documents. An original signature is required on the Grant Agreement. We cannot accept an electronic signatures. These documents shall guide the grantee's administration of the grant project.

Following CalRecycle's conditional approval of the grant awards, we will email grantees the information below.

- Award email.
- Grant Agreement Cover Sheet (CalRecycle 110).
- Exhibit A – Terms and Conditions: contain CalRecycle standard legal requirements for grants.
- Exhibit B – Procedures and Requirements: contain specific requirements for administering this grant, including but not limited to project, reporting, and audit requirements.
- Exhibit C – Grantee's approved application with revisions, if any, and any amendments.
- Attachment I – Forms Guide: For CalRecycle forms used throughout the Grant Performance Period.
  Note: See CalRecycle Grant Forms Website (https://www.calrecycle.ca.gov/Funding/Forms/) to download the forms.

REPORTING PROCESS

Grantees are required to report on the progress of their grant (two Progress Reports and a Final Report are required). The Grant Manager may request status information at any time during the grant term. The Final Report is due on September 30, 2022. Detailed reporting information is included in the Procedures and Requirements (Exhibit B).

PAYMENT REQUEST PROCESS

Eligible costs are authorized for reimbursement upon the Grant Manager's approval of the Payment Request, and if required, the accompanying the Progress or Final Report. Payment Requests must include itemized documentation of claimed expenses (e.g., itemized receipts and proof of payment of invoices). CalRecycle will retain 10 percent of each approved Payment Request amount until the Grant Manager approves the Final Report, the final Payment Request, and all required supporting documentation. Failure to submit these final documents by the deadline specified in the Procedures and Requirements (Exhibit B) or failure to receive the Grant Manager's approval of these documents by September 30, 2022, may result in the nonpayment of otherwise eligible costs. Detailed payment information is included in the Procedures and Requirements (Exhibit B).

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Item 5.B

Environmental Department
Application for CalRecycle HHW
Small Projects Program Grant

Attachment 3

B&A HHW Grant Fact Sheet

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FACT SHEET

Household Hazardous Waste (HHW) Grant Program Small Projects (Cycle 33)

Funding Information and Application Requirements

FAST FACTS		
1	**Deadline**	▪ **Deadline: April 3, 2019** ▪ **Secondary Deadline: May 8, 2019**
2	Workshops (if any)	There are no workshops scheduled at this time.
3	Eligible Applicants	CA Local governments, regional or local sanitation agencies and waste agencies having direct responsibility for HHW management, Joint Powers Authorities, qualifying Indian tribes. Applicants may submit an individual or regional application. Only one application per qualifying entity will be accepted.
4	Purpose of Program	For smaller projects that complement existing and/or regional HHW programs in California.
5	Success Rate Last Year	2018: 29 applications submitted; 23 applications funded. Success rate was 79%. 2017: 40 applications submitted; 21 applications funded. Success rate was 53%. 2016: 38 applications submitted; 22 applications funded. Success rate was 58%.
6	Authorizing Resolution Required?	Yes
FUNDING INFORMATION		
7	Total Funds Available	$1 million
8	High, Low, Average Grant Last Year	High: $100,000; Average: $58,696; Low: $5,000
9	Maximum Funding Request	• $50,000 for individual applicants. • $100,000 for rural area counties (population of 200,000 or less) or regional and JPA applications.
10	Local Match Required	Not stated.
11	Funding Cycle	Annual
PROJECT INFORMATION		
12	Examples of Funded Projects	• City of Huntington Beach ($46,540) - To provide funding so the City could embark on a multi media campaign to educate visitors and residents about proper disposal methods and would create partnerships with vendors to collect these items to message on HHW disposal and Program. • City of Indio ($50,000) - To purchase one (1) F650 box truck with gasoline engine to replace the current 2007 E450 box truck. RCDWR to utilize this vehicle to operate temporary household hazardous waste events (THHWCF) in Blythe, Mecca, Desert Center, Pinyon Flats, Coachella, Mead Valley,

		and Meadowbrook in Riverside County. • City of Torrance ($49,502) – To develop a public outreach and education program to promote existing HHW collection temporary events, permanent collection sites, and EPR take-back programs in the Torrance community and throughout the south bay area of Los Angeles County.
13	Priorities	Applicants who did not receive an HHW small project grant award during the last three fiscal years.

14	Eligible Project Types	Grant applications must indicate one of the following types of projects:
		• HHW public education and outreach for general audiences (may include extended producer responsibility (EPR) information).
		• Implementation of sustainable EPR collection opportunities, to include but not limited to:
		  ○ Promotion of an ongoing retail take-back program such as batteries or fluorescent lamps at local hardware stores, businesses, or government facilities.
		  ○ Promotional collection events hosted at businesses or government facilities.
		  ○ Promotional public education and outreach materials specifically for local retail take-back programs.
		• Project to:
		  ○ Determine and implement the most safe and cost effective methods for collecting propane gas cylinders and/or marine flares.
		  ○ Implement effective education programs and identify effective incentives that reduce the disposal of household hazardous waste. The incentives must be something reusable to replace HHW being disposed (does not include monetary or SWAG incentives, rechargeable batteries, adapters, valves, caps or other accessories for refilling propane canisters).
		• Set-up and operation of temporary or mobile collection program for one-day or multi-day collection events for the following except for those materials that are currently covered by another recycling/collection program (e.g. covered electronic waste, cell phones, thermostat, etc.):
		  ○ Common HHW materials and universal waste;
		  ○ Marine flares;
		  ○ Propane gas cylinders up to five gallons;
		  ○ Solar panels as a pilot project. Awardees are required to collect and report data on type/style of panels, manufacturer, volume, and the method of disposal.
		• New or expanded curbside and/or door-to-door collection programs to allow for the collection of new and eligible HHW materials.
		• Minor improvements to an existing HHW facility. (Examples

		include but are not limited to: storage bins, signage, painting, paving, shelving, etc.) • Purchase of personal protection equipment. • 8-hour refresher Hazardous Waste Operations and Emergency Response Standards (HAZWOPER) training.
15	Ineligible Activities	• Costs incurred prior to the date of the Notice to Proceed letter. • Any costs, such as equipment, maintenance, repairs, tools, supplies, or services not related to the construction project. • Food or beverages. • Costs for planning and/or design of HHW facilities. • Ongoing costs to maintain an HHW program. • Developing or customizing school curricula. • Developing or expanding a permanent facility on non-government owned property. • Equipment or services not related to the project. • HAZWOPER 40-hour and 24-hour courses. • Honoraria, monetary incentives, stipends, prizes, royalties, etc. • Management, handling, disposal, or treatment of radioactive, explosives, or medical wastes, sharps and pharmaceuticals. • Out-of-state travel. • Overtime costs/Compensated Time Off (except for local government staffing during specially scheduled evening or weekend events when law or labor contract requires overtime compensation). • Personnel costs not related to the project. • Premiums or promotional items unless pre-approved in writing by the Grant Manager. • Pre-paid expenditures for future goods or services delivered beyond the end of the grant term. • Promotion of either brand-name product(s) or private businesses. • Public education and outreach not related to the project. • Purchase or lease of land. • Remediation. • Travel costs exceeding the state-approved rates for mileage, per diem, lodging, etc. • For one pound propane or marine flare projects, ineligible incentives include: monetary or incentives, rechargeable batteries, propane canisters/tanks over one pound, adapters, valves, caps or other accessories used for home refilling of propane canisters. • Handling and recycling costs for HHW collected from commercial entities. • Costs deemed unreasonable or not related to the grant project by the Grant Manager.
16	Project Readiness	Grant term ends on September 30, 2022.
HOW TO APPLY		

17	Application Requirements	The components of the application are divided into tabs. To complete an application, click on each tab and fill out the sections in each tab as required.
		• Summary
		• Applicant/Participant
		• Detail
		• Contacts
		• Budget
		• Site(s)
		• Documents
		  ○ Application Certification
		  ○ Narrative Proposal
		  ▪ Applicant Name
		  ▪ Requested Grant Amount
		  ▪ Priority
		  ▪ Project Eligibility, Description and Need
		  ▪ Performance Measures
		  ○ Work Plan
		  ○ General Checklist of Business Permits, Licenses and Filings
		  ○ Environmentally Preferable Purchases and Practices Policy (EPPP Policy) Notification. EPPP Policy must be adopted by May 8, 2019.
		  ○ Draft Resolution (if resolution is not adopted)
		  ○ Joint Powers Agreement (if applicable)
		  ○ Letter of Commitment
		  ○ Letter of Designation (if required)
		  ○ Letter of Authorization (for regional applications)
		  ○ Final Resolution due by May 8, 2019. (If not submitted with the application.)

18	Submission Requirements	Applications must be entered and submitted in CalRecycle's web based Grant Management System (GMSWeb) https://secure.calrecycle.ca.gov/Grants/SignIn.aspx?ReturnUrl=%2fGrants
HOW APPLICATIONS WILL BE SCORED		
19	Evaluation Criteria and Process	• Staff will review all applications to confirm applicant and project eligibility and evaluate the application narrative to determine if the application meets all requirements. A random selection process will be conducted if this component of the cycle is oversubscribed. • Grants will be awarded July 2019.
WHO TO CONTACT		
20	Agency	Cal Recycle
21	Contact Name/Phone Number	Questions must be received by March 20, 2019. They must be written and submitted via email to: grants@CalRecycle.ca.gov
22	Web Site	https://www.calrecycle.ca.gov/HomeHazWaste/grants/33rdcycle

Item 5.B

Environmental Department
Application for CalRecycle HHW
Small Projects Program Grant

Attachment 4

B&A HHW Grant Timeline and
Checklist

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Timeline and Checklist

Client: WRCOG
Project: Riverside County Household Hazardous Waste Program Expansion
Program: **Household Hazardous Waste Grant Program Small Projects (Cycle 33)**
Grantor: California Department of Resources, Recycling and Recovery (CalRecycle)
Due Date: **Tuesday, April 3, 2019**

POINTS OF CONTACT		
Applicant Contact:	Name: Casey Dailey Direct: 951-405-6720 Email: cdailey@wrcog.us	Name: Rayza Sison Phone: 951-405-6702 Email: rsison@wrcog.us
Blais & Associates:	Name: Robin Smith Direct: 949-632-4742 Email: rsmith@blaisassoc.com	Name: Liz Range-Pendell Direct: 512-507-5065 Email: lrange-pendell@blaisassoc.com
Application Contact:	Technical Questions: grants@CalRecycle.ca.gov by March 20, 2019	

POINTS OF INTEREST/DISCUSSION

- **Award Range:** $100,000 maximum. **Local Match Required:** None
- **Grant term ends September 30, 2022**
- **Purpose** - For smaller projects that complement existing and/or regional Household Hazardous Waste (HHW) programs in California. The purpose of the grant is to assist local governments in implementing safe HHW programs, which may include public education, source reduction, reuse, recycling, load checking and collection components.

SUBMISSION INFORMATION	PRIORITY ACTION ITEMS
• **Application Submittal Instructions:** Via CalRecycle's web-based Grants Management System (GMS) at www.secure.calrecycle.ca.gov/Grants	• **Do you already have a WebPass?** • **Resolution**

TABLE 1: PROJECT TIMELINE (ESTIMATED)

Project Kick-Off Call	Tuesday, March 19, 2019 at 10:00 am
80% draft due for internal B&A review	Monday, March 25, 2019
80% Draft due to WRCOG	Tuesday, March 26, 2019
80% Draft comments from WRCOG	Thursday, March 28, 2019
100% Draft Final application to WRCOG	Monday, April 1, 2019
WRCOG submits final comments and approval to submit to B&A	Tuesday, April 2, 2019
B&A completes online submittal	**Tuesday, April 2, 2019**
Electronic Application Deadline	**Wednesday, April 3rd, 2019**
Grants Awarded	July 2019

Timeline and Checklist

TABLE 2: CHECKLIST AND STATUS

Item	Status
Application Tabs – in online submittal system	
1. Summary Tab	B&A to complete
2. Applicant/Participant Tab	B&A to complete
3. Detail Tab: Assembly and Senate Districts, Department name and Grant Payment mailing address	B&A to complete
4. Contacts Tab: - Signature Authority (authorized in Resolution) - Primary contact (named by Signature Authority) - Secondary contact (authorized by Signature Authority/Primary Contact) Consultant	B&A to complete with WRCOG input
5. Budget Tab: summarized from Budget document	B&A to complete with WRCOG input
6. Sites Tab: entry for each grant project/site	B&A to complete with WRCOG input
Documents Tab - upload requested information below	
7. Resolution	B&A – authorized signature
8. CA RECYCLE documents	B&A
9. Application Certification	B&A – authorized signature
10. Narrative Proposal	B&A to complete with WRCOG input – each response limited to 2500 characters
11. Work Plan	B&A to complete with WRCOG input
12. General Checklist of Business Permits, Licenses and Filings (CalRecycle Form 669)	B&A to complete with WRCOG input – authorized signature required
13. Environmentally Preferable Purchasing and Practices Policy Notification (EPPP)	Must upload by secondary due date or be disqualified.

Item 5.B

Environmental Department
Application for CalRecycle HHW
Small Projects Program Grant

Attachment 5

B&A HHW Grant Writing Quote

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Quote Prepared by:
Andrea Owen
(949) 525-5674
aowen@blaisassoc.com

B&A Professional Grant Consulting

7545 Irvine Center Drive
Irvine Business Center, Suite 200
Irvine, CA 92618
www.blaisassoc.com

Grant Development Quote

Client Name	**WRCOG**
Client Contact	**Chris Tzeng, Program Manager**
Copy	

Grant Program / Proposal	**California Department of Resources Recycling and Recovery (CalRecycle): Household Hazardous Waste Grant Program Small Projects (Cycle 33))**
Proposal Due	**April 3, 2019; 11:59 PM**
Project Name (if known)	**Riverside County Household Hazardous Waste Program Expansion**
Date Prepared	March 14, 2019
Grant/Revenue Potential	$100,000
Grant Development Cost	$6,150.00
Cost to Develop Grant as % of Revenue Potential	6.15%
Hourly Rate	$100

Activity	Hours	Cost
Preliminary activities including kick off meeting, prepare checklist and timeline, review existing materials, review Application Guidelines, Forms and Templates, and most recent Q and A from web site. Task also includes creating a Grant Management System (GMS) registration and account for Client, assuming Client does not already have an existing account.	10	$ 1,000.00
Develop draft Resolution (must be submitted by May 8, 2019 via the GMS system)	1.5	$ 150.00
Confirm EPPP Policy is in place and adopted and notification provided via GMS system by May 8, 2019	0.5	$ 50.00
Complete the Applicant/Participant and Detail GMS Portal Page (minor data and Project Summary/Statement of Use)	1	$ 100.00
Complete and update the Contacts GMS Portal Page and ensure a Signature Authority contact is assigned	0.25	$ 25.00
Update and complete the Site GMS Portal Page with address and summary information	0.5	$ 50.00
Complete the Application Certification and General Checklist of Business Permits, Licenses, and Filings and upload to the GMS Portal	1.75	$ 175.00
Develop Narrative Proposal with Applicant Name; Requested Grant Amount; Priority; Project eligibility, Description and Need; and Performance Measures. (each response limited to 2500 characters, which is about 1/2 page single spaced, estimated 8 pages, single spaced of text to develop).	20	$ 2,000.00
Develop Work Plan and upload to the GMS Portal.	5	$ 500.00
Print the Application Certification page after all GMS content completed and attachments uploaded and circulate for signature. Reattach signed page as an attachment.	1	$ 100.00
Develop Letter of Commitment; Letter of Designation (if required); Letter of Authorization (for regional applications); Letter of Permission; Letter of Support, if desired. If applying as JPA, must upload JPA agreement.	5	$ 500.00
Prepare and provide 80% draft and 100% final to Client and attend to edits from Client. Coordinate submission of application and upload final documents to Client's e-Civis account for permanent record-keeping. Ensure application properly and successfully uploaded into the GMS system.	15	$ 1,500.00
SUBTOTAL	*61.5*	*$ 6,150.00*
Direct Costs (charged at cost, no mark-up)		
There are no direct costs associated with this application. Client does not require classification folders.		
SUBTOTAL		$ -
TOTAL	**61.5**	**$ 6,150.00**

Work performed by B&A that is outside of the scope of this estimate will be billed at $100 per hour.
Please see "notes and assumptions."

Quote Prepared by:
Andrea Owen
(949) 525-5674
aowen@blaisassoc.com

B&A Professional Grant Consulting

7545 Irvine Center Drive
Irvine Business Center, Suite 200
Irvine, CA 92618
www.blaisassoc.com

Notes and Assumptions
1) Funding: $1,000,000 for Cycle 33.
2) Match: no local matching funds required for this grant.
3) The Grant Term ends on September 30, 2022.
4) Awards are anticipated July 2019.

Please note that this quote is an estimate for services based on current conditions and understandings. Many factors often change during the development of a grant application that may or may not increase the amount of labor and materials necessary to perform the services successfully. If during the course of work, B&A believes the work is taking longer than originally estimated, B&A will immediately notify the contract point of contact and either mutually agree to a change order or discuss alternatives. Additionally, B&A only charges for actual work performed. The total cost to perform the tasks may be less than quoted herein.

Signature Approving Costs and Authorizing Notice to Proceed **Date**

Printed Name

Western Riverside Council of Governments
Executive Committee

Staff Report

Subject: **Finance Department Activities Update**

Contact: **Andrew Ruiz, Interim Chief Financial Officer, aruiz@wrcog.us, (951) 405-6741**

Date: **April 1, 2019**

The purpose of this item is to *provide an update on WRCOG's Annual TUMF review, and the Agency Financial Report summary through January 2019.*

Requested Action:

1. Receive and File.

Annual TUMF Review of Participating Agencies

Each year, WRCOG meets with participating members to review TUMF Program fee collections and disbursements to ensure compliance with Program requirements. The Fiscal Year (FY) 2017/2018 reviews began in November 2019.

Letters to each member agency regarding the outcome of WRCOG's annual TUMF review have been distributed except to the Cities of Murrieta and Perris. Staff continues to review information provided by the City of Murrieta and expects to distribute a final letter by the end of March 2019. Staff has requested additional information from the City of Perris regarding potential TUMF credits awarded to development projects within a financing district. These annual TUMF review letters serve as the basis in determining whether a TUMF participating agency is in compliance with the Program.

Staff would note that annually, WRCOG distributes notification of TUMF Program compliance to the Riverside County Transportation Commission. Without certification of TUMF Program compliance, a member agency could potentially jeopardize its share of Measure A funds through the Local Streets and Roads Program.

FY 2019/2020 Agency Budget Development Process

Staff has begun the process of creating the FY 2019/2020 Agency Budget; below is the schedule of presentations for review and action to the various Committees, including the General Assembly:

April 10, 2019:	Administration & Finance Committee (first review)
April 18, 2019:	Technical Advisory Committee (first review)
April 25, 2019:	Finance Directors Committee (first review)
May 6, 2019:	Executive Committee (first review)
May 8, 2019:	Administration & Finance Committee (second review)
May 16, 2019:	Technical Advisory Committee (second review)
June 3, 2019:	Executive Committee (second review)
June 20, 2019:	General Assembly (action)

Financial Report Summary through January 2019

The Agency Financial Report summary through January 2019, a monthly overview of WRCOG's financial statements in the form of combined Agency revenues and costs, is provided as Attachment 1.

Prior Action:

March 13, 2019: The Administration & Finance Committee received and filed.

Fiscal Impact:

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

Attachment:

1. Financial Report summary – January 2019.

Item 5.C

Finance Department Activities Update

Attachment 1

Financial Report summary – January 2019

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Western Riverside Council of Governments
Monthly Budget to Actuals
For the Month Ending January 31, 2019

Total Agency

	Approved Budget 6/30/2019	Thru Actual 1/31/2019	Remaining Budget 6/30/2019
Revenues			
Member Dues	311,410	311,410	-
PACE Residential Revenue	480,573	177,851	302,722
WRELP Phase 2 Revenue	86,750	75,123	11,627
Statewide HERO Revenue	1,650,000	754,790	895,210
Gas Co. Prtnrshp Revenue	86,676	56,941	29,735
PACE Commercial Revenue	29,078	30,844	(1,766)
WRCOG HERO-Recording Revenue	122,500	99,034	23,466
PACE Commercial Recording Revenue	2,500	445	2,055
Statewide Recording Revenue	600,000	474,445	125,555
Regional Streetlights Revenue	300,000	261,500	38,500
Solid Waste	107,313	122,378	(15,065)
Used Oil Grants	228,820	203,820	25,000
NW Clean Cities - Air Quality	132,500	118,000	14,500
LTF Revenue	675,000	775,500	(100,500)
General Assembly Revenue	300,000	1,300	298,700
Commerical/Service	110,645	31,190	79,455
Retail	130,094	69,724	60,370
Industrial	272,663	348,883	(76,220)
Residential/Multi/Single	1,144,551	642,305	502,246
Multi-Family	142,045	134,857	7,188
Interest Revenue - Other	31,496	80,066	(48,570)
HERO - Other Revenue	149,833	150,084	(251)
Commercial/Service - Non-Admin Portion	2,655,491	779,753	1,875,738
Retail - Non-Admin Portion	3,122,265	1,743,109	1,379,156
Industrial - Non-Admin Portion	6,543,923	8,722,068	(2,178,145)
Residential/Multi/Single - Non-Admin Portion	27,469,233	16,057,614	11,411,619
Multi-Family - Non-Admin Portion	3,409,088	3,371,432	37,656
FY 17/18 Carryover Funds Transfer in	945,845	945,845	-
Carryover Funds Transfer in	4,268,757	4,268,757	-
Overhead Transfer in	2,084,260	1,215,818	868,442
Total Revenues and Carryover Funds	**58,937,742**	**42,293,271**	**16,010,264**

Expenditures	Approved	Actual	Remaining
Wages and Benefits	**6/30/2019**	**1/31/2019**	**Budget**
Salaries & Wages	2,874,645	1,469,747	1,404,898
Fringe Benefits	903,736	527,180	376,557
Overhead Allocation	2,084,260	1,215,818	868,442
Total Wages, Benefits and Overhead	**6,001,857**	**3,212,745**	**2,649,896**
General Legal Services	626,573	336,685	289,888
PERS Unfunded Liability	198,823	152,327	46,496
Audit Svcs - Professional Fees	27,500	25,480	2,020
Bank Fees	20,665	26,839	(6,174)

Commissioners Per Diem	62,500	38,400	24,100
Office Lease	400,000	255,362	144,638
WRCOG Auto Fuels Expenses	1,250	818	432
WRCOG Auto Maintenance Expense	84	84	-
Parking Validations	27,577	9,966	17,611
Staff Recognition	800	248	552
Coffee and Supplies	3,000	430	2,570
Event Support	136,732	117,088	19,644
Program/Office Supplies	24,017	11,940	12,077
Computer Equipment/Supplies	8,000	51	7,949
Computer Software	31,111	2,999	28,112
Rent/Lease Equipment	30,000	8,688	21,312
Membership Dues	33,000	20,797	12,203
Subscription/Publications	1,448	1,025	423
Meeting Support Services	9,821	1,723	8,098
Postage	6,108	2,694	3,414
Other Household Exp	975	354	621
COG HERO Share Expenses	15,000	3,444	11,556
Storage	16,000	3,812	12,188
Printing Services	4,777	1,670	3,107
Computer Hardware	14,100	2,664	11,436
Communications - Regular Phone	15,000	9,033	5,967
Communications - Cellular Phones	21,000	5,593	15,407
Communications - Computer Services	57,500	25,097	32,403
Communications - Web Site	8,000	6,932	1,068
Equipment Maintenance - General	10,000	4,450	5,550
Equipment Maintenance - Comp/Software	21,000	17,776	3,224
Insurance - Gen/Busi Liab/Auto	86,890	100,126	(13,236)
PACE Residential Recording	480,500	197,055	283,445
Seminars/Conferences	13,587	2,153	11,434
General Assembly Expenses	300,000	23,480	276,520
Travel - Mileage Reimbursement	23,688	7,712	15,976
Travel - Ground Transportation	4,948	2,076	2,872
Travel - Airfare	11,500	7,599	3,901
Lodging	9,390	6,875	2,515
Meals	7,305	2,661	4,644
Other Incidentals	9,775	5,461	4,314
Training	9,250	298	8,952
Supplies/Materials	33,020	3,541	29,479
Advertisement Radio & TV Ads	41,025	20,420	20,605
Consulting Labor	2,844,095	1,354,139	1,489,956
TUMF Project Reimbursement	38,000,000	21,217,512	16,782,488
BEYOND Program REIMB	2,799,015	394,725	2,404,290
Computer Equipment/Software	3,500	1,880	1,620
Misc Equipment Purchased	3,000	2,735	265
Total General Operations	**47,676,204**	**24,444,917**	**22,774,485**
Total Expenditures and Overhead	**53,678,061**	**27,657,661**	**25,424,381**

Western Riverside Council of Governments
Executive Committee

Staff Report

Subject: **WRCOG Committees and Agency Activities Update**

Contact: **Rick Bishop, Executive Director, rbishop@wrcog.us, (951) 405-6701**

Date: **April 1, 2019**

The purpose of this item *is to provide updates on noteworthy actions and discussions held in recent standing Committee meetings, and to provide general project updates.*

Requested Action:

1. Receive and file.

Attached are summary of actions and activities from recent WRCOG standing Committee meetings that have taken place for meetings which have occurred during the month of March.

Prior Actions:

March 14, 2019: The Public Works Committee received and filed.

March 14, 2019: The Planning Directors Committee received and filed.

March 4, 2019: The Executive Committee received and filed.

Fiscal Impact:

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

Attachments:

1. WRCOG March Committees Activities Matrix (Action items only).
2. Summary recaps from March Committee meetings.

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Item 5.D

WRCOG Committees and Agency Activities Update

Attachment 1

WRCOG March Committees Activities Matrix (Action items only)

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WRCOG Committees Activities Matrix (Action Items Only)	Executive Committee	Administration & Finance Committee	Technical Advisory Committee	Planning Directors Committee	Public Works Committee	Finance Directors Committee	Solid Waste Committee
Date of Meeting:	**3/4/19**	**3/13/19**	**Did not meet**	**3/14/19**	**3/14/19**	**Did not meet**	**Did not meet**
Current Programs / Initiatives:							
Regional Streetlights Program	Received and filed.	n/a		n/a	n/a		
Property Assessed Clean Energy (PACE) Programs	1) Adopted WRCOG Resolution Number 03-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments Confirming Modification of the California HERO Program Report so as to Expand the Program Area within Which Contractual Assessments May be Offered; 2) directed and authorized the Executive Director to enter into contract negotiations and execute any necessary documents to include Lever Energy Capital under WRCOG's statewide PACE umbrella.	1) Recommended that the Executive Committee allow refinancing on Commercial PACE projects; and 2) recommended that the Executive Committee approve a 30-year Term for Commercial PACE Projects that have met certain conditions.		n/a	n/a		
TUMF	1) Approved the 2019 Pass Zone TIP; 2) approved the amended 2018 Southwest Zone TIP; 3) authorized the Executive Director to execute a TUMF Reimbursement Agreement with the Cities of Eastvale and Norco for the Planning and Engineering Phases of the Hamner Avenue Widening Project in an amount not to exceed $1,313,000; 4) authorized the Executive Director to execute a TUMF Reimbursement Agreement with the County of Riverside for the Planning, Right-of-Way, and Construction Phases of the Sunset Avenue Grade Separation Project in an amount not to exceed $777,283; and 5) approved the proposed revisions to the TUMF Fee Calculation Handbook to include language for the 3,000 square foot reduction policy and credit for existing uses.	n/a		n/a	Recommended that the Executive Committee approve the 2019 TUMF Network Administrative Amendment.		
Fellowship	n/a	n/a		Received and filed.	n/a		
New Programs / Initiatives:							
EXPERIENCE	n/a	n/a		n/a	n/a		

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Item 5.D

WRCOG Committees and Agency Activities Update

Attachment 2

Summary recaps from March Committee meetings

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Western Riverside Council of Governments
Executive Committee
Meeting Recap
March 4, 2019

Following is a summary of key items discussed at the last Executive Committee meeting. To review the full agenda and staff reports for all items, please click here. To review the meetings PowerPoint presentation, please click here.

TUMF Program Update

- The Executive Committee approved the following updates to the TUMF Program:
  - The 2019 Pass Zone Transportation Improvement Program (TIP)
  - The amended 2018 Southwest Zone TIP
  - TUMF Reimbursement Agreements with the Cities of Eastvale and Norco for the Hamner Avenue Widening Project, and with the County of Riverside for the Sunset Avenue Grade Separation Project
  - Language in the TUMF Fee Calculation Handbook to incorporate the 3,000 square foot reduction policy and credit for existing uses

2nd Quarter Draft Budget Amendment for Fiscal Year 2018/2019

- The amendment reflects increases and/or decreases to both revenue and expenditures for various departments in the 2nd Quarter for Fiscal Year 2018/2019.
- For the 2nd Quarter, WRCOG experienced a total increase in expenditures of $19,064, which is predominantly related to the ATP and RIVTAM update, and will be reimbursed to WRCOG.

PACE Program Update

- The Executive Committee approved the addition of Lever Energy Capital, LLC as a commercial PACE provider to operate within the statewide footprint.
- A total of seven commercial PACE projects have been completed to date for a total project value of $7.1 million, including 3 projects completed in February 2019 alone.
- Residential PACE activity has experience a significant decline in 2018, likely due in part to increased competition among PACE providers and new legislation/regulations.

Options for Potential WRCOG Assistance for Regional Housing Needs Assessment (RHNA)

- RHNA is a planning process, based on projected population growth, which determines the number of housing units at each affordability level a jurisdiction must plan for.
- SCAG is currently developing the 6th cycle RHNA which will cover October 2021-October 2029.
- WRCOG has identified three levels of support it could offer members to assist with the 6th cycle RHNA. WRCOG could: (1) serve in an informational capacity—augmenting SCAG's role to keep members fully informed throughout the process; (2) provide assistance with SCAG data review; or (3) take on subregional delegation, wherein WRCOG would administer the RHNA for the subregion.
- WRCOG is assessing costs and benefits of subregional delegation. Primary considerations include out-of-pocket costs, the extent to which subregional delegation would yield better results, and potential liability to WRCOG assumed through subregional delegation. A final decision must be made by June 2019.
- SCAG and/or WRCOG staff are available to provide RHNA presentations to members upon request.

WRCOG's 2019/2020 Legislative Platform

- Every two years, WRCOG adopts a set of legislative priorities that guide WRCOG's actions related to monitoring, tracking, and positioning on applicable issues.
- The 2019/2020 Platform includes minor updates to eight General Platform Components: General Advocacy, Economic Development, Education, Energy & Environment, Health, Transportation, Water, and Other Local Government Issues.
- Additionally, the 2019/2020 Platform establishes Housing as a Priority Issue Area and empowers WRCOG, to the extent possible, to engage in more targeted lobbying efforts to address the challenges member jurisdictions experience producing sufficient housing and complying with new State housing legislation which, in the WRCOG subregion, is not anticipated to yield intended results.

General Assembly and Leadership Conference Details

- WRCOG's Annual General Assembly will be held on Thursday, June 20, 2019 at the Pechanga Resort and Casino.
- This year's event be a full-day affair, with a morning "Future of Cities" Symposium focused on how local cities should plan for changes that will be brought on with autonomous vehicles, automation of jobs, and other challenges to suburbia. The evening General Assembly Keynote Speaker will be Josh Earnest, who served as the nation's Press Secretary from 2014 – 2017, and currently serves as Senior Vice President and Chief Communications Officer for United Airlines. Mr. Earnest's experience in communicating with the public at the highest levels in the private and public sectors will be a focus of the evening.

Next Meeting

The next Executive Committee meeting is scheduled for Monday, April 1, 2019, at 2:00 p.m., at the County of Riverside Administrative Center, 1st Floor Board Chambers.

Western Riverside Council of Governments
Administration & Finance Committee
Meeting Recap
March 13, 2019

Following is a summary of key items discussed at the last Administration & Finance Committee meeting. To review the full agenda and staff reports, please click here. To review the meeting PowerPoint presentation, please click here.

PACE Program Activities Update

- In an effort to mirror typical development financing terms, the Committee approved the option for a 30-year financing term for commercial PACE projects, increasing the previous maximum financing term for commercial PACE by five years.
- The Committee moved to allow refinancing for commercial PACE (C-PACE) projects so long as there is demonstrated savings to the owner and that the financing term does not outlast the estimated useful life of the product.

PACE Financial Update

- The WRCOG PACE Program has generated approximately $34 million since launching in 2011, with $12.5 million used to fund regionally supportive programs and Agency reserves.
- PACE Program revenues began to decline in FY 2017/2018.
- Though residential PACE has experienced significant decline in activity, C-PACE has the potential to grow, as evidenced by the variety of commercial PACE providers interested in operating under WRCOG's umbrella. Since 2018, WRCOG has added five C-PACE providers.
- The Fellowship, Beyond, Grant Writing, and Experience Programs are being impacted by the reduction in revenue generated by PACE.

28th Annual General Assembly & Leadership Address Update

- The 28th Annual General Assembly and Leadership Conference will be held on Thursday, June 20, 2019, at Pechanga Resort Casino, featuring keynote speaker, Josh Earnest, White House Press Secretary under President Barak Obama (2014-2017).
- This year the General Assembly and Leadership Conference will be a full day event, to include the Future of Cities Symposium with panel discussions in the morning, followed by the traditional evening festivities.
- Staff announced that the nomination period is now open for the annual Community Service Award. Nominations for the award are due Friday, March 29, 2019.

Transportation Analysis Implications of Senate Bill (SB) 743

- SB 743, which takes effect July 1, 2020, changes how transportation impacts are measured under the California Environmental Quality Act from the current practice of measuring level of service to utilizing vehicle miles traveled (VMT).
- VMT is the new analysis metric for transportation that measures the miles driven in a car regardless of passengers.
- WRCOG prepared a regional study to help agencies implement SB 743, which includes a recommended methodology, thresholds, and tools that agencies can choose to adopt in their preparation.

Next Meeting

The next Administration & Finance Committee meeting is scheduled for Wednesday, April 10, 2019, at 12:00 p.m. in WRCOG's office, located at 3390 University Avenue, Suite 450, Riverside.

Western Riverside Council of Governments
Planning Directors Committee
Meeting Recap
March 14, 2019

Following is a summary of key items discussed at the last Planning Directors Committee meeting. To review the full agenda and staff reports, please click here. To review the meeting PowerPoint presentation, please click here.

Riverside Transit Agency Activities Update

- RTA Director of Planning, Rohan Kuruppu, provided an update to Committee members regarding RTA activities with a focus on TUMF-supported activities. RTA receives approximately 3% of TUMF funds for a variety of transit projects and improvements including; studies, bus stop and shelter improvements, and mobility hubs.
- Transit improvements RTA has recently or will soon facilitate include:
  - 80 shelter improvements completed since FY2017 and an additional 24 to be completed in FY 2019.
  - A mobility hub—a place where all modes of transportation, technology, and transit supportive land use come together—in Temecula with $1.6 million TUMF funding.
  - Plans for a mobility hub in Hemet will use $4.3 million in TUMF funding in addition to a UCR mobility hub, which will use $3.5 million in TUMF funding and be completed in fall 2020.

Regional Energy Network Activates Update

- The Western Riverside Energy Partnership (WREP) is a collaborative including Southern California Edison (SCE), Southern California gas Company (SoCal Gas), WRCOG and 15 participating member cities. WREP works to achieve energy savings and reduce utility bills in municipal, commercial, and residential buildings through education, technical assistance, and incentive programs.
- Recent changes have imposed challenges for continuing WREP, including decreased funding, elimination of programs and elimination of strategic plan funding.
- In response to these challenges WRCOG is exploring possible alternatives, including a Regional Energy Network (REN). Similar to WREP, RENs offer support with energy efficiency and Program Administrators have a voice in program creation and implementation.
- In December 2018, the WRCOG's Executive Committee approved the release of an RFP for REN development in coordination with CVAG and SBCOG.
- To support an optimized REN for the subregion, members are asked to complete a survey that staff will be sending out to committee members by providing input on preferred program sectors for a regional REN, by Thursday, April 4th.

Commercial PACE Workshop

- WRCOG's Commercial PACE (C-PACE) Program includes two providers, GreenWorks Lending and CleanFund. With C-PACE, commercial property owners can finance seismic, energy efficient, and water conservation improvements, often for less money than traditional financing.

- WRCOG will be hosting a workshop on March 21, 2019, with presentations from GreenWorks Lending, K2 Clean Energy Capital and CleanFund, to explain the value and logistics of C-PACE and how it can be used to finance seismic improvements with no upfront costs to the building owner. PDC members are encouraged to attend the workshop.

Fee Comparison Analysis

- WRCOG has finalized the update to the 2016 Fee Comparison Analysis, which examined fees required of development projects, the effect of other development costs, and the economic benefits of transportation investment in local jurisdictions within and outside of the WRCOG subregion.
- Average development impact fees in WRCOG member jurisdictions are within the regional average range.
- Average residential development impact fees for WRCOG jurisdictions are lower than the average of selected San Bernardino County cities and higher than the average of selected Coachella Valley cities.
- Total development impact fees represent between 3.8% and 8.9% of total development costs and returns for the samples analyzed. Total development costs and returns include development impact fees, construction, land, engineering and architecture, and the developer's expected returns.
- TUMF represent between 0.7% and 2.2% of total development costs and returns for the development prototypes analyzed.
- Staff will return with data comparing WRCOG member jurisdictions' fees on a city-by-city basis.

Subregional Cannabis Ordinance Survey Results

- Staff provided a summary of results from a recent survey of member jurisdictions regarding local policies on cannabis activity.
- 17 jurisdictions participated; 10 out of 17 do not allow any cannabis activity.
- The 7 jurisdictions which do allow any activity predominantly allow cultivation and manufacturing.

Announcements

- SCAG has distributed a survey packet to local jurisdictions with three surveys about local planning factors related to RHNA methodology. Surveys are due by April 30, 2019.
    - If your jurisdiction has not received survey materials contact Ma'Ayn Johnson, johnson@scag.ca.gov.
- WRCOG is currently exploring the pros and cons of Subregional Delegation, to assume responsibility for preparing the subregional housing needs allocation in place of SCAG for the sixth cycle of RHNA. Staff will be bringing the option forward for consideration by the WRCOG committee structure over the next few months. A final decision must be made by June 28, 2019.

Next Meeting

The next Planning Directors Committee meeting is scheduled for Thursday, April 11, 2019 at WRCOG's office, located at 3390 University Avenue, Suite 450, Riverside.

Western Riverside Council of Governments
Public Works Committee
Meeting Recap
March 14, 2019

Following is a summary of key items discussed at the last Public Works Committee meeting. To review the full agenda and staff reports, please click here. To review the meeting PowerPoint presentation, please click here.

Regional Energy Network Development Update

- Staff provided a summary of Local Government Partnerships (LGPs), such as the Western Riverside Energy Partnership (WREP), and announced that WRCOG is in the process of selecting a firm to explore the potential benefits of evolving WREP into a Regional Energy Network (REN) with the San Bernardino Council of Governments and Coachella Valley Association of Governments to better serve the region.
- Staff will circulate a survey to member agencies to identify potential program ideas and will periodically return to the Committee with updates once a consultant has been selected and the project is underway.

Assembly Bill 2766 Report and Available Funding to Local Jurisdictions

- South Coast Air Quality Management District (SCAQMD) staff presented an overview of the most recent AB 2766 annual report data, eligible items for funding with AB 2766 funds, and WRCOG local government activities funded with AB 2766 funds.

2019 TUMF Network Administrative Amendment

- Staff presented an administrative amendment to the TUMF Network which would designate the Cherry Valley Boulevard Interchange, Highland Springs Avenue Interchange, and I-10 Bypass as regional projects.
- The Committee recommended that the Executive Committee approve the 2019 TUMF Network Administrative Amendment.

Understanding the Transportation Analysis Implications of Senate Bill 743

- Staff presented a summary of the study WRCOG undertook to develop localized guidelines, thresholds, and mitigation measures related to SB 743. This study was funded through the Southern California Association of Governments' Sustainability Planning Grant Program.
- Fehr and Peers staff presented an online tool that is in development to serve as a screening tool for potential VMT impacts associated with select land use projects in the WRCOG subregion.
- Staff announced a series of workshops that will be held to share information on implementation of SB 743 and strategies of VMT analysis.

Fee Comparison Analysis

- WRCOG has finalized the update to the 2016 Fee Comparison Analysis, which examined fees required of development projects, the effect of other development costs, and the economic benefits of transportation investment in local jurisdictions within and outside of the WRCOG subregion.

- Average development impact fees in WRCOG member jurisdictions are within the regional average range.

- Average residential development impact fees for WRCOG jurisdictions are lower than the average of selected San Bernardino County cities and higher than the average of selected Coachella Valley cities.

- Total development impact fees represent between 3.8% and 8.9% of total development costs and returns for the development prototypes analyzed. For the purposes of this analysis, total development costs and returns include costs such as development impact fees, construction, land, engineering and architecture, and the developer's expected returns.

- TUMF represent between 0.7% and 2.2% of total development costs and returns for the development prototypes analyzed.

- Staff will return with data comparing WRCOG member jurisdictions' fees on a city-by-city basis.

Next Meeting

The next Public Works Committee meeting is scheduled for Thursday, April 11, 2019, at 2:00 p.m., in WRCOG's office, located at 3390 University Avenue, Suite 450, Riverside.

Western Riverside Council of Governments
Executive Committee

Staff Report

Subject: **Regional Streetlight Program Activities Update**

Contact: **Daniel Soltero, Staff Analyst, dsoltero@wrcog.us, (951) 405-6738**

Date: **April 1, 2019**

The purpose of this item is to *provide an update on the acquisition of streetlights by the City of Eastvale and Jurupa Community Services District, program timelines, a Federal small cell bill H.R. 530, and the City of Murrieta retrofit progress.*

Requested Action:

1. Receive and file.

WRCOG's Regional Streetlight Program will assist member jurisdictions with the acquisition and retrofit of their Southern California Edison (SCE)-owned and operated streetlights. The Program has three phases: 1) streetlight inventory; 2) procurement and retrofitting of streetlights; and 3) ongoing operations and maintenance. A major objective of the Program is to provide cost savings to participating member jurisdictions.

Background

At the direction of the Executive Committee, WRCOG developed a Regional Streetlight Program allowing jurisdictions (and Community Service Districts) to purchase streetlights within their boundaries that are currently owned and operated by SCE. Once the streetlights are owned by the member jurisdiction, the lamps will be retrofitted to Light Emitting Diode (LED) technology to provide more economical operations (i.e., lower maintenance costs and reduced energy use).

Eastvale and Jurupa Community Services District Acquire Streetlights

In March 2019, the City of Eastvale and the Jurupa Community Services District (JCSD) became the 3rd and 4th jurisdictions to take local control of their streetlights after a successful acquisition from Southern California Edison (SCE). On March 12, 2019, the City became the owner of 4,107 streetlights within its jurisdiction. Shortly thereafter, JCSD confirmed ownership of 1,905 streetlights on March 13, 2019. As participating jurisdictions in the Program, the City and JCSD are utilizing Siemens Industry to retrofit old lamps to LED fixtures and provide routine operations and maintenance to the streetlight systems. Additionally, the selection of GE LED fixtures will significantly lower energy consumption and reduce electric utility costs for street lighting.

Program Timelines

The Streetlight Program has major milestones including closing the financing transaction, coordinating with SCE for the streetlight true-up and acquisition, selecting a replacement LED fixture, and starting the streetlight retrofit. As of the end of March 2019, all jurisdictions have received financing in the form of a loan or have allocated internal funds to participate in the Program. The SCE true-up process consists of SCE taking inventory of the streetlight system and then providing each jurisdiction with its own streetlight report containing important information from the amount of sellable streetlight systems, streetlight location, pole material, etc.;

only the Cities of Menifee, Moreno Valley, and Temecula remain in this process. Furthermore, as each jurisdiction is provided a streetlight report from SCE the acquisition and LED fixture selection processes can begin on parallel paths with the end-goal being the start of the Retrofit. The timeline below shows where each jurisdiction is in the Program:

Jurisdiction	SCE True-Up	Streetlight Acquisition	LED Fixture Selection and Placing Order	Retrofit Start
Eastvale	Complete	3/12/19	In Progress	
Hemet	Complete	In Progress (Est. April)	In Progress	
Jurupa Community Services District	Complete	3/13/19	In Progress	
Lake Elsinore	Complete	In Progress	In Progress	
Menifee	In Progress as of January 2019			
Moreno Valley	In Progress	Phase 1 in December 2018, Remainder in Progress	Selection Complete, Placing orders in phases of acquisition	Phase 1 in December 2018
Murrieta	Complete	9/27/18	11/27/18	2/11/19
Perris	Complete	In Progress (Est. May)	N/A	
San Jacinto	Complete	In Progress (Est. April)	In Progress	
Temecula	In Progress as of December 2018	Phase 1 in Progress (Est. May)		
Wildomar	Complete	In Progress (Est. April)	In Progress	

Federal Small Cell Regulation to Repeal FCC's Ruling (H.R. 530)

In October 2018, the Federal Communications Commission (FCC) issued a Declaratory Ruling to streamline a local government's wireless infrastructure siting review process to facilitate the deployment of next-generation wireless facilities also known as 5G small cells. The ruling, titled "Accelerating Wireless and Wireline Broadband Deployment by Removing Barriers to Infrastructure Investment," officially took effect on January 14, 2019. Specifically, the FCC limited administrative fee levels that local governments can charge to a small cell provider, established 60- and 90-day "shot clocks" for local jurisdictions to approve or deny siting applications, and standardized state and local considerations of aesthetic concerns that affect the deployment of Small Wireless Facilities.

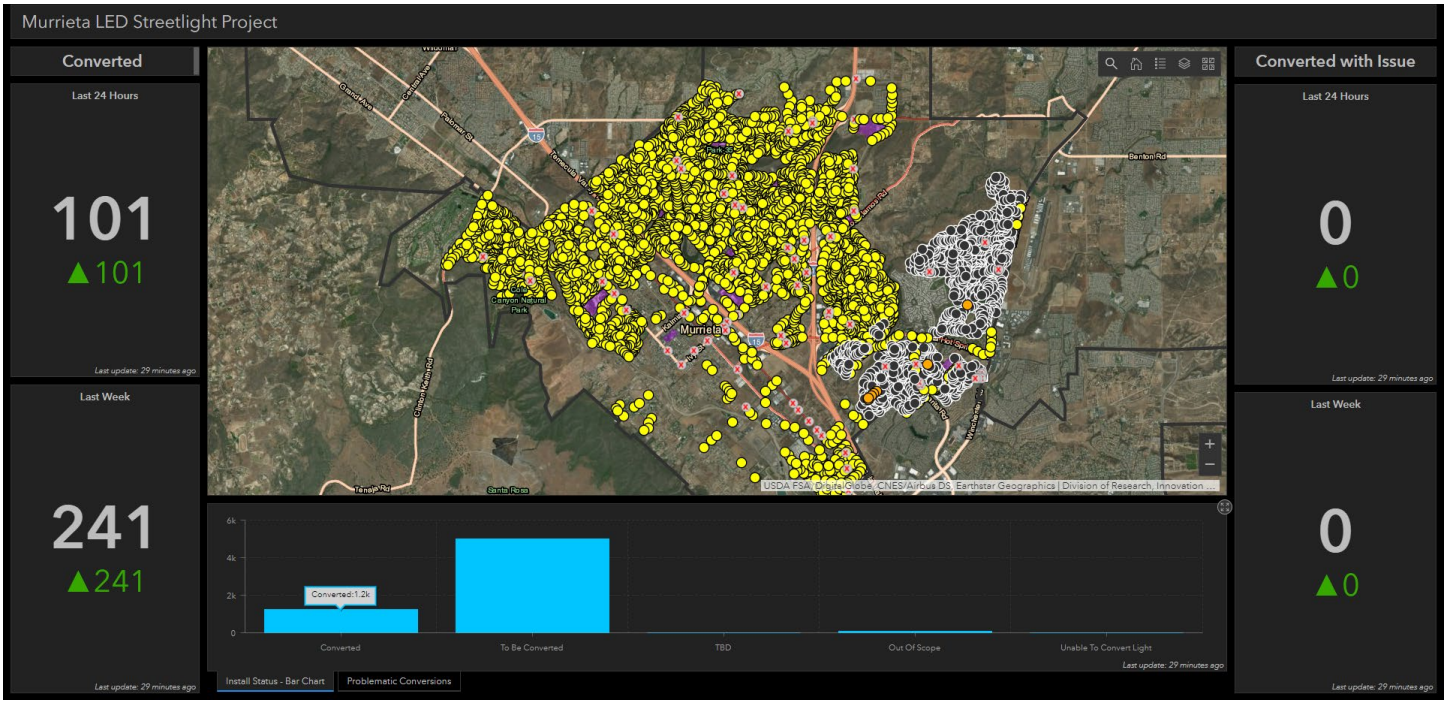
Within the same day of the FCC's ruling taking effect, U.S. Representatives Anna Eshoo (D-CA 18th District) and Jackie Speier (D-CA 14th District) introduced a bill, H.R. 530, to repeal the FCC's ruling. This bill, if passed, will return local control to state and local governments over the siting review process, timeframes for approving or denying applications, and the fee schedule for small cell installations. Currently, the League of California Cities has developed a draft letter of support for H.R. 530 and is urging interested jurisdictions to join in support of H.R. 530. WRCOG has developed a letter of support (attached) for H.R 530 as it aligns with the following sections of WRCOG's 2019/2020 legislative platform:

General Advocacy: Oppose legislation that seeks to limit local control or reduce funding opportunities to local jurisdictions

Other Local Government Issues: Support legislative actions that protect the rights of jurisdictions to plan and govern their own communities.

Murrieta Streetlight Retrofit Update

The City of Murrieta started retrofitting its streetlights on February 11, 2019. As of March 19, 2019, the project dashboard pictured below is showing that over 1,200 streetlights have been successfully retrofitted, identified by the black dots. Moreover, 241 streetlights have been retrofitted in the last week alone.



Prior Action:

None.

Fiscal Impact:

Activities for the Regional Streetlight Program are included in the Agency's adopted Fiscal Year 2018/2019 Budget in the Energy Department.

Attachment:

1. Letter of Support for H.R. 530: Accelerating Wireless Broadband Development by Empowering Local Communities Act of 2019.

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Item 5.E

Regional Streetlight Program
Activities Update

Attachment 1

Letter of Support for H.R. 530:
Accelerating Wireless Broadband
Development by Empowering Local
Communities Act of 2019

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March 12, 2019

The Honorable Dianne Feinstein
United States House of Representatives of U.S Senate
331 Hart Office Building
Washington, D.C. 20510
BY MAIL AND EMAIL

The Honorable Kamala Harris
United States House of Representatives of U.S Senate
112 Hart Office Building
Washington, D.C. 20510
BY MAIL AND EMAIL

Subject: **Support for H.R. 530: Accelerating Wireless Broadband Development by Empowering Local Communities Act of 2019**

Dear Senator Feinstein and Senator Harris:

On behalf of the Western Riverside Council of Governments (WRCOG), a Joint Powers Authority (JPA) comprised of the County of Riverside, 18 cities within the County including Banning, Beaumont, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula, Wildomar, the March JPA, Morongo Band of Mission Indians, Eastern Municipal Water District, and Western Municipal Water District, I am writing to express our support of H.R. 530, the *Accelerating Wireless Broadband Development by Empowering Local Communities Act of 2019,* and urge you to cosponsor this bill. H.R. 530 repeals recent harmful FCC regulations limiting the ability of local governments to regulate the deployment of 5G wireless infrastructure.

Last year, the FCC adopted regulations limiting the authority of cities and states to regulate small cell sites (e.g., attachments to street light and utility poles) needed for the deployment of 5G. The FCC's regulations sharply limit the type and amount of fees cities and states may charge for profit-generating use of public property, set "shot clocks" as low as 60 days for cities and states to conduct all necessary inspections and authorize proposals, and drastically limit non-fee requirements cities and states may institute. The regulations began taking effect on January 14, 2019. The League, along with a broad coalition of California cities, local governments and utility companies across the country have joined in suing the FCC over these regulations.

The FCC allowed industry to write these regulations without sufficient input from local leaders. This has led to regulations that restrict cities from requiring carriers to meet the needs of communities in which they want to operate. The FCC's order unnecessarily complicates existing agreements and negotiations between cities and wireless providers by imposing a one-size-fits-all preemption of existing state and local policies. The FCC's limits on fees for use of publicly owned property by private companies is an extreme overreach by the federal government, forcing cities to subsidize development at the cost of other critical local services.

3390 University Avenue, Suite 450 • Riverside, CA 92501 • (951) 405-6700 • www.wrcog.us

We all want to ensure efficient, safe, and appropriate deployment of new broadband technology. However, this sweeping regulation is not the best approach. WRCOG and its member agencies urge you to support and cosponsor H.R. 530, and to work together with local governments to find the best solution for effective 5G deployment that meets the diverse needs of our nation's many unique communities.

If you have any questions about H.R. 530 or you would like to cosponsor, please contact Asad Ramzanali at asad.ramzanali@mail.house.gov or (202) 226-4581.

Sincerely,

Rick Bishop
Executive Director

cc: The Honorable Raul Ruiz, Unites States Congress, 36th District
The Honorable Mark Takano, United States Congress, 41st District
The Honorable Ken Calvert, United States Congress, 44th District
The Honorable Duncan Hunter, United States Congress, 50th District
Erin Sasse, League of California Cities – BY EMAIL

Western Riverside Council of Governments
Executive Committee

Staff Report

Subject: **Western Riverside Energy Partnership Activities Update**

Contact: **Anthony Segura, Staff Analyst, asegura@wrcog.us, (951) 405-6733**

Date: **April 1, 2019**

The purpose of this item is to *provide information on the Southern California Edison (SCE) / Southern California Gas Company (SoCal Gas) All Partners meeting and recent updates to the development of a Regional Energy Network (REN).*

Requested Action:

1. Receive and file.

The Western Riverside Energy Partnership (WREP) responds to Executive Committee direction for WRCOG, SCE, and SoCal Gas to seek ways to improve marketing and outreach to the WRCOG subregion regarding energy efficiency. WREP is designed to help local governments set an example for their communities to increase energy efficiency, reduce greenhouse gas emissions, increase renewable energy usage, and improve air quality.

Request for Proposal – REN Development

On December 3, 2018, the Executive Committee authorized staff to continue working with both the Coachella Valley Association of Governments (CVAG) and San Bernardino Council of Governments (SBCOG) to develop a joint cooperative agreement and release a Request for Proposal (RFP) to identify a consultant to assist all three entities with development / implementation of a REN at a not to exceed amount of $150,000 ($50,000 per COG).

On January 31, 2019, WRCOG released an RFP to identify and select a consultant(s) to support CVAG, SBCOG, and WRCOG to develop a REN through the creation of a Business Plan that will be submitted to the California Public Utilities Commission (CPUC) for approval. In order for RENs to be established, a Business Plan would need to be developed and filed with the CPUC for final approval. A Business Plan is the framework for RENs as they lay the foundation for future work that will be conducted by the REN which is submitting the plan for approval. The Business Plan for each implementing REN has information on the Program's service boundary, energy efficiency analysis, energy efficiency measures / programs interested in implementing within the service territory, and how the REN's programs will meet California's energy efficiency goals for the upcoming years. Additionally, on February 26, 2019, staff released an Addendum to the open RFP which updated the overall budget for Business Plan Development. The cost for Business Plan Development decreased from $150,000 to $75,000 ($25,000 per COG). The remaining $75,000 will go toward an additional RFP that will be solicited to identify implementation services for ongoing REN development.

The Business Plan for all three entities will highlight the various program sectors that each agency will look into providing to the region. Examples of program sectors that have been mentioned in prior meetings with CVAG, SBCOG, and WRCOG staff but not yet confirmed include Residential (single / multi-family), small commercial,

Workforce Education & Training, and financing initiatives to help the region's growth of energy efficiency continue.

The Business Plan will also go through stakeholder review from the CPUC's Energy Division & the California Energy Efficiency Coordination Committee where various entities will provide comments on the proposed Business Plan before it reaches the CPUC for final approval. If approved by the CPUC, staff anticipates the REN to launch by Fall 2020.

The following table lists the schedule of events for the RFP:

Event	Date
1. RFP Distribution	January 31, 2019
2. Questions from Vendors about scope or approach due	February 14, 2019
3. Responses to questions posted on website	February 26, 2019
4. Proposal Due Date	March 7, 2019
5. Review of proposals	Week of March 11, 2019
6. Potential Interviews	Schedule for week of March 18, 2019
7. Anticipated decision and selection of Vendor(s)	Week of March 25, 2019
8. Anticipated commencement date of work	Upon approval of a contract by the Administration & Finance Committee

For questions or additional information on the REN development, please contact Anthony Segura at (951) 405-6733 or asegura@wrcog.us.

2019 SCE / SoCal Gas All Partners Meeting

On March 27, 2019, SCE & SoCal Gas hosted the 2019 All Partners Meeting at SCE's Energy Education Center in Irwindale, CA. This meeting kicked off the Local Government Partnership (LGP) year with energy efficiency program updates from both SCE & SoCal Gas. Attendees from this meeting included elected officials, city staff, utility staff, and program administrators for the LGPs.

Topics of discussion included Best Practice Sharing, 2019 LGP Outlook, The Future of Energy, and an update on the status for the Investor Owned Utilities' solicitations that have already or are in the process of being released to the public for bidding.

As part of the meeting, WRCOG staff was invited to participate in a panel session as part of the "Best Practice Sharing / Leveraging Resources" portion of the meeting. During this panel session, staff talked about the success of WREP and how they achieved this success through SCE & SoCal Gas' Direct Install (DI) Program. DI has been a great resource to the Western Riverside subregion as it has provided both municipal & commercial customers with a no-cost audit and installation of energy efficiency measures. Examples of measures that have been installed at both municipal / commercial businesses includes LED lighting, occupancy sensors, plug load strips, insulation (pipes & water heaters), and low flow shower heads / faucet aerators.

Prior Action:

None.

Fiscal Impact:

Activities for the WREP Partnership are included in the Agency's adopted Fiscal Year 2018/2019 Budget in the Energy Department.

Attachment:

None.

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Western Riverside Council of Governments
Executive Committee

Staff Report

Subject: **PACE Programs Financial Update**

Contact: **Casey Dailey, Director of Energy and Environmental Programs, cdailey@wrcog.us, (951) 405-6720**

Date: **April 1, 2019**

The purpose of this item is to *provide an update on historical PACE activities and the various WRCOG programs that additional PACE revenues have financed.*

Requested Action:

1. Receive and file.

WRCOG's PACE Programs provide financing to property owners to implement energy saving, renewable energy, water conservation, and seismic strengthening improvements to their homes and businesses. Financing is paid back through a lien placed on the property tax bill. The Program was initiated in December 2011 and was expanded in 2014 to allow jurisdictions throughout the state to join WRCOG's Program and allow property owners in these jurisdictions to participate. WRCOG now offers HERO, CaliforniaFIRST, PACE Funding, and Ygrene as residential PACE providers and Greenworks, CleanFund, and Ygrene as commercial PACE providers.

The Administration & Finance Committee received the below information at its meeting on March 13, 2019. The slides from that presentation have been included as Attachement 1.

PACE Revenues

In 2011, WRCOG, in partnership with Renovate America, launched the HERO Program within Western Riverside County. In 2014, the effort expanded statewide (the CA HERO Program), which is active in over 370 cities and 50 counties throughout the state. In 2016, the Executive Committee authorized allowing additional PACE providers to operate within the WRCOG subregion; there are now three additional residential PACE providers that WRCOG has allowed to operate within the subregion: Renew Financial, PACE Funding Group, and Ygrene.

In addition to addressing the public policy goals of the WRCOG PACE Program, including improving the existing housing stock by making properties more energy and water efficient, creating jobs in the construction sector, reducing greenhouse gas emissions, and administration of a statewide program, the high volume of PACE activity also created a source of revenue for WRCOG and its member agencies.

Since launching the CA HERO Program in 2014, the WRCOG PACE Programs (for both WRCOG and California) has generated approximately $34,000,000 in gross revenues through Fiscal Year (FY) 2017/2018. In the same period, the Program has spent approximately $21,500,000 in operating expenses, leaving approximately $12,527,000 in additional revenue. At the direction of the Executive Committee, WRCOG developed a series of regionally supportive programs to reinvest some of these funds into projects and programs that directly support WRCOG member agencies.

The following list outlines the projects and programs created, and amount of funds allocated to each, as a result of the PACE Program:

Program Name	Program Summary	Funded Amount	Remaining Amount
Beyond	The Beyond Program provided funding to member agencies for them to implement projects that are consistent with WRCOG's Economic Development and Sustainability Framework	$4,100,000	$2,100,000
Fellowship	This Program works with local universities to place students in long-term fellowships working with member agencies.	$1,100,000	$330,000
Grant Writing Services	The Grant Writing Program assists local jurisdictions with Grant Writing and has netted more than 10x the cost of the program in received funding to member agencies	$700,000	$360,000
Experience	Development of a regional innovation center, which would provide a host of community resources, promote sustainable practices, and showcase the assets and capabilities of the subregion.	$250,000	$ -
Water Quality	Funding for the development of a Regional Water Quality Mitigation Program	$200,000	$ -
Government Affairs	Funding for staff and resources in the development of the Government Affairs group within WRCOG.	$101,000	$ -
Western Community Energy	Development of a CCA (Community Choice Aggregation) to provide local residents with the choice of power providers, in addition to the investor owner utilities.	$1,200,000	N/A
Regional Streetlight Program	This Program is assisting member jurisdictions with the acquisition and retrofit of their Southern California Edison (SCE)-owned and operated streetlights.	$276,000	N/A
WRCOG Reserves		$4,600,000	N/A

Beginning in FY 2017/2018, the level of activity for the WRCOG PACE Program began to decline. The decline can be attributed to several factors including, but not limited to, increased competition among other PACE providers operating throughout California and changes in law related to underwriting criteria used to determine a property owner's eligibility to use PACE. The impacts to the WRCOG PACE Program have been significant.

The table below shows the monthly snapshot of activity from January 2017, January 2018, and January 2019 and is illustrative of the decline in PACE residential activity.

Year	Month	Applications Submitted	Applications Approved	% Approved	Completed Assessments	$ Amount of Completed Assessments
2017	January	3,879	2,897	75%	1,752	$33,894,212
2018	January	1,974	1,264	64%	1,083	$23,577,510
2019	January	963	460	48%	325	$7,383,045

As shown, the overall volume of activity for the CA HERO Program has declined by over 80% in approved applications and completed assessments since January 2017. Additionally, the monthly amount of completed assessments fell by nearly 80% from $33,897,212 in January 2017; to $7,383,045 in January 2019. As a result of the decline in activity, WRCOG staff have made several adjustments to the PACE Program. Some actions taken to 'right-size' the Program include a reduction in staff and reductions in legal and consulting expenses.

Although residential PACE has experienced significant declines, the commercial side of PACE, long dormant in California, seems to be awakening as evidenced by the increase WRCOG is seeing in the number of commercial PACE (C-PACE) providers expressing interest in pursuing PACE under WRCOG's umbrella. Since 2018, WRCOG has added Greenworks, Clean Fund, Twain, Lord Capital PACE, and Lever as new C-PACE providers.

Impacts to WRCOG Programs: The decline in residential PACE activity articulated above is impacting the continued implementation of the regionally supportive programs listed above. As shown in the chart above, funding still remains for BEYOND, the Fellowship Program and the Grant Writing Program. BEYOND, which currently has $2.1M of funding remaining, will come to an end on May 15, 2019, based on the action taken by the Executive Committee in November 2018 to create a cutoff for invoice submittal. The remaining funds will be primarily be allocated towards the Fellowship Program, with some funds going towards EXPERIENCE. The Fellowship Program, which has gone through three rounds of Fellows, currently has about one years' worth of funding remaining. As noted previously, the Fellowship Program will receive some of the remaining BEYOND funds to continue the Program, if there are any remaining. Since Program inception, WRCOG has hired and placed 55 Fellows into WRCOG's member agencies, and 17 were eventually hired on by member agencies. EXPERIENCE, which has no funds remaining, has completed its feasibility study and WRCOG is now working with the City of Riverside on next steps to hire a fundraising and project development consultant. As noted, EXPERIENCE will receive some of the remaining BEYOND funds to continue the Program, if there are any remaining. Lastly, the Grant Writing Program, which has expensed approximately half of the $700K allocated to it, has received close to $15M in approved grants, and will continue into next fiscal year with the remaining funding.

The Streetlight Program, which received an allocation of $276K from HERO, is currently in process of purchasing and retrofitting streetlights. The Program will be self-sustaining at the end of this fiscal year. Eleven member jurisdictions participate in the Streetlight Program. The Community Choice Aggregation Program, otherwise known as Western Community Energy, received an allocation of $1.2M from HERO, and has formed its own Joint Powers Agreement and anticipates a launch some time in 2020.

Prior Action:

March 13, 2019: The Administration & Finance Committee received and filed.

Fiscal Impact:

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

Attachment:

1. Administration & Finance Committee presentation slides.

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Item 5.G

PACE Programs Financial Update

Attachment 1

Administration & Finance Committee presentation slides

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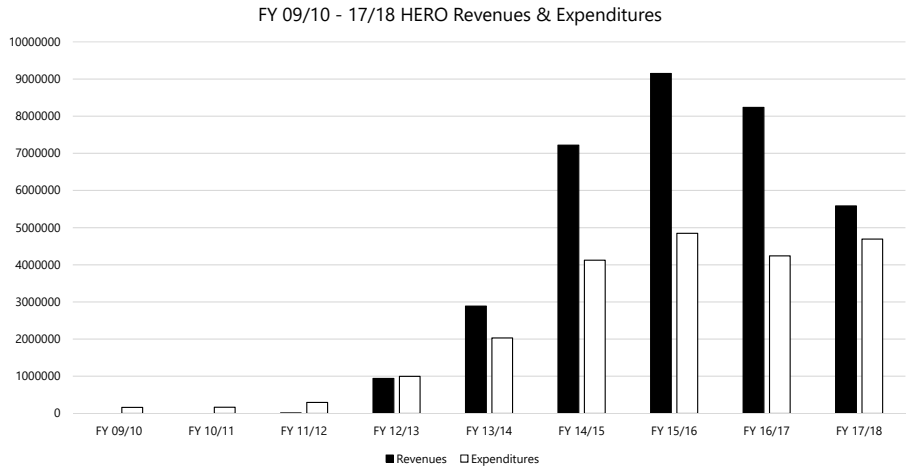
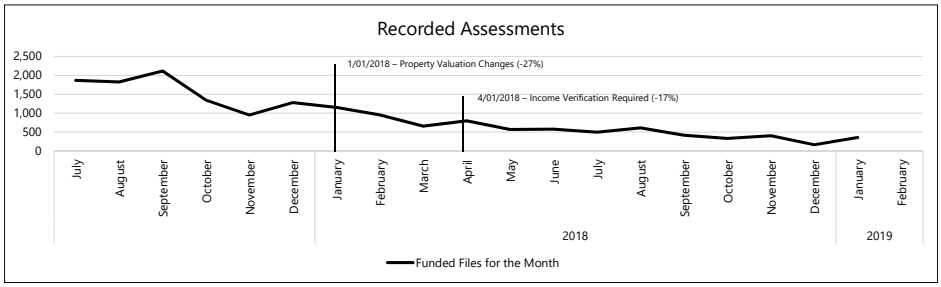
PACE Programs Financial Update

- 2011: WRCOG launches HERO Program in subregion
- 2014: HERO Program expands to CA HERO
- 2016: Subregional Program adds new PACE Providers
- Through FY 17/18: WRCOG PACE Program has generated approximately $34M
- Approximately $21.5M has been allocated for operating expenses, leaving approximately $12.5M to fund regionally supportive programs (Beyond, Fellowship, Grant Writing, etc.) and establish WRCOG agency reserves
- Since January 2017: PACE activity has declined by approximately 80%
- The decline in PACE activity impacts on funding regionally supportive programs

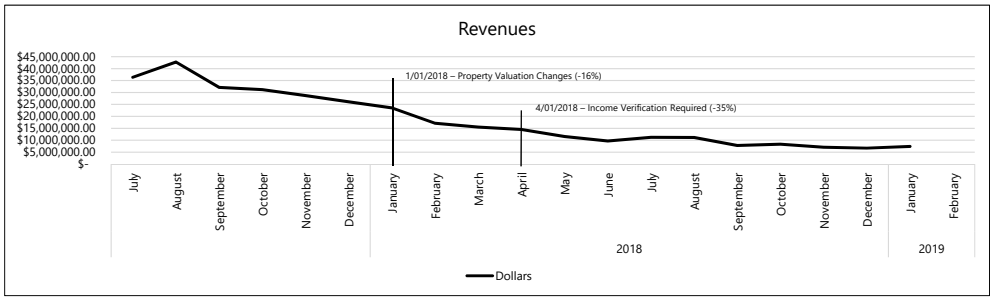
HERO Revenues & Expenditures FY 09/10 – 17/18



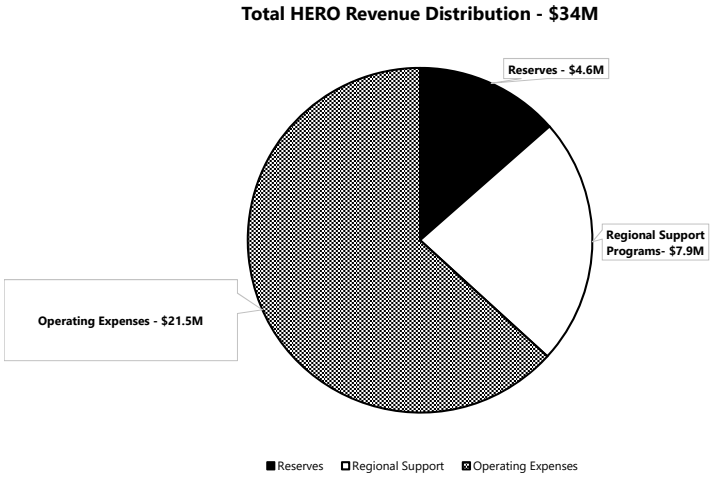
Recorded Assessments



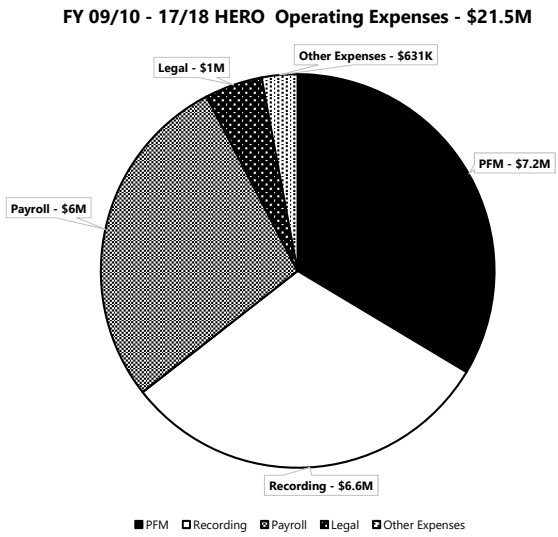
PACE Revenues



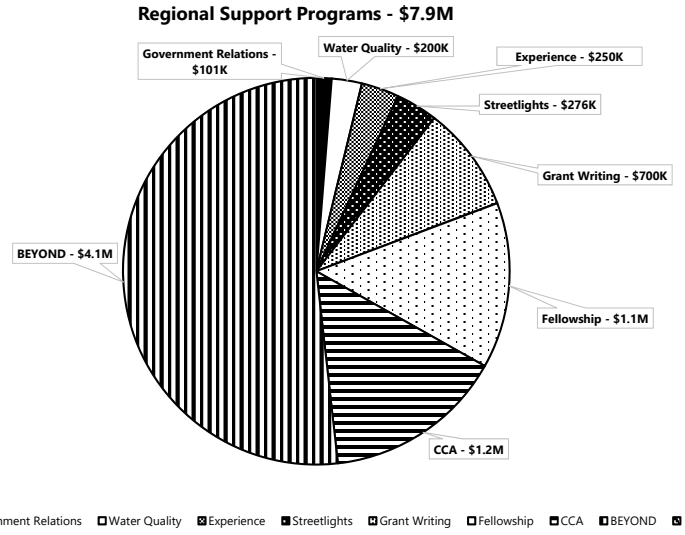
HERO Expenditure Distribution FY 09/10 – 17/18



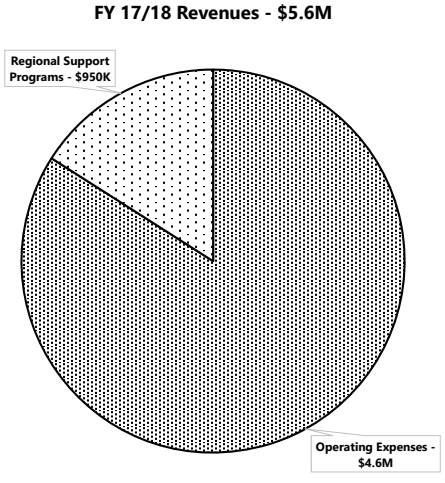
HERO Operating Expenses FY 09/10 – 17/18

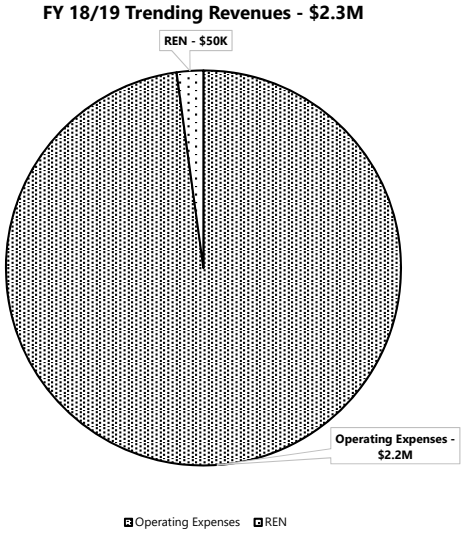


Regional Support Program Allocations FY 09/10 – 17/18



FY 17/18 & 18/19 HERO Expenditure Distribution





Impact to WRCOG Regional Support Programs

- Fellowship - $330K Remaining
  - One years' worth of funding remaining at current funding levels
  - Exploring options to extend Fellowship beyond next fiscal year
- Grant Writing - $360K Remaining
  - Approximately half of funding remaining
  - Approximately $15M in approved grants
- EXPERIENCE - $0 Remaining
  - Feasibility study completed
  - Working with City of Riverside to hire fundraising and project development consultant
- BEYOND - $2.1M Remaining
  - Round I & II unexpended BEYOND funds to be returned to WRCOG by May 15, 2019
  - Unexpended BEYOND funds to be allocated towards Fellowship and EXPERIENCE

Impact to WRCOG Regional Support Programs (cont.)

- Streetlights
  - Implementation phase underway
  - Program designed for self-sustainability
  - Program development reimbursement expected after launch
- CCA
  - JPA formed
  - Projected launch in mid-2020
  - Program development reimbursement expected after launch

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Western Riverside Council of Governments
Executive Committee

Staff Report

Subject: **Report out of WRCOG Representatives on Various Committees**

Contact: **Rick Bishop, Executive Director, rbshop@wrcog.us, (951) 405-6701**

Date: **April 1, 2019**

The purpose of this item is to *inform the Committee of activities occurring on the various Committees in which WRCOG has an appointed representative.*

Requested Action:

1. Receive and file.

This item is held as a placeholder for WRCOG representatives' use in providing materials pertaining to meetings of the Committee they have been appointed to.

SANDAG Borders Committee (Crystal Ruiz)

Meeting held on January 25, 2019. Agenda highlights include:

- South Bay Rapid and the New Otay Mesa Transit Center
- State Route 11 / Otay Mesa East Port of Entry Update

The Park & Ride / Commute Survey Summary Report can be viewed at https://www.sandag.org/uploads/publicationid/publicationid_4549_24879.PDF

Meeting held on February 22, 2019. Agenda highlights include:

- 2018 Commute Behavior Survey
- Update on Intraregional Tribal Transportation Strategy
- Imperial County Transportation Project Updates

Meeting held on March 22, 2019. Agenda highlights include:

- Perspectives on United States-Mexico Relations
- California-Mexico Legislative Update
- Comprehensive Sustainable Urban Mobility Plan for the Metropolitan Zone of Tijuana, Tecate, and Playas de Rosarito

The next meeting of the Borders Committee is scheduled for Friday, April 26, 2019, at 12:30 p.m.

SAWPA OWOW Steering Committee (Rusty Bailey)

Meeting held on March 28, 2019. Agenda highlights include:

- Incorporate the November 2018 San Bernardino County Santa Ana River
- OWOW Plan Update 2018 Sustainability Assessment
- Completion of the One Water One Watershed (OWOW) Plan Update 2018
- Disadvantaged Communities Involvement (DCI) Program – Update on Technical Assistance for Community Needs
- Orange County Stakeholders Letter

The next meeting of the SAWPA OWOW Committee is scheduled for Friday, May 23, 2019, at 11:00 a.m.

CALCOG (Brian Tisdale)

Meeting held on March 15, 2019. Agenda highlights include:

- Adoption of Advocacy Principles
- New: Housing Planning Proposal
- Legislation of Interest
- Academy Program Review & Continuation
- Contract for Workshops
- Officer Succession

The next meeting of the CALCOG Board of Directors is scheduled for Friday, May 29, 2019, at 11:00 a.m.

Prior Action:

None.

Fiscal Impact:

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

Attachments:

1. SANDAG Borders Committee Agenda packet of January 25, 2019.
2. SANDAG Borders Committee Agenda packet of February 22, 2019.
3. SANDAG Borders Committee Agenda packet of March 22, 2019.
4. SAWPA OWOW Committee Agenda packet of March 28, 2019.
5. CALCOG Board of Directors Agenda packet of March 15, 2019.
6. CALCOG Annual Conference Program.

Item 5.H

WRCOG Committees and Agency Activities Update

Attachment 1

SANDAG Borders Committee Agenda packet of January 25, 2019

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Members

Serge Dedina, Chair
Mayor, City of Imperial Beach
(Representing **South County**)

Vacant
(Representing **North County Inland**)

Vivian Moreno
Councilmember, **City of San Diego**

Greg Cox
Supervisor, **County of San Diego**

Ronn Hall
Councilmember, City of Santee
(Representing **East County**)

Vacant
(Representing **Imperial County**)

Jack Feller
Councilmember, City of Oceanside
(Representing **North County Coastal**)

Alternates

Bill Sandke
Councilmember, City of Coronado
(Representing **South County**)

Vacant
(Representing **North County Inland**)

Mark Kersey
Councilmember, **City of San Diego**

Dianne Jacob
Supervisor, **County of San Diego**

Steve Goble
Councilmember, City of El Cajon
(Representing **East County**)

Vacant
(Representing **North County Coastal**)

Luis Plancarte
Supervisor
(Representing **Imperial County**)

Advisory Members

Cory Binns / Ann Fox
Caltrans District 11

Marcela Celorio / Gaspar Orozco
Consulate General of Mexico

Jim Ferryman / Jim Dahl
(Representing **Orange County**)

Crystal Ruiz / Yxstian Gutierrez
(Representing **Riverside County COGs**)

Elsa Saxod / Gary Croucher
San Diego County Water Authority

Edwin "Thorpe" Romero / Cody Martinez
Southern California Tribal Chairmen's Association

Naresh Amatya / David C. Salgado
Southern California Association of Governments

Hasan Ikhrata
Executive Director, **SANDAG**

Borders Committee Agenda

Friday, January 25, 2019
12:30 to 2:30 p.m.
SANDAG Board Room
401 B Street, 7th Floor
San Diego

Agenda Highlights

- **South Bay *Rapid* and the New Otay Mesa Transit Center**
- **State Route 11/Otay Mesa East Port of Entry Update**

Please silence all electronic devices during the meeting

You can listen to the Borders Committee meeting by visiting our website at sandag.org

Mission Statement

The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG builds consensus; makes strategic plans; obtains and allocates resources; plans, engineers, and builds public transit; and provides information on a broad range of topics pertinent to the region's quality of life.

San Diego Association of Governments · 401 B Street, Suite 800, San Diego, CA 92101-4231
(619) 699-1900 · Fax (619) 699-1905 · sandag.org

Borders Committee

Friday, January 25, 2019

Item No.		Recommendation
+1.	Approval of Meeting Minutes The Borders Committee is asked to review and approve the minutes from its November 16, 2018, meeting.	Approve
2.	Public Comments/Communications/Member Comments Members of the public shall have the opportunity to address the Borders Committee on any issue within the jurisdiction of SANDAG that is not on this agenda. Anyone desiring to speak shall reserve time by completing a Request to Comment form and giving it to the Clerk prior to speaking. Public speakers should notify the Clerk if they have a handout for distribution to Borders Committee members. Public speakers are limited to three minutes or less per person. Borders Committee members also may provide information and announcements under this agenda item.	
	Reports	
+3.	South Bay *Rapid* and the New Otay Mesa Transit Center (Jennifer Williamson) Staff will present an overview of the new South Bay *Rapid* transit service and Otay Mesa Transit Center.	Information
+4.	State Route 11/Otay Mesa East Port of Entry Update (Christina Casgar; Mario Orso, Caltrans District 11) Mario Orso, Caltrans District 11, and Christina Casgar will present an update on the State Route 11/Otay Mesa East Port of Entry project, including the status of the Presidential Permit.	Information
5.	Understanding the United States–Mexico–Canada Agreement (Paola Avila, San Diego Regional Chamber of Commerce) Paola Avila will present an overview of the United States–Mexico–Canada Agreement, next steps in the ratification process, and thoughts from private and public sector stakeholders about potential impacts to the binational region.	Information
6.	Overview of Economic Development in Tijuana (Adriana Eguía, Vesta Industrial Real Estate Vice President and DEITAC Board Member) Adriana Eguía will present an overview of economic development in Tijuana, Mexico, including existing strategies, key agency and stakeholder involvement, and local perspectives on the process.	Information

7. Continued Public Comments

If the five-speaker limit for public comments was exceeded at the beginning of this agenda, other public comments will be taken at this time. Subjects of previous agenda items may not again be addressed under public comment.

8. Upcoming Meetings — Information

The next Borders Committee meeting is scheduled for Friday, February 22, 2019, at 12:30 p.m.

9. Adjournment

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Item 5.H

WRCOG Committees and Agency Activities Update

Attachment 2

SANDAG Borders Committee Agenda packet of February 22, 2019

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Members

Serge Dedina, Chair
Mayor, City of Imperial Beach
(Representing **South County**)

Paul McNamara
Mayor, City of Escondido
(Representing **North County Inland**)

Vivian Moreno
Councilmember, **City of San Diego**

Greg Cox
Supervisor, **County of San Diego**

Ronn Hall
Councilmember, City of Santee
(Representing **East County**)

Ellie Haviland
Mayor, City of Del Mar
(Representing **North County Coastal**)

Jesus Eduardo Escobar
(Representing **Imperial County**)

Alternates

Bill Sandke
Councilmember, City of Coronado
(Representing **South County**)

Olga Diaz
Councilmember, City of Escondido
(Representing **North County Inland**)

Mark Kersey
Councilmember, **City of San Diego**

Dianne Jacob
Chair, **County of San Diego**

Jerry Jones
Councilmember, City of Lemon Grove
(Representing **East County**)

Christopher Rodriguez
Councilmember, City of Oceanside
(Representing **North County Coastal**)

Luis Plancarte
Supervisor
(Representing **Imperial County**)

Advisory Members

Cory Binns / Ann Fox
Caltrans District 11

Marcela Celorio / Gaspar Orozco
Consulate General of Mexico

Jim Ferryman / Jim Dahl
(Representing **Orange County**)

Crystal Ruiz / Yxstian Gutierrez
(Representing **Riverside County COGs**)

Elsa Saxod / Gary Croucher
San Diego County Water Authority

Edwin "Thorpe" Romero / Cody Martinez
Southern California Tribal Chairmen's Association

Naresh Amatya / David C. Salgado
Southern California Association of Governments

Hasan Ikhrata
Executive Director, **SANDAG**

Borders Committee Agenda

Friday, February 22, 2019
12:30 to 2:30 p.m.
SANDAG Board Room
401 B Street, 7th Floor
San Diego

Agenda Highlights

- **2018 Commute Behavior Survey**
- **Update on Intraregional Tribal Transportation Strategy**
- **Imperial County Transportation Project Updates**

Please silence all electronic devices during the meeting

You can listen to the Borders Committee meeting by visiting our website at sandag.org

Mission Statement

The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG builds consensus; makes strategic plans; obtains and allocates resources; plans, engineers, and builds public transit; and provides information on a broad range of topics pertinent to the region's quality of life.

San Diego Association of Governments · 401 B Street, Suite 800, San Diego, CA 92101-4231
(619) 699-1900 · Fax (619) 699-1905 · sandag.org

Borders Committee

Friday, February 22, 2019

Item No.		Recommendation
+1.	Approval of Meeting Minutes The Borders Committee is asked to review and approve the minutes from its January 25, 2019, meeting.	Approve
2.	Public Comments/Communications/Member Comments Members of the public shall have the opportunity to address the Borders Committee on any issue within the jurisdiction of SANDAG that is not on this agenda. Anyone desiring to speak shall reserve time by completing a Request to Comment form and giving it to the Clerk prior to speaking. Public speakers should notify the Clerk if they have a handout for distribution to Borders Committee members. Public speakers are limited to three minutes or less per person. Borders Committee members also may provide information and announcements under this agenda item.	
	Chair's Report	
3.	San Diego Forward: The 2019–2050 Regional Plan Staff will present an update on San Diego Forward: The 2019–2050 Regional Plan.	Information
	Reports	
+4.	2018 Commute Behavior Survey (Krystal Ayala) Staff will present results from the 2018 Commute Behavior Survey, which surveyed more than 4,000 commuters in San Diego and Western Riverside counties to better understand commute choices and level of interest in different modes of transportation.	Information
+5.	Update on Intraregional Tribal Transportation Strategy (Jane Clough; Chairman Edwin "Thorpe" Romero, Southern California Tribal Chairmen's Association) Staff will present an update on implementation of the Intraregional Tribal Transportation Strategy.	Information
+6.	Imperial County Transportation Project Updates (Mark Baza, Imperial County Transportation Commission) Mark Baza, Imperial County Transportation Commission, will present an overview of various transportation projects underway in Imperial County.	Information
+7.	14th Annual Delegation to Mexico City (Kenia Zamarripa, San Diego Regional Chamber of Commerce) Kenia Zamarripa, San Diego Regional Chamber of Commerce, will present details regarding the annual Binational Delegation to Mexico City, which is taking place from March 31, 2019, to April 3, 2019.	Information

8. Continued Public Comments

If the five-speaker limit for public comments was exceeded at the beginning of this agenda, other public comments will be taken at this time. Subjects of previous agenda items may not again be addressed under public comment.

9. Upcoming Meetings — Information

The next Borders Committee meeting is scheduled for Friday, March 22, 2019, at 12:30 p.m.

10. Adjournment

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Item 5.H

WRCOG Committees and Agency Activities Update

Attachment 3

SANDAG Borders Committee Agenda packet of March 22, 2019

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Joint Meeting of the SANDAG Borders Committee and the Committee on Binational Regional Opportunities with the Municipalities of Tijuana, Tecate, and Playas de Rosarito and the State of Baja California

Friday, March 22, 2019

Hospitality Room open from 11:30 a.m. to 12:30 p.m.

Meeting from 12:30 to 2:30 p.m.

SANDAG Board Room
401 B Street, 7th Floor
San Diego, CA 92101

Agenda Highlights

- **Perspectives on United States–Mexico Relations**
- **California-Mexico Border Legislative Updates**
- **Comprehensive Sustainable Urban Mobility Plan for the Metropolitan Zone of Tijuana, Tecate, and Playas de Rosarito**

Please silence all electronic devices during the meeting

You can listen to the Borders Committee meeting by visiting our website at sandag.org

Joint Meeting of the SANDAG Borders Committee and the Committee on Binational Regional Opportunities with the Municipalities of Tijuana, Tecate, and Playas de Rosarito and the State of Baja California

Friday, March 22, 2019

Item No.		Recommendation
+1.	Approval of Meeting Minutes The Borders Committee is asked to review and approve the minutes from its February 22, 2019, meeting.	Approve
2.	Public Comments/Communications/Member Comments Members of the public shall have the opportunity to address the Borders Committee and the Committee on Binational Regional Opportunities (COBRO) on any issue within the jurisdiction of SANDAG that is not on this agenda. Anyone desiring to speak shall reserve time by completing a Request to Comment form and giving it to the Clerk prior to speaking. Public speakers should notify the Clerk if they have a handout for distribution to Borders Committee members. Public speakers are limited to three minutes or less per person. Borders Committee and COBRO members, as well as the representatives attending the joint meeting from Baja California, Mexico, may provide information and announcements under this agenda item.	
	Chair's Reports	
3.	San Diego Forward: The 2019–2050 Regional Plan Staff will present an update on San Diego Forward: The 2019–2050 Regional Plan.	Information
4.	Update on Airport Connectivity Subcommittee Staff will present an update on the Airport Connectivity Subcommittee.	Information
	Reports	
5.	Perspectives on United States–Mexico Relations (Michael Camuñez, Monarch Global Strategies) Michael Camuñez, Monarch Global Strategies, will present an overview of current U.S.–Mexico relations and describe how local priorities, namely the State Route 11/Otay Mesa East Port of Entry project, fit into the larger context.	Information

6. California-Mexico Border Legislative Updates (California State Senator Ben Hueso, 40th District) — Information

California State Senator Ben Hueso will provide an overview of recent legislative activities focused on California-Mexico relations.

7. Comprehensive Sustainable Urban Mobility Plan for the Metropolitan Zone of Tijuana, Tecate, and Playas de Rosarito (Daniel Rivera, City of Tijuana) — Information

Daniel Rivera, City of Tijuana, will report on an ongoing effort to develop a Comprehensive Sustainable Urban Mobility Plan for the metropolitan zone consisting of Tijuana, Tecate, and Playas de Rosarito, which will create a vision for sustainable mobility and serve as a tool to promote multimodal transportation.

8. Continued Public Comments

If the five-speaker limit for public comments was exceeded at the beginning of this agenda, other public comments will be taken at this time. Subjects of previous agenda items may not again be addressed under public comment.

9. Upcoming Meetings — Information

The next Borders Committee meeting is scheduled for Friday, April 26, 2019, at 12:30 p.m.

10. Adjournment

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Item 5.H

WRCOG Committees and Agency Activities Update

Attachment 4

SAWPA OWOW Committee Agenda packet of March 28, 2019

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…A United Voice for the Santa Ana River Watershed

OWOW Steering Committee Members

Jasmin A. Hall, Convener | SAWPA Commissioner
Bruce Whitaker, SAWPA Commissioner
Vacant, Orange County Supervisor
Vacant, Riverside County Supervisor
Curt Hagman, San Bernardino County Supervisor
Laura Roughton, Riverside County Municipal Representative
Jose Solorio, Councilmember, City of Santa Ana
James Hessler, Altman Plants
Garry W. Brown, Orange County Coastkeeper
Linda Ackerman, Regional Water Quality Control Board
Deborah Robertson, Mayor, City of Rialto

REGULAR MEETING OF THE

OWOW STEERING COMMITTEE

Thursday, January 24, 2019 – 11:00 a.m.

at SAWPA, 11615 Sterling Avenue, Riverside, CA 92503

AGENDA

1. **WELCOME AND INTRODUCTIONS**

2. **PUBLIC COMMENTS**
   Members of the public may address the Committee on items within the jurisdiction of the Committee; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).

3. **APPROVAL OF MEETING MINUTES: September 27, 2018**
   November 15, 2018

4. **BUSINESS ITEMS**

   A. **Incorporating the Santa Ana River Parkway & Open Space Plan into the OWOW Plan Update 2018 (SC#2019.1)** — Mike Antos
   Recommendation: (1) Receive presentations by SAWPA staff and the California Coastal Conservancy about the Santa Ana River Parkway & Open Space Plan (2018); and, (2) Incorporate the Parkway & Open Space Plan by reference in an appendix to the OWOW Plan Update 2018.

B. Incorporate the November 2018 San Bernardino County Santa Ana River Watershed Stormwater Resource Plan into the OWOW Plan Update 2018 (SC#2019.2) — Mark Norton

Recommendation: (1) Receive a presentation from representatives of San Bernardino County about the November 2018 San Bernardino County Santa Ana River Watershed Stormwater Resource Plan; and, (2) Incorporate the 2018 San Bernardino County Santa Ana River Watershed Stormwater Resource Plan by reference in an appendix to the OWOW Plan Update 2018.

C. OWOW Plan Update 2018 Sustainability Assessment (SC#2019.3) — Mike Antos

Recommendation: Receive and file final report.

D. Completion of the One Water One Watershed (OWOW) Plan Update 2018 (SC#2019.4) — Mike Antos

Recommendation: Recommend the One Water One Watershed (OWOW) Plan Update 2018 be adopted by the SAWPA Commission.

E. Disadvantaged Communities Involvement (DCI) Program – Update on Technical Assistance for Community Needs (SC#2019.6) — Mike Antos

Recommendation: Receive and file.

F. Orange County Stakeholders Letter (SC#2019.5) — Mike Antos

Recommendation: Receive and file this informational report from SAWPA staff and provide guidance as appropriate.

5. ADJOURNMENT

PLEASE NOTE:

Americans with Disabilities Act: Meeting rooms are wheelchair accessible. If you require any special disability related accommodations to participate in this meeting, please contact (951) 354-4220 or kberry@sawpa.org. Notification at least 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility for this meeting. Requests should specify the nature of the disability and the type of accommodation requested.

Materials related to an item on this agenda submitted to the Commission after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at www.sawpa.org, subject to staff's ability to post documents prior to the meeting.

Declaration of Posting

I, Kelly Berry, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on Thursday, January 17, 2019, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted at the SAWPA office, 11615 Sterling Avenue, Riverside, California.

/s/

Kelly Berry, CMC

…A United Voice for the Santa Ana River Watershed

2019 – OWOW Steering Committee Meetings Fourth Thursday of Every Other Month (January, March, May, July, September, November) (NOTE: All meetings begin at **11:00 a.m.**, unless otherwise noted, and are held at SAWPA.)	
January 24, 2019	March 28, 2019
May 23, 2019	July 25, 2019
September 26, 2019	November 21, 2019*
* Meeting date adjusted due to conflicting holiday.	

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WRCOG Committees and Agency Activities Update

Attachment 5

CALCOG Board of Directors Agenda packet of March 15, 2019

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California Association of Councils of Governments

Effective Regions Through Partnership

BOARD OF DIRECTORS

MEETING AGENDA

March 15, 2019

1:00 pm to 3:00 pm

Yosemite Valley Lodge
Garden Terrace Room
9006 Yosemite Lodge Drive
Yosemite National Park, CA 95389

CALL-IN INFORMATION

Phone: (605) 472-5814
Pin: 106-833-521

Please Note that although we are providing call in information, the phone coverage in Yosemite is a bit spotty. We do use a cell phone connected to a Polycom Line. We will do our best to make the sound work. But it is Yosemite.

AGENDA

TIME	ITEM	DESCRIPTION	PURPOSE	PAGE
1:00 pm	1	**Welcome, Introductions & Roll Call**		
1:15 pm	2	**Approval of the Minutes**	Action	5
1:20 pm	3	**Director's Report.** Given the number of new board members the directors report will be a little longer than normal to provide some context for our programs. A slide presentation will be given.	Information	n/a
		POLICY ITEMS		
1:35 pm	4	**Adoption of Advocacy Principles.** Finalize principles	Action	7
1:40 pm	5	**New: Housing Planning Proposal.** Discussion of Governor's new plan for housing, the role of regions, and how CALCOG will navigate the budget process.	Discussion	14
2:10 pm	6	**Legislation of Interest.** A first, early round of position recommendations on legislation.	Discussion & Action	18
		ORGANIZATION & GOVERNANCE ITEMS		
2:30 pm	7	**Academy Program Review & Continuation.** Staff will provide an overview of the "CARL" program and discuss a framework (and funding) to continue the program. More information available at the meeting	Action	26
2:40 pm	8	**Contract for Workshops.** Proposal for a joint policy workshops with the CA Department of Transportation.	Action	28
2:45 pm	9	**Officer Succession**. Update on current Board officer vacancies and transitions.	Discussion	29
2:55 pm	10	**Announcements**		
	11	**Adjourn**		

BOARD OF DIRECTORS ROSTER

- **President, Steve Teshara,*** Chair, Tahoe Transportation District
- **Immediate Past President, Scott Haggerty, *** Supervisor, Alameda County Transportation Commission
- **First Vice President,** Vacant
- **Second Vice President,** Vacant
- **Julie Pierce, *** Council Member, City of Clayton, Contra Costa Transportation Authority
- **Gary Tofanelli,** Supervisor, Calaveras County, Chair, Calaveras Council of Governments
- **Jan Harnik,** Council Member, City of Palm Desert, Coachella Valley Association of Governments
- **Brian Veerkemp,** Supervisor, El Dorado County, El Dorado County Transportation Commission
- **Amarpreet (Ruby) Dhaliwal**, Mayor, City of San Joaquin, Fresno Council of Governments
- **Stephen Avis,** Vice Mayor, City of Ferndale, Humboldt County Association of Governments
- **Cheryl Viegas-Walker**, City of El Centro, Imperial County Transportation Commission
- **Bob Smith**, Council Member, City of Bakersfield, Kern Council of Governments
- **Francisco Ramirez**, Council Member, City of Hanford, Kings County Association of Governments
- **Chuck Leonard**, Member at Large, Lake County/City Area Planning Council
- **John Fasana,** Mayor Pro Tem, City of Duarte, Los Angeles County Metropolitan Transportation Authority
- **Robert Poythress,** * Supervisor, Madera County, Madera County Transportation Commission
- **Dan Gjerde,** Supervisor, Mendocino County, Mendocino Council of Governments
- **Lloyd Pareira,** Supervisor, Merced County, Merced County Association of Governments
- **Amy Worth, *** Council Member, City of Orinda, Metropolitan Transportation Commission
- **Alfredo Pedroza**, Supervisor, Napa County, Napa Valley Transportation Authority
- **Chuck Puckett,** Council Member, City of Tustin, Orange County Council of Governments
- **Barbara Delgleize,** Council Member, City of Huntington Beach, Orange County Transportation Authority
- **Jim Holmes,** Supervisor, Placer County, Placer County Transportation Planning Agency
- **Lisa Middleton,** Council Member, city of Palm Spring, Riverside County Transportation Commission
- **Tim Onderko, *** Council Member, City of Loomis, Sacramento Area Council of Governments
- **Ignacio Velazquez,** Mayor, City of Hollister, San Benito Council of Governments
- **Alan Wapner,** Council Member, City of Ontario, San Bernardino County Transportation Authority
- **Rebecca Jones, *** Mayor, City of San Marcos, San Diego Association of Governments
- **Zach Friend,** Supervisor, Santa Cruz County, Santa Cruz County Regional Transportation Commission
- **Dan Wright,** City of Stockton, San Joaquin Council of Governments
- **Kristen Schreder,** Mayor, City of Redding, Shasta Regional Transportation Agency
- **Fred Strong,** * Council Member, City of Paso Robles, San Luis Obispo Council of Governments
- **Holly Sierra,** Mayor, City of Buellton, Santa Barbara County Association of Governments
- **Jim Spering,** Supervisor, Solano County, Solano Transportation Authority
- **Britt Huff,** Council Member, City of Rolling Hills Estates, South Bay Cities Council of Governments
- **Jake Mackenzie**, Council Member, City of Rohnert Park, Sonoma County Transportation Authority
- **Margaret Finlay, *** Council Member, City of Duarte, Southern California Association of Governments
- **Vito Chiesa,** Supervisor, Stanislaus County, Stanislaus Council of Governments
- **Bill Yeates,** Chair, Tahoe Regional Planning Agency
- **Jerry Edelen**, Mayor, City of Del Rey Oaks, Transportation Agency for Monterey County,
- **John Gray,** Supervisor**,** Tuolumne County, Tuolumne County Transportation Council
- **Brian Tisdale,** Council Member, City of Lake Elsinore, Western Riverside Council of Governments
- **Rudy Mendoza,** Mayor, City of Woodlake, Tulare County Association of Governments
- **Will Berg,** Council Member, City of Port Hueneme, Ventura County Transportation Commission

Associate Members

- **Vacant:** California State Association of Counties
- **Vacant**, League of California Cities

* Designates Executive Committee Member

Current Vacancies: Butte County Association of Governments, Santa Clara Valley Transportation Authority, Association of Bay Area Governments, City/County Association Governments of San Mateo County

BOARD OF DIRECTORS MEETING CALENDAR

May 29, 2019
Board of Directors Meeting
Sacramento, CA

November 7, 2019
Board of Directors Fall Business Meeting
Sacramento, CA

Other Dates

California Academy for Regional Leaders: Graduation:
April 29, 2019

Executive Directors Group Meeting (CDAC)
Sacramento
April 30, 2019

2020 Regional Leadership Forum
On a date to be determined in March or April
Monterey, California

Item 5.H

WRCOG Committees and Agency Activities Update

Attachment 6

CALCOG Annual Conference Program

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CALCOG
CALIFORNIA ASSOCIATION OF COUNCILS OF GOVERNMENTS

AND

Local Government Commission
Leaders for Livable Communities

"BETTER TOGETHER"

YOSEMITE LEADERSHIP & POLICY CONFERENCE

YOSEMITE LODGE

MARCH 14-17 • 2019

PROGRAM

Wifi Access

Internet access is free to guests staying at the Yosemite Valley Lodge and Majestic Yosemite Hotel. You will receive a wifi code at check-in. NOTE: WiFi bandwidth is limited in Yosemite National Park. WiFi is only recommended for checking email or some (very) light web browsing. Don't expect to be able to stream movies or download/upload large files. Enjoy the digital detox!

Cellular Phone Service

Can you hear me now? Because the towering mountains block the signals from cell phone towers, you phone may not always work in all parts of Yosemite. The best signal is in the Yosemite Village area near the Visitor Center.

Parking

Guests staying at Yosemite Valley Lodge are welcome to use our free parking lot. Guests not staying at the Lodge, should use the day lots in the Yosemite Village area. From there, you'll enjoy easy access to the rest of the Yosemite Valley on the free shuttle bus.

The Majestic Yosemite Hotel offers complimentary valet and self-parking. We recommend guests not staying in the hotel use the conveniently located Day-Use parking lot in Yosemite Village and use the free Yosemite Valley shuttle to get from place to place within the park.

Transportation

The Yosemite Valley Shuttle operates from 7am to 10pm. Shuttles run daily every 10 to 20 minutes and serve stops in numerical order (see Shuttle Service Maps). Daily schedules are posted at shuttle stops. The Valley Shuttle provides service between the Yosemite Valley Lodge and the Majestic Yosemite Hotel.

Dining Options

Yosemite National Park offers a wide variety of restaurants to satisfy every palate. Whether you're looking for a romantic dinner, a packaged lunch for your backpacking trip, or casual dining experience, you'll find it all right here.

The Majestic Yosemite Hotel Dining Room

Breakfast, lunch, and dinner are served daily at this truly spectacular dining room that lives up to its name. Dining Room and Bar. Reservations recommended. *Dress code for dinner.

Yosemite Valley Lodge Dining

Take in a view of Yosemite Falls as you enjoy cuisine that is just as awe-inspiring. Options include:
The Mountain Room Lodge / Base Camp Eatery / Starbucks at Base Camp Eatery

Yosemite Village Restaurants and Dining

Other dining venues include Degnan's Kitchen and the Village Store in Yosemite Village

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- Yosemite Transportation Schedule ..... INSIDE BACK COVER

Local Government Commission
Leaders for Livable Communities

Our Vision

The Local Government Commission (LGC) works to build livable communities and local leadership by connecting leaders via innovative programs and network opportunities, advancing policies through participation at the local and state level, and implementing solutions as a technical assistance provider and advisor to local jurisdictions.

With roots in California and a national reputation, LGC offers inspiration, information, and partnership for local and regional champions dedicated to building thriving communities that integrate civic engagement with environmental, social and economic priorities.

Our Approach

For over 35 years LGC has connected cutting-edge leaders from across the nation. Together we are advancing transformative policies and implementing innovative solutions for sustainable communities.

Connecting Leaders

LGC is a unique forum for local leaders to come together to share experience, build their network, and learn new strategies for creating livable communities. LGC offers conferences, training forums and resources that grow local knowledge for creating livable communities and build a cadre of leaders throughout the state with a local presence and national influence.

Advancing Policies

LGC works on behalf of local leaders to participate in policy conversations at the local, regional, and state level to ensure that needs are met in communities where they will have an impact. LGC maintains key partnerships with state, regional, and key Federal entities and is called upon regularly to provide livable communities expertise in the policy arena.

Implementing Solutions

LGC has an extensive track record partnering with local communities as a technical assistance provider to design projects, engage stakeholders, and help shape local policy that results in sustainable solutions. LGC programs build local capacity to engage leaders, institutions, media, and the public to build political will for advancing sustainability.

CALCOG
CALIFORNIA ASSOCIATION OF COUNCILS OF GOVERNMENTS

Our Vision

Our vision is that every city and county in California is served by effective regional governance. It starts from the ground up. Every Californian is part of a neighborhood; every neighborhood is part of a city or county; and each city or county is part of a region. A community creates its own sense of place. Yet the quality of life and prosperity of that community benefits when local governments collaborate across their region.

But there is a challenge. California's regions are larger, more populated, and generate greater economic output than most states. San Diego County – on its own – is twice the size of Delaware –and has nearly twice the population of West Virginia. The nine-county Bay Area (represented by MTC and ABAG) has more people than the entire state of Washington... and 36 other states that also get two votes in the United States Senate.

These large geographies are part of the reason why regional agencies form such an important bridge between state and local government in California. Many issues transcend local boundaries, but elude a statewide, one-size-fits-all solution. Regions build consensus and tailor policies to account for regional factors such as population, environment, infrastructure, and the economy.

Think of it as bottoms-up governance (we do); a place where local governments work together to craft policies that touch on a wide range of issues, including transportation, housing, fairness, social equity, public health, environmental protection, and economic development.

Effective regional governance is about helping every community become more prosperous, equitable, and environmentally sustainable. CALCOG works to assure effective regional governance so that California's regional agencies have the tools, information, and capacity to best serve their member cities and counties.

What We Do

We work for and on behalf of regional governments in California. We serve our regional members so that they can better serve their local cities and counties. We recognize that each region in California is unique. But all can learn from the experience of others.

We are dedicated to ensuring the success of our 46-member agencies by facilitating communication and information sharing between our members, local officials, state and federal agencies, involved stakeholders, and the public.

Conference Opening - Thursday, March 14

6:00 – 8:00pm	**Check-in**	Garden Terrace Room

PLEASE NOTE: No food is provided Thursday evening. There is a cafeteria at Yosemite Valley Lodge as well as multiple restaurants in the area. Grab some dinner after registering and join us for Trivia at 8pm. There will be a cash-only bar in the Garden Terrace Room.

8:00 – 9:00pm	**Opening Remarks** Super "California-istic Let's All be Precocious" Trivia Contest	Garden Terrace Room

Daytime Sessions - Friday, March 15

PLEASE NOTE: No breakfast or lunch is provided on Friday. There is a cafeteria at Yosemite Valley Lodge as well as multiple restaurants in the area.

9:30 – 10:00am	**Welcome, Introductions & Program Overview** • Kate Meis & Steve Hansen, *Local Government Commission* • Bill Higgins & Steve Teshara, *CALCOG*	Garden Terrace Room
10:00 – 10:35am	**Managing Change: Balancing Growth and Resiliency in our Communities** • Kate Gordon, Director, *Governor's Office of Planning and Research*	
10:40 – 11:25am	**Our Interconnected Future: Understanding the San Joaquin Valley** • Daron McDaniel, Supervisor, *County of Merced* • Leticia Perez, Supervisor, *County of Kern*	
11:30 – 12:00pm	**Keeping SB 375 Ambitious and Attainable** • Introduction: Catherine Blakespear, Mayor, *City of Encinitas* • Charles Stoll, Director of Land Use and Transportation Planning, *SANDAG*	
12:00 – 6:00pm	**Conference Break - Explore Yosemite!**	
1:00 – 3:00pm	**CALCOG Board of Directors Spring Business Meeting**	Garden Terrace Room
3:00 – 5:00pm	**LGC Board of Directors Meeting**	

Evening Sessions - Friday, March 15

6:00 – 7:30pm	**Cocktails and appetizers - Hors D'oeuvres and No Host Bar** *(cash only)*	Cliff Falls Room
7:00 – 8:00pm	**Target Practice: Balancing VMT, Growth and Mobility - Each the Targets** • Steve Cliff, Deputy Executive Officer, *California Air Resources Board*	Garden Terrace Room
8:00 – 8:30pm	**Walking the Walk: Building Support for Transportation & Housing** • Carl Guardino, President, *Silicon Valley Leadership Group*	
8:30 – 9:00pm	**Panel Discussion** • Steve Cliff, Deputy Executive Officer, California Air Resources Board • Carl Guardino, President, *Silicon Valley Leadership Group*	

Daytime Sessions - Saturday, March 16

8:00 – 8:30am	**Breakfast - for all participants**	Mountain Room
8:30 – 9:15am	**Think Big, Go Small: Implementing Micro Transit** • Christopher Cabaldon, Mayor, *City of West Sacramento*	Garden Terrace Room
9:15 – 10:10am	**The Road to Oz: Will Opportunity Zones Get us There?** • Ian Ross, Cofounder and CEO, *Opp Sites* • Carolyn Coleman, Executive Director, *League of California Cities* • Ken Hira, President, *Kosmont Companies*	
10:10 – 10:25am	**Break - Coffee and Tea available in the Mountain Room**	Mountain Room
10:25 – 11:00am	**After a Tragedy: How to Heal and Rebuild a Community** David Guhin, Assistant City Manager, *City of Santa Rosa* Tim Snellings, Director of Development Services, *County of Butte*	Garden Terrace Room
11:00 – 11:20am	**What's under the Surface: Understanding the Impacts of SGMA** • Glenda Humiston, Vice President of Agriculture and Natural Resources, *University of California*	
11:20 – 12:15pm	**Effective and Equitable Solutions for California's Housing Crisis** • Anya Lawler, Policy Advocate, *Western Center on Law and Poverty* • Steve Heminger, Executive Director, *Metropolitan Transportation Commission* • Jake Mackenzie, Council Member, *City of Rohnert Park*	
12:15 – 4:30pm	**Conference Break (Box Lunch Provided) - Explore Yosemite!**	

Evening Sessions - Saturday, March 16

4:30 – 5:45pm	**Networking Reception - Hors D'oeuvres and No Host Bar** *(cash only)*	Cliff Falls Room
5:45 – 6:45pm	**State Solutions: Legislation and Policy Discussion** Senator Scott Weiner, California State Senator, *District 11* Senator Bob Wieckowski, California State Senator, *District 10*	Garden Terrace Room
6:45 – 7:45pm	**"An Evening with John Muir"**	Garden Terrace Room

Morning Sessions - Sunday, March 17

8:00 – 9:00am	**Breakfast - for all participants**	Mountain Room
9:00 – 11:15am	**Regional Roundtable Discussions**	Garden Terrace Room
11:15am	**Conference Adjourns**	

Friday Morning

CONFERENCE OPENING REMARKS: BETTER TOGETHER

Friday, March 15 • 9:30 – 10:00am

Steve Hansen, Board Chair, *LGC*
Bill Higgins, Executive Director, *CALCOG*
Steve Teshara, Board President, *CALCOG*

Kate Meis is the Executive Director of the Local Government Commission a nationally recognized nonprofit supporting local policymakers through events, technical assistance, and policy guidance on climate change, energy, water, and community design. Kate has been recognized by the Sacramento Business Journal and the Chronicle of Philanthropy for her work on climate change as one of the '40 under 40 Young Leaders Who Are Solving the Problems of Today — and Tomorrow and was recently selected as a 2018 Bizwomen Headliner for Government & Public Service from among women who made headlines in business journals across the country. She earned a M.S. degree in community and regional development from UC Davis, and received a bachelor's degree in sociology from CSU-Sonoma.

Vice-Mayor Steve Hansen has served on the Sacramento City Council since 2012 and represents the Fourth Council District. Steve is a leading voice for smart growth, multi-modal transportation, public safety, economic development and innovation. He chairs the Sacramento Metropolitan Air Quality Management District. During Steve's time on the Council he has passed key initiatives, which include increasing protection for LGBT employees and residents and updating zoning codes to allow for urban agriculture. He worked tirelessly to reopen a local elementary school in the Central City. Other accomplishments include creating new and improving existing District 4 parks, and working to revitalize public housing. Steve is a graduate of University of the Pacific, McGeorge School of Law and has a Bachelor's Degree in International Relations from Gonzaga University. In 2014, he earned a Certificate for Senior Executives in State and Local Government from Harvard University, Kennedy School of Government.

Bill Higgins is the Executive Director of the California Association of Councils of Governments, a member-based organization that serves councils of governments, metropolitan planning organizations, and regional transportation planning agencies. Mr. Higgins joined CALCOG as its executive director in 2011. Previously, he spent 11 years as a senior staff attorney, program manager, and legislative representative for the League of California Cities and its nonprofit affiliate, the Institute of Local Government. There, he focused his efforts on local and regional planning, housing, economic development, and land use policy. He has been an adjunct professor at Sonoma State University and teaches periodic classes through the UC Davis and UCLA Extension Programs. Mr. Higgins obtained a Bachelor of Science in Agriculture & Resource Economics from Oregon State University and a law degree from the University of Minnesota.

Steve Teshara has been active in policy, planning, public-private partnerships, legislative advocacy, and project implementation in the greater Lake Tahoe region for more than 30 years. Steve's experience includes more than 25 years as the chief executive for community organizations, including 7 years as CEO of the North Lake Tahoe Resort Association and Executive Director of the North Lake Tahoe Chamber of Commerce (January 2003 through April 2010). He served as Executive Director of the Lake Tahoe Gaming Alliance for 11 years (1991-2002), Executive Director of the Tahoe Douglas Visitors Authority (1997-2002), and Executive Director of the Tahoe-Sierra Preservation Council (1986-1990). He was one of the original members of the Sierra Business Council (SBC) Board of Directors and received the Council's first Vision 2020 Award in 1996.

Friday Morning

MANAGING CHANGE: BALANCING GROWTH AND RESILIENCY IN OUR COMMUNITIES

Friday, March 15 • 10:00 – 10:35am

Kate Gordon Director,
Governor's Office of Planning and Research

Kate Gordon is a nationally recognized expert on the intersection of climate change, energy, and economic development. Gordon was appointed Director of the Governor's Office of Planning and Research by Governor Gavin Newsom on January 7, 2019. Prior to being appointed Director, Gordon was a Senior Advisor at the Paulson Institute, where she oversaw the "Risky Business Project," focused on quantifying the economic impacts of climate change to the U.S. economy, and also provided strategic support to the Institute's U.S.- China CEO Council for Sustainable Urbanization.

OUR INTERCONNECTED FUTURE: UNDERSTANDING THE SAN JOAQUIN VALLEY

Friday, March 15 • 10:40 – 11:25am

Daron McDaniel, Supervisor, *County of Merced*
Leticia Perez, Supervisor, *County of Kern*

Director Daron McDaniel currently serves as Merced County Supervisor for District 3. He moved to Merced County 33 years ago when his father was a part of the management team that opened Merced Color Press. He graduated from Merced High School before going on to attend Merced College and California State University, Stanislaus. While raising their family in Atwater, Director McDaniel and his wife Buffy started a charitable foundation that has supported athletic programs throughout the region.

Leticia Perez is a third-generation Bakersfield resident. Leticia earned her bachelor's degree from U.C. Santa Barbara in "Law and Society" before journeying to Indiana to fulfill her dream of obtaining a Juris Doctorate. Her dedication to the practice of law and her service to the community earned her the respect of her peers and their selection of her as the first woman to preside as president of Kern County Bar's Criminal Defense Section. Leticia has received numerous awards for her partnership with local businesses, job developers, and community leaders while spearheading some of the county's most innovative economic development and renewable energy development projects.

Friday Morning

KEEPING SB 375 AMBITIOUS AND ATTAINABLE

Catherine Blakespear, Mayor, *City of Encinitas*
Hasan Ikhrata, Executive Director, *SANDAG*

Friday, March 15 • 11:30 – 12:00pm

Encinitas Mayor Catherine S. Blakespear is a fourth-generation resident of Encinitas. Elected to serve on the Encinitas City Council in 2014, she became the second directly elected Mayor of Encinitas in 2016. Before running for elected office, Catherine served for four years as the Cardiff representative on the Encinitas Traffic & Public Safety Commission, nominated by her peers to be the commission's chair in her final year. Catherine co-founded her own estate planning law firm in 2009, helping clients transition their values and assets from one generation to the next. In addition to serving as the mayor, she maintains her law practicing, mainly focused on wills, trusts, probates and trust administrations.

Charles Stoll, more commonly known as "Muggs", is the Director of Land Use and Transportation Planning for the San Diego Association of Governments (SANDAG) in San Diego, California. He directs a team of over 30 professionals in developing critical land use and transportation planning initiatives for the San Diego region, such as the 2050 Regional Transportation Plan and the first Sustainable Communities Strategy pursuant to Senate Bill 375 in the State of California. Previously, Stoll was the TransNet Program Manager for SANDAG. He also had the interim responsibility as SANDAG's Communications Director for four months until the position was permanently filled in 2007. Stoll joined SANDAG in April 2007 after spending over twenty years with the California Department of Transportation in their San Diego District Office where he gained experience in many functional units including project development and environmental analysis. He was the Project Director for the South Bay Expressway, a toll road developed through a public-private partnership arrangement. He began his involvement in the Transportation Research Board (TRB) while at Caltrans and has continued his activities as a member of the TRB Environmental Analysis in Transportation Committee (ADC10), where he assumed the Chair in 2009.

Friday Evening

TARGET PRACTICE: BALANCING VMT, GROWTH AND MOBILITY - EACH THE TARGETS

Friday, March 15 • 7:00 – 8:00pm

Steven Cliff was appointed Deputy Executive Officer at the California Air Resources Board in the summer of 2017. Steve is responsible for overseeing programs to reduce emissions from mobile sources and the statewide monitoring and laboratory programs. These include the vehicle emissions testing and compliance programs, mobile source regulations, engine certification programs, the ambient air quality monitoring network, small engine regulations, and incentive programs. Steve started at CARB in 2008 where he was working on the first climate change scoping plan under AB 32 and led the development of the greenhouse gas cap-and-trade program. In 2014, Governor Brown appointed Steve to Caltrans as the inaugural director for sustainability, and in 2016 appointed Steve back to CARB as Senior Advisor to Chair Mary Nichols.

Friday Evening

WALKING THE WALK: BUILDING SUPPORT FOR TRANSPORTATION HOUSING

Carl Guardino, President,
Silicon Valley Leadership Group

Friday, March 15 • 8:00 – 8:30pm

Carl Guardino is the President and CEO of the Silicon Valley Leadership Group, a public policy trade association that represents more than 375 of Silicon Valley's most respected employers. He is also a four-term gubernatorial appointee on the California Transportation Commission. Known throughout the region as a consensus builder, Guardino has championed a number of successful ballot measures, especially in the areas of transportation and housing. Guardino was born and raised in San Jose and received his Bachelor of Arts degree in political science from San Jose State University, where he is a Distinguished Alumnus.

Saturday Morning

THINK BIG, GO SMALL: IMPLEMENTING MICRO TRANSIT

Christopher Cabaldon, Mayor,
City of West Sacramento

Saturday, March 16 • 8:30 – 9:15am

Christopher Cabaldon became the first mayor directly elected by West Sacramento voters in November 2004; he was re-elected in 2006, 2008, 2010, 2012, 2014, 2016 and 2018. Mayor Cabaldon currently is chair of the Jobs, Education and Workforce committee with the U.S. Conference of Mayors. He's the former chair of the Sacramento Area Council of Governments' groundbreaking Blueprint for the Future project. He also chaired the region's Partnership for Prosperity and has served on a variety of transportation and air quality agency boards. He worked on state water and habitat issues for more than a decade, as a member of the state's Delta Protection Commission, as well as the Regional Water Quality Control Board.

THE ROAD TO OZ: WILL OPPORTUNITY ZONES GET US THERE?

Carolyn Coleman, Executive Director, *League of California Cities*
Ken Hira, President, *Kosmont Companies*
Ian Ross, Cofounder & CEO, *Opp Sites*

Saturday, March 16 • 9:15 – 10:10am

Carolyn Coleman brings 25 years of experience as a leader and an advocate in the public and private sectors to her role as executive director of the League of California Cities. She joined the League of California Cities in December 2016 after a decade with the National League of Cities (NLC) in Washington, D.C. as senior executive and director of federal advocacy. During her tenure at NLC, she oversaw the organization's advocacy efforts and worked closely with city leaders and the 49 state municipal leagues throughout the country to advance NLC's priorities in matters before Congress, the Administration and the courts.

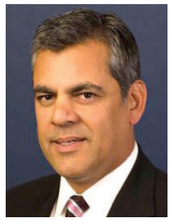
(Road to Oz session speakers continued next page)

Saturday Morning

THE ROAD TO OZ: WILL OPPORTUNITY ZONES GET US THERE?

Saturday, March 16 • 9:15 – 10:10am

(Session speakers continued from previous page)
Ken Hira, President, *Kosmont Companies*
Ian Ross, Cofounder & CEO, *Opp Sites*



Mr. Kenneth K. Hira serves as President for Kosmont Companies. An expert in retail development and strategies for retail attraction, Mr. Hira has over 25 years of varied experience in virtually every aspect of real estate financing, downtown revitalization, acquisition, entitlement, development, asset management and disposition. Mr. Hira's expertise is in identifying retail tenants and negotiating retail and mixed-use projects that can revitalize communities and assist in economic development/tax generation programs. A former Executive Vice President of the Irvine-based mixed-use developer, Pacific Century Commercial, Mr. Hira managed a portfolio of over $100 million of retail sites, while operating the commercial division of the company.

Ian Ross is a professional urbanist and a humanist, and is fascinated by scalable solutions that empower people to improve the places they live and work. Ian was inspired to build OppSites.com to accelerate and democratize the city building process by connecting real estate professionals, city leaders, capital partners, economic developers, service provider, and business and property owners in real time, so they can share knowledge, and pursue opportunities. In 1999 Ian began providing urban design and economic development services to cities and communities focused on strategic growth. Over the course of his 15-year career, Ian consulted with more than 35 cities and counties, working at the intersection of the public and private sector to guide new investment that supports local goals.

AFTER A TRAGEDY: HOW TO HEAL AND REBUILD A COMMUNITY

Saturday, March 16 • 10:25 – 11:00am

David Guhin, Assistant City Manager, *City of Santa Rosa*
Tim Snellings, Director of Development Services, *County of Butte*

David Guhin has over 15 years of experience in the public sector and is currently the Assistant City Manager and Director of Planning and Economic Development for the City of Santa Rosa. In addition to his regular duties, Mr. Guhin's responsibilities include the City's Planning, Building, Engineering and Economic Development functions. Mr. Guhin has implemented process improvements to expedite and enhance the development process, guided the development of the City's Housing Action Plan, lead the development of the City's comprehensive cannabis policy and tax initiatives, oversaw the Roseland Annexation process, and is developing an aggressive housing initiative to encourage multi-family housing in the downtown core to support transit-oriented development and the economic health of the city.

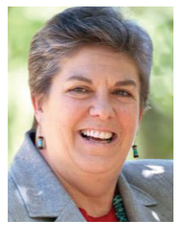
Tim Snellings has been with Butte County as the Development Services Director since 2005. His department includes Planning, Building and Code Enforcement. Most recently, Tim (and his staff) have spent a significant amount of their time working on Camp Fire Recovery efforts. The Camp Fire was the deadliest fire in California history and with over 14,000 homes destroyed,153,000 acres burned, and 85 lives lost. It has been essential to coordinate, collaborate and communicate with local, state and federal elected officials, staff from state and federal agencies, nonprofits, the Town of Paradise, the 4 other cities and other members of The County Team as part of the Recovery effort.

Saturday Morning

WHAT'S UNDER THE SURFACE: UNDERSTANDING THE IMPACTS OF SGMA

Saturday, March 16 • 11:00 – 11:20am

Glenda Humiston,
Vice President of Agriculture and Natural Resources,
University of California

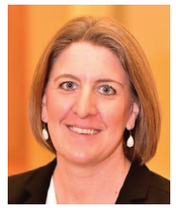


Dr. Glenda Humiston was appointed vice president of UC Agriculture and Natural Resources August 3, 2015. Humiston was born in California and raised on a cattle ranch in Colorado, where she was a member of 4-H. She served President Clinton as deputy undersecretary for natural resources and environment at USDA from 1998 to 2001. In 2009, Humiston was appointed by President Obama to serve as the California State Director at the U.S. Department of Agriculture (USDA), Rural Development.

EFFECTIVE AND EQUITABLE SOLUTIONS FOR CALIFORNIA'S HOUSING CRISIS

Saturday, March 16 • 11:20 – 12:15pm

Anya Lawler, Policy Advocate, *Western Center on Law and Poverty*
Steve Heminger, Executive Director, *Metropolitan Transportation Commission*
Jake Mackenzie, Council Member, *City of Rohnert Park*



Anya Lawler has spent nearly two decades working in land use and housing policy at the state level. She has extensive expertise with Housing Element Law, the regional housing needs allocation process, Density Bonus Law, inclusionary housing policy, and anti-displacement policy, among others. Prior to joining the Western Center on Law & Poverty, she worked for a decade as a committee consultant in the state Assembly and served as the deputy director for policy at the Governor's Office of Planning and Research. She is committed to advancing just, equitable, inclusive development policies that ensure that Californians with the lowest incomes have access to safe, stable, affordable homes in every community throughout the state.

Steve Heminger, executive director of the Metropolitan Transportation Commission (MTC) since 2001 and of the Association of Bay Area Governments (ABAG) since July 2017, today notified the Commission's Executive Committee that he will retire from both positions on February 28, 2019. "After more than 17 years at the helm, Steve stands among the giants of the transportation world," observed MTC Chair and Rohnert Park City Councilmember Jake Mackenzie. Heminger has served as MTC's Executive Director since 2001. He joined the MTC staff in 1993 as manager of Legislation and Public Affairs and was elevated to deputy executive director in 1999 before assuming the top staff position two years later.

Jake Mackenzie is on his 22nd year as a member of the Rohnert Park City Council and has been Mayor five times. A retired pesticide regulator (30 years with U.S. EPA), he occupies his retirement years chairing and serving on regional water, transportation, open space, sustainable growth and climate protection bodies. He has served as chair for the Sonoma County Agricultural Preservation and Open Space District, the Russian River Watershed Association, the North Coast Resource Partnership, and twice for the Sonoma County Water Advisory Committee. Today, his responsibilities include Chair of the Metropolitan Transportation Commission as well serving as a board member for The Sonoma County Transportation Authority and The Local Government Commission

Saturday Evening

STATE SOLUTIONS: LEGISLATION AND POLICY DISCUSSIONS
Saturday, March 16 • 5:45 – 6:45pm

Senator Scott Weiner, California State Senator, *District 11*
Senator Bob Wieckowski, California State Senator, *District 10*

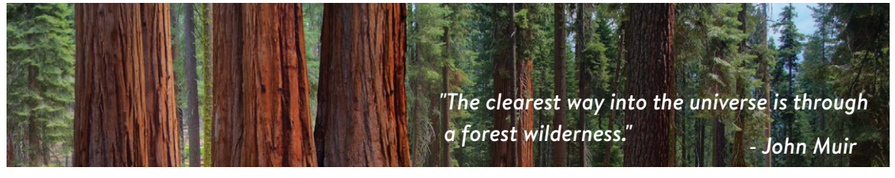
Senator Scott Wiener represents San Francisco and northern San Mateo County in the California State Senate. Elected in 2016, Senator Wiener focuses extensively on housing, transportation, civil rights, criminal justice reform, clean energy, and alleviating poverty. He chairs the Senate Housing Committee. Before being elected to the Senate, Senator Wiener served as a member of the San Francisco Board of Supervisors, representing the district previously represented by Harvey Milk, and chaired the San Francisco County Transportation Authority. Before being elected to office, Senator Wiener practiced law for 15 years, including nearly a decade as a Deputy City Attorney in the San Francisco City Attorney's Office. He also served in a number of community leadership roles, including co-chair of the San Francisco LGBT Community Center and on the national Board of Directors of the Human Rights Campaign. Senator Wiener has lived in San Francisco's Castro neighborhood since 1997. He received degrees from Duke University and Harvard Law School.

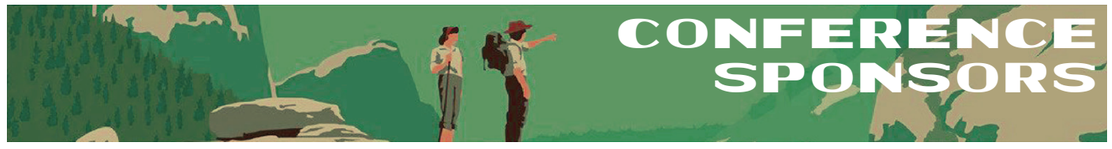
Senator Bob Wieckowski was re-elected to a second term on Nov. 6, 2018 and represents the 10th Senate District in the California State Legislature. The district stretches from southern Alameda County into Santa Clara County and shares the member's focus on job creation, clean technologies, protecting our environment and reducing unnecessary regulations. Mr. Wieckowski chairs the Budget and Fiscal Review Subcommittee 2 on Resources, Environmental Protection, Energy and Transportation. He is also a member of the Senate committees on Appropriation; Budget and Fiscal Review; Environmental Quality; Housing; Judiciary; and Transportation. He is the past chair of the Energy and Environment Committee of the Council of State Governments West and was the first Californian to chair the committee. The Senator is a state leader in advocating for climate adaptation programs and has participated on numerous regional, state and international panels focusing on climate change.

AN EVENING WITH JOHN MUIR
Saturday, March 16 • 6:45pm - 7:45pm

Lee Stetson,
John Muir Live

Lee Stetson brilliantly portrays John Muir, America's foremost naturalist and conservationist. His portrayal of John Muir has been presented in Yosemite National Park since 1983, to hundreds of thousands of visitors. Additionally, his Muir presentations have toured worldwide to universities, parks, museums, and environmental organization.





Champion Level

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CIVICSPARK PROGRAM

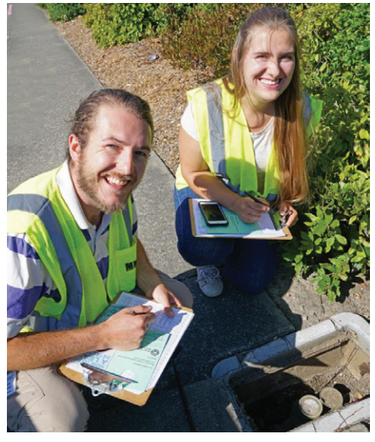
CivicSpark is now accepting partner applications for the 2019-20 Service Year!

CivicSpark is a Governor's Initiative AmeriCorps Program dedicated to building capacity for local public agencies to address emerging environmental and social equity resilience challenges such as climate change, water resource management, affordable housing, and mobility.

From September 2019 to August 2020, 90 Fellows will bring energy, commitment, and drive to a range of locally-defined projects throughout California.

Email Program Director Kif Scheuer at kscheuer@lgc.org for more information regarding becoming a CivicSpark Project Partner.

Priority deadline is May 3rd.



See what our project partners our saying:

"I currently have almost no time or political support to focus on climate action work… without question, [CivicSpark] helped advance this effort in the community."

- City of Plymouth

"The projects [our fellow is working on] are important for the County's success in designing and implementing climate action strategies…Without our CivicSpark fellow, these significant pieces of work would be several years out for their completion."

- Sustainable Napa County

"CivicSpark has been an essential partner in our office and in our county, providing fellows who are highly capable, intelligent, serious, and committed to their projects…CivicSpark has been a tremendous benefit to our local governments and the community at large."

- SLO Air Pollution Control District

ACT NOW TO RECEIVE SUPPORT FOR ONE OF YOUR AGENCY'S INITIATIVES!

Governor's Office of Planning and Research · State of California

Local Government Commission
Leaders for Livable Communities

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Current Member Vacancies:

- Butte County Association of Governments
- Association of Monterey Bay Area Governments
- Santa Clara Valley Transportation Authority
- Association of Bay Area Governments
- League of California Cities
- California State Association of Counties

2019 CALCOG MEMBERS

Think you know Yosemite?

Check out these fun facts about the history of Yosemite National Park from the History Channel website:

Yosemite was not America's first national park

When President Abraham Lincoln signed legislation in 1864 that designated Yosemite Valley and the Mariposa Grove of giant sequoias a public trust of the state of California, it marked the first time that the U.S. government had protected natural wonders for public enjoyment. Although this laid the foundation for the national park system, Yosemite did not actually become a national park until 18 years after Yellowstone was established as the nation's first national parkland.

A Scottish immigrant spearheaded Yosemite National Park's creation

John Muir, a native of Scotland who grew up in Wisconsin, first set eyes on the Yosemite Valley in 1868. Muir lamented the destruction of the forests and vast meadows that surrounded the valley. His articles in newspapers and magazines raised the awareness of the region's beauty and contributed to the eventual establishment of Yosemite National Park in 1890.

Sheep were once among the primary threats to Yosemite's natural landscape

A particular threat to Yosemite in earlier days came from sheepherders who frequently set meadows ablaze to promote the growth of edible grasses for their grazing sheep. In 1870, as many as 15,000 sheep pastured in the Tuolumne Meadows alone, destroying it's delicate subalpine grasses and spreading diseases that depleted the native bighorn sheep.

At first, the national park didn't include Yosemite Valley and its iconic landmarks

When the federal government first established Yosemite National Park, it surprisingly did not include those lands already given to California in 1864, which included the Yosemite Valley and its natural icons—El Capitan, Half Dome and Yosemite Falls. California, however, did not manage the valley well, and failed to prevent frequent incursions by miners, loggers, cattlemen and sheepherders, which led Muir to campaign vigorously for the valley's protection in his writings.

A presidential camping trip led to Yosemite National Park's expansion

In 1903, President Theodore Roosevelt traveled to California and requested that Muir take him camping for several days in Yosemite. Roosevelt spent a night beneath the giant sequoias and was so awed by them and Yosemite's other wonders, that Muir easily convinced him of the need to expand the national park to include the lands still in California's possession.Thus, in 1906 the president signed a law that finally brought Yosemite Valley and Mariposa Grove into the national park.

Buffalo soldiers who first patrolled Yosemite pioneered the iconic park ranger hats

Before the 1916 establishment of the National Park Service, management of Yosemite fell to the military. Many of the regiments of African-American men, known as buffalo soldiers, who patrolled the park were Spanish-American War veterans who had discovered that they could better shield themselves from the tropical rains of Cuba and the Philippines by pinching their high-crowned, broad-brimmed hats into symmetrical quadrants. They continued to sport the distinctive "Montana Peak" style on the home front, and it eventually became part of the National Park Service ranger uniform.

Yosemite bid to host the 1932 Winter Olympics

After visiting the 1928 Winter Olympics in Switzerland, the head of Yosemite's concessions at the time sought to bring the quadrennial sporting event to the park. An 800-foot snow slide, a large ice-skating rink, toboggan runs and a small ski jump were constructed in an attempt to make Yosemite a winter sports destination. Though Yosemite ultimately lost out to Lake Placid, New York, the park did host the West Coast tryouts for America's Olympic speed-skating team. Yosemite still offers some winter sport activities at Badger Pass, California's oldest ski resort.

Yosemite's most luxurious hotel once served as a military hospital

In 1943, the U.S. Navy leased the posh Ahwahnee Hotel (now known as the Majestic Yosemite Hotel) and converted it into a military hospital offering psychiatric treatment. Doctors hoped the tranquility and scenery would soothe patients, but they soon discovered that the towering cliffs caused claustrophobia, and the park's isolation made things even worse. Hospital administrators quickly converted the facility into a general physical rehabilitation unit, and administrators added more facilities, including a library, pool hall and bowling alley until it was eventually converted back to hotel use later.

A "firefall" of glowing campfire embers was once one of the park's top attractions

Beginning in the early 1870s, James McCauley, who owned a hotel atop Glacier Point, ended evenings spent around the campfire with his guests by kicking the burning embers over the soaring cliff. Visitors below enjoyed the shower of fire so much they began to pay McCauley to continue the practice. Later, David Curry, the proprietor of Camp Curry, revived the Yosemite Firefall in the early 1900s after hearing guests reminisce about it. It became a nightly summertime entertainment until the National Park Service, frowning upon the man-made attraction, ended it in 1968.

Conference Program Design and Graphics Provided by Mark Thomas

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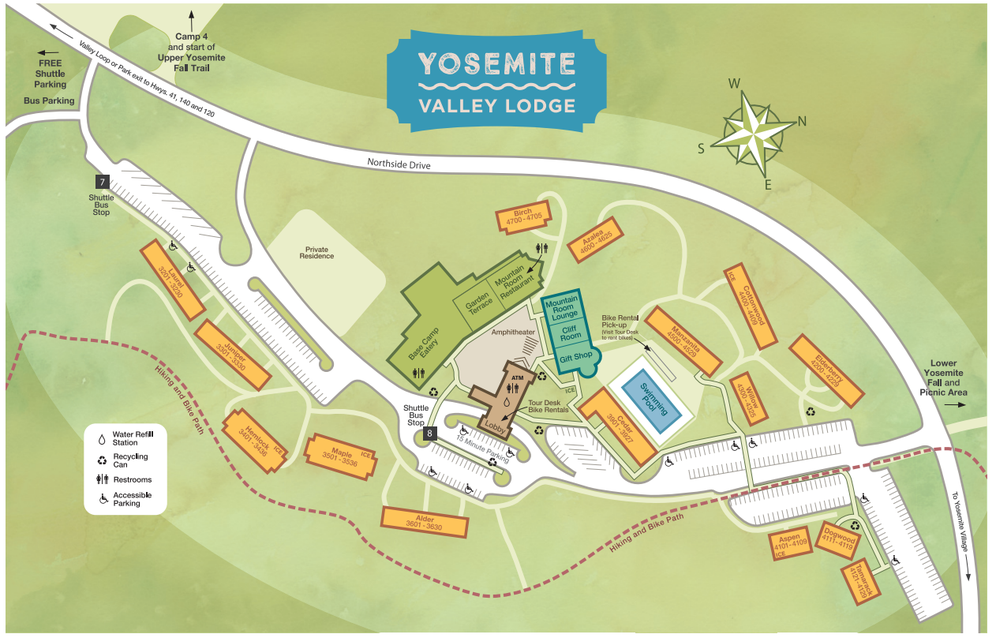
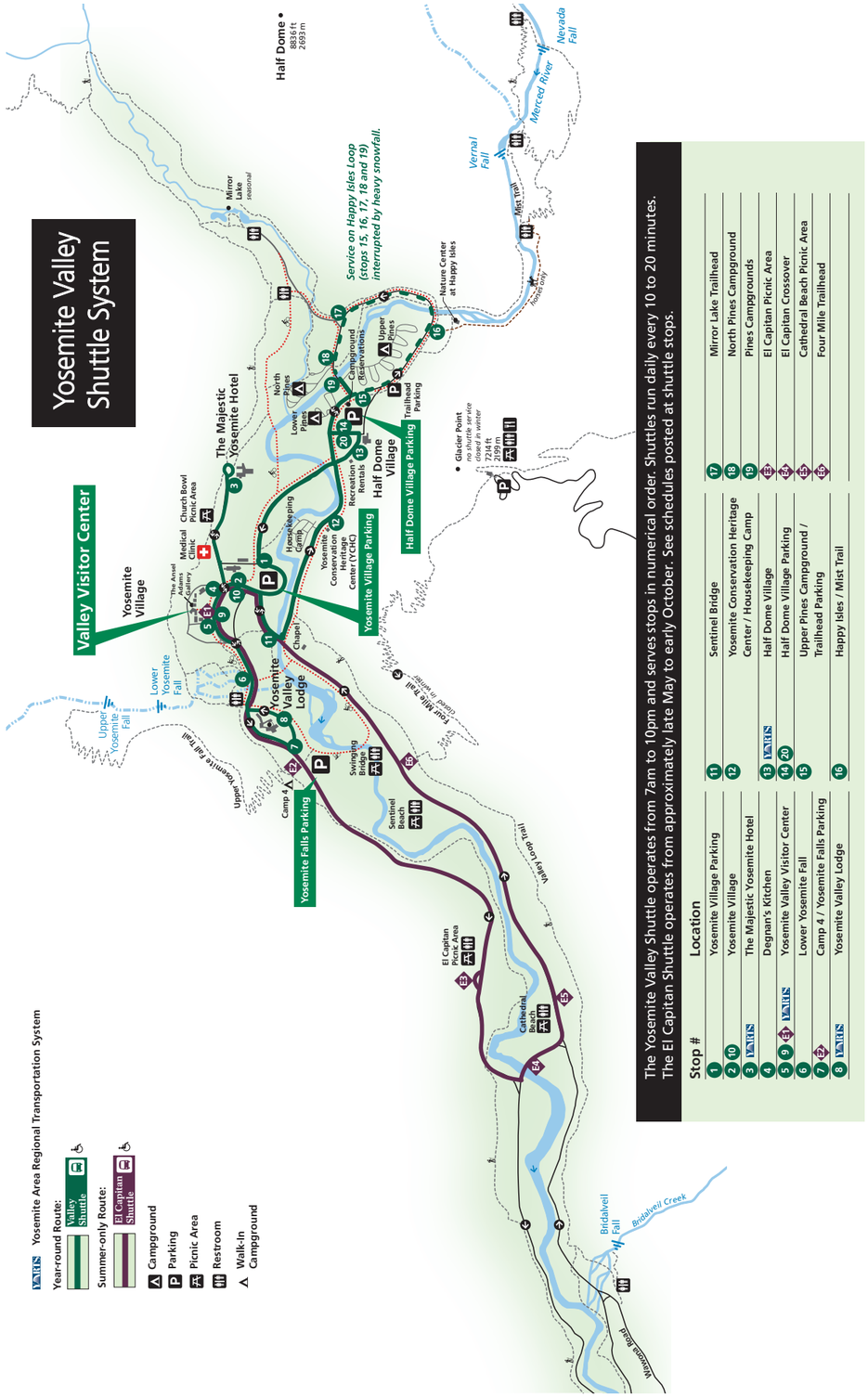
Yosemite Lodge and Majestic Yosemite Hotel Maps





The Yosemite Valley Shuttle operates from 7am to 10pm and serves stops in numerical order. Shuttles run daily every 10 to 20 minutes.
The El Capitan Shuttle operates from approximately late May to early October. See schedules posted at shuttle stops.

Stop #	Location
1	Yosemite Village Parking
2 10	Yosemite Village
3	The Majestic Yosemite Hotel
4	Degnan's Kitchen
5 9	Yosemite Valley Visitor Center
6	Lower Yosemite Fall
7	Camp 4 / Yosemite Falls Parking
8	Yosemite Valley Lodge
11	Sentinel Bridge
12	Yosemite Conservation Heritage Center / Housekeeping Camp
13	Half Dome Village
14 20	Half Dome Village Parking
15	Upper Pines Campground / Trailhead Parking
16	Happy Isles / Mist Trail
17	Mirror Lake Trailhead
18	North Pines Campground
19	Pines Campgrounds
21	El Capitan Picnic Area
22	El Capitan Crossover
23	Cathedral Beach Picnic Area
24	Four Mile Trailhead

CALCOG

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Western Riverside Council of Governments
Executive Committee

Staff Report

Subject: **PACE Programs Activities Update: General Activities Update, Approval of a New Provider, and Changes to Commercial Program Guidelines**

Contact: **Casey Dailey, Director of Energy & Environmental Programs, cdailey@wrcog.us, (951) 405-6720**

Date: **April 1, 2019**

The purpose of this item is to *add Twain Financial Partners as an additional Commercial PACE Provider, to consider the adoption of refinancing Commercial Assessments under the WRCOG Commercial Program, and to consider the approval of 30-year financing terms for Commercial New Construction Projects.*

Requested Actions:

1. Adopt WRCOG Resolution Number 05-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing Twain Financial Partners Holding, LLC, to administer and finance authorized improvements to be installed on commercial properties, and in connection with such authorization, approving amendments to the Program Report for the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the form of a commercial handbook, agreement to pay assessment and finance improvements, administration agreement, indenture authorizing the issuance of bonds pursuant to such indenture and subsequent indentures in similar form secured by assessments levied on commercial properties to finance the installation of authorized improvements on such commercial properties and approving other actions in connection thereto.
2. Approve the Administration & Finance Committee's recommendation to allow refinancing on Commercial PACE projects.
3. Approve the Administration & Finance Committee's recommendation to allow a 30-year term for Commercial PACE projects that have met certain conditions.

WRCOG's PACE Programs provide financing to property owners to implement energy saving, renewable energy, water conservation, and seismic strengthening improvements to their homes and businesses. Financing is paid back through a lien placed on the property tax bill. The Program was initiated in December 2011 and was expanded in 2014 to allow jurisdictions throughout the state to join WRCOG's Program and allow property owners in these jurisdictions to participate. WRCOG now offers HERO, CaliforniaFIRST, PACE Funding, and Ygrene as residential PACE providers and Greenworks, CleanFund, and Ygrene as commercial PACE providers.

Overall PACE Program Update

The below table provides a summary of projects that have been completed under the WRCOG PACE Programs through March 15, 2019:

Residential	Date Program Launched	Projects Completed Last Month	Project Value Last Month	Projects Completed to Date	Total Project Value
WRCOG HERO	Dec 2011	20	$444,992	26,799	$563,931,367
California HERO	Dec 2013	215	$4,725,937	63,345	$1,462,065,561
CaliforniaFIRST	May 2017	5	$134,826	197	$5,890,294
PACE Funding	Nov 2017	11	$343,756	288	$6,937,435
Total:		***251***	***$5,649,511***	***90,629***	***$2,038,824,657***

Commercial	Date Program Launched	Projects Completed Last Month	Project Value Last Month	Projects Completed To Date	Total Project Value To Date
Greenworks	Feb 2018	1	$148,523	8	$7,264,063
CleanFund	Dec 2018	0	0	0	0

The following table provides a summary to date of the types of projects being completed in the WRCOG PACE Programs:

Solar	31.20%
HVAC	28.40%
Windows/Doors	14.00%
Roofing	12.10%
Landscape	5.80%

The following table provides a summary of the total estimated economic and environmental impacts for projects completed in both the WRCOG and the California HERO Programs to date:

Estimated Economic and Environmental Impacts	
KW Hours Saved – Annually	1,101 GWh
GHG Reductions – Annually	222,221 tons
Gallons Saved – Annually	555 Million
$ Saved – Annually	$118 Million
Projected Economic Impact	$ 3.5 Billon
Projected Job Creation/Retention	20,275 Jobs

New Commercial PACE Provider – Twain Financial

On February 4, 2019, the Executive Committee authorized staff to enter into contract negotiations and execute the necessary documents to include Twain Financial Partners (Twain) under WRCOG's Statewide PACE umbrella as a Commercial PACE Provider. Since then, negotiations were held with legal counsel from both Best Best & Krieger and Twain to finalize the Twain Commercial Program Handbook and agreements for consideration of approval (Attachments 2-6). Staff is recommending the Executive Committee approve the finalized agreements to accept Twain into WRCOG's PACE Program and adopt Resolution Number 05-19 (Attachment 1) to formally incorporate Twain in the WRCOG Commercial PACE Program.

If the Executive Committee elects to adopt Twain as an additional provider, Twain will automatically be able to operate in each member jurisdiction unless the jurisdiction acts to prohibit its inclusion. If a jurisdiction desires

NOT to include Twain as an additional provider, it must adopt a resolution to opt-out of the Program, which is available upon request.

Commercial PACE Refinancing

Staff have been approached by WRCOG's Commercial PACE providers to consider refinancing of improvements that would have been eligible for PACE financing. As originally enacted Chapter 29 of the Improvement Act of 1911 ("Chapter 29"), the enabling legislation authorizing the establishment of the WRCOG residential and commercial PACE programs, only permitted the "financing" of eligible improvements. Effective January 1, 2017, Chapter 29 was amended to provide that all references to "financing" in Chapter 29 shall also be deemed to refer to "refinancing," except that with respect to refinancing, the Executive Committee shall be required to conclude that providing refinancing will result in an increased adoption of improvements authorized to be financed by Chapter 29. While statutorily refinancing is now authorized pursuant to Chapter 29, the Executive Committee has not yet authorized refinancing and the Program Reports for the WRCOG PACE Program and the California PACE Program do not currently allow for it.

On March 13, 2019, the Administration & Finance Committee received a presentation on refinancing from representatives of Greenworks Lending and CleanFund Energy Capital. That Committee is recommending to move forward with the ability to refinance with existing PACE assessments for a period of 12-months to determine if there is a need to expand the types of projects that could refinance. Staff is requesting that the Executive Committee approve the Administration & Finance Committee's recommendation to authorize the refinancing of commercial PACE assessments, so long as such refinancing results in documented savings to the property owner.

30-Year Commercial PACE Term

Currently, the maximum financing term allowed for Commercial Projects is 25 years, which is based on the useful life of the product installed. To meet industry standards of senior financing terms in typical development projects, staff has been requested to add an option for a 30-year financing term for new construction projects. In conversations with PACE Program partners and some developers, staff has determined that most senior construction financing loans contain a "replacement reserve contingency," which is typically around 3% of the costs to replace any unforeseeable losses. On March 13, 2019, the Administration & Finance Committee recommended that the Executive Committee allow a 30-year term, if, in addition to lender consent, the owner can show evidence of a replacement reserve contingency.

Prior Action:

March 13, 2019: The Administration & Finance Committee recommended that the Executive Committee 1) allow refinancing on Commercial PACE projects; and 2) approve a 30-year Term for Commercial PACE Projects that have met certain conditions.

Fiscal Impact:

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

Attachments:

1. WRCOG Resolution Number 05-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing Twain Financial Partners Holding, LLC, to administer and finance authorized improvements to be installed on commercial properties, and in connection with such authorization, approving amendments to the Program Report for the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the form of a commercial handbook, agreement to pay assessment and finance improvements, administration agreement, indenture authorizing the issuance of bonds pursuant to such indenture and subsequent indentures in similar

form secured by assessments levied on commercial properties to finance the installation of authorized improvements on such commercial properties and approving other actions in connection thereto.

2. WRCOG Energy Efficiency and Water Conservation Administrative Guidelines and Program Report Amended April 2019 - addition of Twain Financial Partners, LLC.
3. CA HERO Program Report Amended April 2019 - addition of Twain Financial Partners, LLC.
4. Administration Agreement with Twain Financial Partners, LLC.
5. Commercial Indenture with Twain Financial Partners, LLC.
6. Twain Commercial PACE Program Handbook.

Item 6.A

PACE Programs Activities Update: General Activities Update and approval of a New Provider and Changes to Commercial Program Guidelines

Attachment 1

WRCOG Resolution Number 05-19; A Resolution of the Executive Committee of the Western Riverside Council of Governments authorizing Twain Financial Partners Holding, LLC, to administer and finance authorized improvements to be installed on commercial properties, and in connection with such authorization, approving amendments to the Program Report for the WRCOG Energy Efficiency and Water Conservation Program for Western Riverside County and the form of a commercial handbook, agreement to pay assessment and finance improvements, administration agreement, indenture authorizing the issuance of bonds pursuant to such indenture and subsequent indentures in similar form secured by assessments levied on commercial properties to finance the installation of authorized improvements on such commercial properties and approving other actions in connection thereto

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RESOLUTION NUMBER 05-19

A RESOLUTION OF THE EXECUTIVE COMMITTEE OF THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS AUTHORIZING TWAIN FINANCIAL PARTNERS HOLDING, LLC, TO ADMINISTER AND FINANCE AUTHORIZED IMPROVEMENTS TO BE INSTALLED ON COMMERCIAL PROPERTIES, AND IN CONNECTION WITH SUCH AUTHORIZATION, APPROVING AMENDMENTS TO THE PROGRAM REPORT FOR THE WRCOG ENERGY EFFICIENCY AND WATER CONSERVATION PROGRAM FOR WESTERN RIVERSIDE COUNTY AND THE FORM OF A COMMERCIAL HANDBOOK, AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS, ADMINISTRATION AGREEMENT, INDENTURE AUTHORIZING THE ISSUANCE OF BONDS PURSUANT TO SUCH INDENTURE AND SUBSEQUENT INDENTURES IN SIMILAR FORM SECURED BY ASSESSMENTS LEVIED ON COMMERCIAL PROPERTIES TO FINANCE THE INSTALLATION OF AUTHORIZED IMPROVEMENTS ON SUCH COMMERCIAL PROPERTIES AND APPROVING OTHER ACTIONS IN CONNECTION THERETO

WHEREAS, the Executive Committee of the Western Riverside Council of Governments ("WRCOG") has established of the Energy Efficiency and Water Conservation Program for Western Riverside County (commonly referred to as the "WRCOG PACE Program") and its statewide Property Assessed Clean Energy Program (the "California Program," collectively with the "Programs") for the purpose financing the installation of authorized improvements ("Authorized Improvements") on commercial properties ("Commercial Properties") located within the program area of the Programs (the "Program Area") as authorized under and defined by the Program; and

WHEREAS, Twain Financial Partners Holding, LLC ("Twain"), previously requested that Twain be authorized to establish a commercial program within the Program Area to administer and finance the installation of Authorized Improvements on Commercial Properties for the Programs; and

WHEREAS, at its February 4, 2019, meeting, the Executive Committee determined that it would be in the best interests of the Programs and the owners of Commercial Properties within the Program Area to enable Twain to administer and finance a program as a part the Programs (the "Twain Commercial PACE Program"), to finance the installation of Authorized Improvements on Commercial Properties in the Program Area and the Executive Committee directed and authorized the Executive Director to enter into contract negotiations to include Twain as a commercial program administrator for the Programs; and

WHEREAS, in order to provide for and implement such authorization for the establishment of the Twain Commercial PACE Program as a part of the Programs, it will be necessary to approve the modification of the Program Report for each Program (collectively the "Program Report") and approve the forms of a handbook (the "Twain Commercial PACE Program Handbook"), which are on file with the Secretary of the Board, and an Agreement to Pay Assessment and Finance Improvements for use with respect to each commercial property participating in the Twain Commercial PACE Program (the "Twain Commercial PACE Assessment Contract") to be incorporated into the Program Report; and

WHEREAS, WRCOG and Twain further desire to enter into an Administration Agreement to establish the terms and conditions pursuant to which Twain will administer the Twain Commercial PACE Program and the form of such Administration Agreement has been presented to the Executive Committee; and

WHEREAS, there has been submitted to the Executive Committee the form of an Indenture providing for the issuance and administration of limited obligation improvement bonds to be designated as the "Western Riverside Council of Governments Limited Obligation Improvement Bonds (Twain Commercial PACE Program) (First Commercial Property Tranche)" (the "Limited Obligation Improvement Bonds") in one or more series (each such series of such bonds referred to as a "Series") pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code ("Chapter 29"), the Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code (the "1915 Act") and the use of the proceeds of such bonds to finance the construction and installation of Authorized Improvements on Commercial Properties that are participating in the Twain Commercial Program; and

WHEREAS, this Executive Committee, with the aid of its staff and counsel, has reviewed the documents identified in the preceding recitals and found them to be in proper order; and

WHEREAS, Section 5852.1 of the Government Code of the State of California ("Section 5852.1") provides that the Authority obtain from an underwriter, financial advisor or private lender and disclose, in a meeting open to the public, prior to authorization of the issuance of the bonds, good faith estimates of: (a) the true interest cost of the bonds, (b) the finance charge of the bonds, meaning the sum of all fees and charges paid to third parties, (c) the amount of proceeds of the bonds received less the finance charge described above and any reserves or capitalized interest paid or funded with proceeds of the bonds and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds, which information is contained in Exhibit A hereto; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Limited Obligation Improvement Bonds exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including Chapter 29 and the 1915 Act.

NOW, THEREFORE, BE IT RESOLVED, by the Executive Committee of the Western Riverside Council of Governments as follows:

Section 1. Approval of Twain as Program Administrator. The Executive Committee hereby approves (i) Twain as a program administrator to administer the Twain Commercial PACE Program within the Programs; and (ii) the form of the Administration Agreement in substantially the form on file with the Secretary of the Executive Committee, together with any changes therein or additions thereto approved by the Executive Director of WRCOG, or any designee of the Executive Director (each, an "Authorized Representative"), and reviewed and concurred in by Bond Counsel and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Executive Committee hereby authorizes the delivery of and performance by WRCOG of the Administration Agreement.

Section 2. Approval of the Amended Program Report, the Commercial Assessment Contract and the Commercial Handbook. The Executive Committee hereby approves the forms of the amended Program Report and the Twain Commercial PACE Assessment Contract, the final forms of which shall be incorporated in the Program Reports, and the Twain Commercial PACE Program Handbook, each as presented to the Executive Committee at this meeting together with any changes

therein and additions thereto approved by the Executive Director or another Authorized Representative and reviewed and concurred in by Bond Counsel.

Section 3. Approval of the Form of the Administration Agreement. The Executive Committee hereby approves the form of the Administration Agreement presented to the Executive Committee at this meeting, together with any changes therein or additions thereto approved by the Executive Director or another Authorized Representative and reviewed and concurred in by Bond Counsel, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Executive Committee hereby authorizes and directs an Authorized Representative to execute the final forms of the Administration Agreement for and in the name of WRCOG.

Section 4. Authorization of Issuance of Limited Obligation Improvement Bonds. The Executive Committee hereby authorizes the issuance of one or more Series of the Limited Obligation Improvement Bonds under and pursuant to Chapter 29, the 1915 Act and this Resolution in the maximum aggregate principal amount not to exceed $150,000,000 to finance the installation of Authorized Improvements to be installed or caused to be installed on commercial properties that are participating in one of the Twain Commercial PACE Program and are located in the Program Area.

Section 5. Approval of Indenture. With respect to the Limited Obligation Improvement Bonds to be issued on or after the effective date of this Resolution, the Executive Committee hereby approves the form of the indenture (the "Indenture") substantially in the form on file with the Secretary, together with any changes therein and additions thereto approved by the Executive Director or any Authorized Representative and reviewed and concurred in by Bond Counsel, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Executive Committee hereby authorizes the delivery and the performance of the Indenture. The Executive Committee hereby authorizes and directs an Authorized Representative to execute the final form of each Indenture for and in the name of WRCOG for each Series of Limited Obligation Improvement Bonds. The Executive Committee hereby authorizes the delivery and performance of each Indenture for each Series of Limited Obligation Improvement Bonds.

Section 6. Delegation of Authority to Approve Additional Indentures or Amendments and Restatements thereof for the Twain Program and Order the Closure of such Indentures. With respect to additional future property tranche bonds for the Twain Bonds (each, "Future Twain Property Tranche Bonds"), to be issued on or after the effective date of this Resolution, the Executive Committee hereby delegates to the Executive Director the authority to approve the indenture or amendment and restatement of an existing indenture for each such tranche of bonds (each, a "Future Twain Indenture") so long as such indenture is substantially in the form of the Indenture, together with any changes therein and additions thereto approved by the Executive Director, or an Authorized Representative, and reviewed and concurred in by Bond Counsel, and the execution thereof by an Authorized Representative shall be conclusive evidence of the approval of any such changes or additions. The Executive Committee hereby authorizes and directs an Authorized Representative to execute the final form of each such Future Twain Indenture for and in the name of WRCOG for each series of the Future Twain Property Tranche Bonds authorized to be issued pursuant to such Future Indenture. The Executive Committee hereby authorizes the delivery and performance of such Future Twain Indenture for each series of such Future Residential Property Tranche Bonds.

Proposed provisions of any Future Twain Indenture that constitute substantive revisions to the Twain Indenture shall be subject to the approval of the Executive Committee.

The Executive Director or another Authorized Representative is hereby authorized to order the closure of any Future Twain Tranche Indenture and direct that no further bonds be issued pursuant to

such indenture by delivering a certificate of WRCOG to such effect as provided for in the applicable Future California Indenture to the trustee under such Future Twain Indenture.

Section 7. Sale of the Limited Obligation Improvement Bonds. WRCOG hereby authorizes the negotiated sale of the Limited Obligation Improvement Bonds to Twain Financial Partners Holding, LLC or an assignee thereof approved by Executive Director (the "Purchaser") provided that the conditions for issuance of each such Limited Obligation Improvement Bond set forth in the Indenture, or an indenture in substantially similar form, have been satisfied. Each Limited Obligation Improvement Bond shall be sold to the Purchaser pursuant to the Indenture applicable to such bond or Series thereof. The Executive Committee hereby delegates to the Executive Director or another Authorized Representative the authority to establish and agree with the Purchaser to the final terms for each Limited Obligation Improvement Bond or Series thereof including, but not limited to, the principal amount thereof, the interest rate on such Limited Obligation Improvement Bond or Series thereof and the redemption provisions.

Section 8. Appointment of Trustee. Wilmington Trust, National Association is appointed as Trustee pursuant to the Indenture to take any and all actions provided for therein to be taken, respectively, by the Trustee.

Section 9. Form of Limited Obligation Improvement Bonds. The form of Limited Obligation Improvement Bonds as set forth in the form of the Indenture is approved. The Treasurer of WRCOG and the Secretary of the Executive Committee are authorized and directed to execute by manual or facsimile signature, in the name and on behalf of WRCOG, the Limited Obligation Improvement Bonds or Series thereof in either temporary or definitive form and to deliver or cause the delivery of each Limited Obligation Improvement Bond or Series thereof to the applicable purchaser pursuant to the applicable Indenture.

Section 10. No Obligation of WRCOG, its Regular Members or Associate Members. Pursuant to Streets and Highways Code Section 8769, this Executive Committee does hereby determine that WRCOG will not obligate itself to advance funds from the WRCOG treasury to cure any deficiency in the Redemption Fund (as such term is defined in the Indenture) for the Limited Obligation Improvement Bonds established pursuant to the Indenture. The Executive Committee further declares and determines that no Regular Member or Associate Member shall be obligated to advance funds from the treasury of such Regular Member or Associate Member to cure any such deficiency in such Redemption Fund.

Section 11. Conditions of Approval. The approvals, authorization and direction given by this Resolution related to the Limited Obligation Improvement Bonds are conditioned upon the satisfaction of the requirements hereof and of the Indenture with respect to the issuance and sale of the Limited Obligation Improvement Bonds. The Authorized Officers and shall not be required to take any action with respect to the execution and delivery of a Indenture or the issuance, sale or delivery of any Limited Obligation Improvement Bond unless and until such conditions are satisfied; provided, however, that upon satisfaction of such conditions as to any Limited Obligation Improvement Bond, this Resolution shall be fully effective and shall be carried out as to such Limited Obligation Improvement Bonds or Series thereof without the further approval or action of the Executive Committee.

Section 12. Official Actions with Regard to the Limited Obligation Improvement Bonds. Each officer of WRCOG or Authorized Representative is hereby authorized and directed, for and in the name and on behalf of WRCOG, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the issuance and sale of the Limited Obligation Improvement Bonds. All actions heretofore taken by the officers and agents of WRCOG with respect to

the sale and issuance of the Limited Obligation Improvement Bonds are hereby approved, confirmed and ratified.

Section 13. Other Additional Action. All actions heretofore taken by the officers and agents of WRCOG with respect to the other matters contemplated by this Resolution and the Program Report are hereby approved, confirmed and ratified, and the proper officers of WRCOG, including but not limited to the Executive Director, the Secretary, and the Director of Energy and Environmental Programs, and their designees, are hereby authorized, for and in the name and on behalf of WRCOG, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements, assignments, notes and other documents which they, or any of them, may deem necessary or advisable with respect to the establishment of the Twain PACE Program and in order to consummate the matters contemplated by this Resolution and the Program Report. The Executive Director or any Authorized Representative is hereby authorized and directed to approve any other documents related to the Twain Commercial PACE Program necessary in the judgment of the Executive Director or such Authorized Representative to conform such documents to the actions taken by the adoption of this Resolution.

Section 14. Effective Date. This Resolution shall take effect upon the date of its adoption.

PASSED AND ADOPTED at a Meeting of the Executive Committee of the Western Riverside Council of Governments held on April 1, 2019.

Chuck Washington, Chair
WRCOG Executive Committee

Rick Bishop, Secretary
WRCOG Executive Committee

Approved as to form:

Best Best & Krieger, LLP
WRCOG Bond Counsel

AYES: _____ NOES: _____ ABSENT: _____ ABSTAIN: _____

EXHIBIT A

GOOD FAITH ESTIMATE

Good Faith Estimate. The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the WRCOG by PFM Financial Advisors LLC (the "Municipal Advisor").

Principal Amount. The Municipal Advisor has informed the WRCOG that, based on the financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is $150,000,000 (the "Estimated Principal Amount).

True Interest Cost of the Bonds. The Municipal Advisor has informed the WRCOG that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 7.86%.

Finance Charge of the Bonds. The Municipal Advisor has informed the WRCOG that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the Bonds), is $4,657,500.

Amount of Proceeds to be Received. The Municipal Advisor has informed the WRCOG that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by WRCOG, for the sale of the Bonds, less the finance charge of the Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is $145,342,500.

Total Payment Amount. The Municipal Advisor has informed the City that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the Bonds, plus the finance charge for the Bonds, as described above, not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is $340,202,375 (excluding any offsets from reserves or capitalized interest).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the financing plan or finance charges, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the Authority, on behalf of the WRCOG, based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the WRCOG.

Item 6.A

PACE Programs Activities Update: General Activities Update and approval of a New Provider and Changes to Commercial Program Guidelines

Attachment 2

WRCOG Energy Efficiency and Water Conservation Administrative Guidelines and Program Report Amended April 2019 - addition of Twain Financial Partners, LLC

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PROGRAM REQUIREMENTS FOR PARTICIPATION IN TWAIN FINANCIAL PARTNERS COMMERCIAL FINANCING FOR COMMERCIAL PROPERTIES

If financing is provided for the Program by Twain Financial Partners Lending, LLC for commercial properties, the following eligibility requirements will apply:

A. ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

Twain Financial Partners Commercial financing is available for commercial property owners and will finance alternative energy systems, energy efficiency, water conservation and seismic strengthening improvements, using Twain Financial Partners Commercial financing.

Property owners may be individuals, associations, business entities, cooperatives, and virtually any owner of Commercial property for which real property taxes are paid or assessments may otherwise be collected on the property tax bill. New construction of eligible properties are subject to additional underwriting and technical requirements. Certain eligibility criteria must be satisfied, and financing may be approved only if all of the following criteria are met:

- Applicant property owner(s) must be the property owner(s) of record.
- Mortgage debt lender(s) have given consent to Program financing, exempting projects that are 4-units.
- Property owner(s) must be current on property taxes and the property owner(s) certify(ies) that such owner(s) have not had a late payment on their property tax more than once during the prior three (3) years (or since the purchase of the property, if owned by such property owner(s) less than three (3) years.
- Property owners must be current on all property debt for a period of six (6) months prior to the application, including no payment defaults or technical defaults (or since purchase if the property has been owned less than six (6) months by the current owner(s)), through funding.
- 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.
- All individual property owners must sign the application, assessment contract and all required notices. For properties owned by corporations, LLC's or LLP's, signatures by authorized representatives and/or corporate resolutions are required.
- Property must not have any liens other than lender debt or liens recorded by community facility districts or similar financing districts.
- Eligible Product costs are reasonable in relation to property value. Proposed Eligible Products must not exceed 20% of the market value of the property.
- Mortgage-related debt on the property plus the principal amount of the contractual assessment does not exceed □00% of the market value of the property.
- The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment.
- The minimum financing of the eligible improvements is set at $300,000. The minimum amount may be waived to meet current conditions of the capital markets.

Program financing is not currently available for properties that are not subject to secured property taxes, such as governmental entities and certain non-profit corporations. Program financing may, however, be available to such properties if assessments levied on such properties may be placed on the tax roll. Property owners may make more than one application for funding under the Program if additional energy,

water or seismic strengthening improvements are desired by the owner and the eligibility criteria and maximum assessment amount criteria are met.

The eligibility requirements for Twain Financial Partners Commercial financing may be clarified as deemed necessary by the Program Administrator without amending the Administrative Guidelines and Program Report if such clarification will not result in a substantial revision of such eligibility requirements.

B. ELIGIBLE PRODUCTS

The Program affords commercial property owners in Western Riverside County the opportunity to take advantage of a wide range of energy-savings, water conservation/efficiency and seismic strengthening measures, consistent with the following provisions:

1. The Program is intended principally for retrofit activities to replace outdated inefficient equipment and to install new equipment that reduces energy or water consumption or produces renewable energy or provides seismic strengthening to existing structures. However, the Program is also available for purchasers of new businesses that wish to add eligible energy efficiency, renewable energy, water conservation/efficiency and seismic strengthening Products to such homes or businesses after taking title to the property.
2. The Program provides financing only for Eligible Products that are permanently affixed to real property. This includes the financing of eligible products on new construction.
3. The Program provides financing only for Eligible Products specified in Appendix A of the report. Broadly, these include:

    a. Water Conservation/Efficiency Eligible Products
    b. Energy Efficiency Eligible Products
    c. Renewable Energy Systems
    d. Seismic Strengthening Products
    e. Approved Custom Eligible Products

The property owner must ensure that any and all permits required by the jurisdiction for the installation of the Eligible Products are acquired,

Financing is also available for projects that combine Eligible Products, such as bundling of water conservation/efficiency, energy efficiency, renewable energy and seismic strengthening measures. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install artificial turf, and install a photovoltaic system as part of a single project.

Proposed Products Must Meet Minimum Eligibility Requirements

Eligible Improvements must meet the minimum efficiency specifications of the PACE Act and the Program. For retrofits of existing buildings, minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards or other new standards or other new standards as may be appropriate and as agreed upon by WRCOG. Any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

For new construction projects, Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products Eligible Improvements must exceed the minimum specifications for retrofit projects as

set forth above. 100% of the cost of any individual Water Conservation/Efficiency Eligible Products and Energy Efficiency Eligible Products in the construction of a new building that exceeds the minimum specifications is eligible for C-PACE financing. Renewable Energy Systems are eligible in new construction projects. However, any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available.

Property Owners and their Contractors must submit supporting documentation to the Program Administrator to summarize their proposed project and to demonstrate that the proposed Eligible Improvements meet the minimum efficiency specifications. New construction projects specifically will require additional supporting documentation including building plans, equipment cut sheets, and code compliance certificates as required by the Program Administrator. The supporting documentation will be reviewed by the Program Administrator to ensure the installation of the product(s) is designed to meet the minimum energy efficiency specifications listed above.

For new construction, the property developer must provide:

- Resumes of the development team including experience of on comparable properties
- As complete appraisal including full financial projections for property lease up or revenue
- Summary of capital stack showing sources and uses for property construction
- Financial documentation of developer equity allocated toward property construction

C. Eligible Costs

Eligible costs of the improvements include the cost of equipment and installation. Installation costs may include, but are not limited to, energy and water audit consultations, labor, design, drafting, engineering, permit fees, and inspection charges.

The cost of installation of Eligible Products shall be eligible to be financed only if such installation is completed by a contractor that is registered with the Program or by the property owner is self-installing subject to the limitation in the last sentence of this paragraph. A list of contractors registered with the Program shall also be located on the Program website; however, WRCOG will not make recommendations for contracting assistance. Eligible costs do not include labor costs for property owners that elect to do the work themselves.

Property owners who elect to engage in broader projects – such as business remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with renewable energy, energy efficiency and water conservation/efficiency or seismic strengthening improvements. Repairs and/or new construction do not qualify for Program financing except to the extent that the construction is required for the specific approved improvement. Repairs to existing infrastructure, such as water and sewer laterals, are considered repairs and are not eligible.

Program staff will evaluate conditions in the construction and installation market for the proposed Eligible Products and may require the property owner to obtain additional bids to determine whether costs are reasonable. While the property owner may choose the contractor, the amount available for financing may be limited to an amount determined reasonable by Program staff and may be reviewed by the Program Administrator.

All available reservation rebates will be deducted from the assessment amount at the time of financing. State or federal tax credits and performance-based incentives such as the CSI PBI rebate will not be deducted from the assessment amount, but property owners may wish to consider these additional benefits

in determining the amount of their financing request.

D. ADMINISTRATIVE COSTS/FEES

As required pursuant to Section 5898.22 of Chapter 29, WRCOG met and consulted with the staff of the County Auditor-Controller's office on March 29, 2010 concerning the additional fees, if any, that will be charged to WRCOG for incorporating the proposed contractual assessments into the assessments of the general taxes on real property.

The consultations revealed that the Auditor-Controller will charge WRCOG the same fees applicable to other fixed charges to be placed on the secured property tax roll as are established from time to time by the Board of Supervisors. The payment of such fees shall be included as a part of annual assessment administration and collection costs which will be added each year to the annual assessment on property tax bills. Such annual administration and collection costs are described below and in Section IV.D.

The Program will cover all or a portion of its costs through an expense component to be added to the amount of the financing request, not to exceed 7%. In addition, there are six other costs that are not covered in the expense component and will be borne by the property owners. These costs include:

1. An application fee may be required and will not exceed the greater of $250 or one percent (1%) of the financing amount per application for commercial properties; provided however, such fee may not exceed the actual cost of processing the application. The owner may not include this cost in the financing request. Except as otherwise provided in applicable federal or state law, the application fee is nonrefundable, unless the property owner is deemed ineligible and the unused portion of the application fee may be prorated, however, may be waived by Twain Financial Partners.

2. Title and recording costs, including title insurance, where required, will be paid by the property owner.

3. Permitting costs. Property owners are required to verify whether or not a permit is required by the participating jurisdictions. Permit costs will be paid by the property owner and are an eligible cost to include in the financing.

4. Annual assessment administration and collection costs will be added each year to the annual assessment on property tax bills and will be adjusted in subsequent years for cost of living increases using the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers for the Los Angeles, Riverside, and Orange Counties.

5. Environmental Reports and/or appraisals, as required by the Program.

6. Onsite Validation Fees. Onsite validation fees may be required for Program staff to confirm proposed eligible energy efficiency, water efficiency, and/or renewable generation Products were actually installed prior to funding; provided, however, such fee may not exceed the actual cost to undertake such validation.

7. The Program may offer multiple disbursements for assessments by a third-party provider. If multiple disbursements are offered, the partial disbursement funding requests may be subject to an additional processing fee; provided, however, that such fee may not exceed the actual cost of providing such service. The property owner will need to provide sufficient proof of purchased and delivered construction materials and/or completion of Eligible Products as required by the executed Assessment Contract. The terms of the financing provided by the

third-party will be subject to the credit of the borrower. A draft Assessment Contract is provided in Appendix of this report.

Agreement to Pay Assessment and Finance Improvements

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
WRCOG PACE PROGRAM AND CALIFORNIA PACE PROGRAM
(Twain Commercial PACE Program)

Agreement to Pay Assessment and Finance Improvements

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
WRCOG PACE PROGRAM AND CALIFORNIA PACE PROGRAM
(Twain Commercial PACE Program)

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "**Agreement**") is made and entered into as of this [__] day of [__], 2018, (the "**Effective Date**") by and between the Western Riverside Council of Governments, a joint exercise of powers authority (the "**Authority**"), and [___], the record owner(s) (the "**Property Owner**") of the fee title to the real property identified on Exhibit A (the "**Property**") and is acknowledged and accepted by Twain Financial Partners Holding, LLC ("**Twain**" or the "**PACE Program Administrator**"), in its role as the Program Administrator.

RECITALS

WHEREAS, the Authority is a joint exercise of powers authority the members of which include numerous cities and counties in the State of California; and

WHEREAS, the Authority has established the Energy Efficiency and Water Conservation Program for Western Riverside County (the "WRCOG Program") and the California HERO Program (the "**California Program**," collectively, with the WRCOG Program, "**Program**") to allow the financing of certain distributed generation renewable energy sources, energy and water efficiency improvements, electric vehicle charging infrastructure and seismic improvements (the "**Authorized Improvements**") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code ("**Chapter 29**") and the issuance of improvement bonds ("**Improvement Bonds**") under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 and following) (the "**1915 Act**") upon the security of the unpaid contractual assessments; and

WHEREAS, the purpose and method of administration of the assessments under the Program are described in the WRCOG Program Report dated June 7, 2010, as such report has been and may be amended from time to time and the California Program Report originally dated June 3, 2013, as such report has been and maybe amended from time to time (collectively, the "**Program Report**") prior to the Effective Date of this Agreement; and

WHEREAS, the Authority executed an Administration Agreement with Twain to provide program administrative services to owners of commercial properties participating in the Twain Commercial PACE Program (the "**Twain Program**"), including but not limited to reviewing and approving application materials for proposed projects subject to compliance with the Program Report (a proposed project so approved, an "**Approved Project**"), processing all disbursement requests, including accepting disbursement request forms, reviewing submitted forms and attachments, and providing for the disbursement of funds for the Authorized Improvements; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner(s) of each lot or parcel on which an assessment is levied at the time the assessment is levied pursuant to a contract between the property owner and the public agency; and

WHEREAS, Chapter 29 provides that assessments levied under Chapter 29 and the interest and any penalties thereon constitute a lien against the lots and parcels of land on which

they are made, until they are paid, and Section 53935 of the California Government Code provides that the lien of assessments levied under Chapter 29 is (i) coequal to and independent of the lien for general taxes and, except as provided in Government Code Section 53936, not subject to extinguishment by the sale of the property on account of the nonpayment of any taxes, and (ii) prior and superior to all liens, claims and encumbrances except (a) the lien for general taxes or ad valorem assessments in the nature of and collected as taxes levied by the state or any county, city, special district or other local agency; (b) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the assessment levied under Chapter 29; (c) easements constituting servitudes upon or burdens to the applicable parcel; (d) water rights, the record title to which is held separately from the title to the applicable parcel; and (e) restrictions of record; and

WHEREAS, the Authority has conducted the proceedings required by Chapter 29 with respect to the territory within the boundaries of the City of [__], California (the "**City**"); and

WHEREAS, the Property is located in the boundaries of the City and the City has consented to (i) owners of property within its jurisdiction (the "**Participating Property Owners**") participating in the Program and (ii) the Authority conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act to finance the Authorized Improvements; and

WHEREAS, the Property Owner has submitted application materials including a description of the Authorized Improvements that will be acquired, constructed on and/or installed on the Property and are to be financed pursuant to the Twain Program and Twain has determined it is an Approved Project; and

WHEREAS, pursuant to Chapter 29, the Authority and the Property Owner wish to enter into a contract pursuant to which the Property Owner would agree to pay an assessment in order to finance the installation on the Property of the Authorized Improvements described in Exhibit B (the "**Improvements**") and the Authority would agree to provide financing, all on the terms set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the material covenants hereinafter contained, the Property Owner and the Authority formally covenant, agree and bind themselves and their successors and assigns as follows:

AGREEMENT

Section 1. Purpose. The Property Owner and the Authority are entering into this Agreement for the purpose of financing the installation of the Improvements identified on Exhibit B on the Property.

Section 2. The Property. This Agreement relates to the real property identified in Exhibit A. The Property Owner has supplied to the Authority current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Agreement as or on behalf of the Property Owner.

Section 3. Assessment and Lien.

(a) Pursuant to the terms of this Agreement, the Authority shall disburse funds, or cause funds to be disbursed, to or on behalf of the Property Owner in an amount equal to the total principal amount set forth on Exhibit C (the "**Financed Amount**"), of which $[__]

shall be for the actual cost of the design, approval, acquisition, construction, financing, and/or installation of the Improvements, (the "**Project Cost**"), and of which $[__] shall be for Authority and PACE Program Administrator fees and expenses ("**Financing Expenses**"). If the actual cost of the Improvements exceeds the Project Cost, the Property Owner shall be solely responsible for the payment of such excess costs.

(b) Interest shall accrue on the Financed Amount from the Effective Date at [_____ (____%)] per annum until all outstanding obligations are paid in full. Interest shall be computed for the actual number of days which have elapsed, on the basis of a 360-day year and applied to the actual number of days elapsed until the first Delinquent After Date (as specified in Exhibit C) occurs and thereafter between subsequent Delinquent After Dates regardless of when each Assessment Installment (as defined herein) is paid. Property Owner acknowledges and agrees that the calculation of interest on the basis described in the immediately preceding sentence may result in the accrual and payment of interest in amounts greater than those which would be payable if interest were calculated on the basis of a three hundred sixty-five (365) day year.

(c) The Property Owner agrees that upon the execution of this Agreement by the parties, the Property is subject to a voluntary contractual assessment levied against the Property pursuant to this Agreement, Chapter 29 and other applicable law in an amount equal to the Financed Amount plus any administration fees, accrued interest and penalties thereon and any Non-Completion Assessment, if applicable (the "**Assessment**"). Upon execution of this Agreement, the Authority will execute and cause to be recorded in the office of the County Recorder of the County within which the Property is located (the "**County**") a notice of assessment and payment of contractual assessment required (collectively, the "**Notice of Assessment**") as required pursuant to Chapter 29, together with a copy of this Agreement. The recordation of the Notice of Assessment will create a lien against the Property.

(d) The execution of this Agreement by the parties constitutes the levy of the Assessment by the Authority against the Property without any further action required by the parties.

(e) The Property Owner hereby promises to pay the Assessment for a period of [_____] years annually, in two installments (each such installment, an "**Assessment Installment**"), as permitted by the County tax collector, together with any Annual Assessment Administrative Fees as defined in paragraph (f) below, on the due dates set forth in Exhibit C hereto (the "**Assessment Schedule**"). The Property Owner agrees to pay each Assessment Installment by its due date in order to avoid delinquencies and related penalties.

(f) The Property Owner hereby freely and willingly agrees to pay an additional assessment (the "**Non-Completion Assessment**") in the event that the Property Owner fails to install the Improvements in compliance with the Twain Program rules or the Program rules, or the Property Owner otherwise fails to meet the financing conditions established by the Authority. The Non-Completion Assessment shall include, to the extent such costs are not otherwise paid by the Property Owner, (i) all costs of redeeming the Improvement Bonds from the unused proceeds of the Improvement Bonds, including but not limited to any portion of the prepayment premium that is not paid from the unused proceeds and (ii) all of the Authority's costs related to the release of the lien of the Assessment on the Property. The Property Owner acknowledges that the Non-Completion Assessment will be levied in full by the Authority as set forth in Section 5898.30 of Chapter 29 in the first fiscal year in which the

Authority is able to cause the Non-Completion Assessment to be placed on the County property tax roll.

(g) The Property Owner hereby acknowledges that, pursuant to the 1915 Act, including Sections 8682(b) and 8682.1(a), the Authority may add amounts to an Assessment Installment each year in order to pay for the costs of collecting and administering the Assessment (the "**Annual Assessment Administrative Fees**"). The maximum Annual Assessment Administrative Fee shall not exceed $500.00 in the tax year commencing on July 1, 2019. The Annual Assessment Administrative Fee shall thereafter be adjusted annually commencing on July 1 of each subsequent tax year for cost of living based on the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all urban consumers applicable to the West Census Region or comparable index. The PACE Program Administrator shall annually determine the amount of the Annual Assessment Administrative Fee, not to exceed the maximum Annual Assessment Administrative Fee determined in accordance with the preceding sentence.

(h) The Assessment shall constitute a lien upon the Property until paid. Failure to pay any Assessment Installment, like failure to pay any property taxes pertaining to the Property, will result in penalties and interest accruing on the amounts due. In addition, under those circumstances, the Authority has the right to judicially foreclose the lien of the Assessment, as set forth in paragraph 4(d) below.

Section 4. Collection of Assessment; Other Remedies.

(a) The Assessment Installments shall be collected on the property tax bill pertaining to the Property. The Assessment Installments shall be payable in the same manner and at the same time as the general taxes of the County on real property are payable, and shall be payable and become delinquent at the same times and shall bear the same penalties and interest after delinquency, and be subject to the same provisions for redemption and sale, as the general taxes on real property of the County.

(b) The Assessment Installments shall commence on the due dates set forth in the Assessment Schedule (Exhibit C).

(c) The lien of the Assessment (the "Assessment Lien") shall be co-equal to and independent of the lien for general taxes, and, pursuant to Government Code Section 53936, not subject to extinguishment by the sale of the Property on account of the nonpayment of any taxes, and prior and superior to all liens, claims and encumbrances on or against the Property except: (i) the lien for general taxes, special taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district or other local agency; (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the Assessment; (iii) easements constituting servitudes upon or burdens the Property; (iv) water rights, the record title to which is held separately from the title to the Property; and (v) restrictions of record.

(d) The Property Owner acknowledges that if any Assessment Installment is not paid when due, the Authority has the right to have the delinquent Assessment Installment and its associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent Assessment Installments, associated penalties and interest, and all costs of such action, including attorneys' fees. The Property Owner

acknowledges that, if bonds are sold to finance the Improvements, the Authority may obligate itself, through a covenant with the owners of such bonds, to exercise its foreclosure rights with respect to delinquent Assessment Installments under specified circumstances. Additionally, if no action is taken by the Authority and the Property Owner remains delinquent on the payment of any Assessment Installment for a period of five (5) years, the County in which the Property is located may commence foreclosure proceedings.

Section 5. Financing of the Improvements; Installation of the Improvements.

(a) The Authority hereby approves the disbursement of funds against the Financed Amount subject to the provisions of this Section. The funds will be disbursed by the Trustee on behalf of the Authority, pursuant to the terms of this Agreement and applied by Property Owner to pay for the Improvements.

(b) Notwithstanding anything to the contrary contained herein, the PACE Program Administrator's obligation to disburse any of the Project Cost to Property Owner or their contractor ("**Contractor**") shall be subject to satisfaction of the following conditions precedent, in the PACE Program Administrator's sole discretion, unless the PACE Program Administrator receives an executed Disbursement Agreement, as set forth in Exhibit D hereof.

Section 6. Prepayment of the Assessment.

The outstanding principal balance of the Financed Amount may be prepaid, in whole or in any amount of at least $5,000, at any time upon the payment of (i) the whole or a portion of the outstanding balance of the Financed Amount, (b) the accrued but unpaid interest on the outstanding balance of the Financed Amount through the prepayment date or through the redemption date of Improvement Bonds issued to finance the Assessment, as applicable, and (c) a premium in an amount equal to a percentage of the amount of the principal to be prepaid as calculated pursuant to the schedule of prepayment premiums set forth in Exhibit F hereto. In addition, prepayment costs may also include any applicable recorder's fees, trustee fees, and other related charges incurred by the Authority in connection with the processing of the prepayment.

Section 7. Term; Agreement Runs with the Land; Subdivision.

(a) Except as otherwise set forth in this Agreement, this Agreement shall expire upon the final payment or prepayment of the Assessment. Following such expiration, the Authority shall cause to be executed, delivered and/or recorded such instruments as are necessary in order to release the lien of the Assessment.

(b) This Agreement establishes rights and obligations that are for the benefit of the Property and, therefore, such rights and obligations run with the land pursuant to Civil Code Section 1462.

(c) Property Owner shall not, without the express written consent of the Authority and the PACE Program Administrator, in their sole discretion, by act or omission impair the integrity of the Property as a single, separate, subdivided and zoned lot (as applicable) separate and apart from all other property, if any, owned by Property Owner. Property Owner hereby acknowledges that, in the event a subdivision of the Property is approved by the Authority and PACE Program Administrator while the Assessment remains unpaid, the Assessment will be assigned to each of the newly created parcels on a per acre

basis unless the Authority, at the direction of the owners of a majority of any Improvement Bonds outstanding, determines that the Assessment should be allocated in an alternate manner so as to best assure repayment of the Assessment. Notwithstanding the foregoing, for the portion of the Property identified as Parcel S on Exhibit H attached hereto (the "Subdivision Parcel") no written consent of the Authority and the PACE Program Administrator shall be required so long as the Property Owner provides notice of the proposed subdivision, within five days of approval of the subdivision, to the Authority and the PACE Program Administrator in a form substantially similar to the one attached as Exhibit I.

Section 8. Recordation of Documents. The Property Owner hereby authorizes and directs the Authority to cause to be recorded in the office of the County Recorder the various notices and other documents required by Chapter 29 and other applicable laws to be recorded against the Property.

Section 9. Representations and Warranties of Property Owner. Property Owner represents and warrants to the Authority and PACE Program Administrator as follows, which representations and warranties shall be true and correct as of the date of this Agreement and at all times thereafter until the Assessment has been repaid in full:

(a) Corporate Existence; Qualification. Property Owner is duly organized, validly existing and in good standing in the state of its organization and with authority to do business under the laws of the State of California.

(b) Authorization; Enforceable Obligations.

(i) Property Owner has all necessary power and authority to own the Property and to conduct its business and enter into the transactions contemplated hereby. Property Owner has the right to enter into and perform this Agreement and all other documents executed in connection therewith have been duly authorized, executed and delivered and constitute valid and binding obligations of Property Owner, each enforceable in accordance with its respective terms.

(ii) No consent or authorization of, filing with, notice to or other act by or in respect of any governmental authority (Federal, State or Local) or any other person is required to be obtained by the Property Owner in connection with (1) the financing hereunder, (2) the execution, delivery, validity or enforceability of this Agreement or any related documents, or (3) the performance of this Agreement, except, in each case, for routine consents, authorizations, filings and notices required to be made in the ordinary course of business.

(iii) The Property Owner has secured all necessary approvals or consents required with respect to this transaction by any mortgagor, creditor, or other party having any financial interest in the Property Owner or the Property.

(c) No Legal Bar. The execution, delivery and performance of this Agreement or any related documents by the Property Owner, the financing hereunder and the use of the proceeds thereof will not violate any applicable law, the Property Owner's organizational documents or any material agreement of the Property Owner.

(d) Financial Statements. All financial statements delivered to the Authority and the PACE Program Administrator are true and correct, have been prepared in accordance with generally accepted accounting principles (or such alternate accounting method acceptable

to the Authority) consistently applied, fairly represent the financial condition of Property Owner as of the date thereof, and no material adverse change has occurred in the financial condition presented therein since such date.

(e) No Litigation. There are no actions, suits, claims or proceedings pending, or to the knowledge of Property Owner threatened, against or affecting it or the Property which could materially adversely affect Property Owner, its financial condition, any of its properties (including the Property), or the construction of the Improvements or which may impair Property Owner's ability to satisfy its obligations under this Agreement.

(f) Title. Property Owner has good, marketable and insurable title to the Property subject only to real property taxes, pari passu assessment liens of record, and the permitted encumbrances approved by the Authority and the PACE Program Administrator and set forth in Exhibit E attached hereto ("Permitted Encumbrances").

(g) Compliance with Laws. Property Owner has complied with, and will continue to comply with, all applicable statutes, regulations and ordinances in connection with the Property and construction of the Improvements. All permits, consents, approvals and authorizations required to be issued by any governmental body (collectively, the "Permits") necessary for (a) the installation and construction of the Improvements in accordance with the plans and specifications submitted by Property Owner; (b) the construction, connection and operation of all utilities necessary to service the Improvements; and (c) the construction and use of all roadways, driveways, curb cuts and other vehicular or other access to and egress from the Property, either (i) have been obtained, are valid, are in full force and effect and have been complied with by the Property Owner in all respects; or (ii) will be obtained, will be valid, will be in full force and effect prior to the initiation of construction, and Property Owner will be in compliance therewith in all respects prior to the PACE Program Administrator's disbursing any of the funds. Construction and installation of the Improvements will comply with applicable zoning, use, building or other applicable codes, laws, regulations and ordinances and any restrictive covenants affecting the Property.

(h) Marijuana and Environmental Matters. Property Owner does not and will not engage (nor will it allow any tenants of the Property to engage) in operations that involve the growth, testing, production or distribution of marijuana, nor the generation, manufacture, refining, transportation, treatment, storage or handling of hazardous materials or hazardous wastes, pursuant to applicable state law, or any other federal, state or local environmental laws or regulations, and, to the best of Property Owner's knowledge, after due inquiry, neither the Property nor any other of its buildings thereon has been so used previously, except as previously disclosed in writing to and approved by the Authority and the PACE Program Administrator. There are no underground storage tanks located on the Property. There is no present and to the best of Property Owner's knowledge there has been no past, non-compliance with environmental laws, or with permits issued pursuant thereto, in connection with the Property, which has not been fully remediated in accordance with environmental laws.

(i) No Default. No Default (as defined herein) has occurred hereunder, and no event has or shall have occurred and be continuing, which, with the lapse of time or the giving of notice, or both, would constitute a Default. No foreclosure action is currently threatened or has been commenced with respect to the Property. Property Owner is not currently in default on any mortgage or deed of trust loan(s) secured by the Property.

(j) No Misrepresentation or Material Nondisclosure. Property Owner has not made and will not make to the Authority or to the PACE Program Administrator, in this Agreement or otherwise, any untrue statement of a material fact, nor has it omitted and nor will it omit to state a material fact necessary to make any statement made not misleading. All information provided by Property Owner to the Authority or to the PACE Program Administrator in writing or in electronic form is complete, true and correct in all material respects.

(k) Approval of Plans and Budgets. The plans and specifications submitted by the Property Owner to the Authority and the PACE Program Administrator and approved thereby (the **"Plans"**) will be a true and accurate reflection of the Improvements (when completed) and have been approved as required by all governmental bodies or agencies having jurisdiction or will be approved prior to the first disbursement request. The budget for construction of the Improvements (the "**Budget**") submitted by the Property Owner to the Authority and the PACE Program Administrator is an accurate current estimate of all costs necessary to construct the Improvements in accordance with the Plans and the cost of construction of the Improvements on any portion thereof is not expected to exceed the cost therefor set forth in the Budget.

(l) Commercial Purpose. Property Owner will use the proceeds from the disbursements of funds for the Improvements only for the purposes specified in the Recitals to this Agreement. The primary purpose of the funds disbursed pursuant to this Agreement is for a commercial and business purpose, and said funds will not be used primarily for personal, family or household purposes.

(m) Improvements. The proposed Improvements are consistent with the purpose of the Program.

(n) Incorporation of Representations and Warranties. The request by Property Owner for a disbursement shall constitute a certification by Property Owner that the representations and warranties contained herein are true and correct as of the date of such request.

(o) Insolvency Event. No Insolvency Event shall have occurred or shall be continuing with respect to the Property Owner. Property Owner is not aware of any circumstances or conditions with respect to the Property Owner, its properties, the Improvements, the Property, the Assessment or any Assessment Lien that could reasonably be expected to materially and adversely affect any of the Property Owner, its properties, the Improvements, the Property, the Assessment or any Assessment Lien. For purposes hereunder, "**Insolvency Event**" shall mean the Property Owner has (i) consented to the appointment of a conservator or receiver or liquidator in any insolvency, bankruptcy, readjustment of debt, marshalling of assets and liabilities or similar proceeding or of relating to the Property Owner or relating to all or substantially all of such Property Owner's property, (ii) failed to pay its debts as they become due and such failure has not been cured within thirty (30) days of the event; (iii) admitted in writing its inability to pay its debts as they become due, (iv) filed a petition to take advantage of any applicable insolvency or reorganization statute, (v) made an assignment for the benefit of its creditors, (vi) had filed against it a petition for involuntary bankruptcy or some other involuntary insolvency proceeding which is not dismissed within thirty (30) days, or (vii) or voluntarily suspended payment of its obligations.

(p) Fraud. No fraud, error, omission, misrepresentation, negligence or similar occurrence with respect to the Property or Improvements has taken place on the part of the

Property Owner or any other person, including, without limitation, to the best of Property Owner's knowledge, any appraiser, title company, closing or settlement agent, realtor, builder or developer or any other party involved in the Property or Improvements, that would impair in any way the rights of the Authority in the Property or Improvements or that violated applicable law.

(q) No Damage/Condemnation. The Property is undamaged by waste, vandalism, fire, hurricane, earthquake or earth movement, windstorm, flood, tornado or other casualty adversely affecting the value of a Property or the use for which the Property was intended and the Property is in substantially the same condition it was at the time the most recent appraisal was obtained. There is no proceeding pending or, to the knowledge of the Property Owner, threatened for the total or partial condemnation of the Property.

(r) Legally Occupied. With respect to the Property lawfully occupied as of the date hereof, all inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Property and, with respect to the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities.

Section 10. Covenants Of Property Owner.

The Property Owner covenants and agrees as follows:

(a) Completion and Maintenance of the Improvements. The Property Owner shall commence construction of the Improvements and shall diligently proceed with construction in accordance with the approved Plans and Budget in a good, substantial and workmanlike manner in accordance with all applicable laws, ordinances, codes, rules and regulations. Construction of the Improvements shall be completed on or prior to the completion date set forth in the Construction Contract. If, in the Authority's opinion, after thirty (30) days' written notice to Property Owner, the construction is not proceeding with reasonable dispatch, the Authority may (i) request that Property Owner remove and replace the general contractor with a general contractor acceptable to the Authority, the failure of which by Property Owner shall be a default under this Agreement, (ii) utilize funds and continue construction of the Improvements and such funds shall be considered disbursements of the Financed Amount, or (iii) deny any disbursements of the Financed Amount until such time as the construction resumes proceeding with reasonable dispatch.

(b) Changes to Construction Contract. There shall be no material revision to the Construction Contract, Plans or Budget without the prior written approval of the Authority and the PACE Program Administrator, whose consent shall not be unreasonably withheld. If the cost of construction of the Improvements or any portion thereof exceeds the cost therefor set forth in the approved Budget, the Property Owner shall immediately deposit with the Authority the deficiency between such budgeted cost and the actual cost.

(c) Payment of the Financing. The Property Owner shall pay punctually the Assessment Installments on this Agreement on each due date according to its terms and conditions and shall pay punctually any other amounts that may become due and payable to the Authority under or pursuant to the terms of this Agreement, regardless of whether or not the Assessment Installments appear on the Property Owner's property tax bill.

(d) Payment of All Charges. The Property Owner shall pay when due all taxes, assessments, water charges, sewer charges, liens for taxes past due with respect to the

Property, carrier's, warehousemen's, mechanics', materialmen's, repairmen's or other liens and all other charges levied on or against the Property, and upon written request, submit to the Authority evidence of such payments.

(e) Compliance with Law and Agreements. In commencing and completing the Improvements, Property Owner shall comply with all existing laws, regulations, orders, building restrictions and requirements of, and all agreements with and commitments to, all governmental, judicial and legal authorities having jurisdiction over the Property or the Improvements and which are applicable to the Improvements, and with all recorded instruments, agreements, and covenants and restrictions affecting the Property.

(f) Permits, Licenses and Approvals. Property Owner shall properly obtain, comply with and keep in effect all permits, licenses and approvals which are required to be obtained from any governmental authority in order to commence and complete the Improvements. Property Owner, upon the request of the Authority or the PACE Program Administrator, shall deliver within fifteen (15) days, copies of all such permits, licenses and approvals to the Authority or the PACE Program Administrator.

(g) Site Visits. Property Owner grants the Authority and the PACE Program Administrator, their agents and representatives the right to enter and visit the Property at any reasonable time, after giving reasonable notice to Property Owner, for the purposes of observing the Improvements. The Authority and the PACE Program Administrator, their agents and representatives will make reasonable efforts during any site visit to avoid interfering with Property Owner's use of the Property. Property Owner shall also allow Authority or the PACE Program Administrator to examine and copy records and other documents of Property Owner which relate to the Improvements. The Authority and the PACE Program Administrator are under no duty to visit the Property, or observe any aspects of the Improvements, or examine any records, and the Authority and the PACE Program Administrator shall not incur any obligation or liability by reason of not making any such visit or examination. Any site visit, observation or examination by the Authority or the PACE Program Administrator shall be solely for the purposes of protecting the PACE Program Administrator and the Authority's rights under the Agreement.

(h) Protection against Lien Claims. The Property Owner shall promptly pay and discharge all claims for labor performed and material and services furnished in connection with construction of the Improvements, and take all other steps necessary to prevent the assertion of claims or liens either against the Property or the Improvements, other than (i) the claims and lien provided herein, (ii) all liens, encumbrances and other matters expressly set forth in Exhibit E, (iii) liens, if any, for taxes imposed by any governmental authority not yet due or delinquent, and (iv) such other title and survey exceptions as the PACE Program Administrator has approved or may approve in writing in the PACE Program Administrator's sole discretion.

(i) Notice of Claims; Adverse Matters. Property Owner shall promptly notify the Authority and the PACE Program Administrator in writing of any potential Insolvency Event and all pending or threatened litigation or other matters that may materially and adversely affect the Property or Property Owner's ability to meet its obligations under this Agreement or otherwise with respect to the Improvements.

(j) Damage or Destruction. Property Owner shall promptly notify the Authority and the PACE Program Administrator if the Property is damaged or destroyed by fire,

casualty, injury or any other cause (each such occurrence, a "Casualty"). The PACE Program Administrator shall have no obligation to make additional disbursements upon the occurrence of a Casualty. Upon the occurrence of such Casualty, the insurance proceeds will be applied to repayment of the total outstanding principal due and owing under this Agreement plus any applicable fees, unless the Authority and the PACE Program Administrator agree in their commercially reasonable discretion to the application of the insurance proceeds to the restoration of the Improvements. In the event restoration of the Improvements is permitted, Property Owner shall immediately proceed with the restoration thereof in accordance with the Construction Contract and Plans. If, in the Authority and PACE Program Administrator's commercially reasonable judgment, said insurance proceeds are insufficient to complete the restoration, Property Owner shall deposit with the PACE Program Administrator an amount necessary, in the Authority and PACE Program Administrator's sole judgment, to complete the restoration in accordance with the Plans and Construction Contract.

(k) Notice of Default. Property Owner shall notify in writing the Authority and the PACE Program Administrator within fifteen (15) days of any Default under this Agreement, or any event which, with notice or lapse of time or both, would constitute a Default hereunder.

(l) Changes to Ownership. Property Owner shall, prior to completing construction of the Improvements, preserve and keep in full force and effect its existence and retain title to the Property. After completion of the Improvements, Property Owner shall not transfer ownership of the Property without (a) prior written notice to the Authority and the PACE Program Administrator, and (b) execution by the purchaser of the Property of an assignment of this Agreement in the form of Exhibit G.

(m) Insurance. Property Owner shall maintain in force, and provide evidence thereof when requested by the Authority and the PACE Program Administrator, the insurance required by Section 9(k) of this Agreement throughout the term of the Assessment.

(n) Condemnation. If the Improvements or the Property or any part thereof are taken temporarily or permanently by any governmental authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of the Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Property or any part thereof (a "**Condemnation**"), or are subject to an imminent threat of Condemnation, the PACE Program Administrator's obligation to make further disbursements hereunder shall immediately terminate unless, in the Authority and the PACE Program Administrator's sole judgment, the Property and the Improvements can be replaced and restored in a manner which will enable the Improvements to be functionally and economically utilized and occupied as originally intended. If the Authority and the PACE Program Administrator so decide that the Improvements can be so restored, then the rights and obligations of the PACE Program Administrator, the Authority and the Property Owner subsequent to a taking by Condemnation or imminent threat thereof and the disbursement of any Condemnation proceeds actually paid to the Authority and undisbursed funds hereunder, shall be the same as described in the Section 10(j) hereof with regard to insurance proceeds.

(o) Indemnification.

(i) Without limitation of any other obligation or liability of the Property Owner or any right or remedy of the Authority contained herein, the Property Owner agrees to indemnify, defend, protect and hold harmless the Authority and PACE Program Administrator,

as well as each of the respective directors, officers, employees, agents, subsidiaries and affiliates, and the successors and assigns of the foregoing (each, a "Person"), from and against all damages, losses, settlement payments, obligations, liabilities, claims, suits, penalties, fines, assessments, citations, directives, demands, judgments, actions or causes of action, whether statutorily created or under the common law, including all costs and expenses (including, without limitation, reasonable fees and disbursements of attorneys, engineers and consultants) and all other liabilities whatsoever (including, without limitation, liabilities under any applicable environmental laws, regulations or rules) which shall at any time or times be incurred, suffered, sustained or required to be paid by any such indemnified Person (except any of the foregoing to the extent it results from the gross negligence or willful misconduct of the indemnified Person) (collectively, the "Indemnified Amounts") on account of or in relation to or in any way in connection with (i) any of the arrangements or transactions contemplated by, associated with or ancillary to this Agreement, or any other documents executed or delivered in connection herewith or therewith, all as the same as may be amended from time to time, or any action taken or omitted to be taken by any Person in connection with or under any of the foregoing, whether or not all or part of the transactions contemplated by, associated with or ancillary to this Agreement or any such other documents are ultimately consummated, (ii) any violation or alleged violation of, non-compliance with or liability under any requirements of law or regulation, (iii) ownership of, liens on, security interests in or the exercise of rights or remedies under any of the items referred to in the preceding clause (i), (iv) any taxes attributable to the execution, delivery, filing or recording of any this Agreement, or any other documents executed or delivered in connection herewith or therewith or any memorandum of any of the foregoing, (v) any lien or claim arising on or against the Property under any requirements of law or any liability asserted against any Person with respect thereto, (vi) (1) a past, present or future violation or alleged violation of any environmental laws in connection with the Property by any person or other source, whether related or unrelated to Property Owner, (2) any presence of any hazardous, toxic or harmful substances, materials, wastes, pollutants or contaminants defined as such in or regulated under any environmental law ("Materials of Environmental Concern") in, on, within, above, under, near, affecting or emanating from the Property, (3) the failure to timely perform any investigation, inspection, site monitoring, containment, clean–up, removal, response, corrective action, mitigation, restoration or other remedial work of any kind or nature because of, or in connection with, the current or future presence, suspected presence, Release (defined below) or threatened Release in or about the air, soil, ground water, surface water or soil vapor at, on, about, under or within all or any portion of the Property of any Materials of Environmental Concern, including any action to comply with any applicable environmental laws or directives of any governmental authority with regard to any environmental Laws, (4) any past, present or future activity by any person or other source, whether related or unrelated to Property Owner in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Property of any Materials of Environmental Concern at any time located in, under, on, above or affecting the Property, (5) any past, present or future actual generation, treatment, use, storage, transportation, manufacture, refinement, handling, production, removal, remediation, disposal, presence or migration of Materials of Environmental Concern on, about, under or within all or any portion of the Property (a "Release") (whether intentional or unintentional, direct or indirect, foreseeable or unforeseeable) to, from, on, within, in, under, near or affecting the Property by any person or other source, whether related or unrelated to Property Owner , (6) the imposition, recording or filing or the threatened imposition, recording or filing of any lien on the Property with regard to, or as a result of, any Materials of Environmental Concern or pursuant to any environmental law, or (7) any misrepresentation or failure to perform any obligations pursuant this Agreement, or any other documents executed or delivered in

connection herewith or therewith to environmental matters in any way, or (vii) Property Owner's conduct, activities, actions and/or inactions in connection with, relating to or arising out of any of the foregoing clauses of this Section 10(o), that, in each case, results from any conduct, act or failure to act by the Property Owner or its affiliates or related parties or the use or intended use of the proceeds of any disbursements made pursuant to this Agreement. To the extent that the undertaking to indemnify and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Property Owner shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all liabilities set forth in the preceding sentence incurred by any Person. In the case of an investigation, litigation or other proceeding to which the indemnification in this Section 10.(o) applies, such indemnification shall be effective whether or not such investigation, litigation or proceeding is brought by Property Owner, a Person or any other person or any Person is otherwise a party thereto and whether or not any transactions contemplated by this Agreement are entered into. In any investigation, proceeding or litigation, or the preparation therefor, the Authority shall select its own counsel and, in addition to the foregoing indemnity, the Property Owner agrees to pay promptly the reasonable fees and expenses of such counsel. In the event of the commencement of any such proceeding or litigation, the Property Owner shall be entitled to participate in such proceeding or litigation with counsel of its choice at its own expense, provided that such counsel shall be reasonably satisfactory to the Authority. This section shall survive the execution, delivery, performance and repayment of this Agreement, and the extinguishment of any Assessment Lien.

(ii) If for any reason the indemnification provided in this Section 10.(o) is unavailable to any Person or is insufficient to hold a Person harmless, even though such Person is entitled to indemnification under the express terms thereof, the Property Owner shall contribute to the amount paid or payable by such Person as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative benefits received by such Person on the one hand and Property Owner on the other hand, the relative fault of such Person, and any other relevant equitable considerations.

(iii) A Person may at any time send Property Owner a notice showing in reasonable detail the basis for and calculation of Indemnified Amounts, and Property Owner shall pay such Indemnified Amounts to such Indemnified Person within fifteen (15) days after Property Owner receives such notice. The obligations of Property Owner under this Section 10(o) shall apply to assignees and survive the termination of this Agreement.

(iv) Neither the Authority nor the PACE Program Administrator shall have any liability to the Property Owner or any other person on account of (i) the Property Owner engaging a contractor from the list of contractors submitted by the Authority or the PACE Program Administrator to the Property Owner, (ii) the services performed by the Contractor, or (iii) any neglect or failure on the part of the Contractor to perform or properly perform its services. Neither the Authority nor the PACE Program Administrator assumes any obligation of the Property Owner concerning Contractor, the quality of construction of the Improvements or the absence therefrom of defects. The authorization by the Authority of a disbursement shall not constitute the Authority's approval or acceptance of the construction theretofore completed. The Authority's inspection and approval of the Budget, the construction work, the Improvements comprising the Improvements, or the workmanship and materials used therein, shall impose no liability of any kind on the Authority, the sole obligation of the Authority as the result of such inspection and approval being to authorize the disbursements if, and to the extent, required by this Agreement. Any disbursement authorized by the Authority without the Authority having received each of the items to which it is entitled under this Agreement shall not constitute

breach or modification of this Agreement, nor shall any written amendment to this Agreement be required as a result thereof.

(p) Financial Statements. No later than 120 days after the end of each fiscal year of the Property Owner, the Property Owner shall provide copies of its annual financial statements to the Program Administrator.

Section 11. Waivers, Acknowledgment and Agreement. Because this Agreement reflects the Property Owner's free and willing consent to pay the Assessment following a noticed public hearing, the Property Owner hereby waives any otherwise applicable requirements of Article XIIID of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot.

The Property Owner hereby waives its right to repeal the Assessment by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment or any aspect of the proceedings of the Authority undertaken in connection with the Program. The Property Owner hereby agrees that the Property Owner and its successors in interest to fee title in the Property shall be solely responsible for the installation, operation and maintenance of the Improvements. The Property Owner hereby acknowledges that the Property Owner will be responsible for payment of the Assessment regardless of whether the Improvements are properly installed, operated, maintained or perform as expected.

The Property Owner hereby agrees that the Authority is entering into this Agreement solely for the purpose of assisting the Property Owner with the financing of the installation of the Improvements, and that the Authority, the City and the PACE Program Administrator have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing, maintenance or performance of the Improvements. Based upon the foregoing, the Property Owner hereby waives the right to recover from and fully and irrevocably releases the Authority, the City, the PACE Program Administrator and any and all agents, employees, program administrators, attorneys, representatives and successors and assigns of the Authority. the City and the PACE Program Administrator from any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), relating to the subject matter of this Agreement that the Property Owner may now have or hereafter acquire against the Authority, the City, the PACE Program Administrator and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority, the City or the PACE Program Administrator.

To the extent that the foregoing waivers and agreements are subject to Section 1542 of the California Civil Code or similar provisions of other applicable law, it is the intention of the Property Owner that the foregoing waivers and agreements will be effective as a bar to any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), of whatever character, nature and kind, known or unknown, suspected or unsuspected, and Property Owner agrees to waive any and all rights and benefits conferred upon the Property Owner by the provisions of Section 1542 of the California Civil Code or similar provisions of applicable law. Section 1542 reads as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF

KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

By initialing below, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.

Property Owner's Initials: _____ _____ _____

The waivers, releases and agreements set forth in this Section 11 shall survive termination of this Agreement.

Section 12. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the Authority.

Section 13. Twain Application. The Property Owner hereby represents and warrants to the Authority that the information set forth in all information submitted to the Authority and/or the PACE Program Administrator in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in such information with respect to the Property and the Property Owner are true and correct as of the date hereof as if made on the date hereof.

Section 14. Events of Default and Remedies

(a) Remedies with respect to the nonpayment of the Assessment or other amounts payable by Property Owner hereunder are governed by the provisions of Section 4 hereof and state law.

(b) The occurrence of any of the following events shall constitute a "**Default**" hereunder:

(i) Any of Property Owner's representations, disclosures or warranties made to the Authority or the PACE Program Administrator shall have been false or misleading in any material respect as of the date when made, or the failure or delay by Property Owner to perform any of its obligations under the terms or provisions of this Agreement, other than with respect to the payment of the Assessment, the Annual Assessment Administrative Fees, or other amount payable by Property Owner.

(ii) An Insolvency Event occurred with respect to the Property Owner or the Property Owner becomes insolvent or unable to pay its debts as they mature and such has not been cured within thirty (30) days of the event;

(iii) There occurs any event which in the Authority's sole discretion materially and adversely affects: (x) the ability of the Property Owner to perform any of its obligations hereunder; (y) the business or financial condition of the Property Owner; or (z) the timely repayment of the Assessment authorized by this Agreement, which Property Owner has not cured within thirty (30) days of receiving notice from the Authority of such breach;

(iv) Any encumbrance on any portion of the Property is hereinafter created, other than current liens for real estate property taxes or special assessments, which encumbrance purports to have priority over the Assessment Lien;

(v) The existence of any liens for taxes past due with respect to the Property, or carrier's, warehousemen's, mechanics', materialmen's, repairmen's or other liens which have not been dismissed, escrowed (subject to the Authority's sole approval) or bonded for thirty (30) days after the filing or recording thereof;

(vi) Any material deviation in the Improvements from the Plans without the prior written consent of the PACE Program Administrator, or the appearance of defective workmanship or materials, the PACE Program Administrator's sole discretion, which has not been cured for a period exceeding thirty (30) days; and

(vii) Any general contractor or any other contractor defaults under any construction contract, in a manner which the PACE Program Administrator deems to be material, and unless otherwise agreed in writing by the PACE Program Administrator, the obligor fails to exercise its rights and remedies under the construction contract, as applicable with respect to such default and such failure to exercise its rights has not been cured within thirty (30) days of when such right first arose.

(c) Upon the occurrence of a Default, the Authority may in addition to any other remedies which it may have, at its option and without prior demand or notice, take any of the following actions:

(i) The Authority may, in addition to any other remedies which it may have, at its option and without prior demand or notice, immediately cause the cancellation of any pending disbursement (and the PACE Program Administrator shall have no obligation to make further disbursements) and from time to time apply all or any part of any undisbursed funds to payment of amounts owing on the Assessment and/or to any other obligations of the Property Owner hereunder. The Authority has authorized the PACE Program Administrator at its option and without prior demand or notice, to enter the Property and complete construction of the Improvements in accordance with the Plans and the Construction Contract with such changes therein as the PACE Program Administrator may from time to time and in its judgment deem appropriate, all at the risk and expense of the Property Owner.

(ii) The Authority may foreclosure proceedings against the Property upon determination by the Authority that the Property is delinquent in the payment of one or more Assessment Installments.

(iii) Exercise any other rights and remedies available to it hereunder or at law or in equity

(iv) Except as otherwise expressly provided in this Agreement, no remedy provided for by this Agreement shall be exclusive of any other remedy, each and every remedy shall be cumulative and in addition to any other remedy, and no delay or omission to exercise any right or remedy shall impair any such right or remedy or shall be deemed to be a waiver of a Default.

(v) Property Owner agrees to pay all costs of collection when actually incurred, by the Authority, including but not limited to reasonable attorneys' fees and all related costs. If any suit or action is instituted to enforce this Agreement, Property Owner promises to pay, in addition to the costs and disbursements otherwise allowed by law, such sum as the court may adjudge reasonable attorneys' fees and costs in such suit or action to the Authority as the prevailing party

Section 15. Amendment. This Agreement may be modified only by the written agreement of the Authority and the Property Owner. A modification of this Agreement shall be approved in writing by the owner(s) of any Improvement Bonds secured by the Assessment if the amendment will adversely impact the owner(s) of the Improvement Bonds.

Section 16. Binding Effect; Assignment. This Agreement inures to the benefit of and is binding upon the Authority, the Property Owner and their respective successors and assigns.

(a) The Authority has the right to assign any or all or any of its rights and obligations under this Agreement without the consent of the Property Owner. The obligation to pay the Assessment set forth in this Agreement is an obligation of the Property and no agreement or action of the Property Owner will be competent to impair in any way the Authority's rights, including, but not limited to, the right to pursue judicial foreclosure of the Assessment lien or the right to enforce the collection of the Assessment or any installment thereof against the Property. Any assignee shall be a party to this Agreement and shall have all of the rights and obligations of the Authority hereunder to the extent that such rights and obligations have been assigned by the Authority pursuant to the assignment documentation between the Authority and the assignee. The Authority may furnish any information concerning the Property Owner in its possession from time to time to prospective assignees.

(b) In no event shall Property Owner assign or transfer any portion of this Agreement or Property Owner's obligations under this Agreement without the prior express written consent of the Authority, which consent may be granted or withheld in the sole and absolute discretion of the Authority. Sale, transfer, or rental of the Property or any parcel thereof is not an assignment or transfer of this Agreement.

Section 17. Exhibits. The Exhibits to this Agreement are incorporated into this Agreement by this reference as if set forth in their entirety in this Agreement.

Section 18. Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

Section 19. Notices. Notices and demands shall be given in writing by first class mail, postage prepaid, by personal delivery (by recognized courier service or otherwise), or via electronic mail. Notices shall be considered given upon the earlier of (a) receipt of electronic mail or personal delivery or (b) five (5) business days following deposit in the United States mail, postage prepaid. Notices shall be addressed as provided below and incorporated herein by this reference for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice. Notwithstanding anything set forth above, after disbursement of the Disbursement Amount to Owner, all notices regarding the assessment shall be sent only as provided by state law.

If to Authority: Western Riverside Council of Governments
3390 University Avenue, 4th Floor
Riverside, CA 92501

Attention: Executive Director

If to Program Administrator: Twain Financial Partners Holding, LLC
1232 Washington Avenue, Suite 200
Saint Louis, MO 63103

If to Property Owner: [___]

Section 20. Corrective Instruments. The Authority and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required in order to carry out the expressed intention of this Agreement.

Section 21. Governing Law; Venue. This Agreement is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Riverside, State of California; provided, however, actions to foreclose delinquent installments of the Assessment will be instituted in the superior court of the County or as otherwise provided by law.

Section 22. Counterparts. This Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 23. No Waiver; Amendments. No waiver of any default or breach by Property Owner hereunder shall be implied from any failure by the PACE Program Administrator or the Authority to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by Property Owner and the Authority. The Authority and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonable be required in order to carry out the expressed intention of this Agreement

Section 24. Waiver of Jury Trial and Class Action. TO THE EXTENT ENFORCEABLE BY LAW, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH PARTY WAIVES THE RIGHT TO LITIGATE IN COURT OR ARBITRATE ANY CLAIM OR DISPUTE AS A CLASS ACTION, EITHER AS A MEMBER OF A CLASS OR AS A REPRESENTATIVE, OR TO ACT AS A PRIVATE ATTORNEY GENERAL.

IN WITNESS WHEREOF, the Authority and the Property Owner have caused this Agreement to be executed in their respective names by their duly authorized representatives, all as of the date first above written.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____

Its: _____

PROPERTY OWNER

By: _____

Its: _____

ACKNOWLEDGED AND ACCEPTED BY:

TWAIN FINANCIAL PARTNERS HOLDING, LLC

By: _____

Its: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____ before me, _____,
Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature:_____ (seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____ before me, _____,
Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature:_____ (seal)

EXHIBIT A

PROPERTY LEGAL DESCRIPTION

[To be updated]

EXHIBIT B

IMPROVEMENTS[1]

IMPROVEMENT	AMOUNT

[1] To be updated/customized.

EXHIBIT C

ASSESSMENT SCHEDULE

Period	Bill date	Delinquent After Date	Payment	Interest	Principal	Principal Remaining	Annual Collection Costs**	**Total Payment Due**
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								

**Subject to modification pursuant to Section 3(f) of the Agreement.

EXHIBIT D

DISBURSEMENT AGREEMENT

THIS DISBURSEMENT AGREEMENT (this "Agreement") dated as of _____ (the "Closing Date"), is entered into by and between _____, a _____ (together with its successors or assigns, "Property Owner"), and TWAIN COMMUNITY PARTNERS II LLC, a Missouri limited liability company (together with its successors, assigns, nominees or designees, "Capital Provider") for the disbursement of funds for the construction and installation of Qualified Improvements (the "Project") in the Building located at _____ (including the improvements thereon and the Project, collectively the "Property Owner"), as more fully set forth in that certain (i) Agreement to Pay Assessment and Finance Improvements [Insert 2] by and between Western Riverside Council of Government ("WRCOG") and Capital Provider, dated on or about the date hereof (the "Financing Agreement") documents executed or delivered in connection therewith, as may be amended, supplemented or modified. Capitalized terms not otherwise defined herein have shall the meanings given to such terms in the Financing Agreement.

1. Disbursement Account and Disbursement of Funds. On the Closing Date, Capital Provider shall advance to the Disbursing Account funds equal to _____ (the "Funds") in a deposit account (the "Disbursing Account") at U.S. Bank National Association, controlled by Capital Provider. Capital Provider shall maintain the Disbursing Account as a separate and distinct account that will only hold the Funds and no other funds. The Funds shall be held in the Disbursing Account to be disbursed (each a "Disbursement") from time to time to pay for (i) the cost of installing the Qualified Improvements, as set forth on Exhibit C attached to this Agreement (the "Budget"), and (ii) certain soft costs and capitalized interest pursuant to the terms of this Agreement and the Financing Agreement.

2. Disbursements.

A. Closing Date Disbursement. On the date hereof, and in connection with the Financing Agreement, Capital Provider shall cause the amounts set forth on Exhibit A to be disbursed to the payees listed on Exhibit A.

B. Conditions to All Disbursements. Capital Provider's obligation to make any Disbursements shall be subject to the prior fulfillment by Property Owner of the following conditions:

(i). Conditions in Financing Agreement. All of the conditions for disbursements set forth herein and in the Financing Agreement shall have been satisfied.

(ii). Disbursement Request. At least ten full business days prior to each such disbursement, Capital Provider shall have received a Written Request for Disbursement (a "Request for Disbursement") in the form of Exhibit B attached hereto, with all supporting documentation, as applicable, signed by Property Owner. Each Request for Disbursement shall be accompanied by lien waivers for the Project for work performed up to the date of the Disbursement. Capital Provider may withhold from the Financing proceeds 10% of the amount owed to any party who has a potential lien against the Project. All withheld funds shall be released when all of the conditions in Section 2.C. of this Agreement

have been completed.

(iii). No Damage. There shall be no substantial unrepaired damage to the Project by fire or other casualty.

(iv). No Condemnation. There shall be no condemnation or eminent domain proceeding pending or threatened against all or any portion of the Property, the Building (as defined in the Financing Agreement) or otherwise affecting or relating to the Project.

(v). No Default or Event of Default. No Default or Event of Default shall exist on the date of each such Disbursement, and, if requested by Capital Provider, Capital Provider shall have received a certificate to that effect dated the date of each such Disbursement and signed by Property Owner.

(vi). Requirements of Financing Agreement. Property Owner shall be in compliance with all other requirements, conditions and covenants of the Financing Document.

(vii). Additional Requirements. Capital Provider shall have received such other information, documents and opinions as it may reasonably require.

C. Final Disbursement Request. In the case of the final Disbursement for the completed Project, all of the conditions in Section 2.B shall have been met and, in addition, Capital Provider shall have received or taken the following actions, unless waived in writing by Capital Provider:

(i). Completion of Project. A statement from Property Owner certifying that the Project has been completed in accordance with the terms of the Construction Contracts (as defined in the Financing Agreement), free and clear of all liens.

(ii). Inspection by Capital Provider. Capital Provider or its representative shall have, at Capital Provider's sole option, inspected the Property to confirm, in Capital Provider's sole discretion, the completion of the Project in accordance with the terms of the Construction Contracts.

D. Approval or Denial. Within ten (10) Business Days after receiving a Request for Disbursement, Capital Provider shall: (i) ascertain whether all conditions to a Disbursement set forth in this Agreement and the Financing Agreement have been satisfied; and (ii) approve or deny, in whole or in part, the Request for Disbursement.

(i). Denial of Request. If Capital Provider denies such Request for Disbursement, Property Owner shall promptly rectify all deficiencies identified by Capital Provider and/or provide to Capital Provider all additional documents and other information Capital Provider deems necessary for approval of such Request for Disbursement.

(ii). Approval of Request. If Capital Provider approves such Request for Disbursement, in whole or in part, Capital Provider shall make the Disbursement only for the payment of [Qualified Improvements] as set forth in

such approved Request for Disbursement.

E. Capitalized Interest. An amount equal to $_____, held in the Disbursement Account as capitalized interest included in the Financing from the effective date of the Financing Agreement through _____ shall be payable to Capital Provider, and Property Owner hereby directs Capital Provider to disburse such amount from the Disbursement Account to Capital Provider on _____.

F. Excess Funds; Failure to Close. In the event Property Owner fails to draw down the full amount of the Funds, Property Owner agrees such excess Funds shall be retained by Capital Provider in the Disbursing Account and redirected to payments of the next [Installment].

3. Misstatements; Retainage. If Capital Provider discovers a misstatement or deficiency in any of the documents provided by Property Owner, it shall stop all Disbursements (not yet completed) until (a) Capital Provider has reasonably determined the misstatement has been corrected or (b) Property Owner has cured such deficiency in Capital Provider's sole discretion, as applicable.

4. No Third Parties. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

5. Project Cost Increases. If at any time (and from time to time) Property Owner determines that the undisbursed Funds will not be sufficient to complete and pay for the completion of the Project in compliance with the Construction Contracts, Property Owner shall immediately notify Capital Provider and, prior to Capital Provider approving any further Requests for Disbursements, Property Owner shall certify to Capital Provider that (i) Property Owner will have sufficient sources to complete the Project in compliance with the Construction Contracts and (ii) Capital Provider will not be required to advance any additional funds for the Project's completion.

6. Limitation of Duties. Except as set forth in the Financing Agreement, the functions and duties assumed by Capital Provider include only those described in this Agreement, and Capital Provider is not obligated to act except in accordance with the provisions of this Agreement and the Financing Agreement.

7. Inspections. Capital Provider has the option to make inspections of the Project during the course of construction, and shall determine to its own satisfaction that the work done or materials supplied by any contractor, subcontractor and suppliers have been properly made or supplied in accordance with applicable contracts. Capital Provider shall not be required to conduct any inspections of the Project, but if Capital Provider chooses to make such inspections they are for the sole benefit of Capital Provider.

8. Limitation of Liability. Capital Provider (nor its members, managers, officers, employees or agents) shall have any liability to Property Owner or any other party with respect to any decision, approval or consent made or provided by such parties in reliance, in whole or in part, on the documents submitted by or on behalf of Property Owner pursuant to this Agreement or any other Financing Document or on representations made by Property Owner in connection with a Request for Disbursement, and no decision, approval or consent by Capital Provider shall

be deemed to be an approval or acceptance by Capital Provider of any plans, specifications, work or materials done or furnished, or equipment or property purchased, with respect to the Project, or a representation by Capital Provider as to the fitness of such plans, specifications, work, materials, equipment, or property.

9. Notice to Capital Provider. Property Owner agrees to advise Capital Provider promptly in the event that it receives any lien notice or intention to claim a lien from any contractor, subcontractor, or material suppliers in connection with the construction.

10. Relationship. Capital Provider is not a partner with Property Owner or any other party in the construction of the Project. Capital Provider shall not in any way be liable or responsible by reason of the provisions hereof, or otherwise, for the payment of any claims growing out of the operation of the Project or any portion thereof.

11. Amendments. No amendment, modification, termination or waiver of any provisions of this Agreement shall be effective unless in writing and signed by each of the parties to this Agreement.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (without regard to the conflict of laws provisions) of the State of _____.

13. Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY TO THIS AGREEMENT REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER AND SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Property Owner has executed this Agreement as of the day and year first above-written.

PROPERTY OWNER:

IN WITNESS WHEREOF, Capital Provider has executed this Agreement as of the day and year first above-written.

CAPITAL PROVIDER:

TWAIN COMMUNITY PARTNERS II LLC, a Missouri limited liability company

By: _____
Name: Stephanie Deterding
Title: Vice President

EXHIBIT A

Closing Date Disbursements

FEE AND EXPENSES	AMOUNT	PAYEE
Program Fee	$	
Finance Fee	$	
Twain Legal	$	
Program Legal	$	

EXHIBIT B

Form of Draw Request

Request No. _____ Date: _____

WRITTEN REQUEST FOR DISBURSEMENT

To: TWAIN COMMUNITY PARTNERS II LLC

Pursuant to that certain Disbursement Agreement dated as of _____, 2019 (the "Disbursement Agreement"), by and among [_____], [_____] ("Property Owner") and TWAIN COMMUNITY PARTNERS II LLC, a Missouri limited liability company (together with its successors and/or assigns "Capital Provider"), the undersigned hereby request on behalf of Property Owner the disbursement of Funds from the Disbursing Account (as defined in the Disbursement Agreement) an amount equal to $_____, as detailed on the Schedule of Payments Requested, attached hereto as Attachment 1.

Property Owner hereby certifies that, as of the date hereof:

1. each of the representations and warranties Property Owner made under the Disbursement Agreement and the Financing Agreement (as defined in the Disbursement Agreement) is true and correct;

2. no default or Event of Default under any Financing Document has occurred and is continuing, and no event has occurred which, upon the service of notice and/or the lapse of time, would constitute an Event of Default under any Financing Document;

3. no material change has occurred with respect to the projected cost to complete the Project;

4. the progress of construction of the Project is such that it can be completed on or before the expected completion date (as contemplated in the Construction Contracts);

5. Property Owner has budgeted sufficient funds, including the remaining Funds (as defined in the Disbursement Agreement), to complete the Project;

6. the loans and Project sources are consistent with the agreed-upon budget on the Closing Date, and no additional debt has been secured by the Property (as defined in the Financing Agreement);

7. all bills for labor, materials, equipment, work, services and supplies furnished in connection with the Project, which could give rise to a mechanic's lien if unpaid, have been paid or will be paid out of the requested disbursement;

8. all claims for mechanics' liens which have arisen or could arise for labor, materials, equipment, work, services or supplies furnished in connection with the Project through the last day of the period covered by the requested advance have been effectively waived in writing, or will be effectively waived in writing when payment is made, and such written waivers have been delivered to Capital Provider;

By: _____
Name: _____
Title: _____

Acknowledged and Accepted:

TWAIN COMMUNITY PARTNERS II LLC,
a Missouri limited liability company

By: _____
Name: _____
Title: _____

Date: _____

Request No. _____ Date: _____

ATTACHMENT I

TO WRITTEN REQUEST FOR DISBURSEMENT

SCHEDULE OF PAYMENTS REQUESTED

(Payments to be made in accordance with instructions on invoice attached hereto)

Payee Name	Description	Total Payment
□	□	□
□	□	□
□	□	□
□	□	□
□	□	□
□	□	□
□	□	□

Total Amount Requested: $_____

EXHIBIT C

PACE Budget

EXHIBIT E

PERMITTED ENCUMBRANCES

[To be updated]

EXHIBIT F

SCHEDULE OF PREPAYMENT PREMIUMS

The Assessment may not be prepaid, in whole or in part, without payment of a Prepayment Premium based on the following schedule:

Pre-payment within five years of the Effective Date	[__]%
Pre-payment after five years of the Effective Date but within ten years of the Effective Date	[__]%
Pre-payment after ten years of the Effective Date but within fifteen years of the Effective Date	[__]%
Pre-payment after Fifteen years of the Effective Date	[__]%

EXHIBIT G

FORM OF ASSIGNMENT AND ASSUMPTION OF AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "**Assignment**"), is made and entered into as of the ____ day of _____, 2018, by and between **[Original Borrower]** ("**Assignor**"), and **[New Borrower]** ("**Assignee**").

W I T N E S E T H:

WHEREAS, pursuant to that certain Agreement to Pay Assessment and Finance Improvements (the "**Financing Agreement**") dated as of _____, 2018 by and between Assignor and the Western Riverside Council of Governments ("**WRCOG**") and in accordance with Chapter 29 of Division 7 of the Streets & Highways Code ("**Chapter 29**") and the Program (as such term is defined in the Financing Agreement) the Assignor has renovated or retrofitted, or is in the process of renovating or retrofitting, the property located at _____, _____, California (the "**Property**"), with financing for the Project provided by Twain Financial Partners Holding, LLC ("Twain") on behalf of WRCOG in the original principal amount of up to $_____ (the "**Project Advance**"), which is secured by a special charge levied against the Property (the "**Assessment**"); and

WHEREAS, the Assignor is obligated to pay the Assessment in accordance with the Financing Agreement; and

WHEREAS, Assignor is selling, and Assignee, is purchasing the Property including the Project and Assignee acknowledges receiving a material benefit from the transaction contemplated by this Assignment; and

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, and intending to be legally bound hereby, Assignor and Assignee hereby agree as follows.

Section 1. Assignment. Effective as of _____, 2018 (the "**Effective Date**"), Assignor hereby assigns, sells, transfers and sets over to and for the exclusive benefit of Assignee, all of the right, title and interest of Assignor, in and to, in the Financing Agreement, the Assessment, and all other documents evidencing or securing the Assessment together with the obligations of Assignor thereunder. In furtherance of the foregoing, Assignor and Assignee agree, represent and warrant that **Exhibit A** attached hereto and made a part hereof contains a true, correct and complete copy of the Financing Agreement.

Section 2. Assumption. From and after the Effective Date, Assignee hereby assumes and accepts all of Assignor's right, title and interest in and to the Financing Agreement, the Assessment, and all other documents evidencing or securing the Assessment. Assignee agrees to pay, perform and discharge, and otherwise be and remain responsible for, at its sole cost and expense, all obligations and liabilities of Assignor pursuant to the Financing Agreement, the Assessment, and all other documents evidencing or securing the Assessment and to comply with all the terms, covenants and conditions thereof, as Property Owner (as such term is defined in the Financing Agreement) thereunder, first arising and accruing on or after the Effective Date. Nothing in this Assignment shall be construed, nor do the parties intend, to modify any of the terms, obligations or definitions in the Financing Agreement. In the event of

any conflict between the terms of this Assignment and the Financing Agreement, the Financing Agreement shall prevail.

Section 3. Acknowledgement of Indebtedness. Assignee hereby acknowledges the validity of the indebtedness evidenced by the Financing Agreement, the Assessment and all other documents evidencing or securing the Assessment including the obligation to make all installment payments pursuant to the Assessment and the Financing Agreement, including any payment of any delinquent assessments and interest and penalties thereon. Assignor and Assignee hereby acknowledge and agree that the amounts owed under the Financing Agreement and the Assessment as of the Effective Date are as follows:

Unpaid Principal: $_____

Accrued Interest: $_____

Section 4. Binding Effect; Governing Law. All obligations, covenants and undertakings contained in this Assignment shall bind and be enforceable against, and shall inure to the benefit of, Assignor and Assignee, and their respective successors, legal representatives and assigns. This Assignment shall be governed by the laws of the State of California, and shall be construed in accordance with such laws.

Section 5. Notices. Every notice or other communication required or contemplated by this Assignment to Assignor or Assignee shall be in writing and sent by: (i) certified or registered mail, postage prepaid, return receipt requested, or (ii) nationally recognized overnight courier, such as Federal Express or UPS, in each case addressed to the intended recipient at the address set forth below or at such other address as the intended recipient previously designated by written notice to the other party, as follows:

If to Assignor: _____
_____

_____
Attention:_____

If to Assignee: _____
_____

_____
Attention:_____

Section 6. Representations. Assignor and Assignee each hereby represents to the other, to WRCOG and to Twain that it has the power and authority to execute and deliver this Assignment and perform its obligations hereunder and that the undersigned has the power and authority to bind said party to the terms hereof.

Section 7. Headings. Section captions contained herein are inserted as a matter of convenience and for reference only, and in no way define, limit, extend or describe the scope of this Assignment or any provision hereof.

Section 8. Severability. In the event that any covenant, condition or other provision herein contained is held to be invalid, void or illegal by any court of competent jurisdiction, the

same shall be deemed severable from the remainder of this Assignment and shall in no way affect, impair or invalidate any other covenant, condition or other provision herein contained. If such condition, covenant or other provision shall be deemed invalid due to its scope or breadth, such covenant, condition or other provision shall be deemed valid to the extent of the scope or breadth permitted by applicable law.

Section 9. Waivers; Modifications. No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision hereof shall not be deemed to be a waiver of any other breach of the same or any other provision hereof. This Assignment may be amended or modified only by a written agreement executed by the parties in interest at the time of the amendment or modification.

Section 10. Dispute Resolution. In the event of any litigation arising out of this Agreement, the prevailing party shall be entitled to reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and costs, both at the trial and appellate levels.

Section 11. Counterparts. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall be deemed to constitute one and the same agreement.

Section 12. Assignee hereby acknowledges and confirms that nothing contained in this Assignment shall be construed to modify, waive, impair or affect any of the covenants, agreements, terms, provisions or conditions contained in the Financing Agreement and all other documents evidencing or securing the Assessment (except as may be herein expressly provided), or to waive any obligation contained therein.

Section 13. Entire Agreement. This Assignment contains all of the agreements of the parties hereto with respect to the matters contained herein, and no prior agreement, arrangement or understanding pertaining to any such matters shall be effective for any purpose.

[Remainder of Page Left Blank. Signature Page to Follow]

IN WITNESS WHEREOF, Assignor and Assignee have hereunto caused this Assignment to be duly executed as of the date first set forth above.

ASSIGNOR:

[_____]

WITNESSES:

_____
Name

By:_____
Name:
Title:
Duly Authorized

_____
Name

Date:_____

ASSIGNEE:

[_____]

_____
Name

By:_____
Name:
Title:
Duly Authorized

_____
Name

Date:_____

Consented and Agreed to this __ day of _____, 20__ by:

Twain Financial Partners Holding, LLC

By:_____
Name:
Title:

EXHIBIT H

DEPICTION OF PROPOSED SUBDIVISION OF PROPERTY

EXHIBIT I

FORM OF NOTICE OF SUBDIVISION

Re: Notice of Subdivision of Property (WRCOG –CA- [_____])

This Notice of Subdivision is provided pursuant to Section 3.07(c) of that certain Agreement to Pay Assessment and Finance Improvements dated [__], 2018 (the "Assessment Contract") by and between [_____] (the "Property Owner") and Western Riverside Council of Governments (the "Authority"). The undersigned hereby represents as follows:

1. I am an authorized representative and signatory of the Property Owner; and

2. The portion of the Property being subdivided is located solely within the parcel identified in Exhibit I of the Assessment Contract as Parcel S (the "Subdivision Parcel"); and

3. The Subdivision Parcel receives no benefit from the Improvements identified on Exhibit B of the Assessment Contract; and

4. Upon subdivision, the Subdivision Parcel will be identified as Assessor Parcel No. _____. The remainder of the Property will be identified as Assessor Parcel No. _____ (the "Remainder Property");

5. The Property Owner hereby allocates 100% of the Assessment, as defined in the Assessment Contract, to the Remainder Property and 0% to the Subdivision Parcel.

Dated:_____ By:_____

Name:_____

Title:_____

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Item 6.A

PACE Programs Activities Update: General Activities Update and approval of a New Provider and Changes to Commercial Program Guidelines

Attachment 3

CA HERO Program Report Amended April 2019 – addition of Twain Financial Partners, LLC

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PROGRAM REPORT

CITIES/TOWNS OF ALAMEDA, ALBANY, ALHAMBRA, ALISO VIEJO, AMADOR, AMERICAN CANYON, ANAHEIM, ANTIOCH, ARCADIA, ARCATA,

ARVIN, ATHERTON, ATWATER, AVALON (COMMERCIAL ONLY), AVENAL, AZUSA BAKERSFIELD, ,

BALDWIN PARK, BEAUMONT, BELL GARDENS (COMMERCIAL ONLY), BELLFLOWER, BELMONT, BELVEDERE, , BENICIA, BERKLEY, BISHOP, BLUE LAKE, BLYTHE, BRADBURY, BRAWLEY, BREA, BRENTWOOD, BRISBANE, BUENA PARK, BURLINGAME, CALABASAS (COMMERCIAL ONLY), CALEXICO, CALIFORNIA CITY, CALIPATRIA, CALISTOGA, CAMARILLO, CAMPBELL, CAPITOLA, CARLSBAD, CARMEL, CARSON, CATHEDRAL CITY, CERES, CHICO, CHOWCHILLA, CHULA VISTA, CITRUS HEIGHTS, CLAREMONT, CLAYTON, CLOVERDALE, CLOVIS, COACHELLA, COALINGA, COLMA, COMMERCE, CONCORD, CORCORAN, CORNING, CORONADO, COSTA MESA, COTATI, COVINA, CRESCENT CITY, CUPERTINO, CYPRESS, DALY CITY, DANVILLE, DAVIS, DEL MAR, DEL REY OAKS, DELANO, DESERT HOT SPRINGS, DIAMOND BAR, DINUBA, DIXON, DORRIS, DOS PALOS, DUBLIN ,DUNSMUIR, EL CAJON, EL CENTRO, EL CERRITO, EL MONTE, EL SEGUNDO, ELK GROVE, ENCINITAS, ESCONDIDO, ETNA, EUREKA, EXETER, FAIRFAX, FAIRFIELD, FARMERSVILLE, FERNDALE, FILLMORE, FIREBAUGH, FORT BRAGG, FORTUNA, FOSTER, FOUNTAIN VALLEY, FOWLER, FREMONT, FRESNO, GALT, GARDEN GROVE, GARDENA, GILROY, GLENDORA, GONZALES, GRASS VALLEY, GREENFIELD, GROVER BEACH, GUSTINE, HALF MOON BAY, HANFORD, HAWTHORNE, HAYWARD, HEALDSBURG, HERMOSA BEACH, HILLSBOROUGH, HOLTVILLE, HUGHSON, HUNTINGTON BEACH, HURON, IMPERIAL BEACH, IMPERIAL, INDIAN WELLS, INDIO, INDUSTRY, INGLEWOOD, IONE, IRWINDALE, ISLETON, JACKSON, KERMAN, KING CITY, KINGSBURG, LA CANADA FLINTRIDGE, LA HABRA, LA MESA, LA PALMA, LA QUINTA, LA VERNE, LAFAYETTE, LAGUNA BEACH, LAGUNA HILLS, LAKE FOREST, LANCASTER, LARKSPUR, LATHROP, LAWNDALE, LEMON GROVE, LEMOORE, LINDSAY, LIVE OAK, LIVINGSTON, LODI, LOMITA, LOMPOC, LONG BEACH (COMMERCIAL ONLY), LOS BANOS, LOYALTON, MADERA, MALIBU, MAMMOTH LAKES, MANTECA, MARTINEZ, MARYSVILLE, MCFARLAND, MENDOTA, MENLO PARK, MERCED, MILL VALLEY, MILLBRAE, MILPITAS, MISSION VIEJO, MODESTO, MONROVIA, MONTEBELLO, MONTEREY PARK, MONTEREY, MOORPARK, MORAGA, MORGAN HILL, MORRO BAY, MOUNT SHASTA, MOUNTAIN VIEW, NAPA, NATIONAL CITY, NEVADA CITY, NEWARK, NEWMAN, NEWPORT BEACH, NOVATO, OAKDALE, OAKLAND, OAKLEY, OCEANSIDE, OJAI, ORANGE COVE, ORLAND, OROVILLE, OXNARD, PACIFIC GROVE, PACIFICA, PALM DESERT, PALM SPRINGS, PALMDALE, PARADISE, PARLIER, PASO ROBLES, PATTERSON, PETALUMA, PIEDMONT, PINOLE, PITTSBURG, PLACENTIA, PLACERVILLE, PLEASANT HILL, PLEASANTON, PLYMOUTH, POINT ARENA, POMONA, PORT HUENEME, PORTERVILLE, PORTOLA VALLEY, POWAY, RANCHO CORDOVA, RANCHO MIRAGE, RANCHO PALOS VERDES, RANCHO SANTA MARGARITA, REDDING, REDONDO BEACH, REDWOOD CITY, REEDLEY, RICHMOND, RIDGECREST, RIO VISTA, RIPON, RIVERBANK, ROHNERT PARK, ROLLING HILLS ESTATES, ROLLING HILLS, ROSEMEAD, SACRAMENTO, SALINAS, SAN ANSELMO, SAN BRUNO, SAN

BUENAVENTURA, SAN CARLOS, SAN CLEMENTE, SAN DIEGO, SAN DIMAS, SAN FERNANDO, SAN GABRIEL, SAN JOAQUIN, SAN JOSE, SAN JUAN BAUTISTA, SAN LEANDRO, SAN LUIS OBISPO, SAN MARCOS, SAN M ARINO, SAN MATEO, SAN PABLO, SAN RAFAEL, SAN RAMON, SAND CITY, SANGER, SANTA ANA, SANTA BARBARA, SANTA CLARA, SANTA CRUZ, SANTA MONICA, SANTA PAULA, SANTA ROSA, SANTEE, SAUSALITO, SCOTTS VALLEY, SEASIDE, SEBASTOPOL, SELMA, SHAFTER, SHASTA LAKE, SIERRA MADRE, SIMI VALLEY, SOLANA BEACH, SONOMA, SOUTH EL MONTE, SOUTH LAKE TAHOE, SOUTH PASADENA, SOUTH SAN FRANCISCO, ST. HELENA, STANTON, STOCKTON, SUISUN CITY, SUSANVILLE, SUTTER CREEK, TAFT, TEHACHAPI, TEHAMA, CTEMPLE ITY, THOUSAND OAKS, TIBURON, TORRANCE, TRACY, TRINIDAD, TRUCKEE, TULARE, TURLOCK, TUSTIN, UKIAH, UNION CITY, VACAVILLE, VALLEJO, VISALIA, VISTA, WALNUT, WALNUT CREEK, WASCO, WATERFORD, WATSONVILLE, WEED, WEST COVINA, WEST SACRAMENTO, WESTMINSTER, WHEATLAND, CWITYINDSOR, AND, W INTERS, WOODLAKE, WOODLAND, WOODSIDE, YORBA LINDA, YOUNTVILLE , YREKA, AND YUBA THE UNINCORPORATED COUNTIES OF ALAMEDA, AMADOR, BUTTE, COLUSA, CONTRA COSTA, DEL NORTE, EL DORADO, FRESNO, GLENN, HUMBOLDT, IMPERIAL, KERN, KINGS, MADERA, MARIN, MARIPOSA, MENDOCINO, MERCED, MONO, MONTEREY, NAPA, NEVADA, RIVERSIDE, SACRAMENTO, SAN DIEGO, SAN FRANCISCO, SAN JOAQUIN, SAN LUIS OBISPO, SAN MATEO, SANTA CRUZ, SHASTA, SISKIYOU, SOLANO, SONOMA, TEHAMA, TULARE, YOLO, AND YUBA.

ADOPTED JUNE 3, 2013 - REVISED JULY 15, 2013 - REVISED AUGUST 5, 2013 - REVISED SEPTEMBER 9, 2013 – REVISED NOVEMBER 4, 2013 - REVISED DECEMBER 2, 2013 - REVISED JANUARY 6, 2014 REVISED FEBRUARY 3, 2014 - REVISED MARCH 3, 2014 - REVISED APRIL 7, 2014 - REVISED MAY 5, 2014 REVISED JUNE 2, 2014 – AMENDED JUNE 9, 2014 - REVISED JULY 7, 2014 – REVISED AUGUST 4, 2014 – REVISED SEPTEMBER 8, 2014 – REVISED OCTOBER 6, 2014 -REVISED NOVEMBER 3, 2014 REVISED DECEMBER 1, 2014 – REVISED JANUARY 5, 2015 - REVISED FEBRUARY 2, 2015, REVISED MARCH 2, 2015- REVISED APRIL 6, 2015 – REVISED MAY 4, 2015 – REVISED JUNE 1, 2015 – REVISED JULY 6, 2015 – REVISED AUGUST 3, 2015 – REVISED SEPTEMBER 14, 2015 – REVISED OCTOBER 5, 2015 – REVISED NOVEMBER 2, 2015 – REVISED DECEMBER 7, 2015 – REVISED JANUARY 4, 2016 – REVISED FEBRUARY 1, 2016 – REVISED MARCH 7, 2016 – REVISED APRIL 4, 2016 – REVISED MAY 2, 2016 – REVISED JUNE 6, 2016 – REVISED JULY 11, 2016 – REVISED AUGUST 1, 2016 – REVISED DECEMBER 5, 2016– REVISED JANUARY 9, 2017 – REVISED APRIL 3, 2017 – REVISED JUNE 5, 2017– REVISED JULY 10, 2017– REVISED AUGUST 7, 2017– REVISED SEPTEMBER 11, 2017-– REVISED OCTOBER 2, 2017-– REVISED DECEMBER 4, 2017– REVISED February 5, 2018 – REVISED APRIL 2, 2018 – REVISED JULY 2, 2018- REVISED MARCH 4,2019- REVISED APRIL 1, 2019

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PROGRAM INTRODUCTION

This California HERO Program Report (this "Program Report") provides an overview of a property assessed clean energy ("PACE") municipal financing program called the California

HERO Program (the "California HERO Program", “HERO,” “Twain Financial PartnersSAMAS Commercial”,
“Greenworks”, or “Program”) for cities and counties that elect to participate in the California HERO Program.

A Residential Program Handbook and a Commercial Program Handbooks (collectively “Handbooks”) are incorporated herein by reference into this Program Report and supplement and provide further details on the Program.

OVERVIEW STATEMENT FOR PROGRAM REPORT

It is the intent of the Program Report to comply with all applicable laws and regulations of the State of California (the “State”) and federal government. To the extent this Program Report contains language which is contrary to existing State or federal laws and regulations, the Program shall conform to any such laws and regulations.

PURPOSE OF THE CALIFORNIA HERO PROGRAM

The Western Riverside Council of Governments (“WRCOG” or “Agent”) is making the California HERO Program available to every city and county in California to encourage installation of distributed generation renewable energy sources, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure for residential and commercial property owners. The Agent has partnered with Renovate America for residential and Twain Financial PartnersSAMAS Capital and Greenworks LLC for commercial to make HERO available throughout the State.

The California HERO Program is an economic development program available at no cost to participating cities and counties. HERO finances improvements which decrease energy, create clean renewable energy, or decrease water consumption and increase seismic strengthening. In addition to these direct benefits, HERO helps create local jobs, save money, increase property values and lower greenhouse gas emissions.

HERO first launched its residential program in western Riverside County in December 2011 and has received several awards across the state. The commercial Program launched in December 2012.

Southern California Association of Governments
2012 President’s Award for Excellence (Highest Honor)
http://www.compassblueprint.org/toolbox/videos/12awards/wrcog

U.S. Green Building Council
2012 Best Residential Partnership Program in California
http://www.usgbc.org/ShowFile.aspx?DocumentID=18852

Urban Land Institute
2012 Best of the Best

HERO FINANCING

In July, 2008, the California Legislature approved Assembly Bill 811 amending Chapter 29 of the Improvement Act of 1911 (Streets and Highways Code Section 5898.12 and following) ("Chapter 29"), authorizing cities and counties to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners. Assembly Bill 474 was subsequently passed in October 2009 to further amend Chapter 29 to add water efficiency improvements to the list of eligible improvements. Finally, SB 1340 was enacted in 2010 to amend Chapter 29 to authorize the installation of electric vehicle charging infrastructure.

Under the California HERO Program, a contractual assessment is entered into between the property owner and the Agent. Participation by a property owner in such a contractual assessment is 100% voluntary. The contractual assessment is memorialized in a contract between the participating property owner and WRCOG (an "Assessment Contract"). The separate forms of Assessment Contract for Residential properties, i.e., a property developed for a single family home or fewer than three (3) residential dwelling units, or Commercial properties, i.e., all non-residential properties, including apartment buildings with four (4) units or more, are set forth in substantially the forms attached to this Program Report as Appendix E The amount of the contractual assessment is equal to the cost to pay for the eligible improvements ("Eligible Products"), the costs to pay for the issuance of the bonds that will finance the Program, and the costs to administer the Program. Like most assessments, the amounts are billed and collected on the County property tax bill. If the property is sold, the obligation to make the remaining payments on the assessment may remain on the property or may be required to be paid off when the primary mortgage is refinanced or when the property is sold. Additionally, if a property owner fails to pay the annual contractual assessment installments, the Agent is obligated to strip the delinquent installments off the property tax bill and commence judicial proceedings to foreclose the lien of the delinquent installments. This is an expedited procedure that can result in the public sale of the property in less than a year. This process is disclosed to the property owner in the applicable Assessment Contract.

PURPOSE OF THE PROGRAM REPORT

This Program Report is prepared pursuant to Sections 5898.22 and 5898.23 of the California Streets and Highways Code in connection with the establishment of the California HERO Program. This Program Report is supplemented by separate handbooks prepared for the residential and the commercial programs (each, a "Handbook") which are incorporated in this Program Report by reference. This is the document, together with the Handbooks, that establish the parameters of the Program and the requirements for property owner participation in the California HERO Program and fulfills the requirements of Sections 5898.22 and 5898.23. The California HERO Program is offered to property owners in participating Cities and Counties.

Cities and the County can make HERO, Twain Financial Partners~~SAMAS Commercial~~, and Greenworks available to their constituents by adopting a resolution and entering into an amendment to the WRCOG joint exercise of powers agreement (the "JPA Amendment") pursuant to which such City or County becomes an Associate Member of WRGOG authorizing the Agent to offer the California HERO Program within the respective boundaries of such Cities and Counties. The Associate Members within which the California HERO Program may be implemented are set forth in Exhibit "B" hereto which delineates the boundaries of the territory within which voluntary contractual assessments may be offered pursuant to the California HERO Program.

RESIDENTIAL AND COMMERCIAL PROGRAM REQUIREMENTS

This section identifies the California HERO Program requirements relating to improvements made on residential and commercial properties.

ELIGIBLE PROPERTY OWNERS AND ELIGIBLE PROPERTIES

In order for properties to be eligible to participate in the California HERO Program, the applicant must meet the eligibility requirements listed below. The Handbooks provides additional detail on each criteria.

a. Applicant. Applicant(s) must be the property owner(s) of record.

b. Address. The applicant's property must be located within the boundaries of the California HERO Program. If a property is located in a city, the city must adopt a resolution and enter into the JPA Amendment authorizing the Agent to offer the California HERO Program within its boundaries. If a property is located within the unincorporated territory of a County, the County must adopt a resolution and enter into the JPA Amendment authorizing the Agent to offer the Program within its boundaries. A map showing the areas within which the California HERO Program may be offered is attached hereto as Appendix B.

c. Property Taxes. The property owners must be current on their property taxes within the time period specified in the applicable Handbook.

d. Involuntary Liens. The property must not be subject to involuntary liens, judgments or defaults or judgments in excess of the amount identified in the applicable Handbook.

e. Mortgage Debt. The mortgage debt on the property must not exceed that certain percentage of the value of the property as set forth in the applicable Handbook.

f. Annual Property Taxes. The total annual property tax and assessments, including the contractual assessment, on the property must not exceed 5% of the property's market value, as determined at the time of approval of the Assessment Contract.

g. Bankruptcy. The property owner must not have declared bankruptcy within the time period specified in the applicable Handbook.

h. New Commercial Construction. Commercial properties which are the site of new construction are eligible properties so long as they meeting the criteria set forth in the section entitled "Eligible Products, Contractors and Costs" for new constructions.

ELIGIBLE PRODUCTS, CONTRACTORS AND COSTS

Eligible Products

Property owners are responsible for installation, operation, and maintenance of the Eligible Products installed on their property. Property owners must address performance and other system-related issues directly with the contractor installing the Eligible Products according to the terms of the contract between the property owner and the contractor. The California HERO Program is a financing program only. Neither the Agent or the City or the County in which the property is located, nor their employees or agents are responsible for the Eligible Products, their installation or their performance.

The California HERO Program affords property owners the opportunity to take advantage of a wide range of eligible renewable energy, energy-saving, and water conservation/efficiency products that are included among the Eligible Products, consistent with the following provisions:

a. The California HERO Program is intended principally to encourage the adoption of renewable energy, energy efficiency and water efficiency measures.

b. The California HERO Program provides financing only for Eligible Products that are permanently affixed to real property.

c. The California HERO Program provides financing only for Eligible Products specified in Appendix A of the report. The list of Eligible Products will be updated from time to time and published in the Handbooks. Broadly, these include:

    a. Water Conservation/Efficiency Products
    b. Energy Efficiency Products
    c. Renewable Energy Systems
    d. Electric vehicle charging infrastructure

d. Custom Products

d. The property owner must ensure that any and all permits and inspections required by the jurisdiction within which such property is located for the installation of the Eligible Products are obtained.

e. Financing is also available for projects that combine Eligible Products, such as bundling of water conservation/efficiency, energy efficiency, and renewable energy improvements. For instance, a property owner may choose to replace an aging and inefficient furnace, install weather stripping, install low flow toilets, and install a photovoltaic system as part of a single project.
f. For new construction commercial projects, Eligible Products must exceed the minimum energy efficiency specifications of EnergyStar set forth in California Title 24 and Title 20, and WaterSense standards, or other new standards or other new standards as may be appropriate and as agreed upon by WRCOG. Any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available. 100% of the cost of any individual Eligible Products in the construction of a new building that exceeds the minimum specifications is eligible for financing. Renewable energy systems are eligible in new construction projects, however any Solar PV system must be eligible for CSI or an equivalent utility rebate program unless the property is not connected to the electricity grid or such utility rebate program is not available. New construction projects specifically will require additional supporting documentation including: building plans, equipment cut sheets, and code compliance certificates as required by the Program Administrator.

Contractors

The cost of installation of Eligible Products shall be eligible to be financed under the California HERO Program only if such installation is completed by a contractor that is registered with the Program or by the property owner if self-installing such Eligible Products. A list of contractors that are registered with the Program shall also be located on the Program website. Registration of a contractor with the Program is neither a recommendation of such contractor nor a guaranty of or acceptance of responsibility for work of such contractor by the Agent, Renovate America, Twain Financial Partners~~Samas Capital~~, Greenworks LLC, or the City or County in which the property upon which the Eligible Products are installed is located or the officers, employees or agents of such entities. Neither the Agent, Renovate America, Twain Financial Partners~~Samas Capital~~, Greenworks LLC or the City or County in which the property upon which the Eligible Products are installed is located, their officers, employees nor agents any have responsibility whatsoever for the selection by a property owner of a registered contractor or the work performed by such registered contractor.

Improvement Costs

Eligible costs of the improvements include the cost of equipment and installation of such equipment. Installation costs may include, but are not limited to, energy and water audit consultations, labor, design, drafting, engineering, permit fees, and inspection charges. Eligible costs do not include labor costs for property owners that elect to do the work themselves.

Property owners who elect to engage in broader projects – such as home or business remodeling – may only receive Program financing for that portion of the cost of retrofitting existing structures with Eligible Products. Repairs and/or new construction do not qualify except to the extent that the construction is required for the specific approved Eligible Products. Repairs to existing infrastructure, such as water and sewer laterals, are considered repairs and are not eligible.

Program staff will evaluate conditions in the construction and installation market for the proposed Eligible Products, including the pricing of Eligible Products, and may require the property owner to obtain additional bids to determine whether costs are reasonable. While the property owner may choose the contractor, the amount available for financing may be limited as set forth in the applicable Handbook.

Administrative Costs/Fees

The Program will cover all or a portion of its costs of establishing the Program; processing, reviewing and approving a property owner's application; processing the Assessment Contract and other related financing and contract documents and issuing the bonds that will finance the Program through an expense component to be added to the amount of the financing request as set forth in the applicable Handbook. In addition, there may be other costs that are not covered in the expense component and will be borne by the property owners as set forth in the applicable Handbook. These costs may include:

Application Fee. An application fee may be required. The owner may not include this cost in the financing request. Except as otherwise provided in applicable federal or state law, the application fee is nonrefundable, unless the property owner is deemed ineligible and the unused portion of the application fee may be prorated.

Title and Recording Costs. Title and recording costs, including title insurance, where required, may be paid by the property owner.

Permitting Costs. Property owners are required to verify whether or not a permit and/or inspections are required by the jurisdiction in which such owner's property is located. Any such permit and/or inspection costs will be paid by the property owner and are an eligible cost to include in the financing.

Ongoing Administration Costs. Annual assessment administration, collection, County treasurer- tax collector and auditor-controller and trustee costs will be added each year to the annual assessment on property tax bills and will be adjusted in subsequent years for cost of living increases using the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for the County or region.

Onsite Validation Fees. Onsite validation fees may be required for Program staff to confirm that approved Eligible Products were actually installed prior to funding; provided, however, such fee may not exceed the actual cost to undertake such validation.

Multiple Disbursement Fees. The Program may offer multiple disbursements for assessments if feasible. If multiple disbursements are offered, the partial disbursement funding requests may be subject to an additional processing fee per partial disbursement as set forth in the applicable Handbook; provided, however, that such fee may not exceed the actual cost of providing such service.

Capitalized Interest. Because each County has established a deadline for placing the contractual assessments on such County's property tax bill, the principal component of the contractual assessment may also include an amount equal to the first tax year's contractual assessment installments if the deadline cannot be met.

Deposit to a Debt Service Reserve Fund. The Agent or project investors may require property owners to fund a deposit to a debt service reserve fund as set forth in the applicable Handbook. The reserve fund would be used to pay debt service on bonds issued to finance the installation of Eligible Products in the event of contractual assessment installment delinquencies.

As required pursuant to Section 5898.22 of Chapter 29, the Agent has met and consulted with the staff of the Counties of the Alameda, Contra Costa, El Dorado, Fresno, Imperial, Kern, Los Angeles, Madera, Merced, Mono, Monterey, Napa, Orange, Riverside, Sacramento, San Diego, San Francisco, San Mateo, San Joaquin, Santa Barbara, Santa Clara, Santa Cruz, Solano, Sonoma, Stanislaus, Tulare, Ventura, and Yolo Auditor's office concerning the additional fees, if any, that will be charged to the Agent for incorporating the proposed assessment installments into the assessments of the general taxes on real property. The payment of such fees shall be included as a part of ongoing administration costs which will be added each year to the annual assessment on property tax bills.

APPEAL PROCESS

The Program allows for property owners to go through an appeal process if their application is denied or if the property owner or property is deemed ineligible to participate in the Program. The process is set forth in the applicable Handbook.

TRACKS FOR PARTICIPATION

There are four categories of improvements under which property owners may participate in this Program. Minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards, as applicable. Efficiency standards will "ratchet-up" with EnergyStar, WaterSense, California Title 24 and Title 20 standards, or other new standards as may be appropriate and as agreed upon by WRCOG Executive Committee. A complete list of Eligible Products can be found in Appendix A.

WATER CONSERVATION/EFFICIENCY

Water Conservation/Efficiency covers a wide range of water conserving fixtures, such as low flow toilets, low flow shower heads, and irrigation controllers.

ENERGY EFFICIENCY

Energy Efficiency covers a wide range of energy efficiency fixtures such as windows and doors, attic insulation, and HVAC equipment that are EnergyStar rated. Most Eligible Products in this category must meet specified minimum efficiencies.

RENEWABLE ENERGY

Solar Photovoltaic or Solar Thermal Systems provide for solar energy generation and solar hot water systems, respectively. Small wind turbines, fuel cell systems or geothermal systems may also be eligible under this category.

CUSTOM PROJECTS

The development of technologies is encouraged by the Program as a means of diversifying the region's energy and water sources. Custom Projects will be evaluated and provided funding, if appropriate, for either innovative projects or for more complex, larger projects that require additional review.

PROGRAM PARAMETERS

MINIMUM FINANCING AMOUNT AND DURATION OF ASSESSMENT

Assessment Contracts are available for varying terms as set forth in the applicable Handbook.

Minimum and maximum financing amounts are set forth in the applicable Handbook.

MAXIMUM PORTFOLIO

The maximum aggregate dollar amount of contractual assessments initially authorized under the California HERO Program is $2 billion.

ASSESSMENT INTEREST RATE

Residential Properties: The interest rate for a contractual assessment on a residential property is set at the time that the Assessment Contract is delivered to the property owner. An estimated, current rate will always be available on the Program website and any variations from that estimated rate will be based solely on market fluctuations.

Commercial Properties: The interest rate for a contractual assessment on a commercial property is set at the time the Assessment Contract is entered into.

The Program interest rate(s) will be set with the intention of creating a self-sustaining Program at rates that are competitively priced to compare to financing options available through banking or other financial institutions, balanced with the ability to remarket the bonds issued to finance the installation of Eligible Products on participating properties and encourage the future liquidity of the Program.

PROPERTY ASSESSMENT LIEN

All property owners must sign, and return the Assessment Contract within the time period specified in the notice of approval of a property owner's application. Upon completion of the project and execution of the Assessment Contract, the Agent will place a lien for the full amount of the contractual assessment on the property that secures such assessment. If the lien is recorded before the first business day in July, the assessment installment will appear on the next tax bill. For liens recorded after the first business day of July, the assessment installment will not appear on the tax bill until the following tax year, but interest will accrue on the outstanding balance. A direct bill and/or additional tax bill or other method of payment (including capitalized interest) may be required, as determined by the Program, during the first tax year.

DELINQUENT ASSESSMENT COLLECTIONS

In general, it is expected that assessment installments will be collected on the *ad valorem* tax bills sent to property owners by the Treasurer-Tax Collector of the County in which such owner's property is located, and therefore delinquency information will generally be available from such the Treasurer-Tax Collector's office. In order to attract financing, the Agent will covenant to commence and pursue judicial foreclosure proceedings with respect to parcels that are delinquent in the payment of assessment installments. The precise terms of such a covenant will be determined at the time of bond issuance.

THE FINANCIAL STRATEGIES

The Program includes the following financial strategies.

Strategy One: The Program will, at launch, utilize Renovate America to fund installations of Eligible Products for Residential properties. Renovate America will provide a revolving credit line to finance the installation of Eligible Products for such Residential properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in Section II above and in the Residential Handbook. In consideration for funding the installation of such Eligible Products the Agent shall issue and deliver to Renovate America one or more municipal bonds secured by the contractual assessments payable by the Residential properties to be improved.

Strategy Two: The Program will, at launch, utilize the ~~Samas Capital~~Twain Financial Partners to fund installations of Eligible Products for Commercial properties, under Twain~~SAMAS Commercial~~. Twain Financial Partners~~Samas Capital~~ will provide a revolving credit line to finance the installation of Eligible Products to Commercial properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in Section II above and the Commercial Handbook. In consideration for funding the installation of such Eligible Products the Agent shall issue and deliver to Twain Financial ~~Samas Capital one~~Partners one or more municipal bonds secured by the contractual assessments payable by the Commercial properties to be improved.

Strategy Three: The Program will, at launch, utilize the Greenworks Lending, LLC to fund installations of Eligible Products for Commercial properties, under Greenworks Commercial. Greenworks will provide a revolving credit line to finance the installation of Eligible Products to Commercial properties. Property and other eligibility requirements will be determined pursuant to the criteria set forth in Section II above and the Commercial Handbook. In consideration for funding the installation of such Eligible Products the Agent shall issue and deliver to
Greenworks one or more municipal bonds secured by the contractual assessments payable by the Commercial properties to be improved.

Strategy Four: The Agent may establish the "Statewide PACE Financing Fund" (the "PACE Fund") and may accept funds from any available source. Repayments will be made pursuant to Assessment Contracts between the property owners and the Agent and will be collected through the property assessment mechanism in the County property tax system in which the properties of such owners are located. The Agent will manage or cause the Trustee or other qualified third party administrator to manage the PACE Fund in one enterprise fund with multiple sub-funds.

Strategy Five: For additional financing, the Agent will continue to explore funding opportunities from a number of other potential funding sources, and combinations of sources, which may include but are not limited to additional funding from any funds under the control of the Agent, the issuance of notes, bonds, or agreements with utilities or public or private lenders, other governmental entities and quasi-governmental entities such as SCERA, CALPERS, Nationwide Retirement Solutions, funding from private entities, or any financing structure allowed by law.

GLOSSARY OF TERMS

ANNUAL FUEL UTILIZATION EFFICIENCY (AFUE): AFUE is the standard measurement of efficiency for gas and oil-fired furnaces. Given in percentages, this number tells you how much of your fuel is used to heat your home and how much fuel is wasted. The higher the AFUE rating, the greater the efficiency.

ASSEMBLY BILL 811: Approved in July 2008 by the California legislature, AB 811 amended Chapter 29 to authorize cities and counties to establish voluntary contractual assessment programs to fund an array of conservation and renewable energy projects proposed by property owners.

ASSEMBLY BILL 474: Approved in October 2009 by the California legislature, AB 474 amended Chapter 29 to authorize the funding of water conservation products through a voluntary contractual assessment program.

ASSESSMENT CONTRACT: A contract entered into between a property owner or property owners to provide financing for the installation of Eligible Improvements on property of such owner or owners under the California HERO Program.

BRITISH THERMAL UNITS (BTU): The amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit.

BUILDING PERFORMANCE INSTITUTE (BPI): BPI is a national standards development and credentialing organization for residential energy efficiency retrofit work – providing training through a network of training affiliate organizations, individual certifications, company accreditations and quality assurance programs. BPI certifications include building analysts (for energy audits) as well as building envelope professionals (envelope or manufactured housing) and mechanical professionals (heating or cooling).

BUILDING PERMITS: Formal approval of building plans by the designated government agency as meeting the requirements of prescribed codes. It is an authorization to proceed with the construction or reconfiguration of a specific structure at a particular site, in accordance with the approved drawings and specifications.

CALIFORNIA SOLAR INITIATIVE (CSI): The California Solar Initiative is part of the Go Solar California campaign and builds on 10 years of state solar rebates offered to customers in California's investor-owned utility territories: Pacific Gas & Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E). The California Solar Initiative is overseen by the California Public Utilities Commission.

COEFFICIENT OF PERFORMANCE (COP): The COP is the basic parameter used to report efficiency of refrigerant based systems.

COMMERCIAL: Commercial entities are defined as all non-residential properties and include, but are not limited to, apartment buildings with five units or more, industrial and agricultural properties.

CONTRACTOR: A person or business entity who contracts to erect buildings, or portions of buildings, or systems within buildings.

COOL ROOF: A cool roof reflects and emits the sun's heat back to the sky instead of transferring it to the building below. "Coolness" is measured by two properties, solar reflectance and thermal emittance. Both properties are measured from zero (0) to one (1) and the higher the value, the "cooler" the roof

COOL ROOF RATING COUNCIL (CRRC): The CRRC is an independent, non-profit organization that maintains a third-party rating system for radiative properties of roof surfacing materials.

ENERGY AUDIT: An evaluation of energy consumption, as in a home or business, to determine ways in which energy can be conserved.

ENERGY EFFICIENCY RATIO (EER): EER is a measure of how efficiently a cooling system will operate when the outdoor temperature is at a specific level (95°F). The higher the EER, the more efficient the system.

ELIGIBLE PRODUCTS: All Eligible Products as specified in the applicable Program Handbook.

ENERGYSTAR: EnergyStar is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy helping us all save money and protect the environment through energy efficient products and practices.

EXPECTED PERFORMANCE-BASED BUY-DOWN (EPBB): Under CSI, EPBB provides that solar systems smaller than 30kW in capacity can receive a one-time, up-front incentive based on expected performance, and calculated by equipment ratings and installation factors (geographic location, tilt and shading). EPBB payments are provided on a $ per watt basis. Systems eligible for EPBB can choose to opt-in to the PBI system.

EVAPOTRANSPIRATION (ET): ET is a term used to describe the sum of evaporation and plant transpiration from the Earth's land surface to atmosphere.

HEAT SEASONAL PERFORMANCE FACTOR (HSPF): HSFP is the most commonly used measure of a heat pumps heating efficiency. The higher the HSPF, the more efficient the heat pump.

HOME ENERGY RATING SYSTEM (HERS): Based on the home's plans, the Home Energy Rater uses an energy efficiency software package to perform an energy analysis of the home's design. This analysis yields a projected, pre-construction HERS Index. Upon completion of the plan review, the rater will work with the builder to identify the energy efficiency Eligible Products needed to ensure the house will meet ENERGY STAR performance guidelines. The rater then conducts onsite inspections, typically including a blower door test (to test the leakiness of the house) and a duct test (to test the leakiness of the ducts). Results of these tests, along with inputs derived from the plan review, are used to generate the HERS Index score for the home.

INTERCONNECTION AGREEMENT: A legal document authorizing the flow of electricity between the facilities of two electric systems. Under the CSI Program, eligible renewable energy systems must be permanently interconnected and operating in parallel to the electrical distribution grid of the utility serving the customer's electrical load. Portable systems are not eligible. Proof of interconnection and parallel operation is required prior to receiving an incentive payment.

INVESTOR-OWNED UTILITY (IOU): For purposes of the Program, this refers to Southern California Edison Company, Pacific Gas & Electric Company and San Diego Gas & Electric Company.

KILOWATT (KW): A unit of electrical power equal to 1,000 watts, which constitutes the basic unit of electrical demand. The watt is a metric measurement of power (not energy) and is the rate (not the duration over which) electricity is used. 1,000 kW is equal to 1 megawatt (MW).

KILOWATT HOUR (KWH): The use of 1,000 watts of electricity for one full hour. Unlike kW, kWh is a measure of energy, not power, and is the unit on which the price of electrical energy is based. Electricity rates are most commonly expressed in cents per kilowatt hour.

MARKET VALUE: Highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.

MANUAL J REPORT: A report that is the accepted industry standard for the proper sizing and selection of HVAC equipment in residential applications. Manual J outlines the accurate procedure which can be used to estimate the heat loss and heat gain for conventional residential structures

MEGAWATT (MW): Unit of electrical power equal to one million watts; also equals 1,000 kW.

NET OPERATING INCOME (NOI): Net operating income is rental income of a property after operating expenses. These expenses would include all operating expenses, including maintenance, janitorial, supplies, insurance, accounting, management, etc.

PARTICIPATING JURISDICTION: A city or county that has elected to participate in the California HERO Program.

PROGRAM: The California HERO Program.

PROGRAM ADMINISTRATOR: The WRCOG Executive Director and/or his designee are designated as the Program Administrator and are authorized to enter into contractual assessments.

REAL PROPERTY: A property in the County that is subject to a real property tax.

PERFORMANCE BASED INCENTIVE (PBI): All solar systems requesting incentive payments over 30 kW must take the PBI. Any sized system can elect to take PBI. The PBI pays out an incentive, based on actual kWh production, over a period of five years. PBI payments are provided on a $ per kilowatt-hour basis.

POWER PURCHASE AGREEMENT (PPA): PPA's are contracts between two parties, one who generates electricity for the purpose of sale (the seller) and one who agrees to purchase electricity (the buyer). Financing for the project is delineated in the contract, which also specifies relevant dates of the project coming into effect, when the project will begin commercial operation, and a termination date for which the contract may be renewed or abandoned. All sales of electricity are metered to provide both seller and buyer with the most accurate information about the amount of electricity generated and bought. Rates for electricity are agreed upon in the contract between both parties.

RENEWABLE: Electricity supplied by energy sources that are naturally and continually replenished, such as wind, solar power, geothermal, small hydropower, and various forms of biomass.

RESIDENTIAL: Single family home, fewer than four (4) residential units.

R-VALUE: R-Value is a measure of thermal resistance used in the building and construction industry, usually for insulation. The higher the R-Value, the greater the insulation qualities of the product.

SEASONAL ENERGY EFFICIENCY RATIO (SEER): SEER is most commonly used to measure the efficiency of central air conditioners and air source heat pumps. SEER measures how efficiently a cooling system will operate over an entire season. The higher the SEER, the more efficient the system.

SOLAR HEAT GAIN COEFFICIENT (SHGC): SHGC measures how well a product blocks heat by sunlight. SHGC is expressed as a number between 0 and 1. The lower the SHGC, the less solar heat is transmitted into the building.

SOLAR RATING AND CERTIFICATION CORPORATION (SRCC): The CRCC currently administers a certification, rating, and labeling program for solar collectors and a similar program for complete solar water heating systems.

TITLE 20: CCR Title 20, California regulations intended to drive down electrical energy consumption in the state, is having a noticeable impact on manufacturers, importers and retailers who produce or sell portable lamps.

TITLE 24: California Code of Regulations (CCR), Title 24, also known as the California Building Standards Code, is a compilation of three types of building standards from three different origins:

- Building standards that have been adopted by state agencies without change from building standards contained in national model codes;
- Building standards that have been adopted and adapted from the national model code standards to meet California conditions;
- Building standards, authorized by the California legislature, that constitute extensive additions not covered by the model codes that have been adopted to address particular California concerns.

Water Audit: Water Audit is a qualitative and quantitative analysis of water consumption to identify means of reducing, reusing and recycling of water.

WATERSENSE: WaterSense is a partnership program sponsored by the U.S. Environmental Protection Agency (EPA) with the goal of protecting the future of the US's water supply. By promoting and enhancing the market for water efficient products and services, WaterSense makes every drop count by leveraging relationships with key utility, manufacturer and retail partners across the U.S.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS (WRCOG): A joint powers authority representing its Associate Members in establishing the California HERO Program. WRCOG is serving as Agent to facilitate funding for owners of properties in jurisdictions of its Associate Members that meet the project approval and funding criteria provided herein for participation in the California HERO Program.

Appendix A

ELIGIBLE PRODUCTS

The California HERO Program offers financing for a number of eligible equipment types, energy efficiency measures, water efficiency/conservation improvements, solar systems, and other innovative, energy-saving, water saving, and energy generation custom products for residential and commercial property owners as specified in the applicable Handbook.

Minimum energy efficiency specifications are set at EnergyStar, California Title 24 and Title 20, and WaterSense standards, as applicable. Efficiency standards will “ratchet-up” with EnergyStar, WaterSense, California Title 24 and Title 20 standards, or other new standards as may be appropriate and as agreed upon by the Agent.

Any Solar PV system must be eligible for and participate in CSI or an equivalent utility rebate program, unless the property is not connected to the electricity grid, or such utility rebate program is not available.

Appendix B

MAP OF PROGRAM AREA
(April 2, 2018)

The territories within which voluntary contractual assessments are authorized to be offered pursuant to the California hero program are the jurisdictional boundaries of Albany, Alhambra, Aliso Viejo, Amador, American Canyon, Anaheim, Antioch, Arcadia, Arcata, Arvin, Atherton,
Atwater, Avalon (Commercial Only), Avenal, Azusa, Bakersfield, Baldwin Park, Beaumont, Bell
Gardens (Commercial Only), Bellflower, Belmont, Belvedere, Benicia, Berkley, Bishop, Blue Lake, Blythe, Bradbury, Brawley, Brea, Brentwood, Brisbane, Buena Park, Burlingame, Calabasas (Commercial Only), Calexico, California City, Calipatria, Calistoga, Camarillo, Campbell, Capitola, Carlsbad, Carmel, Carson, Cathedral City, Ceres, Chico, Chowchilla, Chula
Vista, Citrus Heights, Claremont, Clayton, Cloverdale, Clovis, Coachella, Coalinga, Colma, Commerce, Concord, Corcoran, Corning, Coronado, Costa Mesa, Cotati, Covina, Crescent City, Cupertino, Cypress, Daly City, Danville, Davis, Del Mar, Del Rey Oaks, Delano, Desert Hot
Springs, Diamond Bar, Dinuba, Dixon, Dorris, Dos Palos, Dublin, Dunsmuir, El Cajon, El Centro, El Cerrito, El Monte, El Segundo, Elk Grove, Encinitas, Escondido, Etna, Eureka, Exeter, Fairfax, Fairfield, Farmersville, Ferndale, Fillmore, Firebaugh, Fort Bragg, Fortuna, Foster, Fountain Valley, Fowler, Fremont, Fresno, Galt, Garden Grove, Gardena, Gilroy, Glendora, Gonzales, Grass Valley, Greenfield, Grover Beach, Gustine, Half Moon Bay, Hanford, Hawthorne, Hayward, Healdsburg, Hermosa Beach, Hillsborough, Holtville, Hughson,
Huntington Beach, Huron, Imperial Beach, Imperial, Indian Wells, Indio, Industry, Inglewood, Ione, Irwindale, Isleton, Jackson, Kerman, King City, Kingsburg, La Canada Flintridge, La Habra, La Mesa, La Palma, La Quinta, La Verne, Lafayette, Laguna Beach, Laguna Hills, Lake
Forest, Lancaster, Larkspur, Lathrop, Lawndale, Lemon Grove, Lemoore, Lindsay, Live Oak, Livingston, Lodi, Lomita, Lompoc, Long Beach (Commercial Only), Los Banos, Loyalton, Madera, Malibu, Mammoth Lakes, Manteca, Martinez, Marysville, McFarland, Mendota, Menlo
Park, Merced, Mill Valley, Millbrae, Milpitas, Mission Viejo, Modesto, Monrovia, Montebello, Monterey Park, Monterey, Moorpark, Moraga, Morgan Hill, Morro Bay, Mount Shasta, Mountain
View, Napa, National City, Nevada City, Newark, Newman, Newport Beach, Novato, Oakdale, Oakland, Oakley, Oceanside, Ojai, Orange Cove, Orland, Oroville, Oxnard, Pacific Grove, Pacifica, Palm Desert, Palm Springs, Palmdale, Paradise, Parlier, Paso Robles, Patterson, Petaluma, Piedmont, Pinole, Pittsburg, Placentia, Placerville, Pleasant Hill, Pleasanton, Plymouth, Point Arena, Pomona, Port Hueneme, Porterville, Portola Valley, Poway, Rancho Cordova, Rancho Mirage, Rancho Palos Verdes, Rancho Santa Margarita, Redding, Redondo
Beach, Redwood City, Reedley, Richmond, Ridgecrest, Rio Vista, Ripon, Riverbank, Rohnert Park, Rolling Hills, Rolling Hills Estates, Rosemead, Sacramento, Salinas, San Anselmo, San

Bruno, San Buenaventura, San Carlos, San Clemente, San Diego, San Dimas, San Fernando, San Gabriel, San Joaquin, San Jose, San Juan Bautista, San Leandro, San Luis Obispo, San
Marcos, San Marino, San Mateo, San Pablo, San Rafael, San Ramon, Sand City, Sanger, Santa Ana, Santa Clara, Santa Cruz, Santa Monica, Santa Paula, Santa Rosa, Santee, Sausalito, Scotts Valley, Seaside, Sebastopol, Selma, Shafter, Shasta Lake, Sierra Madre, Simi Valley, Solana Beach, Sonoma, South El Monte, South Lake Tahoe, South Pasadena, South San Francisco, St.
Helena, Stanton, Stockton, Suisun City, Susanville, Sutter Creek, Taft, Tehachapi, Tehama, Temple City, Thousand Oaks, Tiburon, Torrance, Tracy, Trinidad, Truckee, Tulare, Turlock, Tustin, Ukiah, Union City, Vacaville, Vallejo, Visalia, Vista, Walnut, Walnut Creek, Wasco, Waterford, Watsonville, Weed, West Covina, West Sacramento, Westminster, Wheatland, Windsor, Winters, Woodlake, Woodland, Woodside, Yorba Linda, Yountville, Yreka, and Yuba City, And The Unincorporated Counties Of Alameda, Amador, Butte, Colusa, Contra Costa, Del
Norte, El Dorado, Fresno, Glenn, Humboldt, Imperial, Kern, Kings, Madera, Marin, Mariposa, Mendocino, Merced, Mono, Monterey, Napa, Nevada, Riverside, Sacramento, San Diego, San Joaquin, San Luis Obispo, San Mateo, Santa Cruz, Shasta, Siskiyou, Solano, Sonoma, Tehama, Tulare, Yolo, and Yuba.

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The Western Riverside Council of Governments (the "Authority") HERO Program (the "Program") finances installation of renewable energy, energy or water efficiency products, or electric vehicle charging infrastructure that are permanently fixed to a property owner's real property ("Eligible Products"). Eligible Products will be financed upon the signing of an assessment contract between the Authority and the property owner ("Assessment Contract"). The Authority has retained Renovate America, Inc. ("RA") to facilitate the Program, and you will see this name throughout the Program materials. The Authority and RA are referred to collectively therein as "Program Administrator."

Property Owner Acknowledgments

In order to participate in the Program, I understand that I need to meet the qualifications listed below. By signing this Application, I acknowledge and represent to the best of my knowledge that I and any other owner(s) of the property which is the subject of this application (the "Property") meet these qualifications and I authorize the Program Administrator to obtain a credit report for each of the property owner(s) and/or trustees whose social security number is provided on this application.

1. Applicant(s) must be the owner(s) of record of the property;
2. Mortgage-related debt on the property must not exceed 90.00% of the value of the property;
3. Property owner(s) must be current on their property taxes and there must be no more than one late payment in the past three years;
4. Property owners must be current on all property debt of the subject property at the time of application and cannot have had more than one 30 day mortgage late payment over the previous 12 months;
5. Property owner(s) must not have had any active bankruptcies within the last seven years, and the Property must not be an asset in an active bankruptcy. However, for all jurisdictions with the exception of the City of San Diego, if a bankruptcy was discharged between two and seven years prior, and the property owner(s) have not had any additional late payments more than 60 days past due in the last 24 months, the property owner may be approved; and
6. The property must not have any federal or state income tax liens, judgment liens, mechanic's liens, or similar involuntary liens on the property.

I understand that to qualify for the Program that the following requirements must be met:

a. The amount to be financed under the Program must be less than 10% of the value of the Property.
b. The combined amount to be financed under the Program plus the mortgage related debt must not exceed 100% of the value of the Property. For properties within the City of San Diego, all mortgage related debt plus the HERO Financing amount must not exceed 95% of the value of the property.
c. All property owners must sign all required documentation, including but not limited to the Application, the Completion Certificate and the Assessment Contract with all other required Financing Documents.
d. Following approval, my contractor or I must call the Program to identify the Eligible Products I would like to purchase, enter into an Assessment Contract with the Authority, and receive Notification to Proceed from the Program before beginning the installation of any Eligible Products. Products which have not been approved by the Program will not be funded.
e. Interest rates may change from the approval date to receiving the Notification to Proceed.

By signing this Application, I hereby declare under penalty of perjury under the laws of the State of California all of the following:

1. That the information provided in this Application is true and correct as of the date set forth opposite my signature on the Application and that I understand that any intentional or negligent misrepresentation(s) of the information contained in this Application may result in civil liability and/or criminal penalties including, but not limited to, imprisonment, liability for monetary damages to the Authority, its agents, or successors and assigns, insurers and any other person who may suffer any loss due to reliance upon any misrepresentation which I have made in this Application, or both.
2. I have the authority to authorize the Program Administrator to obtain a credit report for each of the property owner(s) and/or trustee(s) whose social security number(s) is provided on this Application.
3. I understand that it is my responsibility to receive, read and understand all documents comprising the Program, which, in addition to information on the Program website, include the following:
   a. This Application;
   b. Privacy Policy Notice;
   c. Assessment Contract; and
   d. Program Handbook.

   I have had an opportunity to ask Program representatives and/or my legal counsel any questions I have regarding the documents listed above. I understand I will be asked to sign the Assessment Contract, among other documents, as a pre-condition to the closing of the financing.
4. I am applying to participate in the Program. I have the authority, without the consent of any third party, to execute and deliver this Application, the Assessment Contract, and the various other documents and instruments referenced herein.
5. I understand that the financing provided pursuant to the Assessment Contract will be repayable through an assessment levied against the Property. I understand that an assessment lien will be recorded by the Authority against the Property in the office of the County Recorder of the County of upon execution of the Assessment Contract. The property tax bill (which will include the assessment payments) for the Property will increase by the amount of these assessment installment payments. The Assessment Contract will specify the amount of the assessment, the assessment installments and the interest on the assessment to be collected on the property tax bill for the Property each year during the term specified in the Assessment Contract. The assessment and the interest and any penalties thereon will constitute a lien against the Property until they are paid. As with all tax and assessment liens, this lien will be senior to all existing and future private liens against the Property, including mortgages, deeds of trust and other security instruments.

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Disclosures

The following describes some (but not all) characteristics and risks of participation in the Program as well as laws to which the Program is subject. A full understanding of any item listed below can be gained only by reviewing the relevant laws, policy statements, and/or the contractual documents related to the Program. The Program Administrator is committed to your understanding each of the items listed below before you enter into an Assessment Contract, and invites you to ask Program representatives any questions regarding these items or if you need copies of any document related to the Program.

1. Program Disclosures and Disclaimers.

   a. **Existing Mortgage.** The Program establishes the manner by which the Authority may finance, pursuant to Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code (commencing with Section 5898.10), the installation of Eligible Products. Eligible Products will be financed pursuant to an Assessment Contract between you and the Authority.

   BEFORE COMPLETING A PROGRAM APPLICATION, YOU SHOULD CAREFULLY REVIEW ANY MORTGAGE AGREEMENT(S) OR OTHER SECURITY INSTRUMENT(S) WHICH AFFECT THE PROPERTY OR TO WHICH YOU AS THE PROPERTY OWNER ARE A PARTY. ENTERING INTO A PROGRAM ASSESSMENT CONTRACT WITHOUT THE CONSENT OF YOUR EXISTING LENDER(S) COULD CONSTITUTE AN EVENT OF DEFAULT UNDER SUCH AGREEMENTS OR SECURITY INSTRUMENTS. DEFAULTING UNDER AN EXISTING MORTGAGE AGREEMENT OR SECURITY INSTRUMENT COULD HAVE SERIOUS CONSEQUENCES TO YOU, WHICH COULD INCLUDE THE ACCELERATION OF THE REPAYMENT OBLIGATIONS DUE UNDER SUCH AGREEMENT OR SECURITY INSTRUMENT. IN ADDITION, FANNIE MAE AND FREDDIE MAC, THE OWNER OF A SIGNIFICANT PORTION OF ALL HOME MORTGAGES, STATED THAT THEY WOULD NOT PURCHASE HOME LOANS WITH ASSESSMENTS SUCH AS THOSE OFFERED BY the Authority. THIS MAY MEAN THAT PROPERTY OWNERS WHO SELL OR REFINANCE THEIR PROPERTY MAY BE REQUIRED TO PREPAY SUCH ASSESSMENTS AT THE TIME THEY CLOSE THEIR SALE OR REFINANCING.

   If your lender requires an impound for your property taxes, please consider notifying them of the annual assessment payment amount so they can adjust your impound amount.

   b. **Interest Rate.** You will be charged a fixed interest rate on your total financed amount. Your interest rate will be set at the time your financing documents are issued. Interest rates may change from the approval date to the date the Notification to Proceed is sent.

   c. **Program Administration Fee.** At the time of closing, the Authority will charge you a one-time administration fee of 6.95% of the principal amount of the assessment on the Property to cover the costs of administering the Program. This fee will be added to the assessment amount.

   d. **Recording Fee.** At the time of closing, the Authority will pass-through the assessment recording fee of approximately $95.00 to you to cover the costs of recording the assessment. This fee will be added to the assessment amount.

   e. **Assessment Administration Fee.** Each year, an annual assessment administrative fee will be added to the assessment lien amount on your property tax bill. Currently these costs are $35.00 and there will be adjustments in subsequent years for cost of living increases, not to exceed $95.00.

   f. **Interest Before First Payment:** Based on the date an assessment is recorded on your property the payment of assessment installments may not begin until the following year's property tax bill. As a result interest will be added to the assessment amount for the period between your closing date and the date of your first assessment payment. The maximum amount of interest will be listed on your Final Payment Summary, which will be provided with your financing documents.

   g. **Automated Valuation Model Disclosure.** You have the right to a copy of the automated valuation model (AVM) report used in connection with your application for credit. If you want to obtain a copy, please email or write to us at the address we have provided. We must hear from you no later than 90 days after we provide you with a notice of the action taken on your application or a notice of incompleteness, or in the case of a withdrawn application, 90 days after the withdrawal. An AVM is not an appraisal. It is a computerized property valuation system that is used to derive a real property value.

   h. **Foreclosure.** Not later than October 1 each year, the Authority shall determine whether any annual assessment installment is not paid when due and shall have the right and obligation to order that any such delinquent payment, penalties, interest, and associated costs be collected by an action brought in Superior Court to foreclose the lien of such delinquent assessment installment in the manner provided and to the extent permitted by applicable law.

   i. **Prepayment.** You have the option to pay off your assessment amount at any time in full, or in any amount of at least $2,500. A prepayment is calculated to include the principal amount of the assessment to be prepaid (Assessment Prepayment Amount) and interest on the Assessment Prepayment Amount to the earlier of March 2 or September 2 occurring at least 50 days following the date the prepayment is made.

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j. **No Endorsement, Warranty or Liability.** The Authority, Renovate America, Inc., and the Program do not endorse any manufacturer, contractor, product, or system, or in any way warranty such equipment, installation, or the efficiency or production capability of any equipment. The Authority, Renovate America, Inc. and the Program make no representations and have no responsibility regarding the equipment and its installation, including the quality, safety, cost savings, efficiency or production capability of any equipment; or any compliance of the equipment or its installation with any applicable laws, regulations, codes, standards or requirements. Further, the Authority, Renovate America, Inc. and the Program shall not be in any way liable for any incidental or consequential damages resulting from the equipment or its installation.

k. **Validation.** The Program may validate that installed Eligible Products meet Program eligibility requirements including requiring the applicant to provide additional sales receipts, contractor invoices, serial numbers or other identifying details, portions of packages or stickers originally attached to the installed Eligible Products beyond what the Program already requires to be provided. The Program reserves the right to perform independent on-site validation(s) of any Eligible Products financed by the Program even if permit inspections have already been completed. If a validation visit is required, Program staff will schedule any such on-site validation visit with the property owner, at any reasonable time and with reasonable notice. In addition, the Program reserves the right to perform online monitoring of any installed renewable energy systems' generation data, if applicable, as well the tracking of energy consumption impacts and utility usage for any installed/financed product via property utility bill data. You, by submitting this application, consent to any such onsite validations, online monitoring, and utility bill energy usage analysis. By submitting this application, you also agree to sign the authorization form to participate in utility billing energy usage analysis to measure Program impact savings and participant satisfaction.

2. Legal Disclosures

a. **Equal Credit Opportunity Act (ECOA).** The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against Credit Applicant(s) on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant(s) income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency that administers compliance with this law concerning this creditor is the Federal Trade Commission, Division of Credit Practices, Washington, D.C. 20580.

b. **Fair Credit Reporting Act.** As part of assembling your Program application, the Authority has requested a consumer report bearing your credit worthiness, credit standing and credit capacity. This notice is given to you pursuant to the Fair Credit Reporting Act.

c. **The Housing Financial Discrimination Act Of 1977.** It is illegal to discriminate in the provision of or in the availability of financial assistance because of the consideration of:

   i. trends, characteristics or conditions in the neighborhood or geographic area surrounding a housing accommodation, unless the financial institution can demonstrate in the particular case that such consideration is required to avoid an unsafe and unsound business practice; or
   ii. race, color, religion, sex, marital status, domestic partnership, national origin or ancestry.

d. **Patriot Act Disclosure.** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identities each person who opens an account. What this means for you: As part of applying to the Program, the Authority may be required to ask for your name, address, date of birth, and other information that will allow it to identify you. The Authority may also need a copy of the driver's license or other identifying documents from any and all borrowers and guarantors.

e. **Communications with Legal Advisers.** If you have any questions about any agreements or security instruments which affect the Property or to which you are a party, or about your authority to execute the Program Application or enter into an Assessment Contract with the Authority without the prior consent of your existing lender(s), the Program strongly encourages you to consult with your own legal counsel and your lender(s). Program staff cannot provide you with advice about existing agreements or security instruments.

f. **Monitoring and Recording Telephone Calls.** The Program may monitor or record telephone calls for security and customer service purposes. By applying for HERO Financing, you consent to have any phone conversations with the Program recorded or monitored.

Property Owner Signature(s)

I declare that (j) I have received, read and understand the risks and characteristics of the Program described in the Property Owner Acknowledgments and Disclosures set forth in this Application and (ii) I have been informed that I must take the sole responsibility to satisfy myself that executing the Assessment Contract, receiving financing for Eligible Products, and consenting to the assessment levied against the Property will not constitute a default under any other agreement or security instrument (specifically the terms of any mortgage on the Property) which affects the Property or to which I am a party.

	_____	_____ Date	_____	_____ Date
	_____	_____ Date	_____	_____ Date

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HERO Financing Program℠ Application

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FOR CONTRACTOR CALL IN ONLY

Property Address

Single Family Home Property Type

Property Owner

Ownership Type:

Property Owner 2

First Name	M. Initial	Last Name
Social Security Number	Birth Date (mm/dd/yyyy)	

Property Owner Signature(s)

I declare that I have the authority, without the consent of any third party which has not been previously obtained, to execute and deliver the Application, Assessment Contract, and the various documents and instruments referenced therein.

	_____	_____ Date	_____	_____ Date
	_____	_____ Date	_____	_____ Date

If you do NOT wish to receive email communications from the Program and would prefer all communications to occur through the U.S. mail instead, please contact us.

☐ Please check this box if you do NOT want to receive newsletters or other marketing materials from the Program or Renovate America, Inc.

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Appendix D

COMMERCIAL

0

PROPERTIES PROGRAM APPLICATIONS

Agreement to Pay Assessment and Finance Improvements

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
WRCOG PACE PROGRAM AND CALIFORNIA PACE PROGRAM
(Greenworks Commercial PACE Program)

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "**Agreement**") is made and entered into as of this day of **, 20** , (the "Effective Date") by and between the Western Riverside Council of Governments, a joint exercise of powers authority (the "**Authority**"), the record owner(s) (the "**Property Owner**") of the fee title to the real property identified on Exhibit A (the "**Property**") and acknowledged and accepted by Greenworks Lending LLC ("Greenworks" or the "PACE Program Administrator"), in its role as the Program Administrator.

RECITALS

WHEREAS, the Authority is a joint exercise of powers authority the members of which include numerous cities and counties in the State of California; and

WHEREAS, the Authority has established the Energy Efficiency and Water Conservation Program for Western Riverside County (the "**WRCOG Program**") and the California HERO Program (the "**California Program**," collectively with the WRCOG Program, the "**Program**") to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements that are permanently fixed to real property (the "**Authorized Improvements**") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code ("**Chapter 29**") and the issuance of improvement bonds under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 and following) (the "**1915 Act**") upon the security of the unpaid contractual assessments; and

WHEREAS, the purpose and method of administration of the assessments under the Program are described in the WRCOG Program Report dated June 7, 2010, as such report has been amended from time to time and the California Program Report originally adopted by the WRCOG Executive Committee on June 3, 2013, as such report has been and may be amended from time to time (collectively, the "**Program Report**") prior to the Effective Date of this Contract.

WHEREAS, the Authority executed an Administration Agreement with Greenworks to provide program administrative services to owners of commercial properties participating in

the Greenworks Commercial PACE Program (the "**Greenworks Program**") of the Program, including but not limited to reviewing and approving application materials subject to the Program Report ("**Approved Project**"), processing all disbursement requests, including accepting disbursement request forms, reviewing submitted forms and attachments, and providing for the disbursement of funds for the Authorized Improvements.

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner(s)of each lot or parcel on which an assessment is levied at the time the assessment is levied pursuant to a contract between the property owner and the public agency; and

WHEREAS, the Authority has conducted the proceedings required by Chapter 29 with respect to the territory within the boundaries of the (the "**City/County**"); and

WHEREAS, the Property is located in the boundaries of the [City/County] and the [City/County] has consented to (i) owners of property within its jurisdiction (the "**Participating Property Owners**") participating in the Program and (ii) the Authority conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act to finance the Authorized Improvements; and

WHEREAS, Property Owner has submitted application materials including a description of the Authorized Improvements that will be acquired, constructed on and/or installed on the Property and are to be financed pursuant to the Greenworks Program and the PACE Program Administrator has determined it is an Approved Project; and

WHEREAS, pursuant to Chapter 29, the Authority and the Property Owner wish to enter into a contract pursuant to which the Property Owner would agree to pay an assessment in order to finance the installation on the Property of the Authorized Improvements described in Exhibit B (the "**Improvements**") and the Authority would agree to provide financing, all on the terms set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the material covenants hereinafter contained, the Property Owner and the Authority formally covenant, agree and bind themselves and their successors and assigns as follows:

AGREEMENT

Section 1. Purpose. The Property Owner and the Authority are entering into this Agreement for the purpose of financing the installation of the Improvements identified on Exhibit B on the Property.

Section 2. The Property. This Agreement relates to the real property identified in Exhibit A. The Property Owner has supplied to the Authority current evidence of its ownership

of fee title to the Property and possesses all legal authority necessary to execute this Agreement on behalf of the Property Owner.

Section 3. Assessment and Lien.

(a) Pursuant to the terms of this Agreement, the Authority shall disburse funds, or cause funds to be disbursed, to or on behalf of the Property Owner in a principal amount not to exceed $[ ] (the "Financed Amount"), of which $[ ] shall be for the actual cost of the design, approval, acquisition, construction, financing, and/or installation of the Improvements, (the "Project Cost"), and of which $[ ] shall be for Authority and PACE Program Administrator fees and expenses ("Initial Administrative Expenses"). If the actual cost of the Improvements exceeds the Project Cost, the Property Owner shall be solely responsible for the payment of such excess costs.

(b) Interest shall accrue on a simple interest basis on the Financed Amount from the Effective Date at [insert rate] per annum until all outstanding obligations are paid in full. Interest shall be computed for the actual number of days which have elapsed, on the basis of a 360-day year for the actual number of days during which the principal balance of the Assessment outstanding. Property Owner acknowledges and agrees that the calculation of interest on the basis described in the immediately preceding sentence may result in the accrual and payment of interest in amounts greater than those which would be payable if interest were calculated on the basis of a three hundred sixty-five (365) day year.

(c) Property Owner agrees that upon the execution of this Agreement by the parties, the Property is subject to a voluntary contractual assessment levied against the Property pursuant to this Agreement, Chapter 29 and other applicable law in an amount equal to the Financed Amount plus any administration fees, accrued interest and penalties thereon (the "Assessment"). Upon execution of this Agreement, the Authority will execute and cause to be recorded in the office of the County Recorder of the County within which the Property is located (the "County") a notice of assessment and payment of contractual assessment required (collectively, the "Notice of Assessment") as required pursuant to Chapter 29, together with a copy of this Agreement. The recordation of the Notice of Assessment will create a lien against the Property.

(d) The execution of this Agreement by the parties constitutes the levy of the Assessment by the Authority against the Property without any further action required by the parties.

(e) The Property Owner hereby promises to pay the Assessment for a period of [ ] years annually, in two installments ("Installments") as permitted by the County tax collector, together with annual assessment administrative fees ("Annual Assessment Administrative Fees") as defined in paragraph (e) below, (collectively, "Assessment Installment") on the due dates set forth in Exhibit C (the "Assessment Schedule"). Owner agrees to pay each Assessment Installment by its due date in order to avoid delinquencies and related penalties.

(f) The Property Owner hereby acknowledges that, pursuant to the 1915 Act, including Sections 8682(b) and 8682.1(a), the Authority may add amounts to an Installment each year in order to pay for the costs of collecting and administering the Assessment (the "Annual Assessment Administrative Fees"). The maximum Annual Assessment Administrative Fee shall not exceed [$] in tax year commencing on [insert year]. The Annual Assessment Administrative Fee shall thereafter be adjusted annually commencing on [insert date] of each subsequent tax year for cost of living based on the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers applicable to the County of [COUNTY]. The PACE Program Administrator shall annually determine the amount of the Annual Assessment Administrative Fee, not to exceed the maximum Annual Assessment Administrative Fee determined in accordance with the preceding sentence.

(g) The Assessment, together with any interest and penalties incurred thereon, shall constitute a lien upon the Property until paid. Failure to pay any Assessment Installment or any interest thereon, like failure to pay any property taxes pertaining to the Property, will result in penalties and interest accruing on the amounts due. In addition, under those circumstances, the Authority has the right to judicially foreclose the lien of the Assessment, as set forth in paragraph 8(g) below.

Section 4. Collection of Assessment; Other Remedies.

(a) The Assessment Installment shall be collected on the property tax bill pertaining to the Property. The Assessment Installment shall be payable in the same manner and at the same time as the general taxes of the County on real property are payable, and Assessment Installments shall be payable and become delinquent at the same times and shall bear the same penalties and interest after delinquency, and be subject to the same provisions for redemption and sale, as the general taxes on real property of the County.

(b) The Assessment Installments shall commence on the due dates set forth in the Assessment Schedule (Exhibit C).

(c) The lien of the Assessment (the "Assessment Lien") shall be co-equal to and independent of the lien for general taxes, and, pursuant to Government Code Section 53936, not subject to extinguishment by the sale of the Property on account of the nonpayment of any taxes, and prior and superior to all liens, claims and encumbrances on or against the Property except: (i) the lien for general taxes, special taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district or other local agency; (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the Assessment; (iii) easements constituting servitudes upon or burdens the Property; (iv) water rights, the record title to which is held separately from the title to the Property; and (v) restrictions of record.

(d) Property Owner acknowledges and understands that, no later than October 1st of each year, if the Property is delinquent in the payment of any Assessment Installment or any accrued interest and penalties thereon, the Property will be subject to the commencement of foreclosure proceedings. The Authority will commence, or cause to be commenced, judicial foreclosure proceedings against the Property, including collection actions preparatory to the

filing of any complaint, but will file the complaint not later than sixty (60) days following the determination that the property is delinquent in the payment of such Assessment Installments. Failure of such a complaint to be filed by such date shall not, however, invalidate any judicial foreclosure proceedings commenced after such date. The Property Owner acknowledges that the Authority shall have the delinquent Assessment Installment and its associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent Assessment Installments, associated penalties and interest, and all costs of suit, including attorneys' fees. The Property Owner acknowledges that, if bonds are sold to finance the Improvements, the Authority may obligate itself, through a covenant with the owners of such bonds, to exercise its foreclosure rights with respect to delinquent Assessment installments under specified circumstances. Additionally, if no action is taken by the Authority and you remain delinquent on the payment of any Assessment Installment for a period of five (5) years, the County in which the Property is located may commence foreclosure proceedings.

Section 5. Financing of the Improvements; Installation of the Improvements.

(a) The Authority hereby approves the disbursement of funds against the Financed Amount subject to the provisions of this Section. The funds will be disbursed by the PACE Program Administrator on behalf of the Authority, pursuant to the terms of this Agreement and applied by Property Owner to pay for the Improvements.

(b) Notwithstanding anything to the contrary contained herein, the PACE Program Administrator's obligation to disburse any of the Project Cost to Property Owner or their contractor ("Contractor") shall be subject to satisfaction of the following conditions precedent, in the PACE Program Administrator's sole discretion, or any such condition precedent is expressly waived in writing by the PACE Program Administrator:

i) the construction contract between the Property Owner and the Contractor,

together with all major subcontracts thereunder (collectively, the "Construction Contract") shall have been approved in all respects by the PACE Program Administrator;

ii) the Property Owner shall have provided copies of all permits required by

law to the PACE Program Administrator;

iii) the Property Owner shall have provided to the PACE Program Administrator the written consent of its existing mortgage lender to the Assessment;

iv) the PACE Program Administrator shall have received confirmation from the applicable County Recorder that the Notice of Assessment, together with a copy of this Agreement has been recorded in the relevant land records;

v) the Property Owner shall have provided to the PACE Program Administrator evidence acceptable to the PACE Program Administrator of incentive awards related to the Improvements, if applicable;

vi) Property Owner has provided the PACE Program Administrator original, executed copies of this Agreement and any related certificates.

vii) The PACE Program Administrator shall have determined that the representations of Property Owner contained in this Agreement are true and correct, and no Default (as defined in Section 14 below) shall have occurred and be continuing hereunder.

viii) No order or notice shall have been given by any governmental agency stopping construction or stating that the work or construction is in violation of any law, ordinance, code or regulation, unless such order or notice has been rescinded and a copy of such rescission has been delivered to and shall be satisfactory to the PACE Program Administrator in its sole discretion. No stop payment or mechanic's lien notice pertaining to the Products has been filed and remains in effect as of the Effective Date.

ix) the Property Owner shall have submitted to the Authority and the PACE Program Administrator a request for the disbursement in the form of the certification attached hereto as Exhibit [_]

x) the Property Owner shall have furnished to the PACE Program Administrator partial waivers and releases of liens (for labor, services or materials which have been performed and paid for or such lien waiver will be subject to payment) from the Contractor and all other contractors, subcontractors and suppliers performing labor, services or materials in connection with the Improvements in the form attached hereto as Schedule 2 to Exhibit [ ];

xi) the Property Owner shall have provided a list of authorized representatives on whose instructions and directions the PACE Program Administrator may rely until such time as an updated list has been provided, as set forth on Exhibit [ ] attached hereto; and

xii) the Property Owner has provided to the PACE Program Administrator evidence satisfactory to the PACE Program Administrator of current insurance policies on the Property and has provided evidence satisfactory to the PACE Program Administrator that such insurance shall be maintained in force during the term of the Assessment.

(c) Upon satisfaction or waiver of the conditions described in paragraph (a), above, the PACE Program Administrator will disburse funds to or on behalf of the Owner.

(d) The PACE Program Administrator's obligation to authorize the final disbursement shall be subject to the satisfaction of the following conditions precedent in the PACE Program Administrator's sole discretion:

i) Satisfaction of all conditions set forth in this Section;

ii) Full completion of construction of the Improvements in accordance with the Construction Contract, as evidenced through a receipt by the PACE Program Administrator of the executed Completion Certificates in the forms attached hereto as Exhibit [ ]

iii) If applicable, receipt by the PACE Program Administrator of the final unconditional Certificate of Occupancy for the Improvements or a conditional Certificate of Occupancy which conditions are punch-list items only;

iv) Receipt by the PACE Program Administrator of final waivers and releases of liens from the Contractor and all other contractors, subcontractors and suppliers performing labor, services or materials in connection with the Improvements, substantially in the form of the waiver and release attached hereto as Exhibit [ ]; and

v) No stop payment or mechanic's lien notice pertaining to the Improvements has been served upon Property Owner, the PACE Program Administrator, or the Authority or recorded against the Property and which remains in effect.

(e) Amount and Frequency of Disbursements.

i) Each disbursement shall either (x) reimburse the Property Owner for costs of the Improvements already incurred by the Property Owner, or (y) be disbursed directly to the Contractor and/or suppliers retained for the Improvements, for construction costs incurred by the Property Owner in accordance with the approved budget. The Property Owner may apply any savings or under-budget line item cost in the approved budget to increase the amount of any other line item in the approved budget, subject in each instance to the PACE Program Administrator's review and approval, which approval shall not be unreasonably withheld.

ii) Disbursements shall be made upon the Property Owner's compliance with the terms hereof in such proportion of the total cost of that part of the work completed to the PACE Program Administrator's satisfaction in its sole discretion, so that at all times the undisbursed portion of the Project Cost shall be sufficient, in the PACE Program Administrator's sole discretion, to complete the Improvements (including, without limitation, to pay all non-construction costs associated with the Improvements). The PACE Program Administrator shall have the right to make the final determination in its sole discretion as to the amount of each disbursement. The PACE Program Administrator may, in its sole discretion, determine the number and frequency of each disbursement, which will not exceed one hundred percent (100%) of the cost of the

work then completed and in place less the standard retainage of five percent (5%) for all construction costs (unless a higher retainage is specified in any contract). Such retainage will be disbursed to the Property Owner at the date on which the Completion Certificate has been executed.

iii) The final disbursement will be made upon full completion of the Improvements in accordance with the Construction Contract and satisfaction of the conditions precedent set forth in Section 5 (c).

iv) No disbursement shall be made for materials not yet installed or incorporated into the Improvements, except that the PACE Program Administrator may agree, in its sole discretion, to authorize a disbursement for such materials.

v) In no event shall the amount of any disbursement exceed an amount equal
to (x) the cost of the construction work in place at the Property, subject to the retainage provisions set forth in Section 5(e)(ii), plus the amount of non-construction costs paid or payable by the Property Owner pursuant to the approved budget as of the date of the requested advance, less (y) all disbursements previously disbursed.

vi) In no event shall the aggregate amount of all disbursements exceed the Project Cost.

vii) In no event shall any disbursement be made to the Property Owner from and after the date on which the final disbursement shall have been paid in accordance with Section 5 (c).

(f) Unused Proceeds. In the event Property Owner draws less than eighty-five percent (85%) of the Assessment, upon PACE Program Administrator making the final disbursement in accordance with Section 5(d) of this Agreement, the Property Owner shall pay to PACE Program Administrator an unused Assessment fee in an amount equal to % of the difference derived by subtracting (i) the total amount disbursed by PACE Program Administrator of the Assessment including such final disbursement, from (ii) the maximum principal amount of the Assessment authorized pursuant to the terms hereof. In the event Property Owner prepays the Assessment in accordance with Section 6 hereof, this Section shall only apply if Property Owner draws less than eighty-five percent (85%) of the amount equal to the difference derived by subtracting (i) the total amount Property Owner has prepaid in accordance with Section 6 hereof, from (ii) the Assessment amount.
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Section 6. Prepayment of the Assessment.

The outstanding principal balance of the Financed Amount may be prepaid, in whole or in any amount of at least $5,000, at any time upon the payment of a premium in an amount equal to a percentage of the amount of the principal to be prepaid as calculated pursuant to the processing fee and schedule of prepayment premiums is set forth in Exhibit hereto. In

addition, prepayment costs may also include any applicable trustee fees, bond interest (if bonds have been issued), and other related charges.

Section 7. Term; Agreement Runs with the Land; Subdivision.

(a) Except as otherwise set forth in this Agreement, this Agreement shall expire upon the final payment or prepayment of the Assessment. Following such expiration, the Authority shall cause to be executed, delivered and/or recorded such instruments as are necessary in order to release the lien of the Assessment.

(b) This Agreement establishes rights and obligations that are for the benefit of the Property and, therefore, such rights and obligations run with the land pursuant to Civil Code Section 1462.

(c) Property Owner shall not, without the express written consent of the Authority and the
PACE Program Administrator, in their sole discretion, by act or omission impair the integrity of the Property as a single, separate, subdivided and zoned lot separate apart from all other property which is owned by Property Owner, or not. Property Owner hereby acknowledges that, in the event of a subdivision of the Property is approved by the Authority and PACE Program Administrator, no subdivision of the Property subject to this Agreement shall be valid unless an amendment to this Agreement divides the Assessment between the newly subdivided parcels pro rata to the special benefit realized by each subdivided parcel.

Section 8. Recordation of Documents. The Property Owner hereby authorizes and directs the Authority to cause to be recorded in the office of the County Recorder the various notices and other documents required by Chapter 29 and other applicable laws to be recorded against the Property.

Section 9. Representations and Warranties of Property Owner. Property Owner represents and warrants to the Authority and PACE Program Administrator as follows, which representations and warranties shall be true and correct as of the date of this Agreement and at all times thereafter until the Assessment has been repaid in full:

(a) Corporate Existence; Qualification. Property Owner is duly organized, validly existing and in good standing in the state of its organization and with authority to do business under the laws of the State of California

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(b) Authorization; Enforceable Obligations.

i. Property Owner has all necessary power and authority to own the Property and to conduct its business and enter into the transactions contemplated hereby. Property

Owner has the right to enter into and perform this Agreement and all other documents executed in connection therewith have been duly authorized, executed and delivered and constitute valid and binding obligations of Property Owner, each enforceable in accordance with its respective terms.

ii. No consent or authorization of, filing with, notice to or other act by or in respect of any governmental authority (Federal, State or Local) or any other person is required to be obtained by the Property Owner in connection with (1) the financing hereunder, (2) the execution, delivery, validity or enforceability of this Agreement or any related documents, or (3) the performance of this Agreement, except, in each case, for routine consents, authorizations, filings and notices required to be made in the ordinary course of business.

iii. The Property Owner has secured all necessary approvals or consents required with respect to this transaction by any mortgagor, creditor, or other party having any financial interest in the Property Owner or the Property.

(c) No Legal Bar. The execution, delivery and performance of this Agreement or any related documents by the Property Owner, the financing hereunder and the use of the proceeds thereof will not violate any applicable law, the Property Owner ’s organizational documents or any material agreement of the Property Owner.

(d) Financial Statements. All financial statements delivered to the Authority and the PACE Program Administrator are true and correct, have been prepared in accordance with generally accepted accounting principles (or such alternate accounting method acceptable to the Authority) consistently applied, fairly represent the financial condition of Property Owner as of the date thereof, and no material adverse change has occurred in the financial condition presented therein since such date.

(e) No Litigation. There are no actions, suits, claims or proceedings pending, or to the knowledge of Property Owner threatened, against or affecting it or the Property which could materially adversely affect Property Owner, its financial condition, any of its properties (including the Property), or the construction of the Improvements or Property Owner ’s ability to satisfy its obligations under this Agreement.

(f) Title. Property Owner has good, marketable and insurable title to the Property subject only to real property taxes, pari passu assessment liens of record, and the permitted encumbrances approved by the Authority and the PACE Program Administrator and set forth in Exhibit G attached hereto (“Permitted Encumbrances”).

(g) Compliance with Laws. Property Owner has complied with, and will continue to comply with, all applicable statutes, regulations and ordinances in connection with the Property and construction of the Improvements. All permits, consents, approvals and authorizations required to be issued by any governmental body (collectively, the “Permits”) necessary for (a) the installation and construction of the Improvements in accordance with the

plans and specifications submitted by Property Owner; (b) the construction, connection and operation of all utilities necessary to service the Improvements; and (c) the construction and use of all roadways, driveways, curb cuts and other vehicular or other access to and egress from the Property, either (i) have been obtained, are valid, are in full force and effect and have been complied with by the Property Owner in all respects; or (ii) will be obtained, will be valid, will be in full force and effect prior to the initiation of construction, and Property Owner will be in compliance therewith in all respects prior to the PACE Program Administrator's disbursing any of the funds. Construction and installation of the Improvements will comply with applicable zoning, use, building or other applicable codes, laws, regulations and ordinances and any restrictive covenants affecting the Property.

(h) Marijuana and Environmental Matters. Property Owner does not and will not engage (nor will it allow any tenants of the Property to engage) in operations that involve the growth, testing, production or distribution of marijuana, nor the generation, manufacture, refining, transportation, treatment, storage or handling of hazardous materials or hazardous wastes, pursuant to applicable state law, or any other federal, state or local environmental laws or regulations, and, to the best of Property Owner's knowledge, after due inquiry, neither the Property nor any other of its buildings thereon has been so used previously, except as previously disclosed in writing to and approved by the Authority and the PACE Program Administrator. There are no underground storage tanks located on the Property. There is no present and to the best of Property Owner 's knowledge there has been no past, non-compliance with environmental laws, or with permits issued pursuant thereto, in connection with the Property, which has not been fully remediated in accordance with environmental laws.

(i) No Default. No Default (as defined herein) has occurred hereunder, and no event has or shall have occurred and be continuing, which, with the lapse of time or the giving of notice, or both, would constitute a Default. No foreclosure action is currently threatened or has been commenced with respect to the Property. Property Owner is not currently in default on any mortgage or deed of trust loan(s) secured by the Property.

(j) No Misrepresentation or Material Nondisclosure. Property Owner has not made and will not make to the Authority or to the PACE Program Administrator, in this Agreement or otherwise, any untrue statement of a material fact, nor has it omitted and nor will it omit to state a material fact necessary to make any statement made not misleading. All information provided by Property Owner to the Authority or to the PACE Program Administrator in writing or in electronic form is complete, true and correct in all material respects.

(k) Insurance. Property Owner has provided to the Authority and the PACE Program Administrator satisfactory evidence of the current insurance policies on the Property and has provided evidence that such insurance shall be maintained in force during the term of the Assessment. Such policies must be issued in form and content reasonably acceptable to the Authority and the PACE Program Administrator. Required insurance hereunder includes property insurance and, where and when applicable, builder's risk or inland marine insurance and flood insurance. Property insurance shall be in an amount equal to the lesser of, as determined by the Authority and the PACE Program Administrator in their reasonable discretion: (i) the full replacement cost of the Property; (ii) the full value of the buildings located on the Property as determined by the Authority and PACE Program Administrator in their sole

discretion; (iii) or the principal amount of the Assessment divided by 0.35. Property Owner must obtain flood insurance if the Property is or is deemed to be located in a Special Flood Hazard Area as determined by the U.S. Flood Emergency Management Agency. The insurance policies shall also be subject to the following requirements:

i. Each policy must provide for ten (10) days' prior notice to the Authority and the PACE Program Administrator in the event of cancellation or nonrenewal;

ii. The PACE Program Administrator must be named as an additional insured (mortgagee/loss payee) on all insurance policies required hereunder (and in the certificate holder box list "Greenworks Lending LLC ISAOA, ATIMA"). The Property Owner hereby agrees to, upon request by the PACE Program Administrator, provide the PACE Program Administrator with updated certificates of insurance which endorse the required insurance policies and further agrees to, upon request by the PACE Program Administrator, add the PACE Program Administrator's assignees or successors in interest as loss payees and additional insureds; and

iii. Should Property Owner fail to acquire and/or maintain the required insurance policies, the Authority shall have the right, but not the obligation, to obtain such policies in amounts and limits sufficient to protect the Authority. Property Owner shall be obligated to pay the Authority for the cost of such insurance.

(l) Approval of Plans and Budgets. The plans and specifications submitted by the Property Owner to the Authority and the PACE Program Administrator and approved thereby (the **"Plans"**) will be a true and accurate reflection of the Improvements (when completed) and have been approved as required by all governmental bodies or agencies having jurisdiction or will be approved prior to the first disbursement request. The budget for construction of the Improvements (the "**Budget**") submitted by the Property Owner to the Authority and the PACE Program Administrator is an accurate current estimate of all costs necessary to construct the Improvements in accordance with the Plans and the cost of construction of the Improvements on any portion thereof is not expected to exceed the cost therefor set forth in the Budget.

(m) Commercial Purpose. Property Owner will use the proceeds from the disbursements of funds for the Authorized Improvements only for the purposes specified in the Recitals to this Agreement. The primary purpose of the funds disbursed pursuant to this Agreement is for a commercial and business purpose, and said funds will not be used primarily for personal, family or household purposes.

(n) Improvements. The proposed Improvements are consistent with the purpose of the Program.

(o) Incorporation of Representations and Warranties. The request by Property Owner for a disbursement shall constitute a certification by Property Owner that the

representations and warranties contained herein are true and correct as of the date of such request.

(p) Insolvency Event. No Insolvency Event shall have occurred or is continuing with respect to the Property Owner. Property Owner is not aware of any circumstances or conditions with respect to the Property Owner, its properties, the Improvements, the Property, the Assessment or any Assessment Lien that could reasonably be expected to materially and adversely affect any of the Property Owner, its properties, the Improvements, the Property, the Assessment or any Assessment Lien. For purposes hereunder, "**Insolvency Event**" shall mean the Property Owner has (i) consented to the appointment of a conservator or receiver or liquidator in any insolvency, bankruptcy, readjustment of debt, marshalling of assets and liabilities or similar proceeding or of relating to the Property Owner or relating to all or substantially all of such Property Owner 's property, (ii) failed to pay its debts as they become due and such failure has not been cured within thirty (30) days of the event; (iii) admitted in writing its inability to pay its debts as they become due, (iv) filed a petition to take advantage of any applicable insolvency or reorganization statute, (v) made an assignment for the benefit of its creditors, (vi) had filed against it a petition for involuntary bankruptcy or some other involuntary insolvency proceeding which is not dismissed within thirty (30) days, or (vii) or voluntarily suspended payment of its obligations.

(q) Fraud. No fraud, error, omission, misrepresentation, negligence or similar occurrence with respect to the Property or Improvements has taken place on the part of the Property Owner or any other person, including, without limitation, to the best of Property Owner 's knowledge, any appraiser, title company, closing or settlement agent, realtor, builder or developer or any other party involved in the Property or Improvements, that would impair in any way the rights of the
Authority in the Property or Improvements or that violated applicable law

(r) No Damage/Condemnation. The Property is undamaged by waste, vandalism, fire, hurricane, earthquake or earth movement, windstorm, flood, tornado or other casualty adversely affecting the value of a Property or the use for which the Property was intended and the Property is in substantially the same condition it was at the time the most recent appraisal was obtained. There is no proceeding pending or, to the knowledge of the Property Owner, threatened for the total or partial condemnation of the Property.

(t) Legally Occupied. With respect to the Property lawfully occupied as of the date hereof, all inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Property and, with respect to the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities.

Section 10. COVENANTS OF PROPERTY OWNER.

The Property Owner covenants and agrees as follows:

(a) Completion and Maintenance of the Improvements. The Property Owner shall commence construction of the Improvements and shall diligently proceed with construction in accordance with the approved Plans and Budget in a good, substantial and workmanlike manner in accordance with all applicable laws, ordinances, codes, rules and regulations. Construction of the Improvements shall be completed on or prior to the completion date set forth in the Construction Contract. If, in the Authority's opinion, after thirty (30) days' written notice to Property Owner, the construction is not proceeding with reasonable dispatch, the Authority may (i) request that Property Owner remove and replace the general contractor with a general contractor acceptable to the Authority, the failure of which by Property Owner shall be a default under this Agreement, (ii) utilize funds and continue construction of the Improvements and such funds shall be considered disbursements of the Financed Amount, or (iii) deny any disbursements of the Financed Amount until such time as the construction resumes proceeding with reasonable dispatch.

(b) Changes to Construction Contract. There shall be no material revision to the Construction Contract, Plans or Budget without the prior written approval of the Authority and the PACE Program Administrator, whose consent shall not be unreasonably withheld. If the cost of construction of the Improvements or any portion thereof exceeds the cost therefor set forth in the approved budget, the Property Owner shall immediately deposit with the Authority the deficiency between such budgeted cost and the actual cost.

(c) Payment of the Financing. The Property Owner shall pay punctually the Assessment Installments on this Agreement on each due date according to its terms and conditions and shall pay punctually any other amounts that may become due and payable to the Authority under or pursuant to the terms of this Agreement, regardless of whether or not the Assessment Installments appear on the Property Owner 's property tax bill.

(d) Payment of All Charges. The Property Owner shall pay when due all taxes, assessments, water charges, sewer charges, liens for taxes past due with respect to the Property, carrier's, warehousemen's, mechanics', materialmen's, repairmen's or other liens and all other charges levied on or against the Property, and upon written request, submit to the Authority evidence of such payments.

(e) Compliance with Law and Agreements. In commencing and completing the Improvements, Property Owner shall comply with all existing laws, regulations, orders, building restrictions and requirements of, and all agreements with and commitments to, all governmental, judicial and legal authorities having jurisdiction over the Property or the Improvements and which are applicable to the Improvements, and with all recorded instruments, agreements, and covenants and restrictions affecting the Property.

(f) Permits, Licenses and Approvals. Property Owner shall properly obtain, comply with and keep in effect all permits, licenses and approvals which are required to be obtained from any governmental authority in order to commence and complete the Improvements. Property Owner, upon the request of the Authority or the PACE Program Administrator, shall

deliver within fifteen (15) days, copies of all such permits, licenses and approvals to the Authority or the PACE Program Administrator.

(g) Site Visits. Property Owner grants the Authority and the PACE Program Administrator, their agents and representatives the right to enter and visit the Property at any reasonable time, after giving reasonable notice to Property Owner, for the purposes of observing the Improvements. The Authority and the PACE Program Administrator, their agents and representatives will make reasonable efforts during any site visit to avoid interfering with Property
Owner ’s use of the Property. Property Owner shall also allow Authority or the PACE Program Administrator to examine and copy records and other documents of Property Owner which relate to the Improvements. The Authority and the PACE Program Administrator are under no duty to visit the Property, or observe any aspects of the Improvements, or examine any records, and the Authority and the PACE Program Administrator shall not incur any obligation or liability by reason of not making any such visit or examination. Any site visit, observation or examination by the Authority or the PACE Program Administrator shall be solely for the purposes of protecting the PACE Program Administrator and the Authority’s rights under the Agreement.

(h) Protection against Lien Claims. The Property Owner shall promptly pay and discharge all claims for labor performed and material and services furnished in connection with construction of the Improvements, and take all other steps necessary to prevent the assertion of claims or liens either against the Property or the Improvements, other than (i) the claims and lien provided herein, (ii) all liens, encumbrances and other matters expressly set forth in Exhibit G, (iii) liens, if any, for taxes imposed by any governmental authority not yet due or delinquent, and (iv) such other title and survey exceptions as Lender has approved or may approve in writing in Lender’s sole discretion.

(i) Notice of Claims; Adverse Matters. Property Owner shall promptly notify the Authority and the PACE Program Administrator in writing of any potential Insolvency Event and all pending or threatened litigation or other matters that may materially and adversely affect the Property or Property Owner ’s ability to meet its obligations under this Agreement or otherwise with respect to the Improvements.

(j) Damage or Destruction. Property Owner shall promptly notify the Authority and the PACE Program Administrator if the Property is damaged or destroyed by fire, casualty, injury or any other cause (each such occurrence, a “Casualty”). The PACE Program Administrator shall have no obligation to make additional disbursements upon the occurrence of a Casualty. Upon the occurrence of such Casualty, the insurance proceeds will be applied to repayment of the total outstanding principal due and owing under this Agreement plus any applicable fees, unless the Authority and the PACE Program Administrator agree in their commercially reasonable discretion to the application of the insurance proceeds to the restoration of the Improvements. In the event restoration of the Improvements is permitted, Property Owner shall immediately proceed with the restoration thereof in accordance with the Construction Contract and Plans. If, in the Authority and PACE Program Administrator’s commercially reasonable judgment, said insurance proceeds are insufficient to complete the

restoration, Property Owner shall deposit with the PACE Program Administrator an amount necessary, in the Authority and PACE Program Administrator's sole judgment, to complete the restoration in accordance with the Plans and Construction Contract.

(k) Notice of Default. Property Owner shall notify in writing the Authority and the PACE Program Administrator within fifteen (15) days of any Default under this Agreement, or any event which, with notice or lapse of time or both, would constitute a Default hereunder.

(l) Changes to Ownership. Property Owner shall, prior to completing construction of the Improvements, preserve and keep in full force and effect its existence and retain title to the Property. After completion of the Improvements, Property Owner shall not transfer ownership of the Property without (a) prior written notice to the Authority and the PACE Program Administrator, and (b) execution by the purchaser of the Property of an assignment of this Agreement in the form of Exhibit X..

(m) Insurance. Property Owner shall maintain in force, and provide evidence thereof when requested by the Authority and the PACE Program Administrator, the insurance required by Section 9(k) of this Agreement throughout the term of the Assessment.

(n) Condemnation. If the Improvements or the Property or any part thereof are taken temporarily or permanently by any governmental authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of the Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Property or any part thereof (a "**Condemnation**"), or are subject to an imminent threat of Condemnation, the PACE Program Administrator's obligation to make further disbursements hereunder shall immediately terminate unless, in the Authority and the PACE Program Administrator's sole judgment, the Property and the Improvements can be replaced and restored in a manner which will enable the Improvements to be functionally and economically utilized and occupied as originally intended. If the Authority and the PACE Program Administrator so decide that the Improvements can be so restored, then the rights and obligations of the PACE Program Administrator, the Authority and the Property Owner subsequent to a taking by Condemnation or imminent threat thereof and the disbursement of any Condemnation proceeds actually paid to the Authority and undisbursed funds hereunder, shall be the same as described in the Section 10(j) hereof with regard to insurance proceeds

(o) Indemnification.

i. Without limitation of any other obligation or liability of the Property Owner or any right or remedy of the Authority contained herein, the Property Owner agrees to indemnify and hold harmless the Authority and PACE Program Administrator, as well as each of the respective directors, officers, employees, agents, subsidiaries and affiliates, and the successors and assigns of the foregoing (each, a "Person"), from and against all damages, losses, settlement payments, obligations, liabilities, claims,

suits, penalties, fines, assessments, citations, directives, demands, judgments, actions or causes of action, whether statutorily created or under the common law, including all costs and expenses (including, without limitation, reasonable fees and disbursements of attorneys, engineers and consultants) and all other liabilities whatsoever (including, without limitation, liabilities under any applicable environmental laws, regulations or rules) which shall at any time or times be incurred, suffered, sustained or required to be paid by any such indemnified Person (except any of the foregoing to the extent it results from the gross negligence or willful misconduct of the indemnified Person) (collectively, the "Indemnified Amounts") on account of or in relation to or in any way in connection with (i) any of the arrangements or transactions contemplated by, associated with or ancillary to this Agreement, or any other documents executed or delivered in connection herewith or therewith, all as the same as may be amended from time to time, or any action taken or omitted to be taken by any Person in connection with or under any of the foregoing, whether or not all or part of the transactions contemplated by, associated with or ancillary to this Agreement or any such other documents are ultimately consummated, (ii) any violation or alleged violation of, non-compliance with or liability under any requirements of law or regulation, (iii) ownership of, liens on, security interests in or the exercise of rights or remedies under any of the items referred to in the preceding clause (i), (iv) any taxes attributable to the execution, delivery, filing or recording of any this Agreement, or any other documents executed or delivered in connection herewith or therewith or any memorandum of any of the foregoing, (v) any lien or claim arising on or against the Property under any requirements of law or any liability asserted against any Person with respect thereto, (vi) (1) a past, present or future violation or alleged violation of any environmental laws in connection with the Property by any person or other source, whether related or unrelated to Property Owner, (2) any presence of any hazardous, toxic or harmful substances, materials, wastes, pollutants or contaminants defined as such in or regulated

under any environmental law ("Materials of Environmental Concern") in, on, within, above, under, near, affecting or emanating from the Property, (3) the failure to timely perform any investigation, inspection, site monitoring, containment, clean–up, removal, response, corrective action, mitigation, restoration or other remedial work of any kind or nature because of, or in connection with, the current or future presence, suspected presence, Release (defined below) or threatened Release in or about the air, soil, ground water, surface water or soil vapor at, on, about, under or within all or any portion of the Property of any Materials of Environmental Concern, including any action to comply with any applicable environmental laws or directives of any governmental authority with regard to any environmental Laws, (4) any past, present or future activity by any person or other source, whether related or unrelated to Property Owner in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Property of any Materials of Environmental Concern at any time located in, under, on, above or affecting the Property, (5) any past, present or future actual generation, treatment, use, storage, transportation, manufacture, refinement, handling, production, removal, remediation, disposal, presence or migration of Materials of Environmental Concern on, about, under or within all or any portion of the Property (a "Release") (whether intentional or

unintentional, direct or indirect, foreseeable or unforeseeable) to, from, on, within, in, under, near or affecting the Property by any person or other source, whether related or unrelated to Property Owner , (6) the imposition, recording or filing or the threatened imposition, recording or filing of any lien on the Property with regard to, or as a result of, any Materials of Environmental Concern or pursuant to any environmental law, or (7) any misrepresentation or failure to perform any obligations pursuant this Agreement, or any other documents executed or delivered in connection herewith or therewith to environmental matters in any way, or (vii) Property Owner's conduct, activities,actions and/or inactions in connection with, relating to or arising out of any of the foregoing clauses of this Section 10(o), that, in each case, results from any conduct, act or failure to act by the Property Owner or its affiliates or related parties or the use or intended use of the proceeds of any disbursements made pursuant to this Agreement. To the extent that the undertaking to indemnify and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Property Owner shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all liabilities set forth in the preceding sentence incurred by any Person. In the case of an investigation, litigation or other proceeding to which the indemnification in this Section 10.(o) applies, such indemnification shall be effective whether or not such investigation, litigation or proceeding is brought by Property Owner, a Person or any other person or any Person is otherwise a party thereto and whether or not any transactions contemplated by this Agreement are entered into. In any investigation, proceeding or litigation, or the preparation therefor, the Authority shall select its own counsel and, in addition to the foregoing indemnity, the Property Owner agrees to pay promptly the reasonable fees and expenses of such counsel. In the event of the commencement of any such proceeding or litigation, the Property Owner shall be entitled to participate in such proceeding or litigation with counsel of its choice at its own expense, provided that such counsel shall be reasonably satisfactory to the Authority. This section shall survive the execution, delivery, performance and repayment of this Agreement, and the extinguishment of any Assessment Lien.

ii. If for any reason the indemnification provided in this Section 10.(o) is unavailable to any Person or is insufficient to hold a Person harmless, even though such Person is entitled to indemnification under the express terms thereof, the Property Owner shall contribute to the amount paid or payable by such Person as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative benefits received by such Person on the one hand and Property Owner on the other hand, the relative fault of such Person, and any other relevant equitable considerations.

iii. A Person may at any time send Property Owner a notice showing in reasonable detail the basis for and calculation of Indemnified Amounts, and Property Owner shall pay such Indemnified Amounts to such Indemnified Person within fifteen (15) days after Property Owner receives such notice. The obligations of Property Owner under this Section 10(o) shall apply to assignees and survive the termination of this Agreement.

iv. Neither the Authority nor the PACE Program Administrator shall have any

liability to the Property Owner or any other person on account of (i) the Property Owner engaging a contractor from the list of contractors submitted by the Authority or the PACE Program Administrator to the Property Owner, (ii) the services performed by the Contractor, or (iii) any neglect or failure on the part of the Contractor to perform or properly perform its services. Neither the Authority nor the PACE Program Administrator assumes any obligation of the Property Owner concerning Contractor, the quality of construction of the Improvements or the absence therefrom of defects. The authorization by the Authority of a disbursement shall not constitute the Authority's approval or acceptance of the construction theretofore completed. The Authority's inspection and approval of the budget, the construction work, the Improvements comprising the Improvements, or the workmanship and materials used therein, shall impose no liability of any kind on the Authority, the sole obligation of the Authority as the result of such inspection and approval being to authorize the disbursements if, and to the extent, required by this Agreement. Any disbursement authorized by the Authority without the Authority having received each of the items to which it is entitled under this Agreement shall not constitute breach or modification of this Agreement, nor shall any written amendment to this Agreement be required as a result thereof.

Section 11. Waivers, Acknowledgment and Agreement. Because this Agreement reflects the Property Owner's free and willing consent to pay the Assessment following a noticed public hearing, the Property Owner hereby waives any otherwise applicable requirements of Article XIIID of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot.

The Property Owner hereby waives its right to repeal the Assessment by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment or any aspect of the proceedings of the Authority undertaken in connection with the Program. The Property Owner hereby agrees that the Property Owner and its successors in interest to fee title in the
Property shall be solely responsible for the installation, operation and maintenance of the Improvements. The Property Owner hereby acknowledges that the Property will be responsible for payment of the Assessment regardless of whether the Improvements are properly installed, operated or maintained as expected.

The Property Owner hereby agrees that the Authority is entering into this Agreement solely for the purpose of assisting the Property Owner with the financing of the installation of the Improvements, and that the Authority and the [City/County] have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of the Improvements. Based upon the foregoing, the Property Owner hereby waives the right to recover from and fully and irrevocably releases the Authority, the [City/County] and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority and the [City/County] from any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), relating to the subject matter of this Agreement that the Property Owner may now have or hereafter acquire against the Authority, the [City/County] and any and all agents,

employees, attorneys, representatives and successors and assigns of the Authority or the [City/County].

To the extent that the foregoing waivers and agreements are subject to Section 1542 of the California Civil Code or similar provisions of other applicable law, it is the intention of the Property Owner that the foregoing waivers and agreements will be effective as a bar to any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), of whatever character, nature and kind, known or unknown, suspected or unsuspected, and Property Owner agrees to waive any and all rights and benefits conferred upon the Property Owner by the provisions of Section 1542 of the California Civil Code or similar provisions of applicable law. Section 1542 reads as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

By initialing below, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.

Property Owner's Initials:

The waivers, releases and agreements set forth in this Section 11 shall survive termination of this Agreement.

Section 12. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the Authority.

Section 13. Greenworks Application. The Property Owner hereby represents and warrants to the Authority that the information set forth in all information submitted to the Authority and/or the PACE Program Administrator in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in such information with respect to the Property and the Property Owner are true and correct as of the date hereof as if made on the date hereof.

Section 14. Events of Default and Remedies

a) Remedies with respect to the nonpayment of the Assessment or other amounts payable by Property Owner hereunder are governed by the provisions of Section 4 hereof and state law.

b) The occurrence of any of the following events shall constitute a "**Default**" hereunder:

(i) Any of Property Owner's representations, disclosures or warranties made to the Authority or the PACE Program Administrator shall have been false or misleading in any material respect as of the date when made, or the failure or delay by Property Owner to perform any of its obligations under the terms or provisions of this Agreement, other than with respect to the payment of the Assessment, the Annual Assessment Administrative Fee Annual Assessment Administrative Fees, or other amount payable by Property Owner.

(ii) An Insolvency Event occurred with respect to the Property Owner or the Property Owner becomes insolvent or unable to pay its debts as they mature and such has not been cured within thirty (30) days of the event;

(iii) There occurs any event which in the Authority's sole discretion materially and adversely affects: (x) the ability of the Property Owner to perform any of its obligations hereunder; (y) the business or financial condition of the Property Owner; or (z) the timely repayment of the Assessment authorized by this Agreement, which Property Owner has not cured within thirty (30) days of receiving notice from the Authority of such breach;

(iv) Any encumbrance on any portion of the Property is created, other than current liens for real estate property taxes or special assessments, which encumbrance purports to have priority over the Assessment Lien;

(v) The existence of any liens for taxes past due with respect to the Property, or carrier's, warehousemen's, mechanics', materialmen's, repairmen's or other liens which have not been dismissed, escrowed (subject to the Authority's sole approval) or bonded for thirty (30) days after the filing or recording thereof;

(vi) Any material deviation in the Improvements from the Plans without the prior written consent of Lender, or the appearance of defective workmanship or materials, in Lender's sole discretion, which has not been cured for a period exceeding thirty (30) days; and

(vii) Any general contractor or any other contractor defaults under any construction contract, in a manner which the Lender deems to be material, and unless otherwise agreed in writing by the Lender, the Obligor fails to exercise its rights and remedies under the construction contract, as applicable with respect to such default and such failure to exercise its rights has not been cured within thirty (30) days of when such right first arose.

c) Upon the occurrence of a Default, the Authority may in addition to any other remedies which it may have, at its option and without prior demand or notice, take any of the following actions:

(i) The Authority may, in addition to any other remedies which it may have, at its option and without prior demand or notice, immediately cause the cancellation of any pending disbursement (and the PACE Program Administrator shall have no obligation to make further disbursements) and from time to time apply all or any part of any undisbursed funds to payment of amounts owing on the Assessment and/or to any other obligations of the Property Owner hereunder. The Authority has authorized the Program Administrator at its option and without prior demand or notice, to enter the Property and complete construction of the Improvements in accordance with the Plans and the Construction Contract with such changes therein as the Program Administrator may from time to time and in its judgment deem appropriate, all at the risk and expense of the Property Owner.

(ii) Exercise any other rights and remedies available to it hereunder or at law or in equity

(iii) Except as otherwise expressly provided in this Agreement, no remedy provided for by this Agreement shall be exclusive of any other remedy, each and every remedy shall be cumulative and in addition to any other remedy, and no delay or omission to exercise any right or remedy shall impair any such right or remedy or shall be deemed to be a waiver of a Default.

(iv) Property Owner agrees to pay all costs of collection when actually incurred, by the Authority, including but not limited to reasonable attorneys' fees and all related costs. If any suit or action is instituted to enforce this Agreement, Property Owner promises to pay, in addition to the costs and disbursements otherwise allowed by law, such sum as the court may adjudge reasonable attorneys' fees and costs in such suit or action to the Authority as the prevailing party

Section 15. Amendment. This Agreement may be modified only by the written agreement of the Authority and the Property Owner. A modification of this Agreement shall be approved in writing by the owner(s) of any Improvement Bonds secured by the Assessment if the amendment will adversely impact the owner(s) of the Improvement Bonds.

Section 16. Binding Effect; Assignment. This Agreement inures to the benefit of and is binding upon the Authority, the Property Owner and their respective successors and assigns.

(a) The Authority has the right to assign any or all or any of its rights and obligations under this Agreement without the consent of the Property Owner. The obligation to pay the Assessment set forth in this Agreement is an obligation of the Property and no agreement or action of the Property Owner will be competent to impair in any way the Authority's rights, including, but not limited to, the right to pursue judicial foreclosure of the Assessment lien or the right to enforce the collection of the Assessment or any installment thereof against the Property. Any assignee shall be a party to this Agreement and shall have all of the rights and obligations of the Authority hereunder to the extent that such rights and obligations have been assigned by the Authority pursuant to the assignment documentation between the Authority and the assignee. The Authority may furnish any information concerning the Property Owner in its possession from time to time to prospective assignees.

(b) In no event shall Property Owner assign or transfer any portion of this Agreement or Property Owner's obligations under the Agreement without the prior express written consent of the Authority, which consent may be granted or withheld in the sole and absolute discretion of the Authority. Sale, transfer, or rental of the Property or any parcel thereof is not an assignment or transfer of this Agreement.

Section 17. Exhibits. The Exhibits to this Agreement are incorporated into this Agreement by this reference as if set forth in their entirety in this Agreement.

Section 18. Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Contract or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

Section 19. Notices All. notices and demands shall be given in writing by first class mail, postage prepaid, by personal delivery (by recognized courier service or otherwise), or via electronic mail. Notices shall be considered given upon the earlier of (a) receipt of electronic mail or personal delivery or (b) two (2) business days following deposit in the United States mail, postage prepaid. Notices shall be addressed as provided below and incorporated herein by this reference for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice. Notwithstanding anything set forth above, after disbursement of the Disbursement Amount to Owner, all notices regarding the assessment shall be sent only as provided by state law.

If to Authority: Western Riverside Council of Governments
3390 University Avenue, 4th Floor
Riverside, CA 92501
Attention: Executive Director

If to Program Administrator:	Greenworks Lending LLC 28 Thorndal Circle, 3rd Floor Darien, CT 06820 Attn: Alexandra Cooley acooley@greenworkslending.com and servicing@greenworkslending.com
If to Property Owner:	[Name] [Address] [Phone] [Email]

Section 20. Corrective Instruments. The Authority and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required in order to carry out the expressed intention of this Agreement.

Section 21. Governing Law; Venue. This Agreement is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Riverside, State of California; provided, however, actions to foreclose delinquent installments of the Assessment will be instituted in the superior court of the County or as otherwise provided by law.

Section 22. Counterparts. This Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 23. No Waiver; Amendments. No waiver of any default or breach by Property Owner hereunder shall be implied from any failure by the PACE Program Administrator or the Authority to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by Property Owner and the Authority. The Authority and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonable be required in order to carry out the expressed intention of this Agreement

Section 24. Waiver of Jury Trial and Class Action. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND AGREES THAT ANY SUCH

ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH PARTY WAIVES THE RIGHT TO LITIGATE IN COURT OR ARBITRATE ANY CLAIM OR
DISPUTE AS A CLASS ACTION, EITHER AS A MEMBER OF A CLASS OR AS A REPRESENTATIVE, OR TO ACT AS A PRIVATE ATTORNEY GENERAL

IN WITNESS WHEREOF, the Authority and the Property Owner have caused this Agreement to be executed in their respective names by their duly authorized representatives, all as of the date first above written.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By:

Its:

ACKNOWLEDGED AND ACCEPTED BY:

GREENWORKS LENDING LLC

By:

Its:

The following are the authorized signatories of the Property Owner:

Name: By: Its:	Name: By: Its:

Name: By:□ Its:	Name: By:□ Its:

EXHIBIT A

□□□

EXHIBIT B

IMPROVEMENTS

IMPROVEMENT	AMOUNT
	$
TOTAL PROJECT AMOUNT TO BE FINANCED	$

EXHIBIT C

ASSESSMENT SCHEDULE

Tax Year	Principal (a)	Interest (b)	Administrative Expenses (c)*	Total (a) + (b) + (c)
2017 – 2018	$	$	$	$
2018 – 2019				
2019 – 2020				
2020 – 2021				
2021 – 2022				
2022 – 2023				
2023 – 2024				
2024 – 2025				
2025 – 2026				
2026 – 2027				
2027 – 2028				
2028 – 2029				
2029 – 2030				
2030 – 2031				
2031 – 2032				
2032 – 2033				
2033 – 2034				
2034 – 2035				
2035 – 2036				
2036 – 2037				
Total Assessment:	**0**		**Total Payment**	**0**

*Subject to increase pursuant to Section 3(f) of the Agreement.

[Attach notary pages]

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Appendix E

Assessment Contracts California HERO Program
ASSESSMENT CONTRACT (RESIDENTIAL)

This Assessment Contract (this "Contract") is made and entered into as of this 1st day of August, 2014, by and between the Western Riverside Council of Governments, a joint exercise of powers authority (the "Authority"), and the record owner(s), **Jonathon Smith**, (the "Property Owner"), of the fee title to the real property identified on Exhibit A (the "Property").

RECITALS

WHEREAS, the Authority is a joint exercise of powers authority the members of which include numerous cities and counties in the State of California; and

WHEREAS, the Authority has established the California HERO Program (the "HERO Program") to allow the financing of certain renewable energy, energy efficiency and water efficiency improvements and electric vehicle charging infrastructure that are permanently fixed to real property (the "Authorized Improvements") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the California Streets & Highways Code ("Chapter 29") and the issuance of improvement bonds under the Improvement Bond Act of 1915 (California Streets and Highways Code Sections 8500 and following) (the "1915 Act") upon the security of the unpaid contractual assessments; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner of each lot or parcel on which an assessment is levied at the time the assessment is levied pursuant to a contract between the property owner and the public agency; and

WHEREAS, the Authority has conducted the proceedings required by Chapter 29 with respect to the territory within the boundaries of the City or County identified in Exhibit A and which has elected to participate in the HERO Program (the "Participating Entity"); and

WHEREAS, the Property is located in the boundaries of the Participating Entity, and the Participating Entity has consented to (i) owners of property within its jurisdiction (the "Participating Property Owners") participating in the HERO Program and (ii) the Authority conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act to finance the Authorized Improvements; and

WHEREAS, pursuant to Chapter 29, the Authority and the Property Owner wish to enter into a contract pursuant to which the Property Owner would agree to pay an assessment in order to finance the installation on the Property of the Authorized Improvements described in **Exhibit A** (the "Improvements") and the Authority would agree to provide financing, all on the terms set forth in this Contract;

NOW, THEREFORE, in consideration of the foregoing and the material covenants hereinafter contained, the Property Owner and the Authority formally covenant, agree and bind themselves and their successors and assigns as follows:

AGREEMENT

Section 1. Purpose. The Property Owner and the Authority are entering into this Contract for the purpose of financing the installation of the Improvements identified on Exhibit A on the Property. The Authority will not finance installation of Improvements other than those listed on Exhibit A.

Section 2. The Property. This Contract relates to the real property identified on Exhibit A. The Property Owner has supplied to the Authority current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Contract on behalf of the Property Owner.

Section 3. Contract to Pay Assessment; Prepayment

Payment of Assessment. The Property Owner hereby freely and willingly agrees to pay the "Assessment," the amount of which shall be determined as provided in Section 3(b) below. The Authority will not provide financing in an amount in excess of the Assessment.

Except as otherwise set forth in this Contract, the Assessment will be paid in the installments set forth in Exhibit B.

Interest will accrue on the Assessment at the interest rate set forth on Exhibit B beginning on the date on which the Authority issues bonds to finance the installation of the Improvements.

The Assessment. The Assessment shall equal the total amount disbursed by the Authority to pay for (i) the Improvements identified on Exhibit A, plus (ii) all costs, fees and interest associated therewith as reflected on Exhibit B, which total amount is also known as the Actual Disbursement Amount (defined below). In no event, however, will the amount disbursed by the Authority exceed the Maximum Disbursement Amount set forth in Exhibit B.

Exhibit B sets forth an Estimated Disbursement Amount, which is based upon the price of the initially selected Improvements identified in Exhibit A, which in turn provides the basis for calculating the associated costs, fees and interest appearing on Exhibit B.

Upon receipt of the fully executed and final Completion Certificate (as described in The California Residential HERO Program Handbook, Version 1.2, dated October 2014, Section 7 referred to herein as the "Handbook") the Authority shall calculate and disburse payments to those entitled to receive them (the "Actual Disbursement Amount") hereunder. If at any time after executing this Contract but before the Authority pays the Actual Disbursement Amount, the Property Owner changes the Improvements to be installed from those originally appearing on Exhibit A, but (i) the Improvement categories and the Improvement types do not change from those originally selected, and (ii) the "Revised Estimated Disbursement Amount" (which means the amount anticipated to be the Actual Disbursement Amount based on the changed Improvements) is less than or equal to the Estimated Disbursement Amount, the parties do not need to execute the Addendum described in Section 4 below, and this Contract shall remain unmodified and the Assessment shall be calculated as described above in this Section 3(b). If, however, any such change meets the provisions of Section 4 below, then an Addendum will be required.

Administrative Expenses. The Property Owner hereby acknowledges and agrees that the Authority may add amounts to an annual installment of the Assessment in order to pay for the costs of collecting the Assessment (the "Additional Administrative Assessment").

Prepayment of the Assessment. The Assessment may be prepaid, in whole or in any amount of at least $2,500, at any time upon the payment of (i) the whole or a portion of the unpaid principal component of the Assessment, (ii) and interest on the Assessment Prepayment Amount to the earlier of March 2nd or September 2nd occurring at least 50 days following the date the prepayment is made.

Absolute Obligation. The Property Owner hereby agrees that the Assessment will not be subject to reduction, offset or credit of any kind in the event that the bond or bonds secured thereby are refunded or for any other reason.

Section 4. Addendum. The parties agree to execute an addendum to this Contract (the "Addendum") if at any time after executing this Contract but before the Actual Disbursement Amount is released for disbursement: (i) the Improvement categories or the Improvement types change from those appearing in Exhibit A; (ii) the Revised Estimated Disbursement Amount is greater than the Estimated Disbursement Amount but does not exceed the Maximum Disbursement Amount; or (iii) it becomes necessary to correct the name, capacity, title, party or clerical errors identified therein. In any such case, the Authority, or the HERO Program on behalf of the Authority, shall prepare an Addendum: (i) setting forth an accurate description of the Improvements installed; (ii) confirming that the Assessment does not exceed the Maximum Disbursement Amount; and (iii) as necessary, correcting the names, capacities, titles, parties and other clerical corrections appearing in the original documentation comprising this Contract. The Authority, or the HERO Program on behalf of the Authority, shall prepare and provide such Addendum to the Property Owner for review and signature. Once signed by the Property Owner, the Authority shall execute the Addendum, which shall become part of, and be incorporated into, this Contract as if it originally appeared therein.

Section 5. Collection of Assessment; Lien. The Assessment, the interest and penalties thereon as a result of a delinquency in the payment of any installment of the Assessment, and the Additional Administrative Assessment shall constitute a lien against the Property until they are paid and shall be collected and shall have the lien priority as set forth in Chapter 29.

The Property Owner acknowledges that if any Assessment installment is not paid when due, the Authority has the right to have such delinquent Assessment installment and its associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent installments, associated penalties and interest, and all costs of suit, including attorneys' fees. The Property Owner acknowledges that, if bonds are sold to finance the Improvements, the Authority may obligate itself, through a covenant with the owners of such bonds, to exercise its judicial foreclosure rights with respect to delinquent Assessment installments under circumstances specified in such covenant.

Section 6. Financing of the Improvements.

Contract to Finance Improvements. The Authority hereby agrees to use the Assessment, together with the Additional Administrative Assessment, to finance the Improvements, including the payment of the Authority's reasonable costs of administering the HERO Program, subject to the Property Owner's compliance with the conditions for such financing established by the Authority.

Assessment Installments. The Property Owner agrees to the issuance of bonds by the Authority to finance the installation of the Improvements. The interest rate used to calculate the Assessment installments set forth on Exhibit B is identified on Exhibit B. If the Authority determines in its reasonable discretion that the

Assessment installments may be reduced because the applicable interest rate on the bonds issued to finance installation of the Improvements is lower than the interest rate specified in Exhibit B, or if the cost of the Improvements, as shown in a final invoice provided to the Authority by the Property Owner, is less than the amount shown on Exhibit B, then, concurrently with the disbursement of funds to the Property Owner, the Authority may provide the Property Owner with a schedule of annual Assessment installments that provides for annual installments that are less than those set forth in the attached Exhibit B.

Section 7. Multiple Contractors and Improvements. Notwithstanding anything to the contrary in this Contract, if the Property Owner engages one or more contractors (each, a "Contractor," which term includes any designee thereof) to install more than one Improvement, the installation of which Improvements will not be completed simultaneously, the Property Owner and the Authority agree as follows:

Upon receipt of the initial Completion Certificate from a Contractor and the Property Owner (the "First Installation Completion Certificate") acknowledging installation of the first type or category of Improvements, then:

The "Investor" (which means any person or entity who has entered into an agreement with the Authority to purchase bonds under the Program) shall deposit the Actual Disbursement Amount with the municipal trustee for the Program;

The Authority shall cause bonds to be issued and sold to the Investor in the amount equal to the Actual Disbursement Amount deposited with such municipal trustee;

The Authority shall cause all instruments, documents and agreements described in Section 9 of this Contract to be recorded;

The Authority shall cause the amount reflected in the First Installation Completion Certificate to be disbursed to the Contractor who installed such Improvements; and

The Authority shall cause all administrative, recording and other fees described on line 6 of Exhibit B to be paid.

Upon receipt of a subsequent Completion Certificate from the Property Owner and the Contractor (each, a "Subsequent Installation(s) Completion Certificate") acknowledging installation of the subsequent types or categories of Improvements, the Authority shall cause the municipal trustee for the Program to disburse amount(s) reflected in each such Subsequent Installation Completion Certificate to the Contractor who installed such Improvements.

Upon receipt of the final Completion Certificate from the Contractor and the Property Owner (the "Final Installation Completion Certificate") acknowledging installation of the final types or categories of Improvements, then:

The Authority shall cause the amount reflected in such Final Installation Completion Certificate to be disbursed to the Contractor who installed such Improvements; provided, however, that:

If the remaining balance of the Actual Disbursement Amount the Investor has deposited with the municipal trustee exceeds the amount reflected in the Final Installation Completion Certificate, the Authority shall cause such excess to be applied, at the discretion of the Investor, (i) to the Property Owner's next assessment payment due under this Contract, or

(ii) to the reduction of the outstanding balance of the Assessment determined in accordance with Sections 3 and 4 of this Contract; or

If the remaining balance of the Actual Disbursement Amount the Investor has deposited with the municipal trustee is less than the amount reflected in the Final Installation Completion Certificate, the Property Owner shall be individually responsible for paying such difference to the applicable Contractor, and such payment shall be excluded from the Assessment under this Contract.

If for any reason any one or more of the categories or types of Improvements planned to be installed under this Section 7 is not installed by the expiration date reflected in the Notice to Proceed, then the Investor shall have the option to declare the financing of the Improvements complete, in which case the municipal trustee shall be notified to apply any remaining balance of the Actual Disbursement Amount held by such municipal trustee to reduce the Property Owner's outstanding Assessment.

Section 8. Term: Contract Runs with the Land: Subdivision.

Except as otherwise set forth in this Contract, this Contract shall expire upon the final payment or prepayment of the Assessment.

This Contract establishes rights and obligations that are for the benefit of the Property and, therefore, such rights and obligations run with the land pursuant to Civil Code Section 1462.

In the event the Property is subdivided while the Assessment remains unpaid, the Assessment will be assigned to the newly-created parcel on which the Improvements are located. If the Improvements no longer exist, the Assessment will be assigned to each of the newly-created parcels on a per-acre basis, unless the Authority, in its sole discretion, determines that the Assessment should be allocated in an alternate manner.

Section 9. Recordation of Documents. The Property Owner hereby authorizes and directs the Authority to cause to be recorded in the office of the County Recorder the various notices and other documents required by Chapter 29 and other applicable laws to be recorded against the Property.

Section 10. Notice. To the extent required by applicable law, the Property Owner hereby agrees to provide written notice to any subsequent purchaser of the Property, including any subdivision of the Property, of the obligation to pay the Assessment pursuant to this Contract.

Section 11. Waivers, Acknowledgment and Contract. Because this Contract reflects the Property Owner's free and willing consent to pay the Assessment following a noticed public hearing, the Property Owner hereby waives any otherwise applicable requirements of Article XIIID of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot.

The Property Owner hereby waives its right to repeal the Assessment by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment or any aspect of the proceedings of the Authority undertaken in connection with the HERO Program. The Property Owner hereby agrees that the Property Owner and its successors in interest to fee title in the Property shall be solely responsible for the installation, operation and maintenance of the Improvements. The Property Owner hereby acknowledges that the Property will be responsible for payment of the Assessment regardless of whether the Improvements are properly installed, operated or maintained as expected.

The Property Owner hereby agrees that the Authority is entering into this Contract solely for the purpose of assisting the Property Owner with the financing of the installation of the Improvements, and that the Authority and the Participating Entity have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing or maintenance of the Improvements. Based upon the foregoing, the Property Owner hereby waives the right to recover from and fully and irrevocably releases the Authority, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority and the Participating Entity from any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines,

forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), relating to the subject matter of this Contract that the Property Owner may now have or hereafter acquire against the Authority, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority or the Participating Entity.

To the extent that the foregoing waivers and agreements are subject to Section 1542 of the California Civil Code or similar provisions of other applicable law, it is the intention of the Property Owner that the foregoing waivers and agreements will be effective as a bar to any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), of whatever character, nature and kind, known or unknown, suspected or unsuspected, and Property Owner agrees to waive any and all rights and benefits conferred upon the Property Owner by the provisions of Section 1542 of the California Civil Code or similar provisions of applicable law. Section 1542 reads as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

By initialing below, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.

Jonathon Smith Initials:	_____	Initials:	_____
Initials:	_____	Initials:	_____

The waivers, releases and agreements set forth in this Section 11 shall survive termination of this Contract.

Section 12. Indemnification. The Property Owner agrees to indemnify, defend, protect, and hold harmless the Authority, the Participating Entity and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority or the Participating Entity, from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with (i) the Property Owner's participation in the HERO Program, (ii) the Assessment, (iii) the Improvements, or (iv) any other fact, circumstance or event related to the subject matter of this Contract, regardless of whether such losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees) accrue before or after the date of this Contract.

The provisions of this Section 12 shall survive the termination of this Contract.

Section 13. Right to Inspect Property. The Property Owner hereby grants the Authority, its agents and representatives the right to enter at any reasonable time, upon reasonable notice, to inspect the Improvements. The Property Owner further hereby grants the Authority, its agents and representatives the right to examine and copy any documentation relating to the Improvements.

Section 14. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the Authority.

Section 15. HERO Program Application. The Property Owner hereby represents and warrants to the Authority that the information set forth in the HERO Program Application submitted to the Authority in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in the HERO Program Application with respect to the Property and the Property Owner are true and correct as of the date hereof as if made on the date hereof.

Section 16. Amendment. Except as set forth in Section 3(b) or as provided for in Exhibit A pertaining to a fully executed and final Completion Certificate, this Contract may be modified only by an Addendum (as provided in Section 4) or other written agreement of the Authority and the Property Owner.

Section 17. Binding Effect; Assignment. This Contract inures to the benefit of and is binding upon the Authority, the Property Owner and their respective successors and assigns. The Authority has the right to assign any or all of its rights and obligations under this Contract without the consent of the Property Owner. The obligation to pay the Assessment set forth in this Contract is an obligation of the Property and no agreement or action of the Property Owner will be competent to impair in any way the Authority's rights, including, but not limited to, the right to pursue judicial foreclosure of the Assessment lien or the right to enforce the collection of the Assessment or any installment thereof against the Property.

Section 18. Exhibits. Exhibits A and B attached to this Contract are incorporated into this Contract by this reference as if set forth in their entirety in this Contract.

Section 19. Severability. If any provision of this Contract is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Contract.

Section 20. Corrective Instruments. The Authority and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required in order to carry out the expressed intention of this Contract.

Section 21. Governing Law: Venue. This Contract is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Contract must be instituted in the Superior Court of the County of Riverside, State of California; provided, however, actions to foreclose delinquent installments of the Assessment will be instituted in the Superior Court of the County of Los Angeles.

Section 22. Counterparts. This Contract may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 23. Monitoring and Recording of Telephone Calls. The HERO Program may monitor and/or record telephone calls for security and customer service purposes. By agreeing to this Assessment Contract the Property Owner agrees to have their telephone calls with the HERO Program monitored and/or recorded.

Section 24. Contract Documents. Property Owner understands and acknowledges that the entire agreement between Property Owner and SANBAG includes each and every document specified in the List of Documents contained in Exhibit B to this Contract (together, the “Contract Documents”).

By executing this Contract Property Owner acknowledges and agrees that:

Property Owner has had sufficient time to review and has reviewed each of the Contract Documents and has had the opportunity to ask any questions to WRCOG that the Property Owner may have regarding such Contract Documents.

Property Owner has reviewed, understands and agrees to each and every additional requirement and term contained in Appendix B to the HERO Residential Program Handbook (the "Handbook").

Property Owner has reviewed, understands, agrees to and affirms each and every representation and warranty contained in the Property Owner's application and the Handbook.

Prior to executing this Assessment Contract I have read and understand (a) the Property Owner's Acknowledgments and Disclosures contained in (a) the Application, (b) this Assessment Contract, (c) the Privacy Notice and (d) the Handbook.

Owner(s) must execute and return this Contract to WRCOG at the address set forth in the "Notice Information" section of Exhibit A hereto so that it is received by WRCOG not later than 08/11/2014. If the Property Owner fails to return the signed Assessment Contract to WRCOG by the indicated date the HERO Program reserves the right to require the Property Owner to enter into a new Contract. All signatures of the Property Owner must be notarized by a duly licensed notary unless the Property Owner has previously successfully completed the identity verification process approved by WRCOG.

IN WITNESS WHEREOF, the Authority and the Property Owner have caused this Contract to be executed in their respective names by their duly authorized representatives, all as of the Effective Date. The "Effective Date" is defined as the last date entered with the signatures of the parties below.

Owner 1:
Jonathon Smith, Signature Date: _____ **Identity Verification Code:** Month/Day/Year
WRCOG: Executive Director and/or his or her designee**:** _____ Name *(Please Print)* _____ _____ WRCOG Signature Date of Execution by WRCOG

EXHIBIT A

DESCRIPTION OF PROPERTY, DESCRIPTION OF THE PRODUCTS, AND NOTICE INFORMATION

Description of Property:

Property Owner Name(s):	Jonathon Smith
Property Address:	123 Oak St, Azusa, CA 91702
APN:	0000000000
Participating Entity:	City of Azusa
County:	Los Angeles

Description of Products:

The Products include the following:

PRODUCT #1	
Product Category Type:	**High-Efficiency HVAC - Central Air Conditioner**

Or similar energy efficient product which is allowed under the HERO Program Guide.

All terms set forth in the fully executed and final Completion Certificate shall supersede and take precedence over any term in this Exhibit A that conflicts with, is not covered by, or is otherwise contrary to, the terms set forth in such Completion Certificate, and such Completion Certificate shall become part of, and be incorporated into, this Exhibit A as if they originally appeared therein.

Notice Information:

Western Riverside Council of Governments
Attn: WRCOG HERO Program Manager

Jonathon Smith
123 Oak St
Azusa, CA 91702

EXHIBIT B

LIST OF CONTRACT DOCUMENTS, DISBURSEMENT, AND SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS, INCLUDING PRINCIPAL, INTEREST AND ANNUAL ASSESSMENT ADMINISTRATIVE FEE

List of Contract Documents:

The Contract shall consist of the following documents:

This Contract and the exhibits hereto;
Any Addendum entered into pursuant to Section 4 hereto;
The Application;
The Right to Cancel;
The Completion Certificate or, pursuant to Section 7, each applicable Completion Certificate;
The Assessment Cost and Payment Summary;
The Notice of Assessment;
The Payment of Contractual Assessment Required;
The California Residential HERO Program Handbook, Version 1.2, dated October 2014; and The HERO Program website located at https://www.heroprogram.com.

Disbursement Amounts:

The "Maximum Disbursement Amount" under this Contract is $., which means that WRCOG shall not disburse any amount that exceeds this figure.

The "Estimated Disbursement Amount" under this Contract is **$.**, which was based upon the Improvements and pricing set forth on the table below in this Exhibit B. The Estimated Disbursement Date is November 19, 2014, which date is used in the table below.

Schedule of Estimated Maximum Annual Assessment Installments:

The schedule of the estimated maximum Annual Assessment Installments is based on the following assumptions:

WRCOG disburses the Estimated Disbursement Amount to Owner.

Interest totaling a maximum of $. will accumulate until your first Payment. That amount will be added to Owner's Estimated Disbursement Amount.

WRCOG disburses to Owner on the Estimated Disbursement Date.

The Assessment Interest Rate is .%.

The Annual Percentage Rate (APR) of your assessment is .%. APR is the annual interest rate you will actually pay on your assessment, including fees required in order to participate in the HERO Program.

The total administrative fees, recording fees and annual assessment added to your assessment is $ ..

Tax Year (commencing July 1)	Interest	Principal	Total Assessment	Current Annual Administrative Assessment Fee****	Total Estimated Contractual Assessment Payment

2015 - 2016*					
2016 - 2017					
2017 - 2018					
2018 - 2019					
2019 - 2020					

*The Estimated Initial Tax Year shown on preceding schedule is based upon the Estimated Disbursement Date. The actual Initial Tax Year will be based upon the actual Disbursement Date.

**** Subject to change

FOLLOWING THE DISBURSEMENT OF THE ACTUAL DISBURSEMENT AMOUNT, THE HERO PROGRAM ADMINISTRATOR WILL ADJUST THE ASSESSMENT AND THE ESTIMATED MAXIMUM ANNUAL ASSESSMENT INSTALLMENTS, IF NECESSARY, TO REFLECT THE ACTUAL ASSESSMENT BASED UPON THE ACTUAL DISBURSEMENT AMOUNT, THE ACTUAL DATE OF DISBURSEMENT AND THE ACTUAL AMOUNT OF INTEREST DUE AND PAYABLE BEFORE THE FIRST PAYMENT ADDED TO THE ACTUAL DISBURSEMENT AMOUNT. THE ACTUAL AMOUNT OF THE ASSESSMENT AND SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS SHALL BE SPECIFIED IN THE "PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED" TO BE RECORDED BY WRCOG IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF LOS ANGELES.

Prepayment:

You have a right to pay off your assessment lien amount at any time in full, or in any amount of at least $2,500 pursuant to Section 3(d) of the Assessment Contract. However, if you do so, you will have to pay the principal amount of the assessment to be prepaid ("Assessment Prepayment Amount") and interest on the Assessment Prepayment Amount to the earlier of March 2nd or September 2nd occurring at least 50 days following the date the prepayment is made.

California HERO Program

ADDENDUM TO THE ASSESSMENT CONTRACT
Addendum No. 1

All terms set forth below in this Addendum (i) shall supersede and take precedence over any term in the Assessment Contract by and between the Western Riverside Council of Governments, a joint exercise of powers authority (the "Authority"), and **Jonathon Smith** entered into on the Effective Date (defined within the Assessment Contract) (the "Contract") that conflicts with, is not covered by, or is otherwise contrary to, the terms set forth herein and (ii) shall become part of, and be incorporated into, the Contract as if they originally appeared therein. For the avoidance of doubt, name, capacity, title, party and clerical corrections appearing below in this Addendum shall become part of, and be incorporated into, the Contract as if they originally appeared therein. For purposes of this Addendum,

"Exhibit A" and "Exhibit B" refer to Exhibits A and B within the Contract.

RECITALS:

WHEREAS, the Authority and Property Owner have executed the Contract to finance the Improvements installed at the Property; and

WHEREAS, (i) the Improvements, Improvement types, and/or Improvement categories appearing in Exhibit A differ from those appearing in this Addendum, and/or (ii) the Estimated Disbursement Amount appearing in this Addendum is greater than the Estimated Disbursement Amount originally listed in Exhibit B; and

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties hereto agree as follows:

Defined Terms. Capitalized terms used in this Addendum and not otherwise defined herein shall have the meanings given to them in the Contract.

Addendum.

The Improvements and Improvement Amounts appearing in this Addendum shall replace the Improvements listed in Exhibit A, and shall become part of, and incorporated into, Exhibit A as if they originally appeared herein.

The Revised Estimated Disbursement Amount listed in this Addendum shall replace the Estimated Disbursement Amount listed in Exhibit B, and shall become part of, and be incorporated into, Exhibit B as if it originally appeared therein.

The name, capacity, title, party and other clerical corrections (if any) appearing in the signature block of this Addendum shall supersede and take precedence over those originally appearing in the Contract and shall become part of, and be incorporated into, the Contract as if they originally appeared therein.

Miscellaneous. The existing Contract, as amended by the Addendum, remains in full force and effect. Any reference to the Contract from and after the date hereof shall be deemed to refer to the Contract as amended hereby.

Representations and Warranties.

Property Owner hereby represents and warrants that (i) the terms, conditions and information contained in this Addendum are true and correct, and (ii) the Property Owner affirmatively authorized installation of the Improvements identified herein and in the fully executed and final Completion Certificate.

Property Owner hereby confirms that (i) each of its representations, warranties and covenants set forth in the Contract, after giving effect to this Addendum are true and correct as of the date first written above with the same effect as though each has been made as of such date, and (ii) all terms and conditions of the Contract shall remain in full force and effect and the Property Owner hereby ratifies the obligations thereunder.

Estimated Disbursement Amount. The Revised Estimated Disbursement Amount under this Contract is **$,**, which is based upon the Improvements and pricing set forth in this Addendum. The Estimated Disbursement Date is November 19, 2014, which date is used in the table below.

Interest totaling a maximum of **$.** will accumulate until your first Payment. Total administrative fees, recording fees, and annual assessment fee added to your assessment is **$.**.

Property Owner Information:

Date:	**08/01/2014**
Property Owner:	**Jonathon Smith**
Property Address:	**123 Oak St, Azusa, CA 91702**
HERO ID:	**RLA12345N**
Application Date:	**08/01/2014**
Expiration Date:	**11/19/2015**

Summary:

Financing Term	Interest Rate	Annual Amount Added to Property Tax Bill
5 years	. %	$.

Description of Products:

PRODUCT #1	
Product Category Type:	**High-Efficiency HVAC - Central Air Conditioner**

Payment Schedule:

Tax Year (commencing July 1)	Interest	Principal	Total Assessment	Current Annual Administrative Assessment Fee****	Total Estimated Contractual Assessment Payment
2015 - 2016*					
2016 - 2017					
2017 - 2018					
2018 - 2019					
2019 - 2020					

*The Estimated Initial Tax Year shown on the preceding schedule is based upon the Estimated Disbursement Date. The actual Initial Tax Year will be based upon the actual Disbursement Date.

**** Subject to change

All signatures of the Property Owner must be notarized by a duly licensed notary unless the Property Owner has previously, immediately prior to executing this Addendum No. 1, successfully completed the identity verification process approved by the Authority.

Owner 1:

Jonathon Smith, Signature

Date: _____ **Identity Verification Code:** _____
Month/Day/Year

WRCOG: Executive Director and/or his or her designee**:**

Name *(Please Print)*

WRCOG Signature Date of Execution by WRCOG

CALIFORNIA HERO PROGRAM
ASSESSMENT CONTRACT
(Commercial Property)

This Assessment Contract ("Contract") is made and entered into as of the Effective Date (defined below) by and between the Western Riverside Council of Governments, California, ("Agent"), a joint exercise of

powers authority, and **[OWNER(S)]** ("Owner"), the record owner of fee title to the real property identified in the "Description of Property" section of Exhibit A attached hereto and incorporated herein by this reference (the "Property"). The "Effective Date" is defined as the last date entered with the signatures of the parties below.

RECITALS

The Western Riverside Council of Governments (Agent) is a joint exercise of powers authority the members of which include the County of Riverside (the "County") and numerous cities located in the County (each, a "Member Agency").

Agent has established the "California HERO Program" (the "Program") pursuant to Chapter 29 of Division 7 of the Streets & Highways Code of the State of California ("Chapter 29") to allow for the financing of certain renewable energy, energy efficiency and water efficiency and electric vehicle charging infrastructure improvement products that are permanently affixed to real property ("Eligible Products").

Pursuant to Chapter 29 and the Program, Agent may levy voluntary contractual assessments against developed properties in the jurisdictions of the Associate Members that have authorized Agent to implement and administer the Program within such Associate Members, with the free and willing consent of the owners of the properties on which such assessments are levied, to finance the acquisition and construction on and/or installation in the assessed properties of certain qualifying renewable energy, energy efficiency and/or water efficiency products or electric vehicle charging infrastructure. The purpose and method of administration of the assessments under the Program are described in the California HERO Program Report originally adopted by the Agent Board of Directors on June 3, 2013, as such report has been and may be amended from time to time (the "Program Report") prior to the Effective Date of this Contract.

The Property is located within the jurisdiction of the Associate Member set forth in the "Description of Property" section of Exhibit A hereto and such Associate Member has consented to (i) owners of property within its jurisdiction participating in the Program and (ii) Agent conducting the assessment proceedings under Chapter 29 and issuing bonds pursuant to the Program to finance Eligible Products.

Owner has submitted an application and funding request to participate in the Program (collectively, the "Application"). Agent has approved the Application pursuant to the requirements of the Report. The Application describes, among other things, the particular Eligible Products that have been acquired, constructed on and/or installed in the Property and are to be financed pursuant to the Program. In this Contract, such Eligible Products, together with their acquisition, construction and/or installation on the Property, are referred to as "the Products."

Owner will acquire and construct and/or install the Products on or in the Property or will cause the acquisition and construction and/or installation of the Products on or in the Property and Owner will obtain all necessary permits and/or inspections required pursuant to this Contract and the Program necessary to enable Agent to finance the Products.

Pursuant to Chapter 29 and the Program, Agent and Owner wish to enter into a contract pursuant to which Owner agrees to pay a voluntary contractual assessment in order to finance the Products including the acquisition, construction and/or installation of thereof and Agent agrees to providing financing for such purpose, all on the terms set forth in this Contract.

NOW THEREFORE, in consideration of the foregoing and the mutual material covenants contained herein and other valuable consideration, the receipt and adequacy of which is hereby acknowledged, Owner and Agent formally covenant and agree as follows:

CONTRACT

Purpose The Owner and Agent are entering into this Contract for the purpose of financing the acquisition, construction and/or installation of the Products identified in Exhibit A in or on the Property.

The Property This Contract relates to the Property identified in Exhibit A.

Contract Documents This Contract shall consist of the documents listed in Exhibit B attached hereto and incorporated herein by this reference.

All such documents shall be collectively referred to herein as the "Contract Documents." All of the declarations and warranties of Owner made in the Application are incorporated in this Contract as if fully set forth herein. Owner acknowledges that Owner has received copies of each of the Contract Documents.

OWNER AGREES AND UNDERSTANDS THAT OWNER MUST EXECUTE AND RETURN THIS CONTRACT SO THAT SUCH CONTRACT IS RECEIVED BY Agent OR ITS REPRESENTATIVE ON OR BEFORE THE DEADLINE DATE SET FORTH ON THE SIGNATURE PAGE HEREOF AND THAT ALL SIGNATURES MUST BE NOTARIZED BY A DULY LICENSED NOTARY PUBLIC.

Contract Term The term of this Contract shall be until the Assessment defined below and all accrued interest thereon, together with any applicable penalties, costs, fees, and other charges have been paid in full.

Assessment and Lien

Owner agrees that upon the execution of this Contract by the parties, the Property is subject to a voluntary contractual assessment levied against the Property pursuant to this Contract, Chapter 29 and other applicable law (the "Assessment") together with interest, and consents to levy of the Assessment on and recordation of a lien against the Property. Upon execution of this Contract, Agent will execute and cause to be recorded in the office of the County Recorder of the County within which the Property is located (the "County") (i) a notice of assessment (the "Notice of Assessment") as required pursuant to Chapter 29, together with a copy of this Contract and (ii) a Payment of Contractual Assessment Required as required pursuant to Chapter 29.

The execution of this Contract by the parties constitutes the levy of the Assessment by Agent against the Property without any further action required by the parties.

Upon recordation of the Notice of Assessment in the office of the County Recorder, the Assessment and each installment, together with any interest and penalties that become due on the Assessment, shall constitute a lien upon the Property until paid. Initially, as reflected in the Notice of Assessment, upon recordation of the Notice of Assessment, the Assessment shall be equal to the Disbursement Amount, as defined in Section 6 below.

Failure to pay any installment of the Assessment or any interest thereon, like failure to pay any property taxes pertaining to the Property, will result in penalties and interest accruing on the amounts due. In addition, under those circumstances, Agent has the right to judicially foreclose the lien of the Assessment, as set forth in paragraph 8(g) below.

□□□

Disbursement Amount Agent agrees to disburse monies to or on behalf of Owner pursuant to the terms of this Contract in the amount set forth in Exhibit B attached hereto and incorporated herein by this reference ("Disbursement Amount"). In the event the actual cost of the Products exceeds the Disbursement Amount, Owner shall be solely responsible for the payment of all such costs.

Special Benefit to Property Owner expressly acknowledges that the Products confer a special benefit to the Property in an amount at least equal to the Assessment.

Collection of Assessment and Annual Assessment Administrative Fee on Property Tax Bill; Other Remedies

The annual portion of the principal amount of the Assessment, together with the annual interest on the Assessment and the Annual Assessment Administrative Fee (defined in paragraph f) below) (collectively, the "Annual Assessment Installment"), due and payable each Tax Year (each such Tax Year being the period from July 1st through the following June 30th), shall be collected on the property tax bill pertaining to the Property. The Annual Assessment Installment coming due in any Tax Year shall be payable in the same manner and at the same time and in the same installments as the general taxes of the County on real property are payable, and the Annual Assessment Installments shall be payable and become delinquent at the same times and in the same proportionate amounts and shall bear the same penalties and interest after delinquency, and be subject to the same provisions for redemption and sale, as the general taxes on real property of the County.

Following disbursement of the Disbursement Amount to the Owner, the Annual Assessment Installments shall be placed on the tax roll each Tax Year, commencing with the Tax Year beginning immediately following the date of such disbursement (the "Disbursement Date"). The estimated initial Tax Year is set forth in Exhibit B attached and incorporated by this reference (the "Estimated Initial Tax Year").

The amount of interest accrued on the Assessment from the Disbursement Date through September 1st of the Initial Tax Year ("Capitalized Interest") has been included in the Disbursement Amount and is therefore included in the principal amount of the Assessment.

Interest shall accrue on the unpaid Assessment from the Disbursement Date at a simple interest rate fixed by Agent and set forth on Exhibit B attached hereto and incorporated herein by this reference. Interest shall be computed on the basis of a three hundred sixty (360) day year. If a court of competent jurisdiction determines the interest or other charges provided for herein in connection with the Assessment or the Annual Assessment Administrative Fee exceed the limits permitted by applicable law, then: (i) any such interest or charge shall be reduced by the amount necessary to reduce the interest or charge to such permitted limit; and (ii) any sums already collected which exceed such permitted limit will be refunded by Agent. Agent may make the refund by making a direct payment to Owner or by crediting the refund amount against the next installment or installments of the Assessment**.**

The Estimated Maximum Annual Assessment Installments that may be placed on the tax roll each Tax Year are set forth in Exhibit B. The amounts set forth on Exhibit B are based on the assumption that Agent disburses the Disbursement Amount to or on behalf of Owner on the Estimated Disbursement Date set forth in Exhibit B. Prior to the disbursement of the Disbursement Amount, Agent will adjust the Annual Assessment Installments to reflect the actual Assessment based upon the Disbursement Amount, the actual date of such disbursement and the actual amount of Capitalized Interest.

The lien of the Assessment shall be co-equal to and independent of the lien for general taxes, and, pursuant to Government Code Section 53936, not subject to extinguishment by the sale of the Property on account of the nonpayment of any taxes, and prior and superior to all liens, claims and encumbrances on or against the Property except (i) the lien for general taxes, special taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district or other local agency, (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the Assessment, (iii) easements constituting servitudes upon or burdens to the Property, (iv) water rights, the record title to which is held separately from the title to the Property, and (v) restrictions of record.

In addition to the Assessment, until the Assessment and the interest thereon is paid in full, Owner agrees that the Property is subject to an annual administrative fee to be included in the Annual Assessment Installment pursuant to this Contract, Chapter 29 and applicable law to pay costs incurred by Agent which result from the administration and collection of the Assessment and from the administration or registration of any associated bonds or other financing arrangement, as described in the Report, and from the administration of any reserve fund and other related funds (the "Annual Assessment Administrative Fee"). The maximum Annual Assessment Administrative Fee shall not exceed fifty dollars ($50.00) in Tax Year commencing on July 1, 2015 and shall thereafter be adjusted annually commencing on July 1 of each subsequent Tax Year for cost of living based on the U.S. Department of Labor, Bureau of Labor Statistics, and Consumer Price Index for all urban consumers for applicable to the County of Riverside. Agent shall annually determine the amount of the Annual Assessment Administrative Fee, not to exceed the maximum Annual Assessment Administrative Fee determined in accordance with the preceding sentence.

Owner acknowledges and understands that, no later than October 1 of each year, Agent will determine whether the Property is delinquent in the payment of any Assessment Installments and, if so, will notify Agent Counsel of any such delinquencies. Agent Counsel will commence, or cause to be commenced, judicial foreclosure proceedings against the Property, including collection actions preparatory to the filing of any complaint, but will file the complaint not later than December 1 of such year. Failure of such a complaint to be filed by such December 1 shall not, however, invalidate any judicial foreclosure proceedings commenced after such date.

Use of Proceeds Owner shall use the Disbursement Amount for the sole purpose of paying for the reasonable costs and expenses of the Products on the Property, for the Program fees, and capitalized interest.

Disbursement Procedures

Notwithstanding anything to the contrary contained herein, Agent shall have no obligation to disburse funds to Owner unless and until each of the following conditions is satisfied, or any such condition is expressly waived by Agent:

Owner has, as appropriate, executed and delivered to Agent the Contract Documents and such other documents or instruments pertaining to the Disbursement Amount or the Products as Agent may require.

As of the Disbursement Date, Agent shall have determined that the representations of Owner contained in the Contract Documents are true and correct, and no Default (as defined in Section 18 below) shall have occurred and be continuing.

No stop payment or mechanic's lien notice pertaining to the Products has been filed and remains in effect as of the Disbursement Date.

□□□

Owner will, within fifteen (15) days of presentation by Agent or the representative thereof, execute any and all documents or instruments required by the Contract Documents in connection with the disbursement of funds to Owner, other than this Contract, which must be executed by the date set forth on the Signature Page below.

Upon satisfaction or waiver of the conditions described in paragraph (a), above, Agent will disburse funds to or on behalf of the Owner.

Prepayment of Assessment Owner may prepay the remaining balance of the Assessment by paying the principal amount or a portion of the Assessment in increments of $5,000 owing on the Assessment, plus the applicable prepayment premium, if any, calculated on the principal amount of the Assessment to be prepaid, processing fee and accrued interest determined by Agent in accordance with this Contract and the Report, and the amount of any delinquent installments of principal of and interest on the Assessment, together with penalties accrued to the date of prepayment. The processing fee and schedule of prepayment premiums is set forth in Exhibit B hereto.

Interest on the Assessment shall accrue until the next available redemption date for any bond or bonds issued pursuant to a financing relationship contemplated by the Report and which bond or bonds are secured by the Assessment. Such redemption date shall not exceed 180 days from the date of prepayment of the Assessment. Owner shall notify Agent in writing of Owner's determination to prepay the Assessment at least ten (10) business days prior to the date Owner intends to prepay the Assessment.

Representations and Warranties of Owner Owner promises that each representation and warranty set forth below is true, accurate and complete as of the date of this Contract. By accepting the Disbursement Amount, Owner shall be deemed to have reaffirmed each and every representation and warranty made by Owner in this Contract and in the Application, as of the date of disbursement. If Owner is comprised of the trustees of a trust, the following representations shall also pertain to the trustor(s) of the trust.

Formation: If Owner is anything other than a natural person, it has complied with all laws and regulations concerning its organization, existence and the transaction of its business, and is in good standing in each state in which it conducts its business.

Authority: Owner is the owner of the Property and is authorized to execute, deliver and perform its obligations under the Contract Documents, and all other documents and instruments delivered by Owner to Agent in connection therewith. The Contract Documents have, if required, been duly executed and delivered by Owner and are valid and binding upon and enforceable against Owner in accordance with their terms, and no consent or approval of any third party, which has not been previously obtained by Owner, is required for Owner's execution thereof or the performance of its obligations contained therein.

Compliance with Law: Neither Owner nor the Property is in violation of, and the terms nor provisions of the Contract Documents conflict with, any regulation or ordinance, any order of any court or governmental entity, or any building restrictions or governmental requirements affecting the Property.

No Violation: The terms and provisions of the Contract Documents, the execution and delivery of the Contract Documents by Owner, and the performance by Owner of its obligations contained in the Contract, will not and do not conflict with or result in a breach of or a default under any of the terms or provisions of any other agreement, contract, covenant or security instrument by which Owner or the Property is bound.

Other Information: All reports, documents, instruments, information and forms of evidence which have been delivered to Agent related to Owner's application for the Program funding are accurate, correct and sufficiently complete to give Agent true and accurate knowledge of their subject matter.

Lawsuits: There are no lawsuits, tax claims, actions, proceedings, investigations or other disputes pending or threatened against Owner or the Property which may impair Owner's ability to perform its obligations hereunder, or which may impair Agent's ability to levy and collect the Assessment and Annual Assessment Installments.

No Event of Default: There is no event which is, or with notice or lapse of time or both would be, a Default under this Contract.

Accuracy of Declarations: The declarations of Owner contained in the Application are accurate, complete and true.

Owner's Covenants Owner promises:

Installation and Maintenance of Products: Owner shall cause its contractor(s) to install the Products, in a good and workmanlike manner and in accordance with sound construction and installation practices. Owner shall maintain the Products in good condition and repair.

Compliance with Law and Agreements: Owner shall complete all Products, or cause the Products to be completed, in conformity with all applicable laws, including all applicable federal, state, and local occupation, safety and health laws, rules, regulations, standards, and recorded instruments, covenants or agreements affecting the Property. Owner shall comply with and keep in effect all permits, licenses, and approvals required to complete installation of the Products.

Site Visits: Owner grants Agent, its agents and representatives the right to enter and visit the Property at any reasonable time, after giving reasonable notice to Owner, for the purposes of observing the Products. Agent will make reasonable efforts during any site visit to avoid interfering with Owner's use of the Property. Owner shall also allow Agent to examine and copy records and other documents of Owner which relate to the Products. Any site visit, observation or examination by Agent shall be solely for the purposes of protecting Agent's rights under the Contract Documents.

Protection Against Lien Claims: Owner shall promptly pay or otherwise discharge any claims and liens for labor done and materials and services furnished to the Property in connection with the Products. Owner shall have the right to contest in good faith any claim or lien, provided that it does so diligently and without delay in completing the Products.

Notice to Successors in Interest: Owner agrees to provide written notice to any subsequent purchaser of the Property that the Property is subject to a Program assessment lien, and to provide any subsequent purchaser a copy of this Contract.

Insurance: If the Disbursement Amount exceeds $50,000, Owner shall provide, maintain and keep in force at all times until the Products are completed, builder's all risk property damage insurance on the Property, with a policy limit equal to the amount of the Disbursement Amount.

Notices: Owner shall promptly notify Agent in writing of any Default under this Contract, or any event which, with notice or lapse of time or both, would constitute a Default hereunder.

Mechanic's Lien and Stop Notices In the event of the filing of a stop notice or the recording of a mechanic's lien pursuant to applicable law of the State of California and relating to the Products, Agent may summarily refuse to disburse any funds to Owner, and in the event Owner fails to furnish Agent a bond causing such notice or lien to be released within ten (10) days of notice from Agent to do so, such failure shall at the option of Agent constitute a Default under the terms of this Contract. Owner shall promptly deliver to Agent copies of all such notices or liens.

Owner Responsibility; Indemnification

Owner acknowledges that Agent has established the Program solely for the purpose of assisting the owners of property in the Agent subregion with the financing of the acquisition, construction, and installation of Eligible Products. The Program is a financing program only. Neither Agent, its officials, agents, employees, attorneys and representatives, are responsible for selection, management or supervision of the Products or of the Products' performance. Owner acknowledges and understands that any issues related to performance of the Products should be discussed with chosen contractors or installers, and the manufacturer or distributor of the Products.

To the extent permitted by law, Owner shall indemnify, defend, protect, and hold harmless Agent and any and all officials, agents, employees, attorneys and representatives of Agent, the purchasers of any bonds issued to finance the installation of the Products from and against all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorneys' fees) and any demands of any nature whatsoever related directly or indirectly to, or arising out of or in connection with, (i) the Contract Documents, (ii) disbursement of the Disbursement Amount, (iii) the Products, (iv) any breach or Default by Owner under the Contract Documents, (v) the levy and collection of the Assessment and the Annual Assessment Administrative Fee, (vi) the imposition of the lien of the Assessment, and (vii) any other fact, circumstance or event related to Agent's extension and payment of the Disbursement Amount to or on behalf of Owner or Owner's performance of its obligations under the Contract Documents (collectively, the "Liabilities"), regardless of whether such Liabilities shall accrue or are discovered before or after the Disbursement. If the Property is located in an incorporated area, this indemnity shall extend to officials, agents, employees, attorneys and representatives of the city in which the Property is located. If the Property is located in an unincorporated area, this indemnity shall extend to officials, agents, employees, attorneys and representatives of the County. This indemnity shall also extend to the purchasers of any bonds issued to finance the installation of the Products and such purchasers' officials, agents, employees, attorneys and representatives. Each of the parties to which the indemnifications provided for in this paragraph b) extend shall be referred to as the "Indemnified Parties."

The indemnity obligations described in this Section shall survive the disbursement of funds to Owner, the payment of the Assessment in full, the transfer or sale of the Property by Owner, and the termination of this Contract.

Waivers, including Waiver of Claims

Because this Contract reflects Owner's free and willing consent to enter into this Contract and to pay the Assessment and the Annual Administrative Assessment Fee, Owner hereby waives any otherwise applicable requirements for or right to the preparation of an engineer's report, notice of public hearing, public hearing, protest or opportunity to submit an assessment ballot in support of or in opposition to the Assessment pursuant to Article XIIID of the California Constitution, the Proposition 218 Omnibus

Implementation Act (commencing at California Government Code Section 53750) and any other provision of California law.

Owner agrees and acknowledges that the Assessment is not a "tax" as used in Section 1(e) of Article XIIIC of the California Constitution and that if such Assessment is a levy, charge, or exaction of any kind by Agent, it is a charge imposed for a specific benefit conferred or privilege granted to Owner that is not provided to those not charged, and which does not exceed the reasonable costs to Agent of conferring the benefit or granting the privilege to Owner. Owner further knowing and voluntarily waives any otherwise applicable requirements for or rights granted under Article XIIIA or XIIIC pertaining to the Assessment.

Owner hereby waives Owner's right to repeal or reduce the Assessment by initiative or any other action, or to file any lawsuit or other proceeding, at law or in equity, to challenge the validity of the Assessment or the proceedings of Agent, or any portion thereof, undertaken in connection with the establishment of the Program.

For and in consideration of Agent's execution and delivery of this Contract, Owner, for itself and for its successors-in-interest to the Property and for any one claiming by, through, or under Owner, hereby waives the right to recover from and fully and irrevocably releases the Indemnified Parties and each of them from any and all claims, obligations, liabilities, causes of action, or damages, including attorneys' fees and court costs, that Owner may now have or hereafter acquire against any of Indemnified Parties and accruing from or related to (i) the Contract Documents, (ii) the disbursement of the Disbursement Amount, (iii) the levy and collection of the Assessment and the Annual Assessment Administrative Fee, (iv) the imposition of the lien of the Assessment, (v) the issuance and sale of any bonds or other evidences of indebtedness, or other financial arrangements entered into by Agent pursuant to the Program, (vi) the performance of the Products, (vii) the Products, (viii) any damage to or diminution in value of the Property that may result from construction or installation of the Products, (ix) any personal injury or death that may result from the construction or installation of the Products, (x) the selection of manufacturer(s), dealer(s), supplier(s), contractor(s) and/or installer(s), and their action or inaction with respect to the Products, (xi) the merchantability and fitness for any particular purpose, use or application of the Products, (xii) the amount of energy savings resulting from the Products and the Products, (xiii) the workmanship of any third parties, and (xiv) any other matter with respect to the Program. This release includes claims, obligations, liabilities, causes of action, and damages of which Owner is not presently aware or which Owner does not suspect to exist which, if known by Owner, would materially affect Owner's release of the Indemnified Parties.

OWNER HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 ("SECTION 1542"), WHICH IS SET FORTH BELOW:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BY INITIALING BELOW, OWNER HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES. **Owner's Initials:**

The waivers and releases by Owner contained in this Section 16 shall survive the disbursement of the Disbursement Amount, the payment of the Assessment in full, the transfer or sale of the Property by Owner, and the termination of this Contract.

Further Assurances Owner shall execute any further documents or instruments consistent with the terms of this Contract, including documents and instruments in recordable form, as Agent shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Contract and disbursing funds to Owner.

Events of Default

Remedies with respect to the nonpayment of the Assessment or other amounts payable by Owner hereunder are governed by the provisions of Section 8 hereof and state law.

The failure of any of Owner's representations or warranties to be correct in all material respects, or the failure or delay by Owner to perform any of its obligations under the terms or provisions of the Contract Documents, other than with respect to the payment of the Assessment, the Annual Assessment Administrative Fee, or other amount payable by Owner shall constitute a non monetary default hereunder ("Default"). Owner must immediately commence to cure, correct, or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence, but in any event, within the time set forth in paragraph (c) below.

If a Default occurs, prior to exercising any remedies under the Contract Documents or Chapter 29, Agent shall give Owner notice of such Default. If the Default is reasonably capable of being cured within thirty (30) days, Owner shall have such period to effect a cure prior to exercise of remedies by Agent under the Contract Documents or Chapter 29. If the Default is such that it is reasonably capable of being cured, but not within such thirty (30) day period, and Owner (i) initiates corrective action within such thirty (30) day period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then Owner shall have such additional time as is reasonably necessary to cure the Default prior to exercise of any remedies by Agent. However, in no event shall Agent be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a Default, or if the Default is not cured within one hundred and twenty (120) days after the first notice of Default is given.

Subject to the provisions of paragraph (c), above, if any Default occurs Agent may exercise any or all of the rights and remedies available to it under applicable law, at equity, or as otherwise provided herein. Upon the election of Agent, if there has been no Disbursement, this Contract shall terminate and, except as otherwise expressly provided herein, the parties shall have no further obligations or rights hereunder.

Except as provided in Section 22, any and all costs and expenses incurred by Agent in pursuing its remedies hereunder shall be additional indebtedness of Owner to Agent.

Except as otherwise expressly stated in this Contract or as otherwise provided by applicable law, the rights and remedies of Agent are cumulative, and the exercise of one or more of such rights or remedies shall not preclude the exercise by Agent, at the same time or different times, of any other rights or remedies for the same Default or any other Default. No failure or delay by Agent in asserting any of its rights and remedies as to any Default shall operate as a waiver of any Default or of any such rights or

remedies, or deprive Agent of its rights to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

Performance of the covenants and conditions imposed upon Owner hereunder with respect to the commencement and completion of the Products shall be excused while and to the extent that, Owner, through no fault or negligence of its own, is prevented from complying therewith by war, riots, strikes, lockouts, action of the elements, accidents, or acts of God beyond the reasonable control of Owner; provided, however, that as soon as the cause or event preventing compliance is removed or ceases to exist the obligations shall be restored to full force and effect and Owner shall immediately resume installation of the Products.

Severability Each and every provision of this Contract is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Contract or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Contract, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Contract shall be valid and hall be enforced to the extent permitted by law.

Notices All notices and demands shall be given in writing by first class mail, postage prepaid, or by personal delivery (by recognized courier service or otherwise). Notices shall be considered given upon the earlier of (a) personal delivery or (b) two (2) business days following deposit in the United States mail, postage prepaid. Notices shall be addressed as provided in the "Notice Information" section of Exhibit A attached hereto and incorporated herein by this reference for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice.

Notwithstanding anything set forth above, after disbursement of the Disbursement Amount to Owner, all notices regarding the assessment shall be sent only as provided by state law.

Attorneys' Fees and Costs In the event that any action is instituted to enforce payment or performance under this Contract, the parties agree that the non-prevailing party shall be responsible for and shall pay all costs and all attorneys' fees incurred by the prevailing party in enforcing this Contract.

No Waiver No disbursement of the Disbursement Amount based upon inadequate or incorrect information shall constitute a waiver of the right of Agent to receive a refund thereof from Owner.

Governing Law This Contract shall be governed by the substantive law of the State of California, regardless of any law of conflicts to the contrary in any jurisdiction. Any legal action brought under this Contract must be instituted in the Superior Court of the County of Riverside, State of California.

Assignment by Agent Agent, at its option, may (i) assign any or all of its rights and obligations under this Contract, and (ii) pledge and assign its right to receive the Assessment and the Annual Assessment Administrative Fee, and any other payments due to Agent hereunder, without obtaining the consent of Owner.

Owner Assignment Prohibited In no event shall Owner assign or transfer any portion of this Contract or Owner's obligations under the Contract without the prior express written consent of Agent, which consent may be granted or withheld in the sole and absolute discretion of the Agent. Sale, transfer, or rental of the Property is not an assignment or transfer of this Contract.

Carbon Credits Owner agrees that any carbon credits or renewable energy credits attributable to the Products shall be owned by Agent (on behalf of the Program).

Entire Agreement; Counterparts; Amendment This Contract, together with the other Contract Documents, is the entire agreement between the parties. Any other agreement related to the Products, and any amendment to this Contract, must be signed in writing by both parties. If there is more than one "Owner," the obligations hereunder of all Owners shall be joint and several.

This Contract may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

Further Documents Agent and Owner agree that they shall sign, deliver and if appropriate record any additional documents necessary to effectuate the purposes of this Contract. Upon expiration or termination of this Contract, Agent and Owner agree to shall sign and record any document reasonably necessary to cancel this Contract from the public records as to the Property.

Special Termination Notwithstanding anything to the contrary contained herein, this Contract shall terminate and be of no further force or effect if Owner has submitted to Agent a notice of its decision to cancel this transaction on or prior to the date and time described in the Notice of Right to Cancel which was delivered to Owner upon its execution of this Contract.

No Third Party Beneficiary Rights This Contract is entered into for the sole benefit of Owner and Agent and, subject to the provisions of Sections 13, 14, 15, and 25, no other parties are intended to be direct or incidental beneficiaries of this Contract and no third party shall have any right in, under or to this Contract.

Contract Date The date on which Agent or its representative sends this Contract to the Owner or Owners for execution shall be referred to herein as the "Contract Date."

Recordation of Contract Agent may file this Contract for recordation with the County Recorder of the County either as a separate instrument or as a part of the Notice of Assessment within ten (10) days after the last day entered with the signatures below.

Owner(s) must execute and return this Contract to Agent at the address set forth in the "Notice Information" section of Exhibit A hereto so that it is received by Agent not later than _____, 20 . All signatures of the Owner(s) must be notarized by a duly licensed notary.

IN WITNESS WHEREOF, Owner and Agent have entered into this Contract as of the Effective Date.	
Owner 1:	**Owner 2:**
[OWNER 1 NAME]	[OWNER 2 NAME]
Owner 1 Name (Please Print)	*Owner 2 Name (Please Print)*
By:	By:
Owner 1 Signature (Must be Notarized)	*Owner 2 Signature (Must be Notarized)*
Date of Execution by Owner 1:	Date of Execution by Owner 2:

, 20		, 20	
Date	*Year*	*Date*	*Year*

Agent: Executive Director and/or his or her designee
Name (Please Print)
By:
Agent Signature (Must be Notarized)
Date of Execution by Agent:

EXHIBIT A

DESCRIPTION OF PROPERTY, DESCRIPTION OF THE PRODUCTS, AND NOTICE INFORMATION,

Description of Property:

Owner(s) Name(s):

Property Address:

APN:

Associate Member:

Legal Description:

Description of Products:

The Products include the following:

Notice Information:

EXHIBIT B
LIST OF CONTRACT DOCUMENTS, DISBURSEMENT, AND SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS, INCLUDING PRINCIPAL, INTEREST AND ANNUAL ASSESSMENT ADMINISTRATIVE FEE

List of Contract Documents:[1]

The Contract shall consist of the following documents:

This Contract and the exhibits hereto;

The Application;

The Funding Request;

The Assessment Cost and Payment Summary;

The Notice of Assessment;

The Payment of Contractual Assessment Required;

The California HERO Program Report and the Commercial HERO Program Handbook; and

California HERO Program website located at www.wrcog.cog.ca.us.

[1] The List of Contract Documents may vary depending upon the financing plan being used for a particular parcel. In any event the terms of the Assessment Contract entered into for a particular parcel will govern if there is any conflict between such Assessment Contract and Appendix C.

Disbursement:

The Maximum Disbursement Amount is $____. The Estimated Disbursement Date will be no later than $_____.

Schedule of Estimated Maximum Annual Assessment Installments:

The schedule of the estimated maximum Annual Assessment Installments is based upon the following assumptions:

Agent disburses the Maximum Disbursement Amount to Owner.

Accumulated costs of funds until Owner's first payment of $_____ will be added to Owner's Disbursement Amount.

WRCOG disburses to Owner on the Estimated Disbursement Date. If the actual disbursement occurs prior to July 1, 20_, the Initial Tax Year shall be 20_-20_. The Assessment Interest Rate is %.

The Annual Percentage Rate (APR) of Owner's assessment is _%. If the interest due before Owner's first payment of $_ was paid in cash at disbursement, Owner's APR would be _____%. APR is the Effective Cost of Credit in consumer loans and real estate loans expressed as a percentage interest rate. The APR is the interest rate the borrower actually pays, including fees required in order to participate in the Program.

The total administrative fees and recording fees added to Owner's assessment is $_____.

Tax Year (commencing July 1)	Interest	Principal	Total Principal and Interest	Current Annual Assessment Administrative Fee	Total Annual Assessment Installment
20_- 20 *					
20_- 20__					
20_- 20__					
20_- 20__					
20_- 20__					
20_- 20__					
20_- 20__					
20_- 20__					
20_- 20__					
20_- 20__					
20_- 20__					
20_- 20__					
20_- 20__					

20_ - 20__					
20_ - 20__					
20_ - 20__					
20_ - 20__					
20_ - 20__					
20_ - 20__					

*The Estimated Initial Tax Year shown on preceding schedule is based upon the Estimated Disbursement Date. The actual Initial Tax Year will be based upon the actual Disbursement Date. Please see Section 8 b) and d) of the Assessment Contract.

Prepayment Fee and Prepayment Premium Schedule:

Processing Fee: The fee for processing the prepayment of the Assessment in whole or in part shall be $_____ _.

Prepayment Premium: The prepayment premium applicable to the principal amount of the Assessment to be prepaid in whole or in part in increments of $5,000 pursuant to Section 11 of the Assessment Contract shall be determined based upon the next interest payment date on the bond issued for the Assessment occurring not less than 90 days after the date of the prepayment (the "Next Bond Interest Payment Date"). The prepayment premium shall be the percentage of the principal amount of the Assessment to be prepaid as follows:

Next Bond Interest Payment Date	Prepayment Premium
September 2,____or March 2,____	5%

Appendix F

NOTICE OF ASSESSMENT

RECORDING REQUESTED BY AND

WHEN RECORDED MAIL TO
Secretary to Executive Committee
Western Riverside Council of Governments
4080 Lemon Street, 3rd Floor. MS1032
Riverside, CA 92501-3609

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

(Recorded Pursuant to California Streets & Highways Code section 5898.32)

NOTICE OF ASSESSMENT

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS LIMITED OBLIGATION IMPROVEMENT BONDS (CALIFORNIA HERO PROGRAM)

The Executive Committee of the Western Riverside Council of Governments ("WRCOG"), County of Riverside, State of California, approved a report (the "Program Report") prepared by the Executive Director, in accordance with Section 5898.22 of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code ("Chapter 29"), established the WRCOG California HERO Program (the "Program") to be implemented as provided in the Program Report, confirmed that voluntary contractual assessments may be levied against parcels within the jurisdictions of the member agencies of WRCOG participating in the Program (the "Program Area") within the parameters of the Program Report to finance certain distributed generation renewable energy sources, energy or water efficiency improvements, or electrical vehicle charging infrastructure (the "Improvements").

Pursuant to the requirements of Sections 5898.32 of the Streets and Highways Code, the undersigned Secretary of the Executive Committee of WRCOG, at the direction of such Executive Committee, HEREBY GIVES NOTICE that pursuant to Chapter 29, the Resolution, and the Program Report, as initially approved and as amended to date, WRCOG and the record owner(s) (the "Record Owners") of the real property described on Exhibit "A" to this Notice, attached hereto and incorporated herein by reference (the "Property") have entered into an assessment contract with WRCOG (the "Assessment Contract"), a copy of which is contained in Exhibit "B" to this Notice, attached and incorporated herein by this reference. Pursuant to the Assessment Contract, WRCOG is making a disbursement in the principal amount of $ (the "Disbursement") to the Record Owners of the Property to finance the acquisition and installation and/or construction on the Property of the Improvements identified in the Assessment Contract. Pursuant to the Assessment Contract, the Record Owners agree that the Property is subject to an assessment levied against the Property pursuant to Chapter 29 in the principal amount of the Disbursement, as provided in the Assessment Contract, together with fees and interest thereon, for a total Assessment in the amount of $ (the "Assessment") as set forth in the payment schedule on Exhibit "B" to the Assessment Contract. In addition, so long as the Assessment is unpaid, the Record Owners agree that the Property is subject to an annual administrative assessment levied against the Property to pay costs of WRCOG which result from the administration and collection of the Assessment and from the administration or registration of any associated bonds or other financing arrangement, as described in the Program Report, and

from the administration of any reserve fund and other related funds (the "Annual Administrative Assessment"). The Annual Administrative Assessment shall not exceed the amount authorized pursuant to the HERO Residential Program Handbook.

NOTICE IS FURTHER GIVEN that upon the recording of this notice in the office of the County Recorder, the Assessment shall become a lien upon the Property. In addition, the Annual Administrative Assessment shall become a lien upon the Property at the same time as property taxes upon the Property become a lien each year.

Dated:

Western Riverside Council of Governments
Program Administrator

By: _____
Authorized Officer

EXHIBIT "A"

IDENTIFICATION OF PROPERTY OWNERS AND PROPERTY DESCRIPTION

Owner(s) Names:

Address:

APN(s):

County:

Legal Description:

Appendix G PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED

RECORDING REQUESTED BY &
WHEN RECORDED RETURN TO:

Western Riverside Council of Governments

3390 University Avenue, Suite 450 Riverside,
CA 92501

File No: [redacted]

PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED

Pursuant to the requirements of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, as amended, commencing with Section 5898.10 (the "Act"), including without limitation Section 5898.24(d) of the Act, and in furtherance of Section 1102.6b of the California Civil Code, Western Riverside Council of Governments ("WRCOG") hereby provides notice of the levy and collection by WRCOG of a contractual assessment under the California HERO Program
(the "Program"), established and authorized pursuant to the Act. Pursuant to the Act and the
Program, WRCOG and the current owner(s) described below (the "Owners") of the real property (the "Property") described herein have entered into that certain assessment contract entitled, "Assessment Contract," dated as of [redacted], 20_, by and between WRCOG and the Owners (the "Assessment Contract"). Pursuant to the Assessment Contract and the Act, the Owners have requested and voluntarily agreed to WRCOG's imposition of a contractual assessment against the Property (the "Contractual Assessment"), which is generally collected by the County of [redacted], on behalf of WRCOG, through the consolidated property tax bill.

Current Owner(s): [redacted].

Legal Description of Property and Assessor's Parcel Number: See Exhibit "A" attached hereto.
Annual Amount of Contractual Assessment: See Exhibit "B" attached hereto.

Expiration of the Contractual Assessment: The date upon which the Contractual Assessment and all accrued interest thereon, together with any applicable penalties, costs, fees and other charges, have been paid

Purpose for Which Funds Will Be Used: The funds from the Contractual Assessment to be paid to WRCOG or its designee and shall finance the acquisition and construction and/or installation on the Property of the renewable energy system(s), energy efficiency and/or water efficiency improvement(s) which are permanently affixed to the Property and identified in the Assessment Contract (the "Work").

Contact Information: More information regarding the Contractual Assessment may be obtained by contacting WRCOG at 3390 University Avenue, Suite 450 Riverside, CA 92501, tel: (951) 405-6700.

Dated: [redacted], 20 Program
Administrator

[redacted]

SCHEDULE OF ASSESSMENT INSTALLMENTS, INTEREST THEREON, AND THE MAXIMUM ADMINISTRATIVE

Tax Year	Interest	Principal	Total Loan Payment	Maximum Annual Administrative Assessment Expense	Total Maximum Contractual Assessment
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

Appendix H

RECORDING REQUESTED BY AND

WHEN RECORDED MAIL T

Secretary to Executive Committee
Western Riverside Council of
Government
3390 University Avenue, Suite 450
Riverside, CA 9250

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

(This is a voluntary contractual assessment lien pursuant to Streets & Highways Code §5868.31 and recorded pursuant to Sts. & Hy. Code §5898.32 and is not subject to recorder fees per Gov't Code §27387)

NOTICE OF ASSESSMENT
AND
PAYMENT OF CONTRACTUAL ASSESSMENT REQUIRED

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS LIMITED OBLIGATION IMPROVEMENT BONDS (CALIFORNIA HERO PROGRAM)

Pursuant to the requirements of Chapter 29 of Part 3 of Division 7 of the California Streets and Highways Code, as amended, commencing with Section 5898.10 (the "Act"), including without limitation Sections 5898.24(d) and 5898.32 of the Act, and in furtherance of Section 1102.6b of the California Civil Code, Western Riverside Council of Governments ("WRCOG"), County of Riverside, State of California, hereby provides notice of the levy and collection by WRCOG of a contractual assessment under the WRCOG California HERO Program (the "Program"), established and authorized pursuant to the Act.

The Executive Committee of the WRCOG approved a report (the "Program Report") prepared by the Executive Director, in accordance with Section 5898.22 of the Act, established the Program to be implemented as provided in the Program Report, confirmed that voluntary contractual assessments may be levied against parcels within the jurisdictions of the member agencies of WRCOG participating in the Program (the "Program Area") within the parameters of the Program Report to finance certain distributed generation renewable energy sources, energy or water efficiency improvements, or electrical vehicle charging infrastructure (the "Improvements").

Pursuant to the requirements of Sections 5898.24(d) and 5898.32 of the Streets and Highways Code, the undersigned Secretary of the Executive Committee of WRCOG, at the direction of such Executive Committee, HEREBY GIVES NOTICE that pursuant to Chapter 29, the Resolution, and the Program Report, as initially approved and as amended to date, that:

1. **Record Owners and Legal Description of Property.** WRCOG and **John Smith,** the record owner(s) (the "Record Owners") of the real property described on Exhibit "A" to this Notice, attached hereto and incorporated herein by reference (the "Property") have entered into an assessment contract with WRCOG (the "Assessment Contract"), a copy of which is

contained in Exhibit "C" to this Notice, attached and incorporated herein by this reference. Pursuant to the Assessment Contract and the Act, the R ec or d Owners have requested and voluntarily agreed to WRCOG's imposition of a contractual assessment against the Property (the

"Contractual Assessment"), which is generally collected by the County of , on behalf of

WRCOG, through the consolidated property tax bill.

2. **Purpose for Which Funds Will Be Used.** The funds from the Contractual Assessment will finance the acquisition and construction and/or installation on the Property of the renewable energy system(s), energy efficiency and/or water efficiency improvement(s) that are permanently affixed to the Property and identified in the Assessment Contract.

3. **Total and Annual Amount of Contractual Assessment.** Pursuant to the Assessment Contract, WRCOG is making a disbursement in the principal amount of $. (the

"Disbursement") to the Record Owners of the Property to finance the acquisition and installation and/or construction on the Property of the Improvements identified in the Assessment Contract. Pursuant to the Assessment Contract, the Record Owners agree that the Property is subject to an assessment levied against the Property pursuant to Chapter 29 in the principal amount of the Disbursement, as provided in the Assessment Contract, together with fees and capitalized interest thereon, for a total Contractual Assessment in the amount of $. as set forth in the payment schedule on Exhibit "B" attached hereto.

4. **Expiration of the Contractual Assessment.** So long as the Assessment is unpaid, the Record Owners agree that the Property is subject to an annual administrative assessment levied against the Property to pay costs of WRCOG which result from the administration and collection of the Assessment and from the administration or registration of any associated bonds or other financing arrangement, as described in the Program Report, and from the administration of any reserve fund and other related funds (the "Annual Administrative Assessment"). The Annual Administrative Assessment shall not exceed the amount authorized pursuant to the HERO Residential Program Handbook.

NOTICE IS FURTHER GIVEN that upon the recording of this notice in the office of the County Recorder, the Assessment shall become a lien upon the Property. In addition, the Annual Administrative Assessment shall become a lien upon the Property at the same time as property taxes upon the Property become a lien each year.

The specific contact information for WRCOG and more information regarding the Contractual Assessment may be obtained from the Program Manager at 3390 University Avenue, Suite 450 Riverside, CA 92501 (address), tel: (951)405-6700.

Date of Assessment:
10/17/2014

Western Riverside Council of Governments Program Administrator

By: _____

Authorized Officer

EXHIBIT “A”

IDENTIFICATION OF PROPERTY OWNERS AND PROPERTY DESCRIPTION

Record Owner(s) Names: John
Smith

Address: 4141 Capital St, San Diego, CA 92115

APN(s): 123123124

County: San Diego

Legal Description:

THE FOLLOWING DESCRIBED REAL PROPERTY IN THE CITY OF SAN DIEGO, COUNTYOF SAN DIEGO, STATE OF CALIFORNIA:LOT 77, PARK VISTA UNIT NO. 2, IN THE COUNTY OF SAN DIEGO, STATE OFCALIFORNIA, ACCORDING TO MAP THEREOF NO. 2900, FILED IN THE OFFICE OFTHE COUNTY RECORDER OF SAID SAN DIEGO COUNTY, AUGUST 20, 1952.

EXHIBIT "B" THE ANNUAL ASSESSMENT ADMINISTRATIVE FEE
SCHEDULE OF ANNUAL ASSESSMENT INSTALLMENTS, INCLUDING PRINCIPAL, INTEREST AND

Tax Year	Principal	Interest	Current Annual Total Principal Administrative Assessment Assessment and Interest Fee** Installment	Total Annual
2015-2016				
2016-2017				
2017-2018				
2018-2019				
2019-2020				
2020-2021				
2021-2022				
2022-2023				
2023-2024				
2024-2025				

EXHIBIT “C”
ASSESSMENT CONTRACT

Agreement to Pay Assessment and Finance Improvements

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
WRCOG PACE PROGRAM AND CALIFORNIA PACE PROGRAM
(Twain Commercial PACE Program)

Agreement to Pay Assessment and Finance Improvements

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
WRCOG PACE PROGRAM AND CALIFORNIA PACE PROGRAM
(Twain Commercial PACE Program)

This AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS (this "**Agreement**") is made and entered into as of this [ ] day of [ ], 2018, (the "**Effective Date**") by and between the Western Riverside Council of Governments, a joint exercise of powers authority (the "**Authority**"), and [ ], the record owner(s) (the "**Property Owner**") of the fee title to the real property identified on Exhibit A (the "**Property**") and is acknowledged and accepted by Twain Financial Partners Holding, LLC ("**Twain**" or the "**PACE Program Administrator**"), in its role as the Program Administrator.

RECITALS

WHEREAS, the Authority is a joint exercise of powers authority the members of which include numerous cities and counties in the State of California; and

WHEREAS, the Authority has established the Energy Efficiency and Water Conservation Program for Western Riverside County (the "WRCOG Program") and the California HERO Program (the "**California Program**," collectively, with the WRCOG Program, "**Program**") to allow the financing of certain distributed generation renewable energy sources, energy and water efficiency improvements, electric vehicle charging infrastructure and seismic improvements (the "**Authorized Improvements**") through the levy of contractual assessments pursuant to Chapter 29 of Division 7 of the Streets & Highways Code ("**Chapter 29**") and the issuance of improvement bonds ("**Improvement Bonds**") under the Improvement Bond Act of 1915 (Streets and Highways Code Sections 8500 and following) (the "**1915 Act**") upon the security of the unpaid contractual assessments; and

WHEREAS, the purpose and method of administration of the assessments under the Program are described in the WRCOG Program Report dated June 7, 2010, as such report has been and may be amended from time to time and the California Program Report originally dated June 3, 2013, as such report has been and maybe amended from time to time (collectively, the "**Program Report**") prior to the Effective Date of this Agreement; and

WHEREAS, the Authority executed an Administration Agreement with Twain to provide program administrative services to owners of commercial properties participating in the Twain Commercial PACE Program (the "**Twain Program**"), including but not limited to reviewing and approving application materials for proposed projects subject to compliance with the Program Report (a proposed project so approved, an "**Approved Project**"), processing all disbursement requests, including accepting disbursement request forms, reviewing submitted forms and attachments, and providing for the disbursement of funds for the Authorized Improvements; and

WHEREAS, Chapter 29 provides that assessments may be levied under its provisions only with the free and willing consent of the owner(s) of each lot or parcel on which an assessment is levied at the time the assessment is levied pursuant to a contract between the property owner and the public agency; and

WHEREAS, Chapter 29 provides that assessments levied under Chapter 29 and the interest and any penalties thereon constitute a lien against the lots and parcels of land on which

they are made, until they are paid, and Section 53935 of the California Government Code provides that the lien of assessments levied under Chapter 29 is (i) coequal to and independent of the lien for general taxes and, except as provided in Government Code Section 53936, not subject to extinguishment by the sale of the property on account of the nonpayment of any taxes, and (ii) prior and superior to all liens, claims and encumbrances except (a) the lien for general taxes or ad valorem assessments in the nature of and collected as taxes levied by the state or any county, city, special district or other local agency; (b) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the assessment levied under Chapter 29; (c) easements constituting servitudes upon or burdens to the applicable parcel; (d) water rights, the record title to which is held separately from the title to the applicable parcel; and (e) restrictions of record; and

WHEREAS, the Authority has conducted the proceedings required by Chapter 29 with respect to the territory within the boundaries of the City of [ ], California (the "**City**"); and

WHEREAS, the Property is located in the boundaries of the City and the City has consented to (i) owners of property within its jurisdiction (the "**Participating Property Owners**") participating in the Program and (ii) the Authority conducting assessment proceedings under Chapter 29 and issuing bonds under the 1915 Act to finance the Authorized Improvements; and

WHEREAS, the Property Owner has submitted application materials including a description of the Authorized Improvements that will be acquired, constructed on and/or installed on the Property and are to be financed pursuant to the Twain Program and Twain has determined it is an Approved Project; and

WHEREAS, pursuant to Chapter 29, the Authority and the Property Owner wish to enter into a contract pursuant to which the Property Owner would agree to pay an assessment in order to finance the installation on the Property of the Authorized Improvements described in Exhibit B (the "**Improvements**") and the Authority would agree to provide financing, all on the terms set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the material covenants hereinafter contained, the Property Owner and the Authority formally covenant, agree and bind themselves and their successors and assigns as follows:

AGREEMENT

Section 1. Purpose. The Property Owner and the Authority are entering into this Agreement for the purpose of financing the installation of the Improvements identified on Exhibit B on the Property.

Section 2. The Property. This Agreement relates to the real property identified in Exhibit A. The Property Owner has supplied to the Authority current evidence of its ownership of fee title to the Property and possesses all legal authority necessary to execute this Agreement as or on behalf of the Property Owner.

Section 3. Assessment and Lien.

(a) Pursuant to the terms of this Agreement, the Authority shall disburse funds, or cause funds to be disbursed, to or on behalf of the Property Owner in an amount equal to the total principal amount set forth on Exhibit C (the "**Financed Amount**"), of which $[ ]

shall be for the actual cost of the design, approval, acquisition, construction, financing, and/or installation of the Improvements, (the "**Project Cost**"), and of which $[ ] shall be for Authority and PACE Program Administrator fees and expenses ("**Financing Expenses**"). If the actual cost of the Improvements exceeds the Project Cost, the Property Owner shall be solely responsible for the payment of such excess costs.

(b) Interest shall accrue on the Financed Amount from the Effective Date at [_____(%)] per annum until all outstanding obligations are paid in full. Interest shall be computed for the actual number of days which have elapsed, on the basis of a 360-day year and applied to the actual number of days elapsed until the first Delinquent After Date (as specified in Exhibit C) occurs and thereafter between subsequent Delinquent After Dates regardless of when each Assessment Installment (as defined herein) is paid. Property Owner acknowledges and agrees that the calculation of interest on the basis described in the immediately preceding sentence may result in the accrual and payment of interest in amounts greater than those which would be payable if interest were calculated on the basis of a three hundred sixty-five (365) day year.

(c) The Property Owner agrees that upon the execution of this Agreement by the parties, the Property is subject to a voluntary contractual assessment levied against the Property pursuant to this Agreement, Chapter 29 and other applicable law in an amount equal to the Financed Amount plus any administration fees, accrued interest and penalties thereon and any Non-Completion Assessment, if applicable (the "**Assessment**"). Upon execution of this Agreement, the Authority will execute and cause to be recorded in the office of the County Recorder of the County within which the Property is located (the "**County**") a notice of assessment and payment of contractual assessment required (collectively, the "**Notice of Assessment**") as required pursuant to Chapter 29, together with a copy of this Agreement. The recordation of the Notice of Assessment will create a lien against the Property.

(d) The execution of this Agreement by the parties constitutes the levy of the Assessment by the Authority against the Property without any further action required by the parties.

(e) The Property Owner hereby promises to pay the Assessment for a period of [_____] years annually, in two installments (each such installment, an "**Assessment Installment**"), as permitted by the County tax collector, together with any Annual Assessment Administrative Fees as defined in paragraph (f) below, on the due dates set forth in Exhibit C hereto (the "**Assessment Schedule**"). The Property Owner agrees to pay each Assessment Installment by its due date in order to avoid delinquencies and related penalties.

(f) The Property Owner hereby freely and willingly agrees to pay an additional assessment (the "**Non-Completion Assessment**") in the event that the Property Owner fails to install the Improvements in compliance with the Twain Program rules or the Program rules, or the Property Owner otherwise fails to meet the financing conditions established by the Authority. The Non-Completion Assessment shall include, to the extent such costs are not otherwise paid by the Property Owner, (i) all costs of redeeming the Improvement Bonds from the unused proceeds of the Improvement Bonds, including but not limited to any portion of the prepayment premium that is not paid from the unused proceeds and (ii) all of the Authority's costs related to the release of the lien of the Assessment on the Property. The Property Owner acknowledges that the Non-Completion Assessment will be levied in full by the Authority as set forth in Section 5898.30 of Chapter 29 in the first fiscal year in which the

Authority is able to cause the Non-Completion Assessment to be placed on the County property tax roll.

(g) The Property Owner hereby acknowledges that, pursuant to the 1915 Act, including Sections 8682(b) and 8682.1(a), the Authority may add amounts to an Assessment Installment each year in order to pay for the costs of collecting and administering the Assessment (the "**Annual Assessment Administrative Fees**"). The maximum Annual Assessment Administrative Fee shall not exceed $500.00 in the tax year commencing on July 1, 2019. The Annual Assessment Administrative Fee shall thereafter be adjusted annually commencing on July 1 of each subsequent tax year for cost of living based on the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all urban consumers applicable to the West Census Region or comparable index. The PACE Program Administrator shall annually determine the amount of the Annual Assessment Administrative Fee, not to exceed the maximum Annual Assessment Administrative Fee determined in accordance with the preceding sentence.

(h) The Assessment shall constitute a lien upon the Property until paid. Failure to pay any Assessment Installment, like failure to pay any property taxes pertaining to the Property, will result in penalties and interest accruing on the amounts due. In addition, under those circumstances, the Authority has the right to judicially foreclose the lien of the Assessment, as set forth in paragraph 4(d) below.

Section 4. Collection of Assessment; Other Remedies.

(a) The Assessment Installments shall be collected on the property tax bill pertaining to the Property. The Assessment Installments shall be payable in the same manner and at the same time as the general taxes of the County on real property are payable, and shall be payable and become delinquent at the same times and shall bear the same penalties and interest after delinquency, and be subject to the same provisions for redemption and sale, as the general taxes on real property of the County.

(b) The Assessment Installments shall commence on the due dates set forth in the Assessment Schedule (Exhibit C).

(c) The lien of the Assessment (the "Assessment Lien") shall be co-equal to and independent of the lien for general taxes, and, pursuant to Government Code Section 53936, not subject to extinguishment by the sale of the Property on account of the nonpayment of any taxes, and prior and superior to all liens, claims and encumbrances on or against the Property except: (i) the lien for general taxes, special taxes or ad valorem assessments in the nature of and collected as taxes levied by the State of California or any county, city, special district or other local agency; (ii) the lien of any special assessment or assessments the lien date of which is prior in time to the lien date of the Assessment; (iii) easements constituting servitudes upon or burdens the Property; (iv) water rights, the record title to which is held separately from the title to the Property; and (v) restrictions of record.

(d) The Property Owner acknowledges that if any Assessment Installment is not paid when due, the Authority has the right to have the delinquent Assessment Installment and its associated penalties and interest stripped off the secured property tax roll and immediately enforced through a judicial foreclosure action that could result in a sale of the Property for the payment of the delinquent Assessment Installments, associated penalties and interest, and all costs of such action, including attorneys' fees. The Property Owner

acknowledges that, if bonds are sold to finance the Improvements, the Authority may obligate itself, through a covenant with the owners of such bonds, to exercise its foreclosure rights with respect to delinquent Assessment Installments under specified circumstances. Additionally, if no action is taken by the Authority and the Property Owner remains delinquent on the payment of any Assessment Installment for a period of five (5) years, the County in which the Property is located may commence foreclosure proceedings.

Section 5. Financing of the Improvements; Installation of the Improvements.

(a) The Authority hereby approves the disbursement of funds against the Financed Amount subject to the provisions of this Section. The funds will be disbursed by the Trustee on behalf of the Authority, pursuant to the terms of this Agreement and applied by Property Owner to pay for the Improvements.

(b) Notwithstanding anything to the contrary contained herein, the PACE Program Administrator's obligation to disburse any of the Project Cost to Property Owner or their contractor ("**Contractor**") shall be subject to satisfaction of the following conditions precedent, in the PACE Program Administrator's sole discretion, unless the PACE Program Administrator receives an executed Disbursement Agreement, as set forth in Exhibit D hereof.

Section 6. Prepayment of the Assessment.

The outstanding principal balance of the Financed Amount may be prepaid, in whole or in any amount of at least $5,000, at any time upon the payment of (i) the whole or a portion of the outstanding balance of the Financed Amount, (b) the accrued but unpaid interest on the outstanding balance of the Financed Amount through the prepayment date or through the redemption date of Improvement Bonds issued to finance the Assessment, as applicable, and (c) a premium in an amount equal to a percentage of the amount of the principal to be prepaid as calculated pursuant to the schedule of prepayment premiums set forth in Exhibit F hereto. In addition, prepayment costs may also include any applicable recorder's fees, trustee fees, and other related charges incurred by the Authority in connection with the processing of the prepayment.

Section 7. Term; Agreement Runs with the Land; Subdivision.

(a) Except as otherwise set forth in this Agreement, this Agreement shall expire upon the final payment or prepayment of the Assessment. Following such expiration, the Authority shall cause to be executed, delivered and/or recorded such instruments as are necessary in order to release the lien of the Assessment.

(b) This Agreement establishes rights and obligations that are for the benefit of the Property and, therefore, such rights and obligations run with the land pursuant to Civil Code Section 1462.

(c) Property Owner shall not, without the express written consent of the Authority and the PACE Program Administrator, in their sole discretion, by act or omission impair the integrity of the Property as a single, separate, subdivided and zoned lot (as applicable) separate and apart from all other property, if any, owned by Property Owner. Property Owner hereby acknowledges that, in the event a subdivision of the Property is approved by the Authority and PACE Program Administrator while the Assessment remains unpaid, the Assessment will be assigned to each of the newly created parcels on a per acre

basis unless the Authority, at the direction of the owners of a majority of any Improvement Bonds outstanding, determines that the Assessment should be allocated in an alternate manner so as to best assure repayment of the Assessment. Notwithstanding the foregoing, for the portion of the Property identified as Parcel S on Exhibit H attached hereto (the "Subdivision Parcel") no written consent of the Authority and the PACE Program Administrator shall be required so long as the Property Owner provides notice of the proposed subdivision, within five days of approval of the subdivision, to the Authority and the PACE Program Administrator in a form substantially similar to the one attached as Exhibit I.

Section 8. Recordation of Documents. The Property Owner hereby authorizes and directs the Authority to cause to be recorded in the office of the County Recorder the various notices and other documents required by Chapter 29 and other applicable laws to be recorded against the Property.

Section 9. Representations and Warranties of Property Owner. Property Owner represents and warrants to the Authority and PACE Program Administrator as follows, which representations and warranties shall be true and correct as of the date of this Agreement and at all times thereafter until the Assessment has been repaid in full:

(a) Corporate Existence; Qualification. Property Owner is duly organized, validly existing and in good standing in the state of its organization and with authority to do business under the laws of the State of California.

(b) Authorization; Enforceable Obligations.

(i) Property Owner has all necessary power and authority to own the Property and to conduct its business and enter into the transactions contemplated hereby. Property Owner has the right to enter into and perform this Agreement and all other documents executed in connection therewith have been duly authorized, executed and delivered and constitute valid and binding obligations of Property Owner, each enforceable in accordance with its respective terms.

(ii) No consent or authorization of, filing with, notice to or other act by or in respect of any governmental authority (Federal, State or Local) or any other person is required to be obtained by the Property Owner in connection with (1) the financing hereunder, (2) the execution, delivery, validity or enforceability of this Agreement or any related documents, or (3) the performance of this Agreement, except, in each case, for routine consents, authorizations, filings and notices required to be made in the ordinary course of business.

(iii) The Property Owner has secured all necessary approvals or consents required with respect to this transaction by any mortgagor, creditor, or other party having any financial interest in the Property Owner or the Property.

(c) No Legal Bar. The execution, delivery and performance of this Agreement or any related documents by the Property Owner, the financing hereunder and the use of the proceeds thereof will not violate any applicable law, the Property Owner's organizational documents or any material agreement of the Property Owner.

(d) Financial Statements. All financial statements delivered to the Authority and the PACE Program Administrator are true and correct, have been prepared in accordance with generally accepted accounting principles (or such alternate accounting method acceptable

to the Authority) consistently applied, fairly represent the financial condition of Property Owner as of the date thereof, and no material adverse change has occurred in the financial condition presented therein since such date.

(e) No Litigation. There are no actions, suits, claims or proceedings pending, or to the knowledge of Property Owner threatened, against or affecting it or the Property which could materially adversely affect Property Owner, its financial condition, any of its properties (including the Property), or the construction of the Improvements or which may impair Property Owner's ability to satisfy its obligations under this Agreement.

(f) Title. Property Owner has good, marketable and insurable title to the Property subject only to real property taxes, pari passu assessment liens of record, and the permitted encumbrances approved by the Authority and the PACE Program Administrator and set forth in Exhibit E attached hereto ("Permitted Encumbrances").

(g) Compliance with Laws. Property Owner has complied with, and will continue to comply with, all applicable statutes, regulations and ordinances in connection with the Property and construction of the Improvements. All permits, consents, approvals and authorizations required to be issued by any governmental body (collectively, the "Permits") necessary for (a) the installation and construction of the Improvements in accordance with the plans and specifications submitted by Property Owner; (b) the construction, connection and operation of all utilities necessary to service the Improvements; and (c) the construction and use of all roadways, driveways, curb cuts and other vehicular or other access to and egress from the Property, either (i) have been obtained, are valid, are in full force and effect and have been complied with by the Property Owner in all respects; or (ii) will be obtained, will be valid, will be in full force and effect prior to the initiation of construction, and Property Owner will be in compliance therewith in all respects prior to the PACE Program Administrator's disbursing any of the funds. Construction and installation of the Improvements will comply with applicable zoning, use, building or other applicable codes, laws, regulations and ordinances and any restrictive covenants affecting the Property.

(h) Marijuana and Environmental Matters. Property Owner does not and will not engage (nor will it allow any tenants of the Property to engage) in operations that involve the growth, testing, production or distribution of marijuana, nor the generation, manufacture, refining, transportation, treatment, storage or handling of hazardous materials or hazardous wastes, pursuant to applicable state law, or any other federal, state or local environmental laws or regulations, and, to the best of Property Owner's knowledge, after due inquiry, neither the Property nor any other of its buildings thereon has been so used previously, except as previously disclosed in writing to and approved by the Authority and the PACE Program Administrator. There are no underground storage tanks located on the Property. There is no present and to the best of Property Owner's knowledge there has been no past, non-compliance with environmental laws, or with permits issued pursuant thereto, in connection with the Property, which has not been fully remediated in accordance with environmental laws.

(i) No Default. No Default (as defined herein) has occurred hereunder, and no event has or shall have occurred and be continuing, which, with the lapse of time or the giving of notice, or both, would constitute a Default. No foreclosure action is currently threatened or has been commenced with respect to the Property. Property Owner is not currently in default on any mortgage or deed of trust loan(s) secured by the Property.

(j) No Misrepresentation or Material Nondisclosure. Property Owner has not made and will not make to the Authority or to the PACE Program Administrator, in this Agreement or otherwise, any untrue statement of a material fact, nor has it omitted and nor will it omit to state a material fact necessary to make any statement made not misleading. All information provided by Property Owner to the Authority or to the PACE Program Administrator in writing or in electronic form is complete, true and correct in all material respects.

(k) Approval of Plans and Budgets. The plans and specifications submitted by the Property Owner to the Authority and the PACE Program Administrator and approved thereby (the **"Plans"**) will be a true and accurate reflection of the Improvements (when completed) and have been approved as required by all governmental bodies or agencies having jurisdiction or will be approved prior to the first disbursement request. The budget for construction of the Improvements (the "**Budget**") submitted by the Property Owner to the Authority and the PACE Program Administrator is an accurate current estimate of all costs necessary to construct the Improvements in accordance with the Plans and the cost of construction of the Improvements on any portion thereof is not expected to exceed the cost therefor set forth in the Budget.

(l) Commercial Purpose. Property Owner will use the proceeds from the disbursements of funds for the Improvements only for the purposes specified in the Recitals to this Agreement. The primary purpose of the funds disbursed pursuant to this Agreement is for a commercial and business purpose, and said funds will not be used primarily for personal, family or household purposes.

(m) Improvements. The proposed Improvements are consistent with the purpose of the Program.

(n) Incorporation of Representations and Warranties. The request by Property Owner for a disbursement shall constitute a certification by Property Owner that the representations and warranties contained herein are true and correct as of the date of such request.

(o) Insolvency Event. No Insolvency Event shall have occurred or shall be continuing with respect to the Property Owner. Property Owner is not aware of any circumstances or conditions with respect to the Property Owner, its properties, the Improvements, the Property, the Assessment or any Assessment Lien that could reasonably be expected to materially and adversely affect any of the Property Owner, its properties, the Improvements, the Property, the Assessment or any Assessment Lien. For purposes hereunder, "**Insolvency Event**" shall mean the Property Owner has (i) consented to the appointment of a conservator or receiver or liquidator in any insolvency, bankruptcy, readjustment of debt, marshalling of assets and liabilities or similar proceeding or of relating to the Property Owner or relating to all or substantially all of such Property Owner's property, (ii) failed to pay its debts as they become due and such failure has not been cured within thirty (30) days of the event; (iii) admitted in writing its inability to pay its debts as they become due, (iv) filed a petition to take advantage of any applicable insolvency or reorganization statute, (v) made an assignment for the benefit of its creditors, (vi) had filed against it a petition for involuntary bankruptcy or some other involuntary insolvency proceeding which is not dismissed within thirty (30) days, or (vii) or voluntarily suspended payment of its obligations.

(p) Fraud. No fraud, error, omission, misrepresentation, negligence or similar occurrence with respect to the Property or Improvements has taken place on the part of the

Property Owner or any other person, including, without limitation, to the best of Property Owner's knowledge, any appraiser, title company, closing or settlement agent, realtor, builder or developer or any other party involved in the Property or Improvements, that would impair in any way the rights of the Authority in the Property or Improvements or that violated applicable law.

(q) No Damage/Condemnation. The Property is undamaged by waste, vandalism, fire, hurricane, earthquake or earth movement, windstorm, flood, tornado or other casualty adversely affecting the value of a Property or the use for which the Property was intended and the Property is in substantially the same condition it was at the time the most recent appraisal was obtained. There is no proceeding pending or, to the knowledge of the Property Owner, threatened for the total or partial condemnation of the Property.

(r) Legally Occupied. With respect to the Property lawfully occupied as of the date hereof, all inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Property and, with respect to the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities.

Section 10. Covenants Of Property Owner.

The Property Owner covenants and agrees as follows:

(a) Completion and Maintenance of the Improvements. The Property Owner shall commence construction of the Improvements and shall diligently proceed with construction in accordance with the approved Plans and Budget in a good, substantial and workmanlike manner in accordance with all applicable laws, ordinances, codes, rules and regulations. Construction of the Improvements shall be completed on or prior to the completion date set forth in the Construction Contract. If, in the Authority's opinion, after thirty (30) days' written notice to Property Owner, the construction is not proceeding with reasonable dispatch, the Authority may (i) request that Property Owner remove and replace the general contractor with a general contractor acceptable to the Authority, the failure of which by Property Owner shall be a default under this Agreement, (ii) utilize funds and continue construction of the Improvements and such funds shall be considered disbursements of the Financed Amount, or (iii) deny any disbursements of the Financed Amount until such time as the construction resumes proceeding with reasonable dispatch.

(b) Changes to Construction Contract. There shall be no material revision to the Construction Contract, Plans or Budget without the prior written approval of the Authority and the PACE Program Administrator, whose consent shall not be unreasonably withheld. If the cost of construction of the Improvements or any portion thereof exceeds the cost therefor set forth in the approved Budget, the Property Owner shall immediately deposit with the Authority the deficiency between such budgeted cost and the actual cost.

(c) Payment of the Financing. The Property Owner shall pay punctually the Assessment Installments on this Agreement on each due date according to its terms and conditions and shall pay punctually any other amounts that may become due and payable to the Authority under or pursuant to the terms of this Agreement, regardless of whether or not the Assessment Installments appear on the Property Owner's property tax bill.

(d) Payment of All Charges. The Property Owner shall pay when due all taxes, assessments, water charges, sewer charges, liens for taxes past due with respect to the

Property, carrier's, warehousemen's, mechanics', materialmen's, repairmen's or other liens and all other charges levied on or against the Property, and upon written request, submit to the Authority evidence of such payments.

(e) Compliance with Law and Agreements. In commencing and completing the Improvements, Property Owner shall comply with all existing laws, regulations, orders, building restrictions and requirements of, and all agreements with and commitments to, all governmental, judicial and legal authorities having jurisdiction over the Property or the Improvements and which are applicable to the Improvements, and with all recorded instruments, agreements, and covenants and restrictions affecting the Property.

(f) Permits, Licenses and Approvals. Property Owner shall properly obtain, comply with and keep in effect all permits, licenses and approvals which are required to be obtained from any governmental authority in order to commence and complete the Improvements. Property Owner, upon the request of the Authority or the PACE Program Administrator, shall deliver within fifteen (15) days, copies of all such permits, licenses and approvals to the Authority or the PACE Program Administrator.

(g) Site Visits. Property Owner grants the Authority and the PACE Program Administrator, their agents and representatives the right to enter and visit the Property at any reasonable time, after giving reasonable notice to Property Owner, for the purposes of observing the Improvements. The Authority and the PACE Program Administrator, their agents and representatives will make reasonable efforts during any site visit to avoid interfering with Property Owner's use of the Property. Property Owner shall also allow Authority or the PACE Program Administrator to examine and copy records and other documents of Property Owner which relate to the Improvements. The Authority and the PACE Program Administrator are under no duty to visit the Property, or observe any aspects of the Improvements, or examine any records, and the Authority and the PACE Program Administrator shall not incur any obligation or liability by reason of not making any such visit or examination. Any site visit, observation or examination by the Authority or the PACE Program Administrator shall be solely for the purposes of protecting the PACE Program Administrator and the Authority's rights under the Agreement.

(h) Protection against Lien Claims. The Property Owner shall promptly pay and discharge all claims for labor performed and material and services furnished in connection with construction of the Improvements, and take all other steps necessary to prevent the assertion of claims or liens either against the Property or the Improvements, other than (i) the claims and lien provided herein, (ii) all liens, encumbrances and other matters expressly set forth in Exhibit E, (iii) liens, if any, for taxes imposed by any governmental authority not yet due or delinquent, and (iv) such other title and survey exceptions as the PACE Program Administrator has approved or may approve in writing in the PACE Program Administrator's sole discretion.

(i) Notice of Claims; Adverse Matters. Property Owner shall promptly notify the Authority and the PACE Program Administrator in writing of any potential Insolvency Event and all pending or threatened litigation or other matters that may materially and adversely affect the Property or Property Owner's ability to meet its obligations under this Agreement or otherwise with respect to the Improvements.

(j) Damage or Destruction. Property Owner shall promptly notify the Authority and the PACE Program Administrator if the Property is damaged or destroyed by fire,

casualty, injury or any other cause (each such occurrence, a "Casualty"). The PACE Program Administrator shall have no obligation to make additional disbursements upon the occurrence of a Casualty. Upon the occurrence of such Casualty, the insurance proceeds will be applied to repayment of the total outstanding principal due and owing under this Agreement plus any applicable fees, unless the Authority and the PACE Program Administrator agree in their commercially reasonable discretion to the application of the insurance proceeds to the restoration of the Improvements. In the event restoration of the Improvements is permitted, Property Owner shall immediately proceed with the restoration thereof in accordance with the Construction Contract and Plans. If, in the Authority and PACE Program Administrator's commercially reasonable judgment, said insurance proceeds are insufficient to complete the restoration, Property Owner shall deposit with the PACE Program Administrator an amount necessary, in the Authority and PACE Program Administrator's sole judgment, to complete the restoration in accordance with the Plans and Construction Contract.

(k) Notice of Default. Property Owner shall notify in writing the Authority and the PACE Program Administrator within fifteen (15) days of any Default under this Agreement, or any event which, with notice or lapse of time or both, would constitute a Default hereunder.

(l) Changes to Ownership. Property Owner shall, prior to completing construction of the Improvements, preserve and keep in full force and effect its existence and retain title to the Property. After completion of the Improvements, Property Owner shall not transfer ownership of the Property without (a) prior written notice to the Authority and the PACE Program Administrator, and (b) execution by the purchaser of the Property of an assignment of this Agreement in the form of Exhibit G.

(m) Insurance. Property Owner shall maintain in force, and provide evidence thereof when requested by the Authority and the PACE Program Administrator, the insurance required by Section 9(k) of this Agreement throughout the term of the Assessment.

(n) Condemnation. If the Improvements or the Property or any part thereof are taken temporarily or permanently by any governmental authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of the Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting the Property or any part thereof (a "**Condemnation**"), or are subject to an imminent threat of Condemnation, the PACE Program Administrator's obligation to make further disbursements hereunder shall immediately terminate unless, in the Authority and the PACE Program Administrator's sole judgment, the Property and the Improvements can be replaced and restored in a manner which will enable the Improvements to be functionally and economically utilized and occupied as originally intended. If the Authority and the PACE Program Administrator so decide that the Improvements can be so restored, then the rights and obligations of the PACE Program Administrator, the Authority and the Property Owner subsequent to a taking by Condemnation or imminent threat thereof and the disbursement of any Condemnation proceeds actually paid to the Authority and undisbursed funds hereunder, shall be the same as described in the Section 10(j) hereof with regard to insurance proceeds.

(o) Indemnification.

(i) Without limitation of any other obligation or liability of the Property Owner or any right or remedy of the Authority contained herein, the Property Owner agrees to indemnify, defend, protect and hold harmless the Authority and PACE Program Administrator,

as well as each of the respective directors, officers, employees, agents, subsidiaries and affiliates, and the successors and assigns of the foregoing (each, a "Person"), from and against all damages, losses, settlement payments, obligations, liabilities, claims, suits, penalties, fines, assessments, citations, directives, demands, judgments, actions or causes of action, whether statutorily created or under the common law, including all costs and expenses (including, without limitation, reasonable fees and disbursements of attorneys, engineers and consultants) and all other liabilities whatsoever (including, without limitation, liabilities under any applicable environmental laws, regulations or rules) which shall at any time or times be incurred, suffered, sustained or required to be paid by any such indemnified Person (except any of the foregoing to the extent it results from the gross negligence or willful misconduct of the indemnified Person) (collectively, the "Indemnified Amounts") on account of or in relation to or in any way in connection with (i) any of the arrangements or transactions contemplated by, associated with or ancillary to this Agreement, or any other documents executed or delivered in connection herewith or therewith, all as the same as may be amended from time to time, or any action taken or omitted to be taken by any Person in connection with or under any of the foregoing, whether or not all or part of the transactions contemplated by, associated with or ancillary to this Agreement or any such other documents are ultimately consummated, (ii) any violation or alleged violation of, non-compliance with or liability under any requirements of law or regulation, (iii) ownership of, liens on, security interests in or the exercise of rights or remedies under any of the items referred to in the preceding clause (i), (iv) any taxes attributable to the execution, delivery, filing or recording of any this Agreement, or any other documents executed or delivered in connection herewith or therewith or any memorandum of any of the foregoing, (v) any lien or claim arising on or against the Property under any requirements of law or any liability asserted against any Person with respect thereto, (vi) (1) a past, present or future violation or alleged violation of any environmental laws in connection with the Property by any person or other source, whether related or unrelated to Property Owner, (2) any presence of any hazardous, toxic or harmful substances, materials, wastes, pollutants or contaminants defined as such in or regulated under any environmental law ("Materials of Environmental Concern") in, on, within, above, under, near, affecting or emanating from the Property, (3) the failure to timely perform any investigation, inspection, site monitoring, containment, clean–up, removal, response, corrective action, mitigation, restoration or other remedial work of any kind or nature because of, or in connection with, the current or future presence, suspected presence, Release (defined below) or threatened Release in or about the air, soil, ground water, surface water or soil vapor at, on, about, under or within all or any portion of the Property of any Materials of Environmental Concern, including any action to comply with any applicable environmental laws or directives of any governmental authority with regard to any environmental Laws, (4) any past, present or future activity by any person or other source, whether related or unrelated to Property Owner in connection with any actual, proposed or threatened use, treatment, storage, holding, existence, disposition or other release, generation, production, manufacturing, processing, refining, control, management, abatement, removal, handling, transfer or transportation to or from the Property of any Materials of Environmental Concern at any time located in, under, on, above or affecting the Property, (5) any past, present or future actual generation, treatment, use, storage, transportation, manufacture, refinement, handling, production, removal, remediation, disposal, presence or migration of Materials of Environmental Concern on, about, under or within all or any portion of the Property (a "Release") (whether intentional or unintentional, direct or indirect, foreseeable or unforeseeable) to, from, on, within, in, under, near or affecting the Property by any person or other source, whether related or unrelated to Property Owner , (6) the imposition, recording or filing or the threatened imposition, recording or filing of any lien on the Property with regard to, or as a result of, any Materials of Environmental Concern or pursuant to any environmental law, or (7) any misrepresentation or failure to perform any obligations pursuant this Agreement, or any other documents executed or delivered in

connection herewith or therewith to environmental matters in any way, or (vii) Property Owner's conduct, activities, actions and/or inactions in connection with, relating to or arising out of any of the foregoing clauses of this Section 10(o), that, in each case, results from any conduct, act or failure to act by the Property Owner or its affiliates or related parties or the use or intended use of the proceeds of any disbursements made pursuant to this Agreement. To the extent that the undertaking to indemnify and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Property Owner shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all liabilities set forth in the preceding sentence incurred by any Person. In the case of an investigation, litigation or other proceeding to which the indemnification in this Section 10.(o) applies, such indemnification shall be effective whether or not such investigation, litigation or proceeding is brought by Property Owner, a Person or any other person or any Person is otherwise a party thereto and whether or not any transactions contemplated by this Agreement are entered into. In any investigation, proceeding or litigation, or the preparation therefor, the Authority shall select its own counsel and, in addition to the foregoing indemnity, the Property Owner agrees to pay promptly the reasonable fees and expenses of such counsel. In the event of the commencement of any such proceeding or litigation, the Property Owner shall be entitled to participate in such proceeding or litigation with counsel of its choice at its own expense, provided that such counsel shall be reasonably satisfactory to the Authority. This section shall survive the execution, delivery, performance and repayment of this Agreement, and the extinguishment of any Assessment Lien.

(ii) If for any reason the indemnification provided in this Section 10.(o) is unavailable to any Person or is insufficient to hold a Person harmless, even though such Person is entitled to indemnification under the express terms thereof, the Property Owner shall contribute to the amount paid or payable by such Person as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative benefits received by such Person on the one hand and Property Owner on the other hand, the relative fault of such Person, and any other relevant equitable considerations.

(iii) A Person may at any time send Property Owner a notice showing in reasonable detail the basis for and calculation of Indemnified Amounts, and Property Owner shall pay such Indemnified Amounts to such Indemnified Person within fifteen (15) days after Property Owner receives such notice. The obligations of Property Owner under this Section 10(o) shall apply to assignees and survive the termination of this Agreement.

(iv) Neither the Authority nor the PACE Program Administrator shall have any liability to the Property Owner or any other person on account of (i) the Property Owner engaging a contractor from the list of contractors submitted by the Authority or the PACE Program Administrator to the Property Owner, (ii) the services performed by the Contractor, or (iii) any neglect or failure on the part of the Contractor to perform or properly perform its services. Neither the Authority nor the PACE Program Administrator assumes any obligation of the Property Owner concerning Contractor, the quality of construction of the Improvements or the absence therefrom of defects. The authorization by the Authority of a disbursement shall not constitute the Authority's approval or acceptance of the construction theretofore completed. The Authority's inspection and approval of the Budget, the construction work, the Improvements comprising the Improvements, or the workmanship and materials used therein, shall impose no liability of any kind on the Authority, the sole obligation of the Authority as the result of such inspection and approval being to authorize the disbursements if, and to the extent, required by this Agreement. Any disbursement authorized by the Authority without the Authority having received each of the items to which it is entitled under this Agreement shall not constitute

breach or modification of this Agreement, nor shall any written amendment to this Agreement be required as a result thereof.

(p) Financial Statements. No later than 120 days after the end of each fiscal year of the Property Owner, the Property Owner shall provide copies of its annual financial statements to the Program Administrator.

Section 11. Waivers, Acknowledgment and Agreement. Because this Agreement reflects the Property Owner's free and willing consent to pay the Assessment following a noticed public hearing, the Property Owner hereby waives any otherwise applicable requirements of Article XIIID of the California Constitution or any other provision of California law for an engineer's report, notice, public hearing, protest or ballot.

The Property Owner hereby waives its right to repeal the Assessment by initiative or any other action, or to file any lawsuit or other proceeding to challenge the Assessment or any aspect of the proceedings of the Authority undertaken in connection with the Program. The Property Owner hereby agrees that the Property Owner and its successors in interest to fee title in the Property shall be solely responsible for the installation, operation and maintenance of the Improvements. The Property Owner hereby acknowledges that the Property Owner will be responsible for payment of the Assessment regardless of whether the Improvements are properly installed, operated, maintained or perform as expected.

The Property Owner hereby agrees that the Authority is entering into this Agreement solely for the purpose of assisting the Property Owner with the financing of the installation of the Improvements, and that the Authority, the City and the PACE Program Administrator have no responsibility of any kind for, and shall have no liability arising out of, the installation, operation, financing, refinancing, maintenance or performance of the Improvements. Based upon the foregoing, the Property Owner hereby waives the right to recover from and fully and irrevocably releases the Authority, the City, the PACE Program Administrator and any and all agents, employees, program administrators, attorneys, representatives and successors and assigns of the Authority. the City and the PACE Program Administrator from any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), relating to the subject matter of this Agreement that the Property Owner may now have or hereafter acquire against the Authority, the City, the PACE Program Administrator and any and all agents, employees, attorneys, representatives and successors and assigns of the Authority, the City or the PACE Program Administrator.

To the extent that the foregoing waivers and agreements are subject to Section 1542 of the California Civil Code or similar provisions of other applicable law, it is the intention of the Property Owner that the foregoing waivers and agreements will be effective as a bar to any and all losses, liabilities, claims, damages (including consequential damages), penalties, fines, forfeitures, costs and expenses (including all reasonable out-of-pocket litigation costs and reasonable attorney's fees), of whatever character, nature and kind, known or unknown, suspected or unsuspected, and Property Owner agrees to waive any and all rights and benefits conferred upon the Property Owner by the provisions of Section 1542 of the California Civil Code or similar provisions of applicable law. Section 1542 reads as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF

KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

By initialing below, the Property Owner agrees to waive the provisions of Section 1542 in connection with the matters that are the subject of the foregoing waivers and releases.

Property Owner's Initials: _____ _____ _____

The waivers, releases and agreements set forth in this Section 11 shall survive termination of this Agreement.

Section 12. Carbon Credits. The Property Owner hereby agrees that any carbon credits attributable to the Improvements shall be owned by the Authority.

Section 13. Twain Application. The Property Owner hereby represents and warrants to the Authority that the information set forth in all information submitted to the Authority and/or the PACE Program Administrator in connection with its request for financing is true and correct as of the date hereof, and that the representations set forth in such information with respect to the Property and the Property Owner are true and correct as of the date hereof as if made on the date hereof.

Section 14. Events of Default and Remedies

(a) Remedies with respect to the nonpayment of the Assessment or other amounts payable by Property Owner hereunder are governed by the provisions of Section 4 hereof and state law.

(b) The occurrence of any of the following events shall constitute a "**Default**" hereunder:

(i) Any of Property Owner's representations, disclosures or warranties made to the Authority or the PACE Program Administrator shall have been false or misleading in any material respect as of the date when made, or the failure or delay by Property Owner to perform any of its obligations under the terms or provisions of this Agreement, other than with respect to the payment of the Assessment, the Annual Assessment Administrative Fees, or other amount payable by Property Owner.

(ii) An Insolvency Event occurred with respect to the Property Owner or the Property Owner becomes insolvent or unable to pay its debts as they mature and such has not been cured within thirty (30) days of the event;

(iii) There occurs any event which in the Authority's sole discretion materially and adversely affects: (x) the ability of the Property Owner to perform any of its obligations hereunder; (y) the business or financial condition of the Property Owner; or (z) the timely repayment of the Assessment authorized by this Agreement, which Property Owner has not cured within thirty (30) days of receiving notice from the Authority of such breach;

(iv) Any encumbrance on any portion of the Property is hereinafter created, other than current liens for real estate property taxes or special assessments, which encumbrance purports to have priority over the Assessment Lien;

(v) The existence of any liens for taxes past due with respect to the Property, or carrier's, warehousemen's, mechanics', materialmen's, repairmen's or other liens which have not been dismissed, escrowed (subject to the Authority's sole approval) or bonded for thirty (30) days after the filing or recording thereof;

(vi) Any material deviation in the Improvements from the Plans without the prior written consent of the PACE Program Administrator, or the appearance of defective workmanship or materials, the PACE Program Administrator's sole discretion, which has not been cured for a period exceeding thirty (30) days; and

(vii) Any general contractor or any other contractor defaults under any construction contract, in a manner which the PACE Program Administrator deems to be material, and unless otherwise agreed in writing by the PACE Program Administrator, the obligor fails to exercise its rights and remedies under the construction contract, as applicable with respect to such default and such failure to exercise its rights has not been cured within thirty (30) days of when such right first arose.

(c) Upon the occurrence of a Default, the Authority may in addition to any other remedies which it may have, at its option and without prior demand or notice, take any of the following actions:

(i) The Authority may, in addition to any other remedies which it may have, at its option and without prior demand or notice, immediately cause the cancellation of any pending disbursement (and the PACE Program Administrator shall have no obligation to make further disbursements) and from time to time apply all or any part of any undisbursed funds to payment of amounts owing on the Assessment and/or to any other obligations of the Property Owner hereunder. The Authority has authorized the PACE Program Administrator at its option and without prior demand or notice, to enter the Property and complete construction of the Improvements in accordance with the Plans and the Construction Contract with such changes therein as the PACE Program Administrator may from time to time and in its judgment deem appropriate, all at the risk and expense of the Property Owner.

(ii) The Authority may foreclosure proceedings against the Property upon determination by the Authority that the Property is delinquent in the payment of one or more Assessment Installments.

(iii) Exercise any other rights and remedies available to it hereunder or at law or in equity

(iv) Except as otherwise expressly provided in this Agreement, no remedy provided for by this Agreement shall be exclusive of any other remedy, each and every remedy shall be cumulative and in addition to any other remedy, and no delay or omission to exercise any right or remedy shall impair any such right or remedy or shall be deemed to be a waiver of a Default.

(v) Property Owner agrees to pay all costs of collection when actually incurred, by the Authority, including but not limited to reasonable attorneys' fees and all related costs. If any suit or action is instituted to enforce this Agreement, Property Owner promises to pay, in addition to the costs and disbursements otherwise allowed by law, such sum as the court may adjudge reasonable attorneys' fees and costs in such suit or action to the Authority as the prevailing party

Section 15. Amendment. This Agreement may be modified only by the written agreement of the Authority and the Property Owner. A modification of this Agreement shall be approved in writing by the owner(s) of any Improvement Bonds secured by the Assessment if the amendment will adversely impact the owner(s) of the Improvement Bonds.

Section 16. Binding Effect; Assignment. This Agreement inures to the benefit of and is binding upon the Authority, the Property Owner and their respective successors and assigns.

(a) The Authority has the right to assign any or all or any of its rights and obligations under this Agreement without the consent of the Property Owner. The obligation to pay the Assessment set forth in this Agreement is an obligation of the Property and no agreement or action of the Property Owner will be competent to impair in any way the Authority's rights, including, but not limited to, the right to pursue judicial foreclosure of the Assessment lien or the right to enforce the collection of the Assessment or any installment thereof against the Property. Any assignee shall be a party to this Agreement and shall have all of the rights and obligations of the Authority hereunder to the extent that such rights and obligations have been assigned by the Authority pursuant to the assignment documentation between the Authority and the assignee. The Authority may furnish any information concerning the Property Owner in its possession from time to time to prospective assignees.

(b) In no event shall Property Owner assign or transfer any portion of this Agreement or Property Owner's obligations under this Agreement without the prior express written consent of the Authority, which consent may be granted or withheld in the sole and absolute discretion of the Authority. Sale, transfer, or rental of the Property or any parcel thereof is not an assignment or transfer of this Agreement.

Section 17. Exhibits. The Exhibits to this Agreement are incorporated into this Agreement by this reference as if set forth in their entirety in this Agreement.

Section 18. Severability. Each and every provision of this Agreement is, and shall be construed to be, a separate and independent covenant and agreement. If any term or provision of this Agreement or the application thereof shall to any extent be held to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and shall be enforced to the extent permitted by law.

Section 19. Notices. Notices and demands shall be given in writing by first class mail, postage prepaid, by personal delivery (by recognized courier service or otherwise), or via electronic mail. Notices shall be considered given upon the earlier of (a) receipt of electronic mail or personal delivery or (b) five (5) business days following deposit in the United States mail, postage prepaid. Notices shall be addressed as provided below and incorporated herein by this reference for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice. Notwithstanding anything set forth above, after disbursement of the Disbursement Amount to Owner, all notices regarding the assessment shall be sent only as provided by state law.

If to Authority: Western Riverside Council of Governments
3390 University Avenue, 4th Floor
Riverside, CA 92501

Attention: Executive Director

If to Program Administrator: Twain Financial Partners Holding, LLC
1232 Washington Avenue, Suite 200
Saint Louis, MO 63103

If to Property Owner: [ ]

Section 20. Corrective Instruments. The Authority and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required in order to carry out the expressed intention of this Agreement.

Section 21. Governing Law; Venue. This Agreement is governed by and construed in accordance with the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Riverside, State of California; provided, however, actions to foreclose delinquent installments of the Assessment will be instituted in the superior court of the County or as otherwise provided by law.

Section 22. Counterparts. This Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 23. No Waiver; Amendments. No waiver of any default or breach by Property Owner hereunder shall be implied from any failure by the PACE Program Administrator or the Authority to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver. Waivers of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by Property Owner and the Authority. The Authority and the Property Owner agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonable be required in order to carry out the expressed intention of this Agreement

Section 24. Waiver of Jury Trial and Class Action. TO THE EXTENT ENFORCEABLE BY LAW, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH PARTY WAIVES THE RIGHT TO LITIGATE IN COURT OR ARBITRATE ANY CLAIM OR DISPUTE AS A CLASS ACTION, EITHER AS A MEMBER OF A CLASS OR AS A REPRESENTATIVE, OR TO ACT AS A PRIVATE ATTORNEY GENERAL.

IN WITNESS WHEREOF, the Authority and the Property Owner have caused this Agreement to be executed in their respective names by their duly authorized representatives, all as of the date first above written.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____

Its: _____

PROPERTY OWNER

By: _____

Its: _____

ACKNOWLEDGED AND ACCEPTED BY:

TWAIN FINANCIAL PARTNERS HOLDING, LLC

By: _____

Its: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____ (seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____ before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: _____ (seal)

EXHIBIT A

PROPERTY LEGAL DESCRIPTION

[To be updated]

EXHIBIT B

IMPROVEMENTS[1]

IMPROVEMENT	AMOUNT

[1] To be updated/customized.

EXHIBIT C ASSESSMENT

SCHEDULE

Period	Bill date	Delinquent After Date	Payment	Interest	Principal	Principal Remaining	Annual Collection Costs**	**Total Payment Due**
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								

**Subject to modification pursuant to Section 3(f) of the Agreement.

EXHIBIT D

DISBURSEMENT AGREEMENT

THIS DISBURSEMENT AGREEMENT (this "Agreement") dated as of _____ (the "Closing Date"), is entered into by and between _____, a _____ (together with its successors or assigns, "Property Owner"), and TWAIN COMMUNITY PARTNERS II LLC, a Missouri limited liability company (together with its successors, assigns, nominees or designees, "Capital Provider") for the disbursement of funds for the construction and installation of Qualified Improvements (the "Project") in the Building located at _____ (including the improvements thereon and the Project, collectively the "Property Owner"), as more fully set forth in that certain (i) Agreement to Pay Assessment and Finance Improvements [Insert 2] by and between Western Riverside Council of Government ("WRCOG") and Capital Provider, dated on or about the date hereof (the "Financing Agreement") documents executed or delivered in connection therewith, as may be amended, supplemented or modified. Capitalized terms not otherwise defined herein have shall the meanings given to such terms in the Financing Agreement.

1. Disbursement Account and Disbursement of Funds. On the Closing Date, Capital Provider shall advance to the Disbursing Account funds equal to _____ (the "Funds") in a deposit account (the "Disbursing Account") at U.S. Bank National Association, controlled by Capital Provider. Capital Provider shall maintain the Disbursing Account as a separate and distinct account that will only hold the Funds and no other funds. The Funds shall be held in the Disbursing Account to be disbursed (each a "Disbursement") from time to time to pay for (i) the cost of installing the Qualified Improvements, as set forth on Exhibit C attached to this Agreement (the "Budget"), and (ii) certain soft costs and capitalized interest pursuant to the terms of this Agreement and the Financing Agreement.

2. Disbursements.

A. Closing Date Disbursement. On the date hereof, and in connection with the Financing Agreement, Capital Provider shall cause the amounts set forth on Exhibit A to be disbursed to the payees listed on Exhibit A.

B. Conditions to All Disbursements. Capital Provider's obligation to make any Disbursements shall be subject to the prior fulfillment by Property Owner of the following conditions:

(i). Conditions in Financing Agreement. All of the conditions for disbursements set forth herein and in the Financing Agreement shall have been satisfied.

(ii). Disbursement Request. At least ten full business days prior to each such disbursement, Capital Provider shall have received a Written Request for Disbursement (a "Request for Disbursement") in the form of Exhibit B attached hereto, with all supporting documentation, as applicable, signed by Property Owner. Each Request for Disbursement shall be accompanied by lien waivers for the Project for work performed up to the date of the Disbursement. Capital Provider may withhold from the Financing proceeds 10% of the amount owed to any party who has a potential lien against the Project. All withheld funds shall be released when all of the conditions in Section 2.C. of this Agreement

have been completed.

(iii). No Damage. There shall be no substantial unrepaired damage to the Project by fire or other casualty.

(iv). No Condemnation. There shall be no condemnation or eminent domain proceeding pending or threatened against all or any portion of the Property, the Building (as defined in the Financing Agreement) or otherwise affecting or relating to the Project.

(v). No Default or Event of Default. No Default or Event of Default shall exist on the date of each such Disbursement, and, if requested by Capital Provider, Capital Provider shall have received a certificate to that effect dated the date of each such Disbursement and signed by Property Owner.

(vi). Requirements of Financing Agreement. Property Owner shall be in compliance with all other requirements, conditions and covenants of the Financing Document.

(vii). Additional Requirements. Capital Provider shall have received such other information, documents and opinions as it may reasonably require.

C. Final Disbursement Request. In the case of the final Disbursement for the completed Project, all of the conditions in Section 2.B shall have been met and, in addition, Capital Provider shall have received or taken the following actions, unless waived in writing by Capital Provider:

(i). Completion of Project. A statement from Property Owner certifying that the Project has been completed in accordance with the terms of the Construction Contracts (as defined in the Financing Agreement), free and clear of all liens.

(ii). Inspection by Capital Provider. Capital Provider or its representative shall have, at Capital Provider's sole option, inspected the Property to confirm, in Capital Provider's sole discretion, the completion of the Project in accordance with the terms of the Construction Contracts.

D. Approval or Denial. Within ten (10) Business Days after receiving a Request for Disbursement, Capital Provider shall: (i) ascertain whether all conditions to a Disbursement set forth in this Agreement and the Financing Agreement have been satisfied; and (ii) approve or deny, in whole or in part, the Request for Disbursement.

(i). Denial of Request. If Capital Provider denies such Request for Disbursement, Property Owner shall promptly rectify all deficiencies identified by Capital Provider and/or provide to Capital Provider all additional documents and other information Capital Provider deems necessary for approval of such Request for Disbursement.

(ii). Approval of Request. If Capital Provider approves such Request for Disbursement, in whole or in part, Capital Provider shall make the Disbursement only for the payment of [Qualified Improvements] as set forth in

such approved Request for Disbursement.

E. Capitalized Interest. An amount equal to $[ ], held in the Disbursement Account as capitalized interest included in the Financing from the effective date of the Financing Agreement through [ ] shall be payable to Capital Provider, and Property Owner hereby directs Capital Provider to disburse such amount from the Disbursement Account to Capital Provider on [ ].

F. Excess Funds; Failure to Close. In the event Property Owner fails to draw down the full amount of the Funds, Property Owner agrees such excess Funds shall be retained by Capital Provider in the Disbursing Account and redirected to payments of the next [Installment].

3. Misstatements; Retainage. If Capital Provider discovers a misstatement or deficiency in any of the documents provided by Property Owner, it shall stop all Disbursements (not yet completed) until (a) Capital Provider has reasonably determined the misstatement has been corrected or (b) Property Owner has cured such deficiency in Capital Provider's sole discretion, as applicable.

4. No Third Parties. This Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

5. Project Cost Increases. If at any time (and from time to time) Property Owner determines that the undisbursed Funds will not be sufficient to complete and pay for the completion of the Project in compliance with the Construction Contracts, Property Owner shall immediately notify Capital Provider and, prior to Capital Provider approving any further Requests for Disbursements, Property Owner shall certify to Capital Provider that (i) Property Owner will have sufficient sources to complete the Project in compliance with the Construction Contracts and (ii) Capital Provider will not be required to advance any additional funds for the Project's completion.

6. Limitation of Duties. Except as set forth in the Financing Agreement, the functions and duties assumed by Capital Provider include only those described in this Agreement, and Capital Provider is not obligated to act except in accordance with the provisions of this Agreement and the Financing Agreement.

7. Inspections. Capital Provider has the option to make inspections of the Project during the course of construction, and shall determine to its own satisfaction that the work done or materials supplied by any contractor, subcontractor and suppliers have been properly made or supplied in accordance with applicable contracts. Capital Provider shall not be required to conduct any inspections of the Project, but if Capital Provider chooses to make such inspections they are for the sole benefit of Capital Provider.

8. Limitation of Liability. Capital Provider (nor its members, managers, officers, employees or agents) shall have any liability to Property Owner or any other party with respect to any decision, approval or consent made or provided by such parties in reliance, in whole or in part, on the documents submitted by or on behalf of Property Owner pursuant to this Agreement or any other Financing Document or on representations made by Property Owner in connection with a Request for Disbursement, and no decision, approval or consent by Capital Provider shall

be deemed to be an approval or acceptance by Capital Provider of any plans, specifications, work or materials done or furnished, or equipment or property purchased, with respect to the Project, or a representation by Capital Provider as to the fitness of such plans, specifications, work, materials, equipment, or property.

9. Notice to Capital Provider. Property Owner agrees to advise Capital Provider promptly in the event that it receives any lien notice or intention to claim a lien from any contractor, subcontractor, or material suppliers in connection with the construction.

10. Relationship. Capital Provider is not a partner with Property Owner or any other party in the construction of the Project. Capital Provider shall not in any way be liable or responsible by reason of the provisions hereof, or otherwise, for the payment of any claims growing out of the operation of the Project or any portion thereof.

11. Amendments. No amendment, modification, termination or waiver of any provisions of this Agreement shall be effective unless in writing and signed by each of the parties to this Agreement.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws (without regard to the conflict of laws provisions) of the State of _____.

13. Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY TO THIS AGREEMENT REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER AND SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Property Owner has executed this Agreement as of the day and year first above-written.

PROPERTY OWNER:

IN WITNESS WHEREOF, Capital Provider has executed this Agreement as of the day and year first above-written.

CAPITAL PROVIDER:

TWAIN COMMUNITY PARTNERS II LLC, a Missouri limited liability company

By: _____
Name: Stephanie Deterding
Title: Vice President

EXHIBIT A

Closing Date Disbursements

FEE AND EXPENSES	AMOUNT	PAYEE
Program Fee	$	
Finance Fee	$	
Twain Legal	$	
Program Legal	$	

EXHIBIT B

Form of Draw Request

Request No. _____ Date: _____

WRITTEN REQUEST FOR DISBURSEMENT

To: TWAIN COMMUNITY PARTNERS II LLC

Pursuant to that certain Disbursement Agreement dated as of _____, 2019 (the "Disbursement Agreement"), by and among [_____], [_____] ("Property Owner") and TWAIN COMMUNITY PARTNERS II LLC, a Missouri limited liability company (together with its successors and/or assigns "Capital Provider"), the undersigned hereby request on behalf of Property Owner the disbursement of Funds from the Disbursing Account (as defined in the Disbursement Agreement) an amount equal to $_____, as detailed on the Schedule of Payments Requested, attached hereto as Attachment 1.

Property Owner hereby certifies that, as of the date hereof:

1. each of the representations and warranties Property Owner made under the Disbursement Agreement and the Financing Agreement (as defined in the Disbursement Agreement) is true and correct;

2. no default or Event of Default under any Financing Document has occurred and is continuing, and no event has occurred which, upon the service of notice and/or the lapse of time, would constitute an Event of Default under any Financing Document;

3. no material change has occurred with respect to the projected cost to complete the Project;

4. the progress of construction of the Project is such that it can be completed on or before the expected completion date (as contemplated in the Construction Contracts);

5. Property Owner has budgeted sufficient funds, including the remaining Funds (as defined in the Disbursement Agreement), to complete the Project;

6. the loans and Project sources are consistent with the agreed-upon budget on the Closing Date, and no additional debt has been secured by the Property (as defined in the Financing Agreement);

7. all bills for labor, materials, equipment, work, services and supplies furnished in connection with the Project, which could give rise to a mechanic's lien if unpaid, have been paid or will be paid out of the requested disbursement;

8. all claims for mechanics' liens which have arisen or could arise for labor, materials, equipment, work, services or supplies furnished in connection with the Project through the last day of the period covered by the requested advance have been effectively waived in writing, or will be effectively waived in writing when payment is made, and such written waivers have been delivered to Capital Provider;

By: _____
Name: _____
Title: _____

Acknowledged and Accepted:

TWAIN COMMUNITY PARTNERS II LLC,
a Missouri limited liability company

By: _____
Name: _____
Title: _____

Date: _____

Request No. _____ Date: _____

ATTACHMENT I

TO WRITTEN REQUEST FOR DISBURSEMENT

SCHEDULE OF PAYMENTS REQUESTED

(Payments to be made in accordance with instructions on invoice attached hereto)

Payee Name	Description	Total Payment

Total Amount Requested: $_____

EXHIBIT C

PACE Budget

EXHIBIT E

PERMITTED ENCUMBRANCES

[To be updated]

EXHIBIT F

SCHEDULE OF PREPAYMENT PREMIUMS

The Assessment may not be prepaid, in whole or in part, without payment of a Prepayment Premium based on the following schedule:

Pre-payment within five years of the Effective Date	[ ]%
Pre-payment after five years of the Effective Date but within ten years of the Effective Date	[ ]%
Pre-payment after ten years of the Effective Date but within fifteen years of the Effective Date	[ ]%
Pre-payment after Fifteen years of the Effective Date	[ ]%

EXHIBIT G

FORM OF ASSIGNMENT AND ASSUMPTION OF AGREEMENT TO PAY ASSESSMENT AND FINANCE IMPROVEMENTS

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "**Assignment**"), is made and entered into as of the day of , 2018, by and between **[Original Borrower]** ("**Assignor**"), and **[New Borrower]** ("**Assignee**").

W I T N E S E T H:

WHEREAS, pursuant to that certain Agreement to Pay Assessment and Finance Improvements (the "**Financing Agreement**") dated as of , 2018 by and between Assignor and the Western Riverside Council of Governments ("**WRCOG**") and in accordance with Chapter 29 of Division 7 of the Streets & Highways Code ("**Chapter 29**") and the Program (as such term is defined in the Financing Agreement) the Assignor has renovated or retrofitted, or is in the process of renovating or retrofitting, the property located at , , California (the "**Property**"), with financing for the Project provided by Twain Financial Partners Holding, LLC ("Twain") on behalf of WRCOG in the original principal amount of up to $ (the "**Project Advance**"), which is secured by a special charge levied against the Property (the "**Assessment**"); and

WHEREAS, the Assignor is obligated to pay the Assessment in accordance with the Financing Agreement; and

WHEREAS, Assignor is selling, and Assignee, is purchasing the Property including the Project and Assignee acknowledges receiving a material benefit from the transaction contemplated by this Assignment; and

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, and intending to be legally bound hereby, Assignor and Assignee hereby agree as follows.

Section 1. Assignment. Effective as of , 2018 (the "**Effective Date**"), Assignor hereby assigns, sells, transfers and sets over to and for the exclusive benefit of Assignee, all of the right, title and interest of Assignor, in and to, in the Financing Agreement, the Assessment, and all other documents evidencing or securing the Assessment together with the obligations of Assignor thereunder. In furtherance of the foregoing, Assignor and Assignee agree, represent and warrant that **Exhibit A** attached hereto and made a part hereof contains a true, correct and complete copy of the Financing Agreement.

Section 2. Assumption. From and after the Effective Date, Assignee hereby assumes and accepts all of Assignor's right, title and interest in and to the Financing Agreement, the Assessment, and all other documents evidencing or securing the Assessment. Assignee agrees to pay, perform and discharge, and otherwise be and remain responsible for, at its sole cost and expense, all obligations and liabilities of Assignor pursuant to the Financing Agreement, the Assessment, and all other documents evidencing or securing the Assessment and to comply with all the terms, covenants and conditions thereof, as Property Owner (as such term is defined in the Financing Agreement) thereunder, first arising and accruing on or after the Effective Date. Nothing in this Assignment shall be construed, nor do the parties intend, to modify any of the terms, obligations or definitions in the Financing Agreement. In the event of

any conflict between the terms of this Assignment and the Financing Agreement, the Financing Agreement shall prevail.

Section 3. Acknowledgement of Indebtedness. Assignee hereby acknowledges the validity of the indebtedness evidenced by the Financing Agreement, the Assessment and all other documents evidencing or securing the Assessment including the obligation to make all installment payments pursuant to the Assessment and the Financing Agreement, including any payment of any delinquent assessments and interest and penalties thereon. Assignor and Assignee hereby acknowledge and agree that the amounts owed under the Financing Agreement and the Assessment as of the Effective Date are as follows:

Unpaid Principal: $_____

Accrued Interest: $_____

Section 4. Binding Effect; Governing Law. All obligations, covenants and undertakings contained in this Assignment shall bind and be enforceable against, and shall inure to the benefit of, Assignor and Assignee, and their respective successors, legal representatives and assigns. This Assignment shall be governed by the laws of the State of California, and shall be construed in accordance with such laws.

Section 5. Notices. Every notice or other communication required or contemplated by this Assignment to Assignor or Assignee shall be in writing and sent by: (i) certified or registered mail, postage prepaid, return receipt requested, or (ii) nationally recognized overnight courier, such as Federal Express or UPS, in each case addressed to the intended recipient at the address set forth below or at such other address as the intended recipient previously designated by written notice to the other party, as follows:

If to Assignor: _____

_____

_____

Attention: _____

If to Assignee: _____

_____

_____

Attention: _____

Section 6. Representations. Assignor and Assignee each hereby represents to the other, to WRCOG and to Twain that it has the power and authority to execute and deliver this Assignment and perform its obligations hereunder and that the undersigned has the power and authority to bind said party to the terms hereof.

Section 7. Headings. Section captions contained herein are inserted as a matter of convenience and for reference only, and in no way define, limit, extend or describe the scope of this Assignment or any provision hereof.

Section 8. Severability. In the event that any covenant, condition or other provision herein contained is held to be invalid, void or illegal by any court of competent jurisdiction, the

same shall be deemed severable from the remainder of this Assignment and shall in no way affect, impair or invalidate any other covenant, condition or other provision herein contained. If such condition, covenant or other provision shall be deemed invalid due to its scope or breadth, such covenant, condition or other provision shall be deemed valid to the extent of the scope or breadth permitted by applicable law.

Section 9. Waivers; Modifications. No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision hereof shall not be deemed to be a waiver of any other breach of the same or any other provision hereof. This Assignment may be amended or modified only by a written agreement executed by the parties in interest at the time of the amendment or modification.

Section 10. Dispute Resolution. In the event of any litigation arising out of this Agreement, the prevailing party shall be entitled to reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and costs, both at the trial and appellate levels.

Section 11. Counterparts. This Assignment may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall be deemed to constitute one and the same agreement.

Section 12. Assignee hereby acknowledges and confirms that nothing contained in this Assignment shall be construed to modify, waive, impair or affect any of the covenants, agreements, terms, provisions or conditions contained in the Financing Agreement and all other documents evidencing or securing the Assessment (except as may be herein expressly provided), or to waive any obligation contained therein.

Section 13. Entire Agreement. This Assignment contains all of the agreements of the parties hereto with respect to the matters contained herein, and no prior agreement, arrangement or understanding pertaining to any such matters shall be effective for any purpose.

[Remainder of Page Left Blank. Signature Page to Follow]

IN WITNESS WHEREOF, Assignor and Assignee have hereunto caused this Assignment to be duly executed as of the date first set forth above.

ASSIGNOR:

[_____]

WITNESSES:

_____
Name

By: _____
Name:
Title:
Duly Authorized

_____
Name

Date: _____

ASSIGNEE:

[_____]

_____
Name

By: _____
Name:
Title:
Duly Authorized

_____
Name

Date: _____

Consented and Agreed to this ___ day of _____, 20__ by:

Twain Financial Partners Holding, LLC

By: _____
Name:
Title:

EXHIBIT H

DEPICTION OF PROPOSED SUBDIVISION OF PROPERTY

EXHIBIT I

FORM OF NOTICE OF SUBDIVISION

Re: Notice of Subdivision of Property (WRCOG –CA- [ ])

This Notice of Subdivision is provided pursuant to Section 3.07(c) of that certain Agreement to Pay Assessment and Finance Improvements dated [ ], 2018 (the "Assessment Contract") by and between [ ] (the "Property Owner") and Western Riverside Council of Governments (the "Authority"). The undersigned hereby represents as follows:

1. I am an authorized representative and signatory of the Property Owner; and

2. The portion of the Property being subdivided is located solely within the parcel identified in Exhibit I of the Assessment Contract as Parcel S (the "Subdivision Parcel"); and

3. The Subdivision Parcel receives no benefit from the Improvements identified on Exhibit B of the Assessment Contract; and

4. Upon subdivision, the Subdivision Parcel will be identified as Assessor Parcel No. . The remainder of the Property will be identified as Assessor Parcel No. (the "Remainder Property");

5. The Property Owner hereby allocates 100% of the Assessment, as defined in the Assessment Contract, to the Remainder Property and 0% to the Subdivision Parcel.

Dated: _____

By: _____

Name: _____

Title: _____

Item 6.A

PACE Programs Activities Update: General Activities Update and approval of a New Provider and Changes to Commercial Program Guidelines

Attachment 4

Administration Agreement with Twain Financial Partners, LLC

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WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

WRCOG PACE PROGRAM AND CALIFORNIA PACE PROGRAM

TWAIN COMMERCIAL PACE PROGRAM

ADMINISTRATION AGREEMENT

1. PARTIES AND DATE.

This Twain Commercial PACE Program Administration Agreement is made and entered into as of [__], 2019 (the "Dated Date"), by and between the Western Riverside Council of Governments, a California public agency ("WRCOG") and Twain Financial Partners Holding, LLC ("Twain"). WRCOG and Twain are sometimes individually referred to as a "Party" and collectively as the "Parties." This agreement may be referred to herein as this "Administration Agreement" or this "Agreement."

2. RECITALS.

2.1 The Executive Committee of WRCOG (the "Executive Committee") has established a property assessed clean energy ("PACE") program designated as the Energy Efficiency and Water Conservation Program for Western Riverside County (the "WRCOG PACE Program") pursuant to the provisions of Chapter 29 of Part 3, Division 7 of the California Streets and Highways Code (commencing at Section 5898.12) ("Chapter 29"); the joint exercise of powers agreement under which WRCOG was formed, originally made and entered into April 1, 1991, as further amended to date (as so amended, the "JPA"); and separate Implementation Agreements entered into pursuant to the JPA by and between WRCOG and its member agencies that elected to participate in the WRCOG PACE Program (the "Member Agencies") to assist owners of commercial properties (the "Commercial Properties") within the jurisdictional boundaries of such Member Agencies to finance the cost of installation of distributed generation renewable energy sources, energy efficiency or water conservation improvements, seismic improvements or electric vehicle charging infrastructure (the "Eligible Improvements") that are permanently fixed to the properties of such owners (each such project, a "Commercial PACE Project").

2.2 As a part of such proceedings, the Executive Committee initially approved and has subsequently amended a report prepared pursuant to and addressing all of the matters set forth in Streets and Highways Code Section 5898.22 and 5898.23 (as amended, the "WRCOG PACE Program Report") as set forth in Exhibit A hereto and may be subsequently amended, including a map showing the boundaries of the territory within which the voluntary contractual assessments may be offered (the "WRCOG PACE Program Area"), a form of contract specifying the terms and conditions that would be agreed to by an owner of property within such boundaries and WRCOG (each, an "Assessment Contract"), a statement of policies of WRCOG concerning such voluntary contractual assessments and a plan for raising a capital amount required to pay for the work performed pursuant to the voluntary contractual assessments.

2.3 As a further part of such proceedings, the Executive Committee provided that one or more series of limited obligation improvement bonds would be issued under the Bond Act of 1915, being Division 10 of the Streets & Highways Code of the State of California (the "1915 Bond Act") or other financing relationships would be entered for the purpose of financing the installation of Eligible Improvements.

2.4 Subsequent to the establishment of the WRCOG Program, the Executive Committee took such actions, adopted such resolutions initially approved and sequentially amended a report prepared pursuant to and addressing all of the matters set forth in the Streets and Highways Code Section 5898.22 and 5989.23 (the "California Program Report" collectively with the WRCOG Program Report, the "Program Report") as set forth on Exhibit A hereto and maybe subsequently amended and did establish the California PACE program (the "California Program," collectively with the WRCOG Program, the "Program") and established associate memberships in WRCOG to local jurisdictions that are outside WRCOG's jurisdictional boundaries but within the boundaries of its PACE Program as established and implemented by WRCOG and authorized the execution of Assessment Contracts with the owners of property in the California Program area (the "California Program Area," collectively with the WRCOG Program Area, the "PACE Program Area") and the issuance of one or more series of bonds pursuant to Chapter 29 and the Bond Act, secured by voluntary contractual assessment levied on Commercial parcels located in the California Program Area.

2.5 Additionally, the Executive Committee of WRCOG authorized Twain to administer and finance a separate program (the "Twain Commercial PACE Program" or the "Twain Program") to finance the installation of Eligible Improvements on Commercial Properties within the PACE Program Area.

2.6 WRCOG and Twain now desire and intend to enter into this Administration Agreement, pursuant to which Twain shall provide administrative services for the Twain Program.

2.7 The Parties hereto desire that taken together, the following documents shall represent the operating relationship between the Parties pertaining to the Twain Program: (i) this Administration Agreement, (ii) that certain Master Indenture by and between WRCOG and Wilmington Trust, National Association, as trustee (the "Master Indenture"), which shall provide for the issuance of limited obligation improvement bonds (the "Bonds") to finance or refinance the installation of Eligible Improvements on Commercial Properties and (iii) that certain Investor Letter and Receipt for Bonds (the "Investor Letter"), pursuant to which Twain Financial Partners Holding, LLC will make certain representations, warranties and agreements in connection with its purchase of the Bonds from WRCOG. Both parties agree that any amendments or modifications to the agreements listed above shall not be made without the prior written consent of WRCOG and the other parties to such agreements.

3. THE PURPOSE OF THIS ADMINISTRATION AGREEMENT.

WRCOG and Twain desire to enter into this Administration Agreement to establish the terms and conditions pursuant to which Twain shall provide administration services within the PACE Program Area, as set forth in Exhibit B attached hereto and incorporated herein by this reference (the "Program Administration Services"). Twain desires to perform and assume responsibility for the provision of such Program Administration Services on the terms and conditions set forth in this Agreement. Twain represents that it is legally qualified to provide such Program Administration Services, and has or will obtain all necessary licenses and authorizations from the State of California and any agency of the federal government with the authority to regulate the provision of such Program Administration Services.

WRCOG desires to engage Twain to render such Program Administration Services as set forth in and pursuant to the terms and conditions of this Agreement.

4. TERMS.

4.1 Scope of Program Administration Services and Term of Agreement.

4.1.1 General Scope of Program Administration Services. Twain promises and agrees 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. All Program Administration Services shall be subject to, and performed in accordance with, (i) this Agreement, the exhibits attached hereto and incorporated herein by reference, and (ii) all applicable local, state and federal laws, rules and regulations.

In the event that the Program Administration Services conflict with the Program Report, the provisions of the Program Report shall prevail; *provided that* any changes to the WRCOG PACE Program Report subsequent to the date hereof, shall be provided to Twain and Twain shall expressly acknowledge and agree to any such changes before they shall be deemed to control pursuant to this Section 4.1.1.

4.1.2 Term. The initial term of this Agreement shall commence on March 4, 2019 and shall terminate on December 31, 2022 (the "Initial Term") and shall automatically extend for an additional year at the end of each succeeding year provided Twain has at all times performed pursuant to and is in compliance with the material terms and conditions of this Agreement or, unless earlier terminated as provided herein.

4.2 Responsibilities of Twain and WRCOG.

4.2.1 Control and Payment of Subordinates; Independent Contractor and Other Costs. The Program Administration Services shall be performed by Twain or one of its affiliates, provided that Twain may delegate to a third-party services provider its duties and obligations with respect to the Program Administration Services as well as support services upon obtaining the written consent of WRCOG, provided that any such delegation by Twain shall not relieve Twain of the duties or obligations so delegated. Twain will determine the means,

methods and details of performing the Program Administration Services subject to the requirements of this Agreement. WRCOG retains Twain on an independent contractor basis and not as an employee. Any personnel performing Program Administration Services under this Agreement on behalf of Twain shall not be employees of WRCOG and shall at all times be under Twain's direction and control or under contract as an independent contractor to provide services to Twain. Twain shall pay all wages, salaries, if any, and other amounts due such personnel in connection with their performance of Program Administration Services under this Agreement and as required by law. Twain shall be responsible for all reports and obligations respecting any of its employees, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers compensation insurance.

4.2.2 Rights to provide Program Administration Services to other entities and limitations thereon.

(a) Twain shall market the Twain Program to cities within the Program Area only on behalf of WRCOG.

(b) Twain hereby acknowledges that WRCOG has appointed and may, in its sole discretion, appoint additional administrators for the Program, however WRCOG shall not appoint additional administrators to the Twain Program without the express written consent of Twain.

(c) Twain represents that it is duly authorized to enter into this Administrative Agreement and entry into this Administrative Agreement does not interfere with its obligations under any other agreement or contract.

(d) WRCOG hereby acknowledges that Twain has entered into a services agreement dated July 16, 2018 (the "CMFA Agreement") with California Municipal Financing Authority ("CMFA") to provide program administration services to a competing PACE program.

(e) Twain may continue to provide administrative services to CMFA within CMFA's program area. To the extent CMFA's program area overlaps with the Program Area, Twain may originate Assessment Contracts and provide administration services for such Assessment Contracts either through WRCOG or CMFA.

(f) Except as provided in subsection (e) above, Twain may enter into agreements to provide administrative services to other PACE programs within the Program Area (each an "Other Issuer"); provided, however, Twain must (a) obtain prior written consent of WRCOG and (b) any term of such agreement shall not limit Twain's ability to originate Assessment Contracts through the Program.

4.2.3 Schedule of Responsibilities. Twain shall perform Program Administration Services and WRCOG shall perform the WRCOG Responsibilities (defined in 4.2.4 below) upon and pursuant to a schedule of responsibilities (the "Schedule of Responsibilities") to be agreed upon by the WRCOG Representative (defined in 4.2.7 below) and the Twain Representative (defined in 4.2.8 below). Execution of the Schedule of

Responsibilities by both the WRCOG Representative and the Twain Representative shall indicate the approval and acceptance of such Schedule of Responsibilities and the incorporation of such Schedule of Responsibilities into this Agreement. The Schedule of Responsibilities shall, upon execution, be attached to this Agreement as Exhibit C hereto and shall thereafter be incorporated herein by this reference. Twain represents that it has the professional and technical personnel and financial resources required to perform Program Administration Services in conformance hereto. WRCOG represents that it has the professional personnel and financial resources required to perform the WRCOG Responsibilities in conformance hereto.

4.2.4 WRCOG Responsibilities. In order to facilitate Twain's performance of Program Administration Services, WRCOG shall respond to Twain's requests and submittals as set forth in the Schedule of Responsibilities, or otherwise in a prompt and timely manner including reviewing, approving, acting upon and/or executing documents listed in the Schedule of Responsibilities (together, the "WRCOG Responsibilities").

4.2.5 Costs of Program. Twain shall pay all costs related to the Twain Program that are in excess of amounts paid from monies on deposit in the Costs of Issuance Account or the Administrative Expense Fund established pursuant to the Master Indenture. Such fees and charges may include, but are not limited to, recording fees, fees or charges of the County tax collectors, fees of the Assessment Administrator, fees and charges of the Trustee, and legal fees incidental to Assessment Contracts originated by Twain.

4.2.6 Compensation for Performance of Program Administration Services. Twain shall be compensated for the provision and performance of its Program Administration Services hereunder solely from the funds disbursed or Bond proceeds received to finance the Eligible Improvements and not by payment directly by WRCOG. Twain and WRCOG will each be compensated for the Program Administration Services and their administrative costs relating to the Twain Commercial PACE Program in accordance with Exhibit D attached hereto.

4.2.7 Conformance to Applicable Requirements. At the beginning of each calendar year, Twain shall meet with the WRCOG Representative and other WRCOG representatives to review and approve Twain's marketing and customer service plans for the Twain Program. To the extent there are subsequent material changes to the marketing and customer service plans, Twain shall meet with the WRCOG Representative and other WRCOG representatives to review and approve the revised marketing and customer service plans. Twain and WRCOG shall schedule monthly meetings at Twain's offices, a location otherwise mutually agreed to by the Parties or via teleconference, for an update on the Twain Program.

4.2.8 The WRCOG Representative. WRCOG hereby designates Rick Bishop, Executive Director, or his or her designee, to act as its representative for the performance of this Agreement (the "WRCOG Representative"). The WRCOG Representative shall have the power to act on behalf of WRCOG for all purposes under this Agreement. Twain shall not accept direction or orders from any person on behalf of WRCOG other than the WRCOG Representative or his or her designee. The WRCOG Representative shall provide written notice to Twain of the appointment or the rescission of the appointment of any designee of the WRCOG Representative hereunder.

4.2.9 The Twain Representative. Twain hereby Andrew R. Meyer, Director of PACE Financing and Associate General Counsel, or his designee, to act as its representative for the performance of this Agreement (the "Twain Representative"). The Twain Representative shall have full authority to represent and act on behalf of Twain for all purposes under this Agreement. The Twain Representative shall supervise and direct Program Administration Services, using his or her best skill and attention, and shall be responsible for all means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of Program Administration Services under this Agreement. The Twain Representative shall provide written notice to the WRCOG Representative of the appointment or the rescission of the appointment of any designee of the Twain Representative hereunder.

4.2.10 Coordination of Program Administration Services. Twain agrees to work closely with WRCOG staff and WRCOG's other consultants engaged to assist WRCOG in the Twain Program (the "Twain Program Consultants") in the performance of Program Administration Services and shall be reasonably available to WRCOG's staff and the Twain Program Consultants.

4.2.11 Standard of Care. Twain shall perform all Program Administration Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Twain represents and maintains that it is skilled in the professional calling and has the financial resources necessary to perform Program Administration Services. Twain warrants that all employees and/or agents of Twain shall have sufficient skill and experience to perform Program Administration Services assigned to them. Finally, Twain represents that it, its employees and agents have, or will have prior to the performance of Program Administration Services, all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform Program Administration Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. Twain shall perform, at its own cost and expense and without reimbursement from WRCOG, any services necessary to correct errors or omissions which are caused by Twain's failure to comply with the standard of care provided for herein.

4.2.12 Laws and Regulations. Twain shall keep itself fully informed of and in compliance in all material respects with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Twain Program or Program Administration Services, including without limitation, all Cal/OSHA requirements and all applicable federal and state securities laws and regulations, and shall give all notices required by law. Twain shall be liable for all violations of such laws, rules and regulations in connection with Program Administration Services. If Twain performs or fails to perform any work contrary to such laws, rules and regulations, Twain shall be solely responsible for all costs arising therefrom. Twain shall defend, indemnify and hold WRCOG, its officials, directors, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure by Twain to comply with such laws, rules or regulations.

4.2.13 Green Attributes. Property Owners or third-party ownership leasing firms shall retain rights to any Federal Investment Tax Credit or State Incentives or Rebates related to renewable energy Projects. WRCOG shall retain rights to all of the green attributes that result from projects financed through the Twain Program, including but not limited to Carbon Credits, Renewable Energy Certificates, Green Tags, Tradable Renewable Certificates, Renewable Energy Credits and Green House Gas Offsets.

4.3 Accounting Records – Maintenance and Inspection.

Twain shall maintain complete and accurate records of all Commercial PACE Projects under this Agreement, consistent with its records retention policy, which policy shall be commercially reasonable and shall take into account the nature and duration of the instruments to be issued in connection with the WRCOG PACE Program. All such records shall be clearly identifiable. Twain shall, during Twain's standard business hours and upon at least three (3) business days' notice, allow a representative of WRCOG during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Twain shall, during Twain's standard business hours and upon at least three (3) business days' notice, allow inspection of all work, data, documents, proceedings, and activities related to the Agreement. Twain shall cooperate with WRCOG to facilitate WRCOG's compliance with its responsibilities under the California Public Records Act in relation to the Program Administration Services. The foregoing applies only in relation to a specific Commercial PACE Project for which Twain has submitted Approved Application Documents (as defined in Exhibit C attached hereto) and Pending Twain Program Assessment Contracts (as defined in Section 4.4.1.1) and such records or other documents shall exclude any financially or commercial sensitive information of a property owner).

4.4 General Provisions.

4.4.1 Grounds for Termination – At Will. Either WRCOG or Twain may, by written notice to the other party, terminate the whole or any part of this Agreement at any time and without cause by giving written notice to such party of such termination, and specifying the effective date thereof, at least 90 days before the effective date of such termination. Notwithstanding the provisions of Section 4.4.1.1 of this Agreement, upon termination by WRCOG, Twain shall be compensated only for those services which have been rendered to WRCOG, and Twain shall be entitled to no further compensation.

4.4.1.1 Effect of Termination. Upon notification of termination Twain shall be required to notify WRCOG of all pending applications for WRCOG Assessment Contracts to fund Commercial PACE Projects originated by Twain during the course of Twain's provision of Program Administrative Services hereunder (each, a "Pending Twain Program Assessment Contract"), and Twain shall have the right but not the obligation to close such Pending WRCOG Assessment Contracts subject to the review of the appropriate documentation by WRCOG. Except in the case previously described, upon termination Twain shall be compensated in the amount and from the sources set forth in Section 4.2.5 only for those Program Administration Services which have been provided in accordance with standard industry practices as reasonably determined by

WRCOG, and Twain shall be entitled to no further compensation. If this Agreement is terminated as provided in this Section 4.4, WRCOG may require Twain to provide all finished or unfinished documents and data and other information of any kind prepared by Twain in connection with Approved Application Documents or Pending Twain Program Assessment Contracts and the performance of services under this Agreement, and such finished or unfinished documents will remain subject to Section 4.4.2 of this agreement. Twain shall be required to provide such document and other information within fifteen (15) days of the request.

4.4.1.2 Additional Services. In the event this Agreement is terminated in whole or in part as provided in Section 4.4.1, WRCOG may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated upon effectiveness of such termination.

4.4.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective Parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Twain:	Twain Financial Partners Holding, LLC 1232 Washington Avenue, Suite 200 Saint Louis, MO 63103
WRCOG:	Western Riverside Council of Governments 3390 University Avenue, 4th Floor Riverside, CA 92501 Attn: Executive Director Facsimile: (951) 223-9720
With copy to:	Best Best & Krieger LLP 3390 University Avenue, 5th Floor Riverside, CA 92502 Attn: Steven DeBaun, Esq., General Counsel, WRCOG Facsimile: (951) 686-3083

Such notice shall be deemed made when received via electronic mail, personally delivered, or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the Party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

4.4.3 Confidentiality, Intellectual Property and Data Compilation.

(a) *Confidentiality.* Except as otherwise set forth in this Agreement, all ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other documents and data provided by either Party to the other Party (including any copies or manuscripts of such information produced

by a Party pursuant to this Agreement) or otherwise including any financial structure and financing approach of Twain in connection with the performance of this Agreement shall be held confidential by the other Party. Nothing furnished to either Party which is otherwise known to the receiving Party prior to such disclosure or is generally known, or has become known, to the related industry not in violation of this Agreement, shall be deemed confidential. Twain shall not use WRCOG's name or insignia in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of WRCOG. Notwithstanding the above, any documents prepared for the Twain Program that Twain explicitly identifies in writing as intended to be provided to the public shall not be subject to the limitations of this Section 4.4.3.

(b) *Intellectual Property.* WRCOG expressly acknowledges and agrees that any and all computer software and all source code thereof, used or developed by Twain ("Proprietary Software") in performing the Program Administrative Services is proprietary to Twain or one of its affiliates and Twain and its affiliates, or its or their licensors, shall at all times exclusively own all rights, title, and interest in such software and Proprietary Software, including all intellectual property rights contained therein.

(c) *Data Compilation.* WRCOG acknowledges and agrees that Twain or its affiliate, or its licensors, will have spent substantial time and effort in collection and compiling data and information (the "Data Compilations") in connection with the Program Administration Services and that such Data Compilations may be used by Twain (or such licensors) for their own purposes, including, without limitation, sale or distribution to third parties; provided, however, that Twain will not, and shall ensure that its licensors will not, sell or distribute any of WRCOG's confidential information that may be contained in such Data Compilations, unless such confidential information is used only on an aggregated and anonymous basis.

4.4.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be reasonably necessary, appropriate or convenient to attain the purposes of this Agreement.

4.4.5 Arbitration and Equitable Relief. This Section shall govern the resolution of all controversies or claims between WRCOG and Twain that arise from this Agreement and any modifications hereto. The provisions of this Section, and the entitlement of one party to obtain damages, or other such appropriate legal or equitable remedies, for a breach by the other party, shall survive termination of this Agreement. Wherever this Agreement makes reference to any means of resolving and dispute between the Parties or termination of the Agreement, the Parties agree to follow the below arbitration procedures.

(a) *Arbitration.* In consideration of rights and obligations set forth by each party in this Agreement, Twain and WRCOG agree that any and all controversies, claims, or disputes with anyone (including WRCOG and any employee, officer, director, volunteer of WRCOG in his, her or its capacity as such or otherwise), whether brought on any individual, group or class basis, arising out of, relating to, or resulting from Twain's performance of the Program Administration Services under this Agreement or the termination of this Agreement,

including any breach of this Agreement by either Party, shall be subject to binding arbitration conducted by the American Arbitration Association ("AAA") in Riverside, California, before a single arbitrator who shall be located in Riverside, California, with at least five (5) years' experience in arbitrating commercial disputes. The Arbitration shall be conducted in accordance with the Commercial Arbitration Rules (the "Rules") of the AAA, as they may be amended from time to time where not inconsistent with the further provisions hereof. The Parties hereby agree that judgment upon the award rendered by the arbitrator(s) may be entered in Riverside Superior Court. The Parties submit to the jurisdiction of the Riverside Superior Court for purposes enforcing any such award and entering judgment thereon.

(b) *Procedure.* Appointment of the neutral arbitrator shall be made in accordance with the provisions of the Rules and administered by the AAA. Twain and WRCOG agree that the arbitrator shall have the power to decide any motions brought by any Party to the arbitration, including motions for summary judgment and/or adjudication, motions to dismiss and demurrers, and motions for class certification, prior to any arbitration hearing. Twain and WRCOG also agree that the arbitrator shall have the power to award any remedies available under applicable law, and that the arbitrator shall award attorneys' fees and costs to or among the Parties in such proportions as the arbitrator(s) may determine. Costs shall be allocated as set forth in the Rules. Twain and WRCOG agree that the decision of the arbitrator shall be in writing. The written opinion of the arbitrator or arbitrators, as the case may be, shall be governed by the Rules. The arbitrator(s) shall have the powers established by AAA, as delineated in the Rules, but shall have no authority to revise or vary the terms of this Agreement or the Parties' respective rights and obligations hereunder. Except as provided by the Rules and this Agreement, arbitration shall be the sole, exclusive and final remedy for any dispute between Twain and WRCOG. Accordingly, except as provided for by the Rules and this Agreement, neither Twain nor WRCOG will be permitted to pursue court action regarding claims that are subject to arbitration.

(c) *Survival.* The provisions of this Section, and the entitlement of one Party to obtain damages, or other such appropriate legal or equitable remedies, for a breach by the other Party, shall survive termination of this Agreement.

(d) *Availability of Injunctive Relief.* Twain and WRCOG agree that either Twain or WRCOG may petition a court for provisional relief, including injunctive relief. Twain and WRCOG understand that any breach or threatened breach of such an agreement (including this Agreement) will cause irreparable injury and that money damages will not provide an adequate remedy therefor and both WRCOG and Twain hereby consent to the issuance of an injunction.

4.4.6 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. However, the Parties acknowledge that the Master AAA and the Master Indenture shall contain related subject matter, which the Parties intend to respect and be bound by.

4.4.7 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Riverside County.

4.4.8 Time of Essence. Time is of the essence for each and every provision of this Agreement.

4.4.9 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties.

4.4.10 Assignment or Transfer. Neither Party may assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the other Party, provided, however, Twain may assign this Agreement in connection with a merger or the sale of all or substantially all of its assets provided that the successor entity expressly assumes all of the obligations, including this Agreement, and confirms all of the representations and warranties of Twain hereunder to the extent applicable to such successor or assign. Any attempt to assign, hypothecate, or transfer this Agreement in violation of this Section 4.4.10 shall be null and void, and any assignees, hypothecatees or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

4.4.11 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not workdays unless otherwise noted. All references to Twain include all personnel, employees, agents, and subcontractors of Twain, except as otherwise specified in this Agreement. All references to WRCOG include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

4.4.12 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

4.4.13 Waiver. No waiver of any default or breach hereunder shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

4.4.14 No Third-Party Beneficiaries. There are no intended third-party beneficiaries of any right or obligation assumed by the Parties.

4.4.15 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

4.4.16 Prohibited Interests. Twain maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Twain or independent contractors and consultants engaged by Twain to perform services of the nature of those included on the Schedule of Responsibilities attached hereto to solicit or secure this Agreement. Further, other than its outside counsel, Twain warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Twain, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, WRCOG shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of WRCOG, during the term of his or her service with WRCOG, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

4.4.17 Equal Opportunity Employment. Twain represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

4.4.18 Labor Certification. By its signature hereunder, Twain certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of Program Administration Services.

4.4.19 Authority to Enter Agreement. Twain has all requisite power and authority to conduct its business and to execute, deliver, and perform this Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

4.5 Subcontracting.

4.5.1 Prior Approval Required. Twain shall not subcontract any portion of Program Administration Services, provided that Twain may delegate to a third party services provider its duties and obligations with respect to the Program Administration Services as well as support services upon obtaining the written consent of WRCOG, provided that any such delegation by Twain shall not relieve Twain of the duties or obligations so delegated, and (b) Twain shall remain liable for the activities of such affiliate or third party service provider to whom Twain delegates any such duties or obligations, provided further however, in any case, Twain may use third party services providers to perform support services. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

4.6 Insurance.

4.6.1 Time for Compliance. Twain shall not commence Program Administration Services under this Agreement until it has provided evidence satisfactory to WRCOG that it has secured all insurance required under this Section. In addition, Twain shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to WRCOG that the subcontractor has secured all insurance satisfactory to the requirements of a project.

4.6.2 Minimum Requirements. Twain shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by Twain, its agents, representatives, employees or subcontractors. Twain shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

(a) *Minimum Scope of Insurance*. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto); and (3) *Workers Compensation and Employers Liability*: Workers Compensation insurance as required by the State of California and Employers Liability Insurance.

(b) *Minimum Limits of Insurance*. Twain shall maintain limits no less than: (1) *General Liability:* $1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability:* $1,000,000 per accident for bodily injury and property damage; and (3) *Workers Compensation and Employers Liability:* Workers Compensation limits as required by the Labor Code of the State of California. Employers Liability limits of $1,000,000 per accident for bodily injury or disease.

4.6.3 Professional Liability. Twain shall procure and maintain, and require its sub-consultants to procure and maintain, for a period of three (3) years following completion of Program Administration Services, errors and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than $1,000,000 per claim, and shall be endorsed to include contractual liability.

4.6.4 Privacy/Network Security (Cyber) Liability Coverage. Twain shall procure and maintain insurance providing protection against liability for (1) privacy breaches (2) system breach (3) denial or loss of service (4) introduction, implantation, or spread of malicious software code (5) unauthorized access to or use of computer systems with limits of $2 million. No exclusion/restriction for unencrypted portable devices/media may be on the policy.

4.6.5 Insurance Endorsements. The insurance policies shall contain the following provisions, or Twain shall provide endorsements on forms supplied or approved by WRCOG to add the following provisions to the insurance policies:

(a) *General Liability*. The general liability policy shall be endorsed to state that: (1) WRCOG, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to Program Administration Services or operations performed by or on behalf of Twain, including materials, parts or equipment furnished in connection with such work; and (2) the insurance coverage shall be primary insurance as respects WRCOG, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Twain's scheduled underlying coverage. Any insurance or self-insurance maintained by WRCOG, its directors, officials, officers, employees, agents and volunteers shall be excess of Twain's insurance and shall not be called upon to contribute with it in any way.

(b) *Automobile Liability*. The automobile liability policy shall be endorsed to state that: (1) WRCOG, its directors, officials, officers, employees, agents and volunteers shall be covered as additional insureds with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by Twain or for which Twain is responsible; and (2) the insurance coverage shall be primary insurance as respects WRCOG, its directors, officials, officers, employees, agents and volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Twain's scheduled underlying coverage. Any insurance or self-insurance maintained by WRCOG, its directors, officials, officers, employees, agents and volunteers shall be excess of Twain's insurance and shall not be called upon to contribute with it in any way.

(c) *Workers Compensation and Employers Liability Coverage*. The insurer shall agree to waive all rights of subrogation against WRCOG, its directors, officials, officers, employees, agents and volunteers for losses paid under the terms of the insurance policy which arise from work performed by Twain.

(d) *All Coverages*. Each insurance policy required by this Agreement shall be endorsed to state that: (1) the respective insurer (or in the case of professional liability insurance provided pursuant to Section 4.6.3, the respective insurer or Twain) shall provide WRCOG with written notice within thirty (30) days of any suspension, voiding or cancellation of the insurance policy; and (2) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to WRCOG, its directors, officials, officers, employees, agents and volunteers.

4.6.6 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to WRCOG, its directors, officials, officers, employees, agents and volunteers.

4.6.7 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions in an amount greater than $10,000 must be declared to and approved by the

WRCOG. Twain shall guarantee that, at the option of WRCOG, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects WRCOG, its directors, officials, officers, employees, agents and volunteers; or (2) Twain shall procure a bond guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

4.6.8 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Bests rating no less than A:VII, licensed to do business in California.

4.6.9 Verification of Coverage. Twain shall furnish WRCOG with original certificates of insurance and endorsements effecting coverage required by this Agreement on forms satisfactory to WRCOG. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms provided by WRCOG if requested. All certificates and endorsements must be received and approved by WRCOG before work commences. WRCOG reserves the right to require complete, certified copies of all required insurance policies, at any time.

4.7 Indemnification.

Twain shall defend, indemnify and hold (i) WRCOG, (ii) Wilmington Trust, National Association in its capacity as trustee under the Master Indenture (the "Trustee") and (iii) their respective directors, officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any allegedly negligent or wrongful acts or omissions or willful misconduct of Twain, its officials, officers, employees, agents, consultants, contractors and subcontractors, arising out of or in connection with the performance of the Program Administration Services, the Twain Program or this Agreement, the Master Indenture, and any documents executed in connection therewith, including without limitation, the negligent disclosure of Data Compilations under Section 4.4.3(a) of this Agreement. Such costs, expenses, liability, loss, damage or injury shall include without limitation the payment of attorneys' fees and other related costs and expenses. Twain shall defend, at Twain's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against WRCOG, the Trustee and/or their respective directors, officials, officers, employees, agents or volunteers. Twain shall pay and satisfy any judgment, award or decree that may be rendered against WRCOG, the Trustee and/or their respective directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. Twain shall reimburse WRCOG, the Trustee and their respective directors, officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Twain's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by WRCOG, the Trustee and/or their respective directors, officials, officers, employees, agents or volunteers.

WRCOG shall defend, indemnify and hold Twain, its officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, in law or equity, to property or persons,

including wrongful death, in any manner arising out of or incident to any reckless acts or omissions or willful misconduct of WRCOG, its officials, officers, employees, agents, consultants, contractors and subcontractors, arising out of or in connection with the performance of the Program Administration Services, the Twain Program or this Agreement, including without limitation the payment of attorneys' fees and other related costs and expenses. WRCOG shall defend, at WRCOG's own cost, expense and risk, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against Twain, its directors, officials, officers, employees, agents or volunteers. WRCOG shall pay and satisfy any judgment, award or decree that may be rendered against Twain or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. WRCOG shall reimburse Twain and its directors, officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. WRCOG's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the Twain, its directors, officials, officers, employees, agents or volunteers.

No third party, other than the Trustee, shall be a direct beneficiary of this Section 4.7.

4.8 Press Release. Twain may issue a press release and other publicity in respect of the execution of this Agreement, subject to the prior consent of WRCOG; provided, however, such consent shall not be unreasonably withheld, conditioned or delayed.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Parties hereby have made and executed this Agreement as of the date first written above.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS	TWAIN FINANCIAL PARTNERS HOLDING, LLC
By: _____ Rick Bishop, Executive Director	By: _____ Name: _____ Its: _____

APPROVED AS TO FORM:

By: _____
General Counsel
Best Best & Krieger LLP

EXHIBIT "A"

PACE PROGRAM REPORT

EXHIBIT "B"

SCOPE OF PROGRAM ADMINISTRATION SERVICES

Twain shall provide the following Program Administrative Services:

Program Design	As part of Program Administration Services, Twain shall provide program design services which include: (1) review and edit all policies relating to Commercial Projects; (2) provide documentation, processes and procedures required for registering contractors, accepting, processing and approving property owner applications, reviewing eligibility of and approving proposed improvements, providing and tracking all financing disclosures and accepting, processing and approving funding requests, obtaining signatures on contractual assessment agreements (property owner and issuer), recording or causing to be recorded lien documents, issuing and executing assignments of the contractual assessments and/or Bond documents, evaluating project disbursement requests and disbursing project funds, drafting Twain Program guidelines, Eligible Improvement workbook, contractor registration/approval forms, commercial applications, all financing disclosure forms, all forms required to approve improvements, funding request form(s), and contractual assessment agreement and lien recordation documents (unless provided by municipality); (3) design and build the Twain Program website; (4) integration of Twain's origination systems with the Twain Program website.
Origination	As part of Program Administration Services, Twain shall provide origination services, which origination services shall be set forth in a Twain Commercial PACE Program Handbook [____] 2019-Version 1.0 (the "Twain Handbook") in accordance with the PACE Program Report and as may be amended with the written consent of WRCOG, and which origination services shall include: (1) process all commercial applications, including accepting applications (online and hard copy), entering hard copy applications into online system, pulling all credit, title, valuation and other reports as needed, reviewing eligibility of proposed property, applicants, equipment and contractors, tracking all financing disclosures, application and authorization forms, contacting applicants, contractors and other parties as needed, providing notifications of approval, denial or incomplete status; (2) providing capital for approved Commercial PACE Projects; (3) obtaining or assisting property owners to obtain consent of the first mortgage holder, if any; (4) process all funding requests for Commercial PACE Projects participating in the Twain Program, including accepting funding request forms, reviewing submitted

forms and attachments, providing notification of funding request approval, denial or incomplete status; (5) process and finalize all contractual assessment documentation, including issuance of contractual assessment and financing disclosures; (6) provide telephone and email customer service support; (7) track and report to WRCOG key Twain Program statistics, including applications received, approved, assessment contracts issued and signed and (8) periodically assess and/or adjust policies and procedures of the Twain Program as needed to resolve any recurring issues.

Marketing of Program: As part of Program Administration Services, Twain shall work with WRCOG and its Member jurisdictions to promote the Twain Program including notices on appropriate governmental web sites, press interviews and public meetings and announcements. Twain shall also publicize the Twain Program on its web site as well as through direct contact with property owners. Twain shall maintain sufficient resources to answer any questions by potential participants in the Twain Program. Twain shall also work with WRCOG and Members within the PACE Program Area in order to utilize the Twain Program to help bring industry and developments to the areas in which the Twain Program are offered.

Documentation: As part of Program Administration Services, Twain shall work with WRCOG to develop and produce a standard set of documents suitable to the parties that shall document the legal obligations associated with the contractual assessments, the assignment of contractual assessments, and the issuance of Bonds, and any other legal requirements of the transaction.

Assessment Tax Roll Management: Twain shall work with the Program Assessment Administrator, and the counties within which the Twain Program are offered to ensure that the proper contractual assessment installment are placed on the appropriate property owners property tax bills and that the contractual assessment installments shall be collected promptly for the properties subject to such contractual assessments.

Regular reporting of complaints, claims or legal actions: Twain shall provide quarterly reports to WRCOG showing all complaints and claims made by property owners to Twain who have applied and/or are participants in the Twain Program and any resolution thereto. In addition, Twain shall promptly notify WRCOG of any suits that have been filed against Twain relating to the Program Administration Services.

EXHIBIT "C"

SCHEDULE OF RESPONSIBILITIES

Responsibilities of Twain

For any owner(s) submitting a Commercial PACE Project for approval in the Twain Program (each, an "Owner") of a property that will be subject to a contractual assessment (each, the "Property"), Twain will collect all financial, technical, and legal documentation as required in its sole discretion to determine whether such Owner, Property, and Commercial PACE Project meet the requirements of the WRCOG PACE Program Report and Twain Program Handbook. If Twain determines that the Owner, Property, and Commercial PACE Project meet all of the requirements of the WRCOG PACE Program Report, the Twain Program Handbook and Chapter 29, the following documents shall be submitted to WRCOG (the "Approved Application Documents").

- Financing Summary Form
- Executed mortgage lender consent
- Engineer letter confirming Eligible Improvements
- Copy of title report dated within 60 days of the Financing Summary Form
- Disclosure of Risk Form
- Unexecuted Assessment Contract

Such Financing Summary Form will be executed by Twain and shall include confirmation that, as of the date of the Financial Summary Form:

- Owner is the property owner(s) of record.
- Twain is in receipt of all requisite organizational documents of the Owner to identify the authorized representatives of the Owner that must execute the Assessment Contract.
- Mortgage debt lender(s) have given consent to Program financing.
- Owner is current on property taxes and has not had a serious delinquency within three (3) years (or since the purchase of the property, if owned by such property owner(s) less than three (3) years).
- Owner is current on all property debt
- Owner has not been involved in a bankruptcy proceeding during the past seven (7) years and the property proposed to be subject to the contractual assessment is not an asset in a bankruptcy proceeding.
- The Property does not have any liens other than lender debt or liens recorded by community facility districts or similar financing districts.
- LTV, per the Twain Program Handbook, is under 35%.
- DTV, per the Twain Program Handbook is under 95%.
- The total annual property tax and assessments, including the contractual assessment, on the property will not exceed 5% of the property's market value, as determined at the time of approval of the contractual assessment.
- The property value exceeds $1,000,000

- One or more methods set forth in the Twain Program Handbook have been used to determine property value.

Upon receipt of written confirmation from WRCOG that the Commercial PACE Project in the Approved Application Materials is an Approved Commercial PACE Project (as defined below), Twain will prepare the closing package and send the following documents to the Owner of the Property for signature (the "Assessment Contract Closing Documents"):

Assessment Contract

No less than 10 business days before the effective date of the Assessment Contract, Twain shall deliver original copies of the Assessment Contract Closing Documents executed by the Owner to WRCOG for signature.

Upon receipt of verification that all Assessment Contract Closing Documents have been properly executed by the Owner, WRCOG will execute the Assessment Contract, record the Assessment Contract in the applicable land records per the WRCOG Responsibilities.

Upon written instruction from Twain, Twain Community Partners II LLC and Twain Funding I LLC, as permitted assignees, either i) WRCOG will execute an assignment of a Transferred Interest to Twain Financial Partners Holding, LLC, or any permitted assignee or designee pursuant to the Master AAA; or ii) Twain Financial Partners Holding, LLC or any assign, affiliate, subsidiary, or any other person or entity that Twain Financial Partners Holding, LLC designates will purchase the Bond or Series of Bonds pursuant to the Master Indenture and Investor Letter.

Upon receipt of verification that all Twain Closing Documents and any other documents under the Master AAA or Master Indenture have been properly executed and, if applicable, recorded, Twain will disburse funds to the Property Owner.

No less than 10 business days before the effective date of the Assessment Contract, Twain will electronically send the contractual assessment data file for each Assessment Contract executed, along with all Assessment Assignment documents and/or Bond Documents for each Bond or Series of Bonds, to Bond Counsel, the Trustee, and AmeriNat, and Public Financial Management for review and set-up; provided however executed documents shall be delivered not later than 5 days prior to the effective date of the Assessment Contract.

If Twain elects to make Assessment Installments, as defined in the Assessment Contract, on behalf of a property owner from excess financing proceeds, Twain shall assume sole liability for any missed or deficient payments to the extent said missed or deficient payments were to be covered by the excess financing proceeds. Twain shall make property owner whole if property owner must make any Installment Payments for which Twain was responsible for payment without any limitations. This provision is expressly subject to the indemnification provisions set forth in Section 4.7 thereof.

If Twain elects to complete the construction of any improvement authorized to be financed pursuant to the Assessment Contract, Twain hereby agrees to indemnify the Authority from any and all claims, demands, causes of action, costs, expenses, liabilities, loss, damage or injury to person or any property, without any limitations.

Twain shall be solely responsible for funding any improvements financed pursuant to an Assessment Contract originated by the Twain Program.

Responsibilities of WRCOG

Upon receipt of the Approved Application Documents and confirmation that the Commercial PACE Project included in the Approved Application Documents meets all the requirements of the Twain Program Handbook and Chapter 29, WRCOG will provide a written confirmation to Twain, which confirmation shall not be unreasonably withheld, that such Commercial PACE Project is approved (an "Approved Commercial PACE Project").

Upon receipt of the executed Closing Documents from Twain for each Approved Commercial PACE Project, WRCOG will execute on or before the effective date of the Assessment Contract, and then promptly cause recordation of and notification to the financing team electronically of recordation of:

> Notice of Assessment and Payment of Contractual Assessment Required (which shall include as an exhibit the Assessment Contract)

WRCOG will send Twain copies of the recorded Notice of Assessment and Payment of Contractual Assessment Required within 5 business days of execution by WRCOG.

WRCOG Bond Closing Documents:

> Master Indenture
> Supplemental Indenture
> Improvement Bond
> Assessment Contract
> Notice of Assessment and Payment of Contractual Assessment Required
> Omnibus Closing Certificate of WRCOG
> Certificate of WRCOG for Disbursement from Costs of Issuance Fund
> Certificate of WRCOG for Disbursement from Program Fund
> Certificate of Trustee
> Instructions to Trustee Regarding Disbursement of Proceeds of Bond
> Receipt for Bond Proceeds
> Compliance Certificate (Program Administrator)
> Receipt for Improvement Bond
> Opinion of Bond Counsel
> Supplemental Opinion of Bond Counsel
> Reliance Letter of Bond Counsel
> Investor Letter

WRCOG will execute, by facsimile or original signatures, and deliver the Bond or Series of Bonds to the Trustee for authentication (with electronic copy to remainder of financing team) and delivery to Twain.

EXHIBIT "D"

COMPENSATION SCHEDULE

- WRCOG shall receive _____% of the Project Costs (as defined in each Assessment Contract).

- Twain shall receive a percentage of the Project Costs for each Assessment Contract, as negotiated and agreed to by Twain and the property owner in such Assessment Contract.

- Fees and costs of _____, as set forth in the Western Riverside Council of Governments Professional Services Agreement (Twain) dated [_____], 2019 by and between Twain, WRCOG and _____.

- Fees and costs of _____ ("_____"), as set forth in the Fee Schedule dated [_____], 2019 between WTNA and Twain.

- Best Best & Krieger LLP ("BBK") shall receive the fee set forth below.

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Item 6.A

PACE Programs Activities Update: General Activities Update and approval of a New Provider and Changes to Commercial Program Guidelines

Attachment 5

Commercial Indenture with Twain Financial Partners, LLC

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INDENTURE OF TRUST NO. _____

between

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

and

WILMINGTON TRUST, NATIONAL ASSOCIATION
as Trustee

Dated as of [__], 2019

Relating to:

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
TWAIN FINANCIAL PARTNERS HOLDING LLC
LIMITED OBLIGATION IMPROVEMENT BONDS
(First Commercial Property Tranche)

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INDENTURE OF TRUST NO. ____

THIS INDENTURE OF TRUST NO. ____ (this "**Indenture**") is made and entered into as of [_____], 2019, between the **WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS**, a joint exercise of powers agency duly organized and existing under the Constitution and laws of the State of California ("**WRCOG**"), and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America (the "**Trustee**").

BACKGROUND:

WHEREAS, acting under the provisions of Chapter 29 of the Improvement Bond Act of 1911, being Division 7 of the California Streets and Highways Code ("Chapter 29"), WRCOG has established the Energy Efficiency and Water Conservation Program for Western Riverside County (the "WRCOG Program") pursuant to which WRCOG is authorized to enter into contractual assessments with the owners of residential or commercial real property located within the County of Riverside and the cities within the western portion of the County of Riverside that have elected to participate in the WRCOG Program to finance the installation of distributed generation renewable energy sources, energy and water efficiency improvements and electric vehicle charging infrastructure (the "Authorized Improvements"); and

WHEREAS, acting under Chapter 29, WRCOG has also established the California HERO Program (the "California Program" and, together with the WRCOG Program, the "Programs") pursuant to which WRCOG is authorized to enter into contractual assessments with the owners of residential and commercial real property located within cities and counties located outside of the western portion of the County of Riverside that have elected to become Associate Members of WRCOG and to participate in the California Program to finance the installation of Authorized Improvements; and

WHEREAS, WRCOG is authorized to issue limited obligation improvement bonds pursuant to Section 5898.22 and Section 5898.28 of Chapter 29 and the Improvement Bond Act of 1915, as amended, being Division 10 of the California Streets and Highways Code (the "Bond Act"), to finance the installation of Authorized Improvements that are permanently fixed to residential or commercial real property located within cities or counties participating in either of the Programs; and

WHEREAS, the Executive Committee of WRCOG (the "Executive Committee") subsequently determined that it would be in the best interests of both the Programs and the owners of the residential or commercial real property participating in each such program to consolidate and provide for the issuance of limited obligation improvement bonds representing unpaid Assessments levied on such participating parcels located in either the WRCOG Program Area (as defined herein) or the California Program Area (as defined herein and, together with the WRCOG Program Area, the "Program Areas") pursuant to an Indenture of trust to facilitate the issuance of such limited obligation improvement bonds, to realize reduced costs of issuance and administration economies of scale and to enhance the marketability of such limited obligation improvement bonds; and

WHEREAS, on [__], 2019, the Executive Committee adopted Resolution Number __-18, entitled "Resolution of the Western Riverside Council of Governments Authorizing Twain Financial Partners Holding LLC to Administer and Finance Eligible Improvements to be Installed on Commercial Properties Located within the Boundaries of Both the WRCOG Energy Efficiency And Water Conservation Program for Western Riverside County and in Connection with such Authorization, Approving Amendments To The Program Report for the Program and the Forms of a Commercial Handbook, Commercial Application, Assessment Contract, Administration Agreement, and Indenture, and Authorizing the Issuance of Bonds Pursuant to such Indenture Secured by Assessments Levied on Commercial Properties to Finance the Installation of Authorized Improvements on Such Commercial Properties and Approving Other Actions in Connection Thereto" (the "Resolution of Issuance") to authorize Twain Financial Partners Holding LLC ("Twain") to implement a commercial property assessed clean energy program to be known as the "Twain Commercial PACE Program" under and pursuant to the Program within the boundaries of the Program; and

WHEREAS, the Executive Committee did, by the adoption of the Resolution of Issuance, approve the form of this Indenture, appoint Wilmington Trust, National Association, as trustee hereunder and authorize WRCOG to issue limited obligation improvement bonds pursuant to this Indenture (defined herein as the "Bonds") to finance the installation of Authorized Improvements on commercial properties the owners of which have elected to participate in the Twain Commercial PACE Program; and

WHEREAS, it is in the public interest and for the benefit of WRCOG and the owners of the Bonds that WRCOG and the Trustee enter into this Indenture to provide for the issuance of the Bonds, the disbursement of proceeds of such bonds, the disposition of the assessments securing the Bonds and the administration and payment of the Bonds; and

WHEREAS, WRCOG has determined that all things necessary to cause the Bonds, when authenticated by the Trustee and issued as provided in the Bond Act, the Resolution of Issuance, and this Indenture, to be legal, valid and binding limited obligations in accordance with their terms, and all things necessary to cause the creation, authorization, execution and delivery of this Indenture and the creation, authorization, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, in consideration of the covenants and provisions herein set forth and for other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I

STATUTORY AUTHORITY AND DEFINITIONS

Section 1.01. Authority for this Indenture. This Indenture is entered into under Chapter 29, the Bond Act and the Resolution of Issuance.

Section 1.02. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.02 will, for all purposes of this Indenture, and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

"Accredited Investor" means an "accredited investor" as such term is defined in Rule 501(a) of Regulation D promulgated under the United States Securities Act of 1933, as amended.

"***Administrative Expense Account***" means the account of that name established in the Program Fund and designated "Western Riverside Council of Governments Twain Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche) Administrative Expense Account," established and administered pursuant to Section 4.02.

"***Administrative Expenses***" means costs directly related to the administration of the Program, as determined by WRCOG in its sole reasonable discretion, including, but not limited to: the actual costs of preparing the annual Assessment Installment collection schedules (whether by an employee of WRCOG or a consultant or both) and the actual costs of collecting the Assessment Installments (whether by a county or otherwise); actual fees and costs of the Trustee, in each case as evidenced by written documentation provided to WRCOG or the Program Administrator; the actual costs of remitting the Assessment Installments to the Trustee; actual costs of the Trustee (including its legal counsel) in the discharge of its duties under the Indenture; the actual costs of WRCOG or its designee of complying with the disclosure provisions of Chapter 29, the Bond Act, federal securities laws and the Indenture, including those related to public inquiries regarding the Assessments and disclosures to Owners of the Bonds; the actual costs of WRCOG or its designee related to an appeal or challenge of the Assessment; any amounts required to be rebated to the federal government; and an allocable share of the salaries of WRCOG staff directly related to the foregoing and a proportionate amount of Authority general administrative overhead related thereto. Administrative Expenses shall also include amounts advanced by WRCOG for any administrative purpose relating to the Program, including costs related to prepayments of Assessments and the costs of prosecuting foreclosure of delinquent Assessment Installments and actual fees and costs of the Program Administrator (including amounts advanced or incurred by the Program Administrator on behalf of WRCOG in the discharge of the duties of WRCOG under this Indenture).

"***Annual Assessment Administrative Fee***" means, as to each Participating Parcel, the administrative fee due and payable pursuant to an Assessment Contract that shall be collected on the property tax bill pertaining to such Participating Parcel.

"***Assessment***" *or* "***Assessments***" means the unpaid contractual assessment(s) levied on the Participating Parcel(s) pursuant to an Assessment Contract(s), but excludes Penalties and Interest.

"***Assessment Administrator***" means AmeriNational Community Services, LLC d/b/a AmeriNat, and its successors, or any financial consultant or firm of such financial consultants judged by WRCOG to have experience in the administration for and on behalf of public agencies of assessments similar to the Assessments levied by such public agencies in the State of California.

"***Assessment Collection Account***" means the account within the Redemption Fund designated as the "Western Riverside Council of Governments Twain Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche) Assessment Collection Account," established and administered by the Trustee pursuant to Section 4.01 hereof.

"***Assessment Contract***" means the contract between WRCOG and the Property Owner dated [_____], 20[___] pursuant to which the Property Owner agrees to pay the Assessment and WRCOG agrees to finance the installation of Improvements on the Participating Parcel.

"***Assessment Installment***" means, as to each Participating Parcel, the portion of the principal amount of the Assessment, together with the interest on the Assessment, due and payable pursuant to an Assessment Contract that shall be collected on the property tax bill pertaining to such Participating Parcel.

"***Auditor***" means the auditor/controller or tax collector of the applicable county in which the Participating Parcel is located, or such other official of the county who is responsible for preparing real property tax bills.

"***Authorized Denominations***" means the entire principal amount of the Outstanding Bonds.

"***Authorized Representative***" means the Executive Director of WRCOG or his or her designee or designees each of whom is authorized pursuant to a Certificate of WRCOG executed by the Executive Director.

"***Bond***" or "***Bonds***" means the Western Riverside Council of Governments Twain Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche) authorized, executed and delivered under this Indenture.

"***Bond Counsel***" means Best Best & Krieger LLP, and its successors, or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the issuance of bonds by states and their political subdivisions, duly admitted to the practice of law before the highest court of the State of California.

"***Bond Act***" means the Improvement Bond Act of 1915, being Division 10 of the California Streets and Highways Code (commencing with Section 8500 et seq.), and as it may be amended from time to time, to the extent not in conflict with Chapter 29.

"***Bond Register***" means the books maintained by the Trustee pursuant to Section 2.07 for the registration and transfer of ownership of the Bonds.

"***Bond Year***" means, with respect to the Bonds, the twelve-month period beginning on September 3 in each year and ending on September 2 in the following year except that (i) the first Bond Year will begin on the date of delivery of the Bonds and end on the next September 2, and (ii) the last Bond Year may end on a prior redemption date.

"***Business Day***" means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in California or in the state in which the Trustee has its principal corporate trust office are authorized or obligated by law or executive order to be closed.

"***Capitalized Interest Account***" means the account of that name established in the Redemption Fund establilshed and administered under Section 4.01.

"***Certificate of WRCOG***" means a written certificate of WRCOG signed by an Authorized Representative of WRCOG.

"***Chapter 29***" shall have the meaning given such term in the recitals hereto.

"***Closing Date***" means [ ], 2019 thereof.

"Collateral" shall have the meaning given such term in Section 3.01 hereto.

"***Commercial***" shall have the meaning given such term in the Program Report.

"***Costs of Issuance***" means all items of expense directly or indirectly payable by or reimbursable to WRCOG relating to the authorization, issuance, sale and delivery of the Bonds, including, but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee's first annual administrative fee; fees, charges and disbursements of Bond Counsel and other attorneys, financing advisors, accounting firms, consultants and other professionals, the Program Administrator's fee, fees and charges for preparation, execution and safekeeping of the Bonds; and any cost, charge or fee in connection with the original issuance of Bonds.

"Costs of Issuance Account" means the account of that name established in the Program Fund and designated "Western Riverside Council of Governments Twain Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche) Costs of Issuance Account," established and administered pursuant to Section 4.04 of this Indenture.

"***County***" means the county in which the Participating Parcel is located.

"***Debt Service***" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds and the Sinking Fund Payments on such Bonds due in such Bond Year.

"***Debt Service Schedule***" means the schedule, as may be amended, established by WRCOG or its authorized agent, which sets forth the dates on which Debt Service shall be paid.

"Designated Transferee" means the party identified as the Designated Transferee, if any, in a Certificate of WRCOG with respect to the Bonds providing for the issuance of Bonds.

"***Electronic Means***" shall mean the following communications methods: e-mail; facsimile transmission; secure electronic transmission containing applicable authorization codes,

passwords and/or authentication keys issued by the Trustee; or another method or system specified by the Trustee as available for use in connection with its services hereunder.

"***Event of Default***" means any event described as an Event of Default in Section 9.01.

"***Excess Program Account Proceeds***" means the proceeds, if any, from the issuance of the Bonds deposited on the Closing Date in the respective Program Account within the Program Fund for the payment or reimbursement of Improvement Costs for the installation of Improvements on a Participating Parcel that remain on deposit in such account following the payment of all such Improvement Costs.

"***Executive Committee***" means the Executive Committee of WRCOG.

"***Extraordinary Mandatory Redemption Account***" means the account within the Redemption Fund designated as the "Western Riverside Council of Governments Twain Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche) Extraordinary Mandatory Redemption Account," established by the Trustee pursuant to Section 4.01(A)(3).

"***Federal Securities***" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Trustee:

(i) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the United States Department of the Treasury) and obligations, the timely payment of principal of and interest on which are, directly or indirectly, fully and unconditionally guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as stripped obligations and coupons; or

(ii) any of the following obligations of the following agencies of the United States of America:

(a) direct obligations of the Export-Import Bank;

(b) certificates of beneficial ownership issued by the Farmers Home Administration;

(c) participation certificates issued by the General Services Administration;

(d) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association;

(e) project notes issued by the United States Department of Housing and Urban Development; and

(f) public housing notes and bonds guaranteed by the United States of America.

"***Financed Amount***" has the meaning given that term in the Assessment Contract(s).

"***Improvement Costs***" means the costs of installing the Improvements on Participating Parcels in accordance with the Program Report, the Program Handbook and the related Assessment Contract or Assessment Contracts.

"***Improvements***" means the distributed generation renewable energy, energy efficiency, water efficiency, seismic and electric vehicle charging infrastructure improvements to be installed on the Participating Parcel(s) pursuant to the Assessment Contact.

"***Indenture***" means this Indenture of Trust No. [___], dated as of [_____], 2019 by and between WRCOG and the Trustee, as it may be amended, modified or supplemented from time to time.

"Initial Purchaser" means the party designated as the Initial Purchaser pursuant to a Certificate of WRCOG with respect to the Bonds.

"***Interest Payment Dates***" means March 2 and September 2 of each year, commencing on [_____], 20[___].

"Joint Exercise of Powers Agreement" means that Joint Powers Agreement of WRCOG originally made and entered into April 1, 1991, as amended and to date and as it may be amended or supplemented from time in accordance with its terms.

"Member Agency" means any public agency identified as such in the Program Reports adopted for the Programs.

"***Non-Completion Assessment***" means an Assessment collected from the owner of the Participating Parcel(s) resulting from failure to install the Improvements or otherwise comply with requirements of WRCOG.

"***Outstanding***" when used as of any particular time with reference to the Bonds, means, subject to the provisions of Section 8.03, all Bonds except:

(i) Bonds canceled by the Trustee or surrendered to the Trustee for cancellation;

(ii) Bonds paid or deemed to have been paid within the meaning of Article X; and

(iii) Bonds in lieu of or in substitution for which other Bonds have been authorized, executed, issued and delivered by WRCOG pursuant to the Indenture.

"***Owner***" or "***Bond Owner***" means the registered owner of any Outstanding Bond as shown on the Bond Register of the Trustee under Section 2.07.

"***Participating Parcel(s)***" means the [insert property address or APN].

"***Penalties and Interest***" means any (i) penalties on delinquent contractual assessments levied on a Participating Parcel(s) pursuant to an Assessment Contract and (ii) interest on delinquent contractual assessments levied on a Participating Parcel(s) pursuant to an Assessment Contract in excess of the interest rate on the Bonds, in both cases pursuant to Section 5898.30 of Chapter 29.

"***Penalties and Interest Account***" means the account within the Redemption Fund and designated "Western Riverside Council of Governments Twain Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche), Penalties and Interest Account," established and administered under Section 4.01 hereof.

"***Permitted Investments***" means any of the following:

(a) Federal Securities.

(b) Federal Housing Administration debentures.

(c) Unsecured certificates of deposit, time deposits, demand deposits, overnight bank deposits, trust funds, trust accounts, interest-bearing deposits, interest-bearing money market accounts, other deposit products, and bankers' acceptances (having maturities of not more than thirty (30) days) of any bank (including those of the Trustee and its affiliates) the short-term obligations of which are rated "A-1" or better by S&P.

(d) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least $5 million (including those of the Trustee and its affiliates).

(e) Commercial paper (having original maturities of not more than 270 days) rated "A-1+" by S&P and "Prime-1" by Moody's.

(f) State Obligations, which means

(i) Direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(ii) Direct, general short-term obligations of any state agency or subdivision described in (i) above and rated "A-1+" by S&P and "Prime-1" by Moody's.

(iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (i) above and rated "AA" or better by S&P and "Aa" or better by Moody's.

(g) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(i) the municipal obligations are (A) not subject to redemption prior to maturity or (B) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(ii) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(iii) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(iv) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(v) no substitution of a United States Treasury Obligation will be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(vi) the cash or the United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(h) Investments in a money market mutual fund rated AAAm or AAAm-G or better by S&P and having a rating in the highest investment category granted thereby from Moody's, including, without limitation, any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, or custodian or subcustodian, or otherwise, notwithstanding that: (i) the Trustee or an affiliate of the Trustee receives and retains fees from funds for services rendered; (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds; and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(i) Repurchase and reverse repurchase agreements collateralized with securities described in (a) and (b) above, including those of the Trustee or any of its affiliates.

(j) California's Local Agency Investment Fund ("LAIF").

"***Prepayment Account***" means the account within the Redemption Fund and designated "Western Riverside Council of Governments Twain Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche) Prepayment Account," established and administered under Section 4.01 hereof.

"***Prepayments***" means Non-Completion Assessments or prepayments of Assessments received by WRCOG or the Trustee, less any administrative fees or penalties collected as part of any such Non-Completion Assessment or prepayment of Assessments.

"***Principal Office***" means the corporate trust office of the Trustee in Costa Mesa, California, located at such address as will be specified in a written notice by the Trustee to WRCOG under Section 10.06 hereof or such other office of the Trustee designated for payment, transfer or exchange of the Bonds.

"***Program***" means the Twain Commerical PACE Program established pursuant to the Resolution of Issuance.

"***Program Account***" means the respective account within the Program Fund and designated "Western Riverside Council of Governments Twain Commercial PACE Limited Obligation Improvement Bonds (First Commercial Property Tranche) Program Account," established and administered under Section 4.01 hereof.

"***Program Administrator***" means Twain, acting in its capacity as the administrator of the Twain Commercial PACE Program pursuant to the Resolution of Issuance and the Twain Commercial PACE Program Administration Agreement, dated as of [__], 2019, by and between WRCOG and Twain Commercial PACE Capital, Inc., as such agreement may be amended or supplemented from time to time.

"***Program Area***" has the meaning given to it in the recitals hereto.

"***Program Fund***" means the fund designated "Western Riverside Council of Governments Twain Commercial PACE Limited Obligation Improvement Bonds Program Fund" established and administered under Section 4.02.

"***Program Handbook***" means the "Twain Commercial PACE Program Handbook" as approved by WRCOG, as such handbook may be amended or supplemented from time to time with the approval of WRCOG.

"***Program Manager***" means the official of WRCOG designated as the program manager of the Program from time to time.

"***Program Report***" means the Administrative Guidelines and Program Report for the Program.

"***Property Owner***" means the owner of the Participating Parcel(s).

"***Qualified Institutional Buyer***" means a "qualified institutional buyer" as such term is defined in Rule 144A promulgated under the Securities Act of 1933, as amended.

"***Record Date***" means the 15th day of the calendar month immediately preceding the applicable Interest Payment Date, and any date established by the Trustee as a Record Date for the payment of defaulted interest on the Bonds, if any.

"***Redemption Fund***" means the fund designated "Western Riverside Council of Governments Twain Commercial PACE Program Limited Obligation Improvement Bonds (First Commercial Property Tranche), Redemption Fund," established and administered under Section 4.01.

"***Redemption Premium,***" means the redemption premium set forth herein.

"***Reserve Fund***" means, as to the Bonds, a debt service reserve fund established by the Trustee herein.

*["**Reserve Requirement**"* means[$_____].]

"***Resolution of Issuance***" shall have the meaning given such term in the recitals hereto.

"***Sinking Account Payments***" means amounts to be paid by WRCOG with respect to any Term Bonds.

"***Teeter Plan***" means the alternative procedure for the distribution of property taxes and assessments adopted by a county pursuant to Revenue and Taxation Code sections 4701 through 4717.

"***Term Bonds***" means the Bonds which are payable on or before their specified maturity dates from Sinking Account Payments established herein for that purpose and calculated to retire the Bonds on or before their specified maturity dates.

"***Trustee***" means Wilmington Trust, National Association, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 7.01 hereof.

"***WRCOG***" means the Western Riverside Council of Governments, a joint exercise of powers agency duly organized and existing under the Constitution and laws of the State of California.

"***WRCOG Counsel***" means the general counsel of WRCOG or designated counsel to WRCOG with respect to the Bonds.

Section 1.03. Interpretation.

(A) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(B) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(C) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to the Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.04. Indenture Constitutes Contract. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract among WRCOG, the Trustee and the Owners of the Bonds. The pledge made in the Indenture and the provisions, covenants and agreements set forth in the Indenture to be performed by or on behalf of WRCOG shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds. All of the Bonds, without regard to the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by the Indenture.

ARTICLE II

THE BONDS

Section 2.01. Bonds Authorized.

(A) Authorized Bonds. WRCOG hereby authorizes the issuance of the Bonds in Authorized Denominations under and subject to the terms of the Resolution of Issuance, the Indenture, Chapter 29 and the Bond Act. The Bonds will be designated the Western Riverside Council of Governments Twain Commercial Pace Program Limited Obligation Improvement Bonds, No. __- (First Commercial Property Tranche)", and will be issued in the original principal amount of $_____. Pursuant to the Resolution of Issuance, the Authorized Representatives of WRCOG are authorized and directed to deliver any and all documents and instruments necessary to cause the issuance of the Bonds in accordance with the provisions of Chapter 29, the Bond Act, the Resolution of Issuance and this Indenture.

(B) Procedures for the Issuance of Bonds. WRCOG may at any time issue Bonds in Authorized Denominations payable from Assessments and secured by first priority perfected liens upon such Assessments on the Participating Parcels and the other Collateral pledged hereunder for the payment of the Bonds, subject to the following specific conditions, which are hereby made conditions precedent to the issuance of the Bonds:

(i) All the requirements of Section 3.04 have been met.

(ii) The issuance of the Bonds has been duly authorized pursuant to the Bond Act and all applicable laws.

(iii) The Bonds shall be issued as fully registered Bonds without coupons.

(iv) The Bonds will be dated the Closing Date and will be payable on the Payment Dates and in the principal amounts, and will bear interest at the rate per annum (with accrued and unpaid interest payable on each Payment Date as set forth in the schedule indicated in Appendix 1.

WRCOG acknowledges and agrees that the Initial Purchaser or its Designated Transferee (if applicable) may acquire the Bonds issued hereunder through, or through the account maintained with, a registered broker dealer.

(C) Form of Bonds. The Bonds, the Trustee's certificate of authentication, and the assignment to appear thereon, will be substantially in the form set forth in Exhibit A attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture, the Resolution of Issuance and the Bond Law.

(D) Proceeds of the Bonds. Upon the receipt of payment for the Bonds on the Closing Date thereof, the Trustee will apply the proceeds of sale thereof in the amounts and to the funds and accounts as provided for herein.

(E) Validity of Bonds. The validity of the authorization and issuance of the Bonds will not be dependent upon the installation or operation of the Improvements (as defined in the Assessment Contract(s) with respect to the Participating Parcel(s) or upon the performance by any person of such person's obligation with respect to the Improvements.

(F) Registration of the Bonds. The Bonds shall be registered in the name of the Initial Purchaser indicated in Appendix 1.

Section 2.02. Payment of Principal of and Interest on the Bonds.

(A) Payment of Interest. Interest on each Bond will be computed on the basis of a 360-day year of twelve 30-day calendar months, and will be payable on each Interest Payment Date, pursuant to Debt Service Schedule set forth on Appendix 1 hereto. The Bonds will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless they are authenticated on a day during the period from the sixteenth day of the month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event they will bear interest from such Interest Payment Date; or unless they are authenticated on a day on or before the fifteenth day of the month next preceding the first Interest Payment Date, in which event they will bear interest from the date of delivery of such Bonds. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Bonds shall bear interest at the rate per annum, and mature on the date, shown thereon.

(B) Method of Payment. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable in lawful money of the United States of America. The Trustee shall pay interest on the Bonds when due by wire transfer in immediately available funds to the person whose name appears on the Bond Register as the Owner thereof on the Record Date preceding such Interest Payment Date in accordance with such wire transfer instructions as shall be filed by such Owner with the Trustee from time to time prior to such Record Date.

The principal of any Bond and any premium on such Bond are payable in lawful money of the United States of America by the Trustee to the person whose name appears on the Bond Register as the Owner thereof on the Record Date immediately preceding the applicable Interest Payment Date upon surrender of the Bonds at the Principal Office of the Trustee. As to each Bond, payments of principal of such Bond shall, except on the final maturity thereof, be made without the requirement for presentation and surrender of such Bond at the Principal Office of the Trustee, and the Trustee shall pay such principal of such Bond when due by wire transfer in immediately available funds to the Owner in accordance with such wire transfer instructions as shall be filed by the Owner of such Bond with the Trustee from time to time prior to such Record Date. All Bonds paid by the Trustee under this Section will be canceled by the Trustee. The Trustee will destroy the canceled Bonds and, upon request of WRCOG, issue a certificate of destruction of such Bonds to WRCOG.

Notwithstanding anything contained herein to the contrary, the Initial Purchaser and any Designated Transferee shall not be required to present and surrender the Bond for any principal payment, mandatory redemption payment for the redemption of such Bond in part, or mandatory sinking fund payment other than the final principal payment at maturity.

Section 2.03. Redemption.

(A) General. The Bonds are subject to mandatory redemption from Prepayments and from Sinking Account Payments, optional redemption from amounts on deposit in the Redemption Fund and redemption from Excess Program Account Proceeds on deposit in the Extraordinary Mandatory Redemption Account, in each case as set forth in Appendix 1 hereto, but are not otherwise subject to optional redemption prior to maturity.

All Bonds will be subject to mandatory redemption from amounts received by WRCOG as Prepayments as provided in the applicable Supplemental Indenture and subject to the provisions of Part 11.1 of the Bond Act. WRCOG shall advise the Trustee of such provisions to the extent not specified herein.

Whenever less than all of the Outstanding Bonds are called for redemption, the Trustee will select Bonds for redemption among maturities in such a way that the ratio of Outstanding Bonds to issued Bonds will be approximately the same in each maturity insofar as possible, and such that the remaining Assessments will be sufficient on a timely basis to pay the aggregate Debt Service on the Bonds. The Trustee will select Bonds for retirement by lot from all Bonds

not previously called for redemption; provided that the Trustee shall have not less than seventy-two (72) hours before such selection in which to make the selection.

(B) Refundings. The provisions of Part 11.1 of the Bond Act are applicable to the advance payment of Assessments and to the refunding and redemption of the Bonds. WRCOG will advise the Trustee of such provisions to the extent not specified herein.

(C) Partial Redemption. Whenever less than all of the Outstanding Bond or Bonds are called for redemption, the Trustee will select Bonds for redemption in accordance with written direction from WRCOG among maturities in such a way that the remaining Assessments will be sufficient on a timely basis to pay debt service on the Bonds. Within each maturity, the Trustee will select Bonds for retirement by lot. Payment of principal of any Bond selected for redemption in part and accrued interest and premium, if any, on the Bond shall be payable without surrender of the Bond at the Principal Office of the Trustee.

The payment of the principal of, premium, if any, and accrued interest on a Bond upon redemption in part shall be payable without the surrender of the Bond to the Trustee.

If the Bonds have been redeemed pursuant to an optional redemption or a mandatory prepayment redemption, the total amount of all future Sinking Fund Payments relating to such maturity will be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Fund Payments on a pro rata basis in Authorized Denominations as set forth in a revised sinking fund schedule provided to the Trustee by WRCOG.

(D) Notice to Trustee. WRCOG will give the Trustee written notice of the aggregate amount of Bonds to be redeemed not less than sixty (60) days prior to the applicable redemption date.

(E) Redemption Procedure by Trustee.

(i) Mailing of Notice. If any Bonds are designated for redemption pursuant to this Indenture, the Trustee will cause notice of any redemption to be mailed by first class mail to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Bond Register in the Principal Office of the Trustee, at least thirty (30) days but no more than sixty (60) days before the date designated for redemption.

Any failure of any person or entity to receive any such redemption notice if mailed in compliance with the previous paragraph, or any defect in any notice of redemption, will not affect the validity of the proceedings for the redemption of such Bonds.

(ii) Contents of Notice. Such notice will state the following:

(1) the redemption date;

(2) the redemption price;

(3) the date of issue of the Bonds;

(4) if less than all of the then Outstanding Bonds are to be called for redemption, the Bond numbers of the Bonds to be redeemed (by designating the Bond number of each Bond to be redeemed or by stating that all Bonds between two designated Bond numbers, both inclusive, are to be redeemed) or that all of the Bonds of one or more maturities have been called for redemption;

(5) as to any Bond called in part, the principal amount thereof to be redeemed;

(6) that such Bonds must be then surrendered at the Principal Office of the Trustee for redemption at the redemption price; provided that the Initial Purchaser and any Designated Transferee shall not be required to present and surrender the Bond for any principal payment, mandatory redemption payment, or mandatory sinking fund other than the final principal payment at maturity; and

(7) that further interest on the Bonds (or portion thereof) called for redemption will not accrue from and after the redemption date.

(iii) Rescission of Redemption. WRCOG may provide conditional notice of optional redemption and it may rescind any notice of optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption will be cancelled and annulled if for any reason adequate funds are not on deposit in the Redemption Fund on the redemption date, and such cancellation will not constitute an Event of Default hereunder. The Trustee will mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

(iv) Identification of Bonds Redeemed. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose will, to the extent practicable, bear the Bond number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(F) Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds or portion of Bonds so called for redemption have been deposited in the Redemption Fund on the date fixed for redemption, then such Bonds or portion of Bonds so called for redemption will become due and payable at the redemption price specified in the redemption notice, and such Bonds or portion of Bonds will be defeased and will cease to be entitled to any benefit or security under the Indenture other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice.

All Bonds redeemed by the Trustee pursuant to this Section 2.03 will be canceled by the Trustee. The Trustee will destroy the canceled Bonds and, upon request of WRCOG, issue a certificate of destruction of such Bonds to WRCOG.

Section 2.04. Execution of Bonds. The Bonds will be executed on behalf of WRCOG by the manual or facsimile signature of the Treasurer and attested by the manual or facsimile signature of the Secretary. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the Owner, such signature will nevertheless be as

effective as if the officer had remained in office until the delivery of the Bonds to the Owner. Any Bond may be signed and attested on behalf of WRCOG by such persons who, as of the actual date of the execution of such Bond will be the proper officers of WRCOG although at the nominal date of such Bond any such person will not have been such officer of WRCOG.

Only such Bonds as bear thereon a certificate of authentication in substantially the form set forth herein, manually executed and dated by the Trustee, will be valid or obligatory for any purpose or entitled to the benefits of the Indenture, and such certificate of authentication of the Trustee will be conclusive evidence that the Bonds registered hereunder have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of the Indenture.

Section 2.05. Transfer of Bonds.

(A) General. Any Bond may, in accordance with its terms and subject to paragraph (B) of this Section, be transferred, upon the Bond Register under Section 2.07 hereof by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Trustee. The cost for any services rendered or any expenses incurred by the Trustee in connection with any such transfer will be paid by WRCOG. The Trustee will collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond is or Bonds are surrendered for transfer, WRCOG will execute and the Trustee will authenticate and deliver a new Bond, for like aggregate principal amounts, maturities, and interest rates in the denominations herein authorized. Neither WRCOG nor the Trustee will be required to make such transfer of Bonds on or after a Record Date and before the next ensuing Interest Payment Date.

(B) Transfer Restriction Applicable to Bonds. With respect to any Bond registered in the name of an entity, unless the Trustee shall have been otherwise directed in a Certificate of WRCOG accompanied by an opinion of Bond Counsel to the effect that such transfer is consistent with federal securities law, the Bond may only be transferred in an Authorized Denomination to (a) WRCOG (or the Trustee at the direction of WRCOG) or (b) an Accredited Investor or a Qualified Institutional Buyer who delivers to the Trustee and WRCOG an executed letter substantially in the form of Exhibit B attached to this Indenture.

Section 2.06. Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds and of the same maturity. The cost for any services rendered or any expenses incurred by the Trustee in connection with any such exchange will be paid by WRCOG. The Trustee will collect from the Owner requesting such exchange any tax or other governmental charge required to be paid with respect to such exchange.

Neither WRCOG nor the Trustee will be required to make such exchange of Bonds after a Record Date and before the next ensuing Interest Payment Date.

Section 2.07. Bond Register. The Trustee will keep, or cause to be kept, at its Principal Office the Bond Register for the registration and transfer of the Bonds. The Bond Register will

show the Series number, date, maturity amount, rate of interest and last registered Owner of each Bond and will at all times be open to inspection by WRCOG during regular business hours on any Business Day, upon reasonable notice; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the ownership of the Bonds as hereinbefore provided.

Section 2.08. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, will be of such authorized denominations as may be determined by WRCOG, and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond will be executed by WRCOG and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If WRCOG issues temporary Bonds it will execute and furnish definitive Bonds without delay, but in no event more than fifteen (15) days from the date temporary Bonds are issued, and thereupon the temporary Bonds will be surrendered, for cancellation, in exchange for the definitive Bonds at the Principal Office of the Trustee or at such other location as the Trustee will designate, and the Trustee will authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds will be entitled to the same benefits under the Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond becomes mutilated, WRCOG, at the expense of the Owner of that Bond, will execute, and the Trustee will authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be canceled by it and destroyed by the Trustee who will, upon request of WRCOG, deliver a certificate of destruction thereof to WRCOG.

If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee will be given, WRCOG, at the expense of the Owner, will execute, and the Trustee will authenticate and deliver, a new Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. WRCOG may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered under this Section 2.09 and of the expenses that may be incurred by WRCOG and the Trustee for the preparation, execution, authentication and delivery. Any Bond delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of WRCOG whether or not the Bond so alleged to be lost, destroyed or stolen is at any time enforceable by anyone, and will be equally and proportionately entitled to the benefits of the Indenture with all other Bonds issued under the Indenture.

ARTICLE III

SECURITY; ISSUANCE OF BONDS

Section 3.01. Security for the Bonds; Pledge of Assessments and Funds. Bonds will be secured by a first pledge (which pledge will be effected in the manner and to the extent herein provided) of all of (i) the Assessment or Assessments together with all revenues, moneys, accounts receivable, contractual rights to payment, recoveries and other rights to payment of whatever kind with respect to such Assessment or Assessments or Assessment Contract or Assessment Contracts (except amounts required hereunder to be deposited into the Administrative Expense Account of the Program Fund) that are or may be owed to, or collected or received by, WRCOG or any other entity acting on WRCOG's behalf, including, without limitation, the Assessment Installments, Prepayments, the foreclosure on a Participating Parcel on which an Assessment has been levied, or any other payment or recovery with respect to an Assessment from any other source but excluding Annual Assessment Administrative Fees, and (ii) the Redemption Fund, [the Reserve Fund] and all monies, securities or contractual or other rights to payment that are or may be owed or credited to, or deposited in, the Redemption Fund [and Reserve Fund,] or owed to, or collected, recovered, received or held by, any other person that is required to credit to or deposit such monies or securities in the Redemption Fund by Chapter 29, the Bond Act or the terms of this Indenture attributable to proceeds of such Bonds, such Assessment or Assessments and such Assessment Contract or Assessment Contracts, in each case, derived from the Assessment Installments, Prepayments, penalties and interest with respect to any delinquent Assessment Installment, the foreclosure on a Participating Parcel on which a Assessment has been levied, or payments pursuant to a Teeter Plan with respect to Assessments, if applicable (the foregoing items in (i) and (ii) above collectively referred to as the "Collateral").

So long as any of the Bonds are Outstanding, the Collateral shall not be used for any other purpose except as provided in this Indenture. The security interest with respect to the Bonds shall constitute a lien on the Collateral of the Bonds and shall attach and be effective, binding and enforceable against WRCOG and all others asserting rights therein from and after delivery by the Trustee of the Bonds, irrespective of whether those parties have notice thereof and without any physical delivery thereof or further act.

Section 3.02. Limited Obligation. All obligations of WRCOG under the Indenture and the Bonds are not general obligations of WRCOG, but are limited obligations, payable solely from the Assessments and the funds pledged therefor hereunder. The faith and credit of WRCOG, any Member Agency or the State of California, or any political subdivision thereof, is not pledged to the payment of the Bonds.

The Bonds are "Limited Obligation Improvement Bonds" under section 8769 of the Bond Act and the Bonds is payable solely from and secured solely by the Assessments and the amounts in the Redemption Fund attributable to the Assessments. Notwithstanding any other provision of the Indenture, WRCOG is not obligated to advance available surplus funds from WRCOG treasury to cure any deficiency in the Redemption Fund; provided, however, WRCOG is not prevented, in its sole discretion, from so advancing funds.

Section 3.03. No Parity Debt. WRCOG may not issue additional Bonds payable from the Assessments other than refunding bonds pursuant to Section 3.05 below.

Section 3.04. Requirements for Issuance of Bonds. The Bonds issued hereunder will be secured by a first priority perfected security interest on the Assessment or Assessments securing the payment of such Bond and the other Collateral purported to be pledged and assigned for the payment of such Bond or Bonds hereunder. WRCOG may issue a Bond only if the following specific conditions precedent have been met:

(A) Due Authorization. WRCOG shall have reviewed all proceedings heretofore taken relative to the authorization of such Bond and shall conclude, as a result of such review, and find and determine that all things, conditions, and acts required by law to exist, happen and be performed precedent to and in the issuance of such Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that WRCOG shall be authorized under Chapter 29, the Bond Act and each and every requirement of law, to issue such Bond in the manner and form provided in the Indenture

(B) Compliance. WRCOG shall be in compliance with all covenants set forth in this Indenture, and issuance of such Bond will not cause WRCOG to exceed the bonded indebtedness limit established for the Program or the maximum Bond authorization set forth in the Resolution of Issuance or as such maximum authorization may be amended by a resolution of the Executive Committee of WRCOG. Neither WRCOG nor anyone acting on its behalf shall have taken, or will take, any action that would subject the issuance or sale of the Bonds to the registration requirements set forth in the Securities Act of 1933, as amended, or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction, and the Bonds issued hereunder shall be subject to a valid exemption from all such registration requirements.

(C) Value. For each Participating Parcel, the value of such parcel (including the value of the Improvements financed from the proceeds of the Bond issued for such parcel) shall not be less than the minimum required value as determined at the time of the execution of the Assessment Contract by WRCOG pursuant to the requirements set forth in the Program Handbook.

(D) Coverage. The aggregate Assessment Installments payable under the Assessment Contract shall be at least 100% of the cumulative Debt Service on the Bond to be secured by the Assessment levied pursuant to such Assessment Contract through the final maturity date of such Bond and the Annual Assessment Administrative Fee or aggregate Annual Assessment Administrative Fees payable pursuant to an Assessment Contract or Assessment Contracts, as applicable, shall be sufficient to pay the total anticipated Administrative Expenses through the final maturity date of such Bond.

In addition, the scheduled Assessment Installments payable pursuant to the Assessment Contract in every Bond Year with respect to a Bond secured by an Assessment levied pursuant to such Assessment Contract shall be at least 100% of the annual Debt Service on such Bond through its final maturity date and the scheduled Annual Assessment Administrative Fees levied pursuant to the Assessment Contract in every Bond Year shall be sufficient to pay the anticipated Administrative Expenses for such Bond Year.

(E) Notice of Assessment. A notice of assessment shall have been duly recorded against each Participating Parcel pursuant to Chapter 29 and the Bond Act and there shall have been created a perfected first priority security interest in and to the Assessment levied against each such Participating Parcel and the other Collateral pledged for the payment of each Bond pursuant to the applicable Assessment Contract, the Bond Act, Chapter 29 and this Indenture.

(F) Opinion of Bond Counsel. On the Closing Date of each Bond, WRCOG will deliver an opinion or opinions of Bond Counsel addressed to WRCOG and the Trustee in form and substance mutually agreed upon by Bond Counsel and the Initial Purchaser (and accepted by the Trustee). Bond Counsel shall either address each such opinion to the Initial Purchaser and the Designated Transferee (if applicable) or shall, on the Closing Date, provide a reliance letter addressed to the Initial Purchaser and the Designated Transferee (if applicable) indicating to the Initial Purchaser and the Designated Transferee (if applicable) that Bond Counsel has delivered such opinion or opinions to WRCOG and the Trustee on such date and that the Initial Purchaser may rely upon such opinions as if they had been addressed to the Initial Purchaser and the Designated Transferee (if applicable). In such opinion Bond Counsel shall opine that the issuance of the Bond has been duly authorized pursuant to the Bond Act and all other applicable laws and the issuance of the Bond has been provided for by the Indenture.

Notwithstanding the foregoing, WRCOG may issue one or more series of Bonds as refunding Bonds without the need to satisfy the requirements of paragraphs (C) or (D) above.

Section 3.05. No Acceleration. The principal of the Bonds will not be subject to acceleration hereunder. Nothing in this Section 3.04 will in any way prohibit the prepayment or redemption of Bonds under Section 2.03 hereof, or the defeasance of the Bonds and discharge of the Indenture under Article X hereof.

Section 3.06. Refunding of Bonds. The Bonds may be refunded by WRCOG pursuant to Divisions 11 or 11.5 of the California Streets and Highways Code upon the conditions as set forth in appropriate proceedings therefor. This Section will not apply to or in any manner limit advancement of the maturity of any of the Bonds as provided in Parts 8, 9, 11, or 11.1 of the Bond Act, nor will this Section apply to or in any manner limit the redemption and payment of any Bond pursuant to subsequent proceedings providing for the payment of amounts to eliminate previously imposed fixed lien assessments, including the Assessments. Nothing in this Section 3.05 affects WRCOG's obligation to comply with Section 2.03 hereof in connection with a redemption of the Bonds.

Section 3.07. Agreement for Benefit of Bond Owners. The provisions, covenants and agreements herein set forth to be performed by or on behalf of WRCOG will be for the equal benefit, protection and security of the registered Owners of the Bonds.

ARTICLE IV

FUNDS AND ACCOUNTS

Section 4.01. Redemption Fund.

(A) Establishment of Redemption Fund. The Redemption Fund is hereby established as a separate fund to be held by the Trustee to the credit of which deposits will be made as required by Section 5.01(A), and any other amounts required to be deposited therein by the Indenture or the Bond Act. Moneys in the Redemption Fund, exclusive of those in the Penalties and Interest Account therein, will be held by the Trustee for the benefit of WRCOG and Owners of the Bonds and disbursed for the payment of the principal of (including Sinking Account Payments), and interest and any redemption premium on, the Bonds as provided below. The moneys held in the Penalties and Interest Account of the Redemption Fund will be held by the Trustee for the benefit of the Owners of the Bonds and disbursed at the times and for the purposes set forth in Section 4.01(B).

(1) Within the Redemption Fund there is hereby established a Prepayment Account for the Bonds, which will be used exclusively for the administration of any Prepayments pursuant to Section 8767 of the Bond Act and paragraph (C) of Section 2.03 to assure the timely redemption of the Bonds. If all of the Assessments securing Bonds are paid in full WRCOG shall deliver a Certificate of WRCOG directing the Trustee to close such Prepayment Account.

Within the Redemption Fund there is also hereby established:

(i) the Capitalized Interest Account, to the credit of which a deposit will be made from the proceeds of the Bonds pursuant to Section 2.01;

(ii) the Extraordinary Mandatory Redemption Account which will be used exclusively for administration of any Excess Program Account Proceeds;

(iii) the Penalties and Interest Account, to the credit of which any Penalties and Interest will be deposited; and

(iv) the Assessment Collection Account to the credit of which deposits will be made as described below.

(2) Assessment Collection Account. (A) Except for Prepayments which shall be deposited in the Prepayment Account, Excess Program Account Proceeds which shall be deposited into the Extraordinary Mandatory Redemption Account, Penalties and Interest which shall be deposited in the Penalties and Interest Account, or as otherwise provided in this paragraph (b), the Trustee shall deposit into the Assessment Collection Account all proceeds and payments with respect to each Assessment, including, without limitation:

(i) Assessment Installments;

(ii) any amounts transferred to the Assessment Collection Account from the debt service reserve fund, if any;

(iii) any proceeds from the collection of delinquent Assessment Installments as a result of a foreclosure proceeding conducted pursuant to Section 5.02 against the Participating Parcel on which the applicable Assessment has been levied or otherwise (excluding (A) amounts identified as representing attorney's fees and costs incurred by WRCOG or such other person in prosecuting such foreclosure proceeding and (B) amounts required to be transferred hereunder to replenish the debt service reserve fund, if any, established for the Bonds);

(iv) any amounts received pursuant to the County's Teeter Plan with respect to the Assessments securing the Bonds; and

(v) any amount transferred to the Assessment Collection Account from the respective Program Account pursuant to a Certificate of WRCOG delivered to the Trustee.

(B) All amounts in the Assessment Collection Account shall be used and withdrawn by the Trustee solely for the purpose of in the following order:

(i) paying the Debt Service on the Bonds on the next Interest Payment Date;

(ii) the payment of remaining principal with respect to the Bonds on the respective maturity date thereof;

(iii) the payment of the principal of and the accrued but unpaid interest and premium, if any, on any Bond upon the redemption (excluding mandatory redemptions occurring as a result of a Prepayment or application of Excess Program Account Proceeds);

(iv) the replenishment of the Reserve Fund; and

(v) reimbursing WRCOG or a third party from the proceeds of payments representing the redemption of delinquent Assessment Installments for which advances were made by WRCOG or such third party.

All amounts in the Assessment Collection Account, including any earnings on the amounts held in the Assessment Collection Account, shall be held in trust for the benefit of the Bond Owners.

(3) Extraordinary Mandatory Redemption Account. The Trustee shall, upon receipt of a Certificate of WRCOG directing the Trustee to transfer Excess Program Account Proceeds to the Extraordinary Mandatory Redemption Account from the related Program Account, deposit such proceeds in such account. Amounts deposited in the Extraordinary Mandatory Redemption Account shall be credited to the Bond specified in such Certificate of WRCOG and used and withdrawn by the Trustee solely for the purpose of redeeming such Bond, in whole or in part, on any Interest Payment. The principal amount of the Bond to be redeemed shall equal the amount of the Excess Program Account Proceeds plus the amount, if any, as specified in such Certificate of WRCOG that is then on deposit in the Assessment Collection Account and to be credited to the payment of principal amount of such Bond; provided, however, such principal amount shall

be decreased if and to the extent that the amount on deposit in the Assessment Collection Account and/or the Capitalized Interest Account in connection with such Bond is insufficient to pay the accrued interest on such Bond to the date of redemption. The redemption price for such Bond shall be equal to the amount of the Excess Program Account Proceeds, plus the amount, if any, on deposit in the Assessment Collection Account to be credited to the payment of principal amount of such Bond, plus interest to the date of redemption to be paid from the Assessment Collection Account and/or the Capitalized Interest Account, without premium. Interest shall cease to accrue on such Bond, or the principal amount of such Bond that is subject to redemption, from and after the date of redemption. All amounts in the Extraordinary Mandatory Redemption Account, including any earnings on the amounts held therein, shall be held in trust for the benefit of the applicable Bond Owners.

(C) Disbursements. On or before each Interest Payment Date set forth in the table set forth in Appendix 1, the Trustee will withdraw from the applicable accounts in the Redemption Fund and pay to the Owners of the Bonds the principal of (including Sinking Account Payments, if any), and interest and any redemption premium then due and payable on the Bonds. At least five (5) Business Days prior to each Interest Payment Date, WRCOG shall cause the Assessment Administrator to provide to the Trustee written information, upon which the Trustee may conclusively rely, as to amounts in the applicable accounts in the Redemption Fund that are for the credit of the Bond for purposes of making such payments pursuant to the Indenture. Funds on deposit in the Redemption Fund (and any account established thereunder) and credited to a Bond shall not be used to pay the principal of, or interest or any premium on, any other Bond.

If there are insufficient funds in the Redemption Fund to pay to the Owners of the Bonds the principal of (including Sinking Account Payments), and interest and any redemption premium then due and payable on, the Bonds, the Trustee will apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds (including Sinking Account Payments), and then to payment of interest to the date of redemption and principal and any redemption premium due on the Bonds by reason of Bonds called for optional redemption or mandatory prepayment redemption.

On each September 2, in accordance with the direction of WRCOG, the Trustee will use any amounts remaining in the Redemption Fund after payment of interest on the Bonds through such September 2 and the payment of principal due on the Bonds through such September 2, but excluding any amounts remaining in the Prepayment Account, the Penalties and Interest Account, the Capitalized Interest Account or the Extra Mandatory Redemption Account, to reduce the installments of the Assessments that are levied in the current or succeeding Bond Year upon the Participating Parcel(s) to pay the principal of and interest on the Bonds.

On or before each Interest Payment Date, the Trustee will, at the direction of WRCOG, withdraw from the Penalties and Interest Account and pay to the Owners of the Bonds any amounts on deposit therein as additional interest on the Bonds.

The Trustee will disburse the amounts in the Assessment Collection Account that are attributable to the payment of the Non-Completion Assessment pursuant to Section 5.01(A) to pay the redemption price for as many Bonds as possible on the first possible redemption date

pursuant to Section 2.03, including accrued interest to the redemption date and the applicable redemption premium (if any) specified in Section 2.03.

(D) Investment. Moneys in the Redemption Fund (and the accounts therein) will be invested and deposited in accordance with Section 6.01. Interest earnings and profits resulting from such investment and deposit will be retained in the Redemption Fund and the accounts therein, as applicable.

(E) Transfers from Reserve Fund. Amounts transferred to the Redemption Fund from a debt service reserve fund, if any, will be used in accordance with Part 16 of the Bond Act as directed in an appropriate Certificate of WRCOG.

Section 4.02. Program Fund.

(A) Establishment of Program Fund and the Accounts Therein. The Program Fund is hereby established as a separate fund to be held by the Trustee and within such fund the following accounts are established: (i) the Program Account, (ii) the Cost of Issuance Account and (ii) the Administrative Expense Account.

(B) Disbursements. Moneys in the accounts of the Program Fund will be held by the Trustee and will be disbursed as provided in this paragraph (B).

(i) Disbursements from Program Accounts. Amounts in each Program Account will be disbursed from time to time to pay for the costs of installing the Improvements in accordance with the Assessment Contract, as set forth in written instructions of the Program Administrator delivered to the Trustee containing the amounts to be paid to the designated payees. Such written instructions will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts.

The Trustee will maintain funds on deposit in the Program Account established for the Bonds until receipt by the Trustee of a Certificate of WRCOG: (a) notifying the Trustee that all Improvement Costs to be paid from such account pursuant to Assessment Contracts have been paid and directing the Trustee to transfer the Excess Program Fund Proceeds remaining on deposit in such Program Account as follows: (i) transfer such Excess Program Fund Proceeds in the amount of $500 or more as specified in such Certificate of WRCOG to the Extraordinary Mandatory Redemption Account of the Redemption Fund to be applied to the redemption pursuant to paragraph (D) of Section 2.03 of the Bonds, in whole or in part, specified in such Certificate of WRCOG; or (ii) directing the Trustee to transfer any moneys remaining on deposit in such account, including any investment earnings thereon, to the Assessment Collection Account of the Redemption Fund for the credit of such Bond(s).

Funds on deposit in a Program Account and credited to a Bond shall be used solely to pay or reimburse the Improvement Costs associated with the Participating Parcel that has been levied by an Assessment that secures such Bond, and shall not be used to pay the Improvement Costs associated with any other Participating Parcel underlying any other.

(ii) Disbursements from the Cost of Issuance Accounts. Moneys in each Costs of Issuance Account will be held in trust by the Trustee and will be disbursed as provided in this paragraph (ii) for the payment or reimbursement of Costs of Issuance for the Bonds.

Amounts in the Costs of Issuance Account for the Bonds will be disbursed from time to time to pay Costs of Issuance for such Bonds, as set forth in a Certificate of WRCOG containing respective amounts to be paid to the designated payees and delivered to the Trustee concurrently with the delivery of the Bonds, or in any future requisition submitted by WRCOG to the Trustee. Each such certificate will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts. The Trustee will pay all Costs of Issuance after receipt of the Certificate of WRCOG, or an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee pursuant to the Certificate of WRCOG requesting payment of Costs of Issuance. The Trustee will maintain the Costs of Issuance Account for a period of one hundred twenty (120) days from the final date of delivery of the Bonds and then will transfer any moneys remaining therein, including any investment earnings thereon, to the Administrative Expense Account for such Bonds.

(iii) Disbursements from the Administrative Expense Accounts. Amounts in each Administrative Expense Account shall be used by WRCOG to pay Administrative Expenses for the Bonds. Amounts in the Administrative Expense Account for the Bonds will be disbursed from time to time to pay Administrative Expenses for such Bonds, as set forth in a Certificate of WRCOG containing respective amounts to be paid to the designated payees and delivered to the Trustee. Each such certificate will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts. The Trustee will pay all Administrative Expenses after receipt of the Certificate of WRCOG, or an invoice from any such payee which requests payment in an amount which is less than or equal to the amount set forth with respect to such payee pursuant to the Certificate of WRCOG requesting payment of Administrative Expenses.

(C) Closure of the Program Fund and the Accounts Therein.

(i) Closure of the Program Fund. The Trustee will maintain the Program Fund until all amounts in the Program Fund and the accounts therein are expended or until WRCOG directs the Trustee to close the fund and all accounts therein, and then the Trustee will transfer any moneys remaining therein, including any investment earnings thereon, to the Redemption Fund to pay the redemption price for as many Bonds as possible on the first possible redemption date pursuant to Section 2.03(A), including accrued interest to the redemption date and the applicable redemption premium, or to make payments on the Bonds as they come due, as directed by WRCOG.

(ii) Closure of the Cost of Issuance Accounts. The Trustee will maintain the funds on deposit the Cost of Issuance Account for the Bonds until all such funds are expended or until as directed by a Certificate of WRCOG directing the Trustee to close

such account and to transfer any money remaining on deposit in such account to the Administrative Expense Account for the Bonds.

(iii) Closure of the Administrative Expense Accounts. The Trustee shall maintain the Administrative Expense Account for the Bonds until (a) the payment of all Bonds and the surrender of such Bonds to the Trustee for cancellation and payment of all outstanding Administrative Expenses due and payable hereunder and (b) the receipt by the Trustee of a Certificate of WRCOG declaring that all obligations of WRCOG with respect to such Bonds have been satisfied. Upon satisfaction of such conditions the Trustee shall deliver all amounts then remaining in such account to WRCOG and any outstanding Administrative Expenses shall be payable solely from WRCOG. All such amounts delivered to WRCOG and not required to pay Administrative Expenses for such Bonds may be used for any lawful purpose of WRCOG.

(D) Investment. Moneys in the Program Fund and the accounts therein will be invested and deposited in accordance with Section 6.01. Earnings and profits resulting from said investment will be retained by the Trustee in the applicable account of the Program Fund to be used for the purposes of such account.

Section 4.03. [Reserve Fund]

(A) General. The Trustee shall establish and maintain the Reserve Fund in trust separate and distinct from the other funds and accounts established hereunder. Except as provided below, all moneys in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on or the principal of the Bonds in the event that insufficient moneys are available in the Assessment Collection Account for the Bonds within the Redemption Fund for such purpose or for the redemption or payment of the Bonds under subparagraph (I) below.

(B) Investment; Maintenance of Funds in the Reserve Fund. Moneys in the Reserve Fund shall be invested in Permitted Investments with a maturity of not greater than five (5) years as directed in a Certificate of WRCOG; in the absence of direction the Trustee shall hold funds uninvested. The Trustee shall retain in the Reserve Fund all earnings on amounts on deposit in the Reserve Fund until the amount on deposit in the Reserve Fund exceeds the Bond Reserve Requirement, then the amount in excess of the Bond Reserve Requirement shall be transferred to the Assessment Collection Account for the Bonds within the Redemption Fund.

Notwithstanding any other provision hereof, the failure to maintain an amount in the Reserve Fund equal to the Bond Reserve Requirement shall not be a default or an Event of Default under the Indenture.

(C) Redemption as a Result of Principal Prepayments. In the event of a Prepayment (other than as a result of transfers made pursuant to subparagraph (E) below) of a Bond, WRCOG shall transfer a proportionate amount in the Reserve Fund to the Assessment Collection Account for the Bonds within the Redemption Fund. The proportionate amount shall be determined by multiplying (i) the fraction equal to the principal amount of Outstanding Bonds to be redeemed pursuant to Section 2.03(C) of the Indenture over the total principal amount of

the Outstanding Bonds by (ii) the amounts on deposit in the Reserve Fund, but in any event not in excess of the amount that will leave the balance in the Reserve Fund equal to the Bond Reserve Requirement for the Bonds that will remain Outstanding following the redemption pursuant to Section 2.03(C) of the Indenture. Upon receipt of a Written Request from WRCOG, the Trustee shall transfer the proportionate amounts from the Reserve Fund to the Assessment Collection Account for the Bonds within the Redemption Fund in the amounts set forth in the Written Request.

(D) Use for Final Assessment Installment. WRCOG may, but is not obligated to, use a proportionate amount in the Reserve Fund to pay the final fiscal year's Assessment Installments to be levied on a Participating Parcel(s) set forth on Exhibit A hereto that is not delinquent in the payment of Assessment Installments. The proportionate amount shall be determined on the basis of (i) the principal amount of Outstanding Bonds attributable to the Participating Parcel(s) set forth on Exhibit A hereto and the total principal amount of the Outstanding Bonds and (ii) the amounts on deposit in the Reserve Fund, but in any event not in excess of the amount that will leave the balance in the Reserve Fund equal to the Bond Reserve Requirement for all Outstanding Bonds for which principal will not be paid with the Assessment Installments to be paid by the Participating Parcel(s) set forth on Exhibit A hereto in the next fiscal year. Upon receipt of a Written Request from WRCOG, the Trustee shall transfer the proportionate amounts from the Reserve Fund to the Assessment Collection Account for the Bonds within the Redemption Fund in the amounts set forth in the Written Request.

(E) Additional Use of Reserve Fund; Reduction in Reserve Requirement. Pursuant to the terms of the Assessment Contracts related to the Bond, if certain conditions are met, the Property Owner may request that the amount in the Reserve Fund be utilized to prepay Assessments and redeem the Bonds hereunder. Upon receipt of a Written Request from WRCOG, the Trustee will transfer all amounts in the Reserve Fund to the Prepayment Account for the Bonds within the Redemption Fund to redeem the Bonds under Section 2.03(C) of the Indenture. After such transfer, the Bond Reserve Requirement thereafter will be zero and the Trustee will close the Reserve Fund.

Section 4.04. Establishment of Subaccounts. The Trustee may establish subaccounts within any of the funds or accounts established under this Indenture at the written request of WRCOG or if the Trustee determines in its sole discretion that such subaccounts are beneficial for the administration of the Bonds or for record-keeping purposes.

ARTICLE V

COVENANTS OF WRCOG

Section 5.01. Collection of Assessments. WRCOG will comply with all requirements of Chapter 29, the Bond Act and the Indenture to assure the timely collection of the Assessments, including, without limitation, the enforcement of delinquent Assessments. To that end, the following will apply:

(A) The Assessments, together with the interest thereon, will be payable in the installments specified in the Assessment Contracts. Each Assessment Installment will be

payable in the same manner and at the same time and in the same installments as the general taxes on real property are payable, and become delinquent at the same times and bear the same proportionate Penalties and Interest after delinquency as do the general taxes on real property. All sums received from the collection of the Assessments (except for amounts received by WRCOG as a result of the payment of a Non-Completion Assessment, which shall be deposited as set forth in the following paragraph, and amounts allocable to Administrative Expenses, which shall be deposited in the Administrative Expense Account) will be transferred from the County to the Trustee for deposit into the Assessment Collection Account. All sums received from the collection of any Penalties and Interest will be transferred to the Trustee for deposit into the Penalties and Interest Account of the Redemption Fund.

WRCOG will notify the Trustee when it receives the payment of a Non-Completion Assessment and (x) transfer the amount of the Non-Completion Assessment payment intended to be used to redeem the Bonds to the Trustee with a direction to deposit such amount in the applicable Assessment Collection Account and (x) transfer the amount of the Non-Completion Assessment payment intended to be used to pay Administrative Expenses to the Trustee with a direction to deposit such amount in the Administrative Expense Account.

(B) WRCOG will, before the final date on which the Auditor will accept the transmission of the Assessment Installments for the Participating Parcels for inclusion on the next tax roll, prepare or cause to be prepared, and will transmit to the Auditor, such data as the Auditor requires to include the installments of the Assessments on the next secured tax roll. WRCOG is hereby authorized to employ consultants to assist in computing the installments of the Assessments hereunder.

(C) In the event that a County files a petition under Chapter 9 or is otherwise unable or unwilling to include the Assessment Installments and the Annual Assessment Administrative Fees on the tax roll and to collect such amounts on the property tax bill for any Fiscal Year, WRCOG covenants to:

(i) take such action as shall be necessary to enforce the statutory and contractual obligations of such County to include the Assessment Installments and the Annual Assessment Administrative Fees on the tax roll each Fiscal Year and to collect such amounts on the property tax bills of the Participating Parcels for any Fiscal Year, and

(ii) exercise its best efforts to collect such Assessment Installments and Annual Assessment Administrative Fees by directly billing the owners of the Participating Parcels for their respective Assessment Installments and Annual Assessment Administrative Fees.

WRCOG makes no representation or warranty regarding its ability to collect such Assessment Installments and Annual Assessment Administrative Fees by such direct billing pursuant to paragraph (C)(ii) above or its ability or legal authority to enforce the payment of Assessment Installments and Annual Assessment Administrative Fees directly billed by WRCOG to the owners of Participating Parcels through a judicial foreclosure action in the event

of the delinquency in the payment of any such Assessment Installments and Annual Assessment Administrative Fees.

If WRCOG is unable to enforce the statutory and contractual obligations of the County to include the Assessment Installments and the Annual Assessment Administrative Fees on the tax roll each Fiscal Year or to collect, or cause any other person acting on its or the County's behalf to collect, the Assessment Installments, the Annual Assessment Administrative Fees or any other amounts with respect to the Assessments, which is absolute and unconditional, to pay the interest and redemption premium (if any) on and principal of the Bonds to the respective Owners of the Bonds when due and all Administrative Expenses (including indemnity), as herein provided, out of the Assessments pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, then the Trustee may, on behalf of such Owners, institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Indenture. Nothing in this Section 5.01 shall limit in any way the rights of the Owners to declare an Event of Default pursuant to Section 9.01 hereof or to pursue all rights and remedies available to such Owners under this Indenture and applicable law.

Section 5.02. Foreclosure. WRCOG hereby covenants with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced, and thereafter diligently prosecute an action in the superior court to foreclose the lien of any Assessment or installment thereof which has been billed, but has not been paid, pursuant to and as provided in sections 8830 and 8835, inclusive, of the Bond Act and the conditions specified in this Section 5.02.

No later than October 1 each year, WRCOG will determine whether any single Participating Parcel is delinquent in the payment of two or more semiannual installments (or as long as there is a single Owner, of any semi-annual installments of Assessment payments, including any payment of principal, interest, redemption premium (if any) and Penalties and Interest, and, if so, will notify WRCOG Counsel, and the Owner of the Bonds as long as there is a single Owner, of any such delinquencies. WRCOG Counsel will commence, or cause to be commenced, the foreclosure proceedings against each such delinquent Participating Parcel, including collection actions preparatory to the filing of any complaint, but will file the complaint by the immediately succeeding December 1. WRCOG Counsel is hereby authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel (including a charge for staff time) in conducting foreclosure proceedings shall be an Administrative Expense hereunder. In the event funds on deposit in the Administrative Fund are insufficient to pay for such fees and expenses, Twain shall advance funds for such fees and expenses. Twain shall be entitled to reimbursement of such advances upon receipt by WRCOG of foreclosure proceeds.

However, notwithstanding the foregoing, WRCOG may elect, in its sole discretion, to defer foreclosure proceedings on any Participating Parcel if WRCOG has received funds equal to the delinquent Assessments from any other source, and those funds are available to contribute toward (i) Administrative Expenses and (ii) the payment of the principal of (including Sinking Account Payments) interest, redemption premium (if any) and Penalties and Interest on the Bonds when due (including without limitation funds from the sale of the receivables associated with delinquent Assessments).

Further notwithstanding the foregoing, as to the Bonds, as long as there is a single Owner of such Bond or Bonds, WRCOG will not initiate foreclosure proceedings unless directed in writing to do so within the time period contemplated by the Section 8834 of the Bond Act by the Owner of such Bond or Bonds, which written direction must be delivered to WRCOG along with an amount reasonably determined by WRCOG to be sufficient to pay its costs of prosecuting the foreclosure. Nothing in this paragraph is intended to limit any obligation imposed on WRCOG by the Revenue & Taxation Code with respect to tax defaulted properties. If the Owner of the Bond or Bonds pays the costs of prosecuting the foreclosure, it shall be entitled to recover such costs in the foreclosure proceedings to the extent permitted by law.

Penalties and Interest are payable to the Owner of the Bonds as set forth in Section 4.01(B).

Section 5.03. Punctual Payment. WRCOG will punctually pay or cause to be paid the principal of (including Sinking Account Payments), and interest and any redemption premium on, the Bonds when and as due in strict conformity with the terms of the Indenture, and it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture and of the Bonds.

Section 5.04. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, WRCOG will not, directly or indirectly, extend or consent to the extension of the time for the payment of any interest on any of the Bonds and will not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding any claims for interest on any of the Bonds, or in any other manner.

Section 5.05. Against Encumbrance. WRCOG will not encumber, pledge or place any charge or lien upon any of the Assessments or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by the Resolution of Issuance, the Indenture, Chapter 29 and the Bond Act and with the written consent of the Owners.

Section 5.06. Books and Accounts. WRCOG will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of WRCOG, in which complete and correct entries will be made of all transactions relating to the Assessments and the application of amounts disbursed from the funds and accounts held by WRCOG hereunder, which records will be subject to inspection by the Trustee upon reasonable prior notice on any Business Day.

Section 5.07. Protection of Security and Rights of Owners. WRCOG will preserve and protect the security of the Bonds and the rights of the Owners thereto, and will warrant and defend their rights to such security against all claims and demands of all persons. From and after the delivery of any of the Bonds by WRCOG, the Bonds will be incontestable by WRCOG. WRCOG will take all commercially reasonable measures to enforce the provisions of the Assessment Contract.

Section 5.08. Compliance with Law; Completion of Improvements. WRCOG will comply with all applicable provisions of Chapter 29 and the Bond Act in providing financing for

the Improvements, but WRCOG will have no obligation to advance any funds to complete Improvements in excess of the proceeds of the Bonds available therefor.

Section 5.09. Further Assurances. WRCOG will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Indenture.

Section 5.10. Property Insurance; Insurance Proceeds Fund. The Property Owner is obligated under the Assessment Contract to maintain certain insurance with respect to the Participating Parcels and to cause the Trustee to be named as an "additional insured." The Property Owner shall provide evidence of insurance policies as required under the Assessment Contract.

Upon receipt of any insurance proceeds for the Participating Parcels due and owing to the Trustee, the Trustee shall establish and maintain an Insurance Proceeds Fund and deposit the proceeds in such Fund. If the conditions described in the Assessment Contract for disbursement to the Property Owner of the funds in the Insurance Proceeds Fund are not met or the Property Owner notifies the Trustee that it does not wish to use the moneys in the Insurance Proceeds Fund to repair and restore the Participating Parcels, but in any event on the date that is 90 days after the last date on which the Trustee deposited moneys into the Insurance Proceeds Fund or transferred moneys out of the Insurance Proceeds Fund, the Trustee shall transfer such moneys to the Redemption Fund and use such moneys to redeem the Bonds on the Interest Payment Date(s) that is at least 60 days after the transfer, pursuant to Section 2.0 of this Indenture. Upon receipt from the Property Owner of a written requisition for disbursement of funds from the Insurance Proceeds Fund, the Trustee shall disburse the requested funds to the Property Owner if (i) there exists no uncured event of default under the Indenture or the Assessment Contract and (ii) the Property Owner has provided to the Trustee a fixed price contract for the repair and restoration of the Participating Parcels, the price of which, including amounts for contingencies, is equal to or less than the balance in the Insurance Proceeds Fund and other amounts that the Property Owner has represented to it in a written requisition are available to repair and restore the Participating Parcels.

Neither the Authority nor the Trustee shall have any obligation to take any action with respect to the insurance required by the Assessment Contract other than set forth in this Section 5.10.

ARTICLE VI

INVESTMENTS; LIABILITY OF WRCOG

Section 6.01. Deposit and Investment of Moneys in Funds. The following will apply to the investment of funds held by the Trustee:

(i) Moneys in any fund or account created or established by the Indenture and held by the Trustee will be invested by the Trustee in Permitted Investments, as directed

pursuant to a Certificate of WRCOG filed with the Trustee at least two (2) Business Days in advance of the making of such investments. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories. In the absence of any such Certificate of WRCOG, the Trustee shall hold funds uninvested.

Obligations purchased as an investment of moneys in any fund will be deemed to be part of such fund or account, subject, however, to the requirements of the Indenture for transfer of interest earnings and profits resulting from investment of amounts in funds and accounts.

(ii) The Trustee may act as principal or agent in the acquisition or disposition of any investment. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including investment maintenance fees. The Trustee will incur no liability for losses arising from any investments made pursuant to this Section. The Trustee will be entitled to rely upon any investment directions from WRCOG as conclusive a certification to the Trustee that the investments described therein are so authorized under the laws of the State of California.

The Trustee will not invest any cash held by it hereunder in the absence of timely and specific written direction from WRCOG. In no event will the Trustee be liable for the selection of investments.

(iii) Investments in any and all funds and accounts may at the discretion of the Trustee be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular funds or accounts of amounts received or held by the Trustee hereunder, provided that the Trustee will at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Indenture.

(iv) The Trustee will sell, or present for redemption, any investment security whenever it is necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited. The Trustee will not be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance herewith.

(v) Although WRCOG recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, WRCOG hereby agrees that confirmations of Permitted Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

Section 6.02. Limited Liability of WRCOG. WRCOG will not be obligated to make any payments required hereunder or under any Bond, or be deemed to incur any liability

hereunder or by reason hereof or arising out of any of the transactions contemplated hereby, payable from any funds or assets other than as specifically provided herein.

Section 6.03. Employment of Agents by WRCOG. In order to perform its duties and obligations hereunder, WRCOG may employ such persons or entities as it deems necessary or advisable. WRCOG will not be liable for any of the acts or omissions of such persons or entities employed by it with reasonable care and in good faith hereunder, and will be entitled to rely, and will be fully protected in doing so, upon the opinions, calculations, determinations and directions of such persons or entities. Nothing in this Section 6.03 shall be interpreted to prevent the Owner of the Bonds from seeking remedies for an Event of Default as set forth in Section 9.02.

ARTICLE VII

THE TRUSTEE

Section 7.01. Appointment of Trustee. Wilmington Trust, National Association, is hereby appointed trustee and paying agent for the Bonds. The Trustee undertakes to perform such duties, and only such duties, as are specifically set forth in the Indenture, and no implied covenants or obligations will be read into the Indenture against the Trustee. With respect to the appointment of the Trustee, the following will apply:

(A) Any bank or company into which the Trustee may be merged or converted or with which it may be consolidated, or any bank or company resulting from any merger, conversion or consolidation to which it is a party, or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (if such bank or company is eligible under the following paragraph of this Section 7.01) will be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. The Trustee will give WRCOG written notice of any such succession hereunder.

(B) WRCOG may, upon not less than sixty (60) days' prior written notice, remove the Trustee initially appointed and any successor thereto, and may appoint a successor thereto, but any Trustee will be a national banking association or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least $75,000,000 and subject to supervision or examination by federal or state authority. If such national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 7.01, combined capital and surplus of such national banking association or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(C) The Trustee may at any time resign by giving written notice to WRCOG and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, WRCOG will promptly appoint a successor Trustee, satisfying the requirements of Section 7.01(B) above, by an instrument in writing. Any resignation or removal of the Trustee will become effective upon acceptance of appointment by the successor Trustee.

(D) If, by reason of the judgment of any court, the Trustee is rendered unable to perform its duties hereunder, WRCOG will promptly appoint a successor Trustee by an instrument in writing.

(E) If no appointment of a successor Trustee is made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee has given to WRCOG written notice or after a vacancy in the office of the Trustee has occurred by reason of its inability to act, the Trustee or any Bond Owner may apply, at the expense of WRCOG, to any court of competent jurisdiction to appoint a successor Trustee. That court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Section 7.02. Liability of Trustee. With respect to the liability of the Trustee, the following will apply:

(A) The recitals of facts, covenants and agreements herein and in the Bonds contained will be taken as statements, covenants and agreements of WRCOG, and the Trustee assumes no responsibility for the correctness of the same, makes no representations as to the validity or sufficiency of the Indenture or of the Bonds, or will incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Trustee will not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee assumes no responsibility or liability for any information, statement or recital in any official statement or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(B) The Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not they conform to the requirements of the Indenture on their face.

Except as provided above in this paragraph, Trustee will be fully protected and will incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Indenture, upon any resolution, order, notice, request, consent or waiver, certificate, statement, affidavit, or other paper or document which it in good faith reasonably believes to be genuine and to have been adopted or signed by the proper person or to have been prepared and furnished pursuant to any provision of the Indenture, and the Trustee will not be under any duty to make any investigation or inquiry as to-any statements contained or matters referred to in any such instrument.

(C) The Trustee will not be liable for any error of judgment made in good faith by a responsible officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(D) No provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(E) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of WRCOG or any of the Owners pursuant to the Indenture unless such Owners have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(F) The Trustee may become the owner of the Bonds with the same rights it would have if it were not the Trustee.

(G) The Trustee will not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event or occurrences beyond the control of the Trustee.

(H) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means; provided, however, that WRCOG shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions and containing specimen signatures of such Authorized Representatives, which incumbency certificate shall be amended by WRCOG whenever a person is to be added or deleted from the listing. If WRCOG elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. WRCOG understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Representative listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Representative. WRCOG shall be responsible for ensuring that only Authorized Representatives transmit such Instructions to the Trustee and that WRCOG and all Authorized Representatives are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Corporation. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. WRCOG agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by WRCOG; (iii) that the security procedures (if any) to be followed in connection with its

transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(I) The Trustee will have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

(J) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, affiliates, or receivers, and will be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee will not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

(K) The Trustee shall not be accountable for the use or application by WRCOG of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any paying agent.

Section 7.03. Information; Books and Accounts. The Trustee will provide to WRCOG such information relating to the Bonds and the funds and accounts maintained by the Trustee hereunder as WRCOG may reasonably request, including, but not limited to, quarterly statements reporting funds held and transactions by the Trustee.

The Trustee will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Trustee, in which complete and correct entries will be made of all transactions made by it relating to the expenditure of amounts disbursed from the Redemption Fund and the accounts therein. Such books of record and accounts will, upon reasonable notice, at all times during business hours on any Business Day be subject to the inspection of WRCOG and the Owners of not less than 10% of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Section 7.04. Notice to Trustee. The Trustee may conclusively rely, without undertaking any investigation or inquiry, and will be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, facsimile transmission, electronic mail, warrant, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or proper parties.

The Trustee may consult with counsel, who may be counsel to WRCOG, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee will not be bound to recognize any person as the Owner of a Bond unless and until such person is the registered Owner of such Bond and such Bond is submitted for inspection, if required, and such Owner's title thereto satisfactorily established, if disputed.

Whenever in the administration of its duties under the Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the Trustee, be deemed to be conclusively proved and established by a certificate of an Authorized Representative of WRCOG, and such certificate will be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture or any Supplemental Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 7.05. Compensation; Indemnification. WRCOG will pay to the Trustee from time to time reasonable compensation for all services rendered as Trustee under the Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of the Trustee's in house or other attorneys and agents, incurred in and about the performance of their powers and duties under the Indenture.

WRCOG further agrees, to the extent permitted by applicable law, to indemnify and save the Trustee, its officers, employees, directors and agents harmless against any losses, expenses, costs, claims, judgments, damages, suits or liabilities which it may incur in the exercise and performance of its powers and duties hereunder (including, without limitation, legal fees and expenses) which are not due to its negligence or willful misconduct. As security for the performance of the obligations of WRCOG under this section pertaining to exercise and performance of the powers and duties of the Trustee hereunder related to any Bond, the Trustee shall have a lien prior to such Bond upon all property and funds held or collected by the Trustee as such pertaining to such Bond, except funds held in trust for the payment of principal of or interest or premiums on such Bond.

The obligation of WRCOG under this Section will survive resignation or removal of the Trustee under the Indenture and payment of the Bonds and discharge of the Indenture.

Section 7.06. Trustee as Owner. In the event the Trustee wishes to purchase the Bonds, the Trustee may become the owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Trustee.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 8.01. Conditions for Amendment.

(A) Amendment with Consent of Bond Owners. The Indenture and the rights and obligations of WRCOG and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture with the written consent of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.03.

No such modification or amendment may:

(i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of WRCOG to pay the principal of, and the interest, any redemption premium or Penalties and Interest on, any Bond, without the express consent of the Owner of such Bond; or

(ii) permit the creation by WRCOG of any pledge or lien upon the Assessments pledged to any Bonds superior to or on a parity with the pledges and liens created for the benefit of such Bonds, without the express written consent of the Owners of all Outstanding Bonds; or

(iii) reduce the percentage of Bonds required for the amendment hereo; or

(iv) amend this Section 8.01.

Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

(B) Amendment without Consent of Bond Owners. The Indenture and the rights and obligations of WRCOG and of the Owners may also be modified or amended at any time by a supplemental indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) Additions. To add to the covenants and agreements of WRCOG contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon WRCOG, so long as such addition, limitation or surrender does not adversely affect any outstanding Bonds in any material respect, as evidenced by an opinion of Bond Counsel delivered to the Trustee.

(ii) Not Materially Adversely Affecting Bonds. To make modifications not adversely affecting any outstanding Bonds in any material respect, as evidenced by an opinion of Bond Counsel delivered to the Trustee.

(iii) Corrections. To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as WRCOG may deem necessary or desirable and not inconsistent with the Indenture, and which will not materially adversely affect the rights of the Owners of the Bonds as evidenced by an opinion of Bond Counsel delivered to the Trustee.

(iv) Issuance of Bonds. To issue Bonds in accordance with the Indenture.

(v) Credit Enhancements. To provide for the delivery of credit enhancements for one or more Bonds.

Section 8.02. Procedure for Amendment with Written Consent of Owners. WRCOG and the Trustee may at any time adopt a supplemental indenture amending the provisions of the Bonds or of the Indenture, to the extent that such amendment is permitted by

Section 8.01, to take effect when and as provided in this Section. With respect to such Supplemental Indenture under this Section, the following will apply:

(A) A copy of such supplemental indenture, together with a request to respective Owners for their consent thereto, will be mailed by first class mail, by the Trustee to each Owner of respective Bonds Outstanding, but failure to mail copies of such supplemental indenture and request will not affect the validity of the supplemental indenture when assented to as provided in this Section.

(B) Such supplemental indenture will not become effective unless there has been filed with the Trustee the written consents of the Owners of at least 60% in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.03) and a notice has been mailed as described in subsection (A) above. Each such consent will be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof will be such as is permitted by Section 10.04.

Any such consent will be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(C) After the Owners of the required percentage of Bonds have filed their consents to the Supplemental Indenture, the Trustee will mail a notice to the Owners in the manner described in subsection (A) above for the mailing of the supplemental indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section; provided, however, that failure to mail copies of this notice will not affect the validity of the supplemental indenture or consents thereto.

Proof of the mailing of such notice will be filed with the Trustee. A record, consisting of the papers required by this Section 8.02 to be filed with the Trustee, will be proof of the matters therein stated until the contrary is proved.

The supplemental indenture will become effective upon the filing with the Trustee of (a) the proof of the required notice, and (b) an approving opinion of Bond Counsel to the effect that the Supplemental Indenture complies with this Section 8.02. The supplemental indenture will be deemed conclusively binding (except as otherwise specifically provided in this Article) upon WRCOG and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60-day period.

Section 8.03. Disqualified Bonds. Bonds owned or held for the account of WRCOG, excepting any pension or retirement fund, will not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and will not be entitled to consent to, or take any other action provided for in this Article VIII; except that in determining whether the Trustee will be protected in relying upon any such

approval or consent of an Owner, only Bonds which a responsible officer of the Trustee having direct responsibility for the administration of the Indenture actually knows to be owned by or held for the account of WRCOG (excepting any pension or retirement fund) will be disregarded unless all Bonds are so owned, in which case such Bonds will be considered Outstanding for the purpose of such determination.

Upon request of the Trustee, WRCOG will specify in a certificate to the Trustee those Bonds disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

Section 8.04. Effect of Supplemental Indenture. From and after the time any supplemental indenture becomes effective pursuant to this Article VIII, the Indenture will be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under the Indenture of WRCOG and all Owners of Bonds Outstanding will thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture will be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Section 8.05. Endorsement or Replacement of Bonds Issued After Amendment. WRCOG may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII will bear a notation, by endorsement or otherwise, in form approved by WRCOG, as to such action. In that case, upon request of the Owner of any Bond Outstanding at such effective date and presentation of his or her Bond for that purpose at the Principal Office of the Trustee or at such other office as WRCOG may select and designate for that purpose, a suitable notation will be made on such Bond.

WRCOG may determine that new Bonds, so modified as in the opinion of WRCOG is necessary to conform to such Owners' action, will be prepared, executed and delivered. In that case, upon request of the Owner of any Bonds then Outstanding, such new Bonds will be exchanged at the Principal Office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 8.06. Amendatory Endorsement of Bonds. The provisions of this Article VIII will not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Section 8.07. Execution of Supplemental Indenture. Prior to executing any Supplemental Indenture hereunder, the Trustee will be entitled to receive an opinion of Bond Counsel stating that the execution of such supplemental indenture is authorized and permitted by the Indenture and that all conditions precedent to the execution of such supplemental indenture have been met.

ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

Section 9.01. Events of Default. Any one or more of the following events will constitute an "Event of Default":

(A) Default in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same will become due and payable, whether at maturity as therein expressed or from mandatory redemption;

(B) Default in the due and punctual payment of the interest on any Bond when and as the same will become due and payable; or

(C) Default by WRCOG in the observance of any of the other agreements, conditions or covenants on its part in the Indenture or in the Bonds contained, and the continuation of such default for a period of thirty (30) days after WRCOG has been given notice in writing of such default by the Trustee or any Owner; *provided, however,* if in the reasonable opinion of WRCOG the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default if corrective action is instituted by WRCOG within such thirty (30) day period and WRCOG shall thereafter diligently and in good faith cure such failure within a reasonable period of time, such period of time not to exceed one hundred eighty (180) days after such default notice is delivered to WRCOG .

Section 9.02. Remedies of Owners. Following the occurrence of an Event of Default, any Owner will have the right (and the right to instruct the Trustee, subject to the Trustee's rights under Section 7.02(E) hereof) for the equal benefit and protection of all Owners similarly situated:

(A) By mandamus or other suit or proceeding at law or in equity to enforce its, his or her rights against WRCOG and any of the members, officers and employees of WRCOG, and to compel WRCOG or any such members, officers or employees to perform and carry out their duties under Chapter 29 or the Bond Act and their agreements with the Owners as provided in the Indenture; or

(B) By suit in equity to enjoin any actions or things that are unlawful or violate the rights of the Owners.

(C) To exercise every power and remedy available to it under Chapter 29 or the Bond Act.

Nothing in this article or in any other provisions of the Indenture or in the Bonds will affect or impair the obligation of WRCOG, which is absolute and unconditional, to pay the interest, redemption premium (if any), and Penalties and Interest on and principal of the Bonds to the respective owners of the Bonds when due, as herein provided, out of the Assessments pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Indenture.

A waiver by any Owner of any default or breach of duty or contract will not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default will impair any such right or power and it will not be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred

upon the Owners by Chapter 29 or the Bond Act or by this article may be enforced and exercised from time to time and as often as will be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, WRCOG and the Owners will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy will be cumulative and will be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by Chapter 29, the Bond Act or any other law. In any suit, action or proceeding to enforce the provisions of this Indenture, the prevailing party shall be entitled to receive reasonable attorney's fees. In no event will the Trustee have any responsibility to cure or cause WRCOG or any other person or entity to cure an Event of Default hereunder.

Section 9.03. Application of Funds After Default. If an Event of Default shall occur and be continuing with respect to the Bonds, all monies held or thereafter received by the Trustee with respect to the Bonds, and any other funds then held or thereafter received by the Trustee with respect to the Bonds under any of the provisions of this Indenture shall be applied in the following order:

(A) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of such Bonds and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of its accountants and counsel) incurred with respect to such Bonds in and about the performance of its powers and duties under the Indenture;

(B) To the payment of Administrative Expenses of such Bonds;

(C) To the payment of the principal of and interest then due on such Bonds, in accordance with the provisions of this Indenture, in the following order of priority:

(i) First: To the payment to the persons entitled thereto of all installments of interest then due on such Bonds, as applicable, in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

(ii) Second: To the payment to the persons entitled thereto of all installments of unpaid principal of such Bonds, as applicable, which shall have become due, whether at maturity or redemption, and, if the amount available shall not be sufficient to pay in full all of such Bonds together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

(iii) Third: If there shall exist any remainder after the foregoing payments, such remainder shall be paid to WRCOG as directed in a Certificate of WRCOG.

ARTICLE X

MISCELLANEOUS

Section 10.01. Discharge of Indenture. Subject to the provisions of Section 2.03 hereof regarding redemption, if WRCOG pays and discharges the entire indebtedness on all or a portion of any Bonds Outstanding in any one or more of the following ways:

(A) by paying or causing to be paid the principal of (including any Sinking Account Payments) and interest and any redemption premium on, all Bonds Outstanding, as and when the same become due and payable;

(B) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the amounts then on deposit in the funds and accounts provided for in Section 4.01, is fully sufficient to pay such Bonds Outstanding, including all principal (including Sinking Account Payments), interest and any applicable redemption premiums with respect to such Bond being discharged or defeased; or

(C) by irrevocably depositing with the Trustee, in trust, cash and Federal Securities in such amount as WRCOG may determine, as confirmed by an independent certified public accountant, will, together with the interest to accrue thereon and moneys then on deposit in the fund and accounts provided for in Section 4.01, be fully sufficient to pay and discharge the indebtedness on such Bonds, including all principal, Sinking Account Payments, interest and any applicable redemption premiums with respect to the Bond being discharged or defeased, at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been given as required by the Indenture (or provision satisfactory to the Trustee has been made for the giving of such notice), then, at the election of WRCOG, and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Assessments and other funds provided for in the Indenture and all other obligations of WRCOG under the Indenture with respect to all Bonds Outstanding will cease and terminate, except only: (i) the obligation of WRCOG to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon and (ii) the obligation of WRCOG to pay or cause to be paid all amounts owing to the Trustee pursuant to Section 7.05 hereof.

If all Bonds outstanding are discharged pursuant to this Section, thereafter the Assessments will not be payable to the Trustee. Notice of election to discharge the Indenture with respect to such Bond will be filed with the Trustee.

Any funds thereafter held by the Trustee upon payment of all fees and expenses of the Trustee, which are not required for said purpose, will be paid over to WRCOG to be used by WRCOG as provided in Chapter 29 and the Bond Act.

Section 10.02. Benefits of Agreement Limited to Parties. Nothing in the Indenture, expressed or implied, is intended to give to any person other than WRCOG, the Trustee and the Owners, any right, remedy or claim under or by reason of the Indenture. Any covenants,

stipulations, promises or agreements in the Indenture contained by and on behalf of WRCOG will be for the sole and exclusive benefit of the Owners and the Trustee.

Section 10.03. Successor is Deemed Included in All Reference to Predecessor. Whenever in the Indenture or any supplemental indenture either WRCOG or the Trustee is named or referred to, such reference will be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of WRCOG or the Trustee will bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 10.04. Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and will be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of registered Bonds and the amount, maturity, number and date of holding the same will be proved by the registry books.

Any consent, request, declaration or other instrument or writing of the then registered Owner of any Bond will bind all future Owners of such Bond in respect of anything done or suffered to be done by WRCOG or the Trustee in good faith and in accordance therewith.

Section 10.05. Waiver of Personal Liability. No member, officer, agent or employee of WRCOG will be individually or personally liable for the payment of the principal of, or interest or any redemption premium on, the Bonds; but nothing herein contained will relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 10.06. Notices to and Demand on Authority and Trustee. All notices or communications herein required or permitted to be given to WRCOG or the Trustee shall be in writing and shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by telecopy or upon actual receipt by being deposited, postage prepaid, in a post office letter box, addressed as follows:

If to WRCOG:

Western Riverside Council of Governments
3390 University Avenue, Suite 450
Riverside, CA 92501
Attention: Executive Director

If to the Trustee: Wilmington Trust, National Association
[Street Address]
[City, State, Zip Code]
Attention: _____

Section 10.07. Partial Invalidity. If any one or more of the provisions contained in the Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in the Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of the Indenture, and the Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. WRCOG hereby declares that it would have entered into the Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of the Indenture may be held illegal, invalid or unenforceable.

Section 10.08. Unclaimed Moneys. Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any Bonds and remaining unclaimed for two (2) years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in the Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to WRCOG (without liability for interest) free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to WRCOG and the Trustee indemnifying the Trustee with respect to claims of Owners of Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to WRCOG as aforesaid, the Trustee may (at the cost of WRCOG) first mail, by first class mail postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to WRCOG of the moneys held for the payment thereof.

Section 10.09. Applicable Law. The Indenture will be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Section 10.10. Content of Certificates. Every certificate with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of WRCOG may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate may be based, aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion or representation made or given by counsel may be based, insofar as it relates to factual matters, on information with respect to which is in the possession of WRCOG, or upon the certificate or opinion of or representations by an officer or officers of WRCOG, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his certificate, opinion or representation may be based, as aforesaid, are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

Section 10.11. Conclusive Evidence of Regularity. The issuance of the Bonds pursuant to the Indenture will constitute conclusive evidence of the regularity of all proceedings under Chapter 29 and the Bond Act relative to their issuance and the levy of the Assessments.

Section 10.12. Payment on Business Day. In any case where the date of the maturity of interest or of principal, including Sinking Account Payments, (and redemption premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to the Indenture is other than a Business Day, the payment of interest or principal, including Sinking Account Payments, (and any redemption premium) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no additional interest will accrue from such Interest Payment Date until such Business Day.

Section 10.13. Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as WRCOG and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

****

IN WITNESS WHEREOF, WRCOG and the Trustee have caused this Indenture to be executed, all as of the date first written above.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By: _____
Authorized Signatory

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Representative

APPENDIX 1
BOND SPECIFICS

Article I

Section 1.01. Definitions

Interest Payment Dates: Interest on the Bonds is due and payable on March 2 and September 2 of each year, commencing on [DATE].

Principal of the Bonds is due on September 2 in the years identified below.

Article II

Section 2.01. Terms of Bonds.

(a) Original principal amount of the Bonds is $_____ and the aggregate principal amount of all Bonds issued under the Indenture, after giving effect to the Bonds, is $_____.

(b) [Interest Rate of the Bonds is: _____%.] [The Bonds shall be payable at the rates, and will be payable on each Interest Payment Date, pursuant to Debt Service Schedule set forth on Attachment A to the Bond and as set forth in the following schedule:

Payment Date	Interest	Principal	Total
	*		

* Represents amounts payable from Capitalized Interest Account, as provided in Section 4.01(B) of the Indenture.

Section 2.02. Redemption of Bonds.

(a) *Mandatory Prepayment Redemption*. The Bonds will be redeemed, as a whole or in part, and paid in advance of maturity, from amounts received by WRCOG as a Prepayment of the Assessment, on any Interest Payment Date, at a price equal to:

(i) 100% of the principal amount of the Bonds to be prepaid;

(ii) accrued but unpaid interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in the Bond Act; and

(iii) a redemption premium equal to ___%.

Upon redemption of the Bonds as set forth in this subsection, WRCOG shall cause the Financed Amount (as defined in the Assessment Contract) to be reduced in an amount equal to the principal amount of the Bonds redeemed.

(b) *Optional Redemption*. The Bonds are subject to optional redemption, as a whole or in part, on any Interest Payment Date from funds derived by WRCOG from any source other than Prepayments, at a price equal to:

(i) 100% of the principal amount of the Bonds to be prepaid;

(ii) accrued but unpaid interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in the Bond Act; and

(iii) a redemption premium equal to ___%.

(c) *Extraordinary Mandatory Redemption from Excess Program Account Proceeds*. The Bonds will be redeemed, as whole or in part, and paid in advance of maturity, from amounts received by WRCOG as Excess Program Account Proceeds relating to this Bond and the Assessment Contract, on any Interest Payment Date, at a price equal to:

(i) 100% of the principal amount of the Bonds to be prepaid;

(ii) accrued but unpaid interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in the Bond Act; and

(iii) a redemption premium equal to ____%.

(d) *Mandatory Sinking Account Redemption*. All the Bonds constitute Term Bonds, which will be subject to mandatory redemption in part by lot, from Sinking Account Payments made by WRCOG from the Redemption Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts, as shown in Attachment A.

However, if the Bonds have been redeemed pursuant to an optional redemption or a mandatory prepayment redemption, the total amount of all future Sinking Account Payments relating to such maturity will be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Account Payments on a pro rata basis in Authorized Denominations as determined by the Trustee, notice of which determination will be given by the Trustee to WRCOG.

Section 2.05. Registration of Bonds.

The name of the Initial Purchaser is _____.

Article III

Section 3.01. Application of Proceeds of Sale of Bonds.

(a) $_____ to the Capitalized Interest Account for the Bonds within the Redemption Fund representing capitalized interest on the Bonds.

(b) $_____ to the Costs of Issuance Account for the Bonds within the Program Fund established pursuant to the Indenture.

(c) $_____ to the Program Account for the Bonds within the Program Fund established pursuant to the Indenture.

(d) $_____ to the Administrative Expense Account of the Program Fund established pursuant to the Indenture.

[Unless otherwise instructed by WRCOG, each such account will be established for accounting purposes only.]

Optional: Utilized only if Reserve Fund established for the Bonds.

[(e) $_____ to the Reserve Fund established pursuant to the Indenture.]

Optional: Utilized only if Reserve Fund established for the Bonds.

SUPPLEMENTAL INDENTURE

EXHIBIT A
LIST OF PARTICIPATING PARCELS

SUPPLEMENTAL INDENTURE

EXHIBIT A

FORM OF BOND

**** WHILE THE BONDS ARE OWNED BY AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER, THE BONDS ARE SUBJECT TO TRANSFER RESTRICTIONS PURSUANT TO SECTION 2.05 OF THE INDENTURE OF TRUST NO. ___****

Number ___-1 ***$_____***

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS
Twain Commercial PACE Program
Limited Obligation Improvement Bonds
(First Commercial Property Tranche)

STATED INTEREST RATE	MATURITY DATE	DATED DATE
_____%	September 2, 20__	_____, 20__

REGISTERED OWNER:

PRINCIPAL AMOUNT: *** _____ DOLLARS***

Under and by virtue of the Improvement Bond Act of 1915, Division 10 (commencing with Section 8500) of the California Streets and Highways Code (the "Bond Act"), the Western Riverside Council of Governments ("WRCOG"), will, out of the Redemption Fund established pursuant to a Indenture of Trust No. ____, dated as of [_____], 2019 (the "Indenture"), as amended relating to Bonds (the "Bonds"), each by and between WRCOG and Wilmington Trust, National Association, as trustee (the "Trustee"), pay to the registered owner named above, or registered assigns, the principal amount set forth above, and interest on such principal amount, at the times and in the amounts set forth in Attachment A in lawful money of the United States of America; in addition, the Bond shall accrue additional interest as set forth in Section 4.01(B) of the Indenture. In the event of the redemption of this Bond in part prior to maturity the principal amount and the interest on such principal amount if this Bond set forth in Attachment A will be subject to amendment without amending Attachment A and the Trustee shall have no obligation to revise Attachment A hereto to reflect such amendment.

Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Indenture.

This Bond bears interest from the Interest Payment Date next preceding its date of authentication and registration unless it is authenticated and registered (i) prior to an Interest Payment Date and after the close of business of the 15th day of the calendar month preceding such Interest Payment Date, in which event it will bear interest from such Interest Payment Date, or (ii) prior to the close of business on the 15th day of the calendar month preceding the first

Interest Payment Date above, in which event it will bear interest from its date of delivery, until payment of such principal sum has been discharged.

Interest (excluding the final interest payment due upon maturity or earlier redemption) on and principal (excluding the final principal payment upon maturity or earlier redemption) of this Bond are payable in lawful money of the United States of America by the Trustee to the person whose name appears on the Bond Register as the Owner thereof as of the close of business on the Record Date preceding the Interest Payment Date by wire transfer of immediately available funds made on such Interest Payment Date upon the written instructions by such Owner delivered to the Trustee at least five (5) Business Days prior to the applicable Record Date.

Payment of principal of this Bond and accrued interest and premium, if any, on this Bond upon final maturity or redemption in whole shall be payable in lawful money of the United States of America by the Trustee of immediately available funds, to the person whose name appears on the Bond Register as the Owner thereof, upon surrender of this Bond at the Corporate Trust Office of the Trustee.

Payment of principal of this Bond on any Interest Date and in the amount set forth in Attachment "A" hereto and accrued interest and premium, if any, on this Bond upon redemption in part shall be payable in lawful money of the United States of America by the Trustee to the person whose name appears on the Bond Register as the Owner thereof as of the close of business on the Record Date preceding the applicable Interest Payment Date, without surrender of this at the Corporate Trust Office of the Trustee, by wire transfer of immediately available funds made on such Interest Payment Date upon the written instructions by such Owner delivered to the Trustee at least five (5) Business Days prior to the applicable Record Date.

This Bond will continue to bear interest after maturity at the rate above stated if this Bond is presented at maturity and payment hereof is refused upon the sole ground that there are not sufficient moneys in the Redemption Fund with which to pay same. If this Bond is not presented at maturity, interest hereon will run only until maturity.

This Bond will not be entitled to any benefit under the Bond Act or the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon are dated and signed by the Trustee.

This Bond is issued by WRCOG under the Bond Act and the Indenture for the purpose of providing means for paying for the Improvements described in the Indenture. It is secured by certain moneys in the Redemption Fund, the unpaid portion of Assessments made for the payment of those Improvements and any Penalties and Interest (as defined in the Indenture) received by WRCOG relating to the Assessments. Principal, interest and redemption premium, if any, is payable exclusively out of the Redemption Fund. This Bond and any other Bonds issued under the Indenture are referred to as the "Bonds."

This Bond is transferable by the registered Owner hereof, in person or by the Owner's attorney duly authorized in writing, at the office of the Trustee, subject to the terms and conditions provided in the Resolution of Issuance and the Indenture, including the payment of certain charges, if any, upon surrender and cancellation of this Bond. Upon such transfer, a new

registered Bond or Bonds, of any authorized denomination or denominations, of the same maturity, and for the same aggregate principal amount, will be issued to the transferee in exchange therefor. This Bond may only be transferred in an Authorized Denomination to (i) an Accredited Investor or Qualified Institutional Buyer who delivers to the Trustee and WRCOG an executed letter substantially in the form of Exhibit B attached to the Indenture or (ii) WRCOG (or the Trustee at the direction of WRCOG).

Bonds will be registered only in the name of an individual (including joint owners), a corporation, a partnership or limited liability company, or a trust.

Neither WRCOG nor the Trustee will be required to make such exchange or registration of transfer of Bonds during the fifteen (15) days of the calendar month immediately preceding any Interest Payment Date.

WRCOG and the Trustee may treat the registered Owner hereof as the absolute owner for all purposes, and WRCOG and the Trustee will not be affected by any notice to the contrary.

Optional Redemption. The Bonds are subject to optional redemption, as a whole or in part, on any Interest Payment Date from funds derived by WRCOG from any source other than Prepayments, at a price equal to:

(ii) 100% of the principal amount of the Bonds to be prepaid;

(iii) accrued but unpaid interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in the Bond Act; and

(iv) a redemption premium equal to ___%.

Mandatory Sinking Account Redemption. All the Bonds constitute Term Bonds, which will be subject to mandatory redemption in part by lot, from Sinking Account Payments made by WRCOG from the Redemption Fund, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts, as shown in Attachment A.

However, if the Bonds have been redeemed pursuant to an optional redemption or a mandatory prepayment redemption, the total amount of all future Sinking Account Payments relating to such maturity will be reduced by the aggregate principal amount of Term Bonds of such maturity so redeemed, to be allocated among such Sinking Account Payments on a pro rata basis in Authorized Denominations as determined by WRCOG, notice of which determination will be given by WRCOG to the Trustee.

Mandatory Prepayment Redemption. The Bonds will be redeemed, as a whole or in part, and paid in advance of maturity, from amounts received by WRCOG as Prepayments, on any Interest Payment Date, at a price equal to:

(i) 100% of the principal amount of the Bonds to be prepaid;

(ii) accrued but unpaid interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in the Bond Act; and

(iii) a redemption premium equal to ___%.

Upon redemption of the Bonds as set forth in this subsection, WRCOG shall cause the Financed Amount to be reduced in an amount equal to the principal amount of the Bonds redeemed.

Extraordinary Mandatory Redemption from Excess Program Account Proceeds. The Bonds will be redeemed, as whole or in part, and paid in advance of maturity, from amounts received by WRCOG as Excess Program Account Proceeds relating to this Bond and the Assessment Contract, on any Interest Payment Date, at a price equal to:

(i) 100% of the principal amount of the Bonds to be prepaid;

(ii) accrued but unpaid interest to the date of redemption, unless sooner surrendered, in which event said interest will be paid to the date of payment, all in the manner and as provided in the Bond Act; and

(iii) a redemption premium equal to ____%.

This Bond is a Limited Obligation Improvement Bond because, under the Indenture, WRCOG is not obligated to advance funds from WRCOG treasury to cover any deficiency that may occur in the related accounts of the Redemption Fund for the Bonds.

IN WITNESS WHEREOF, WRCOG has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its Treasurer and Secretary all as of the Original Issue Date identified above.

WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS

By:_____
Treasurer

Attest:

_____
Secretary

EXHIBIT A-5

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within mentioned Indenture.

Dated: _____, 20___

Wilmington Trust, National Association, as Trustee

By:_____
Authorized Signatory

EXHIBIT A-6

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this bond, will be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)

Under Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used though not in the above list

(FORM OF ASSIGNMENT)

For value received, the undersigned do(es) hereby sell, assign and transfer unto

_____

_____

_____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within mentioned Bond and hereby irrevocably constitute(s) and appoint(s): _____ _____ attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

NOTICE: The signature(s) on this assignment must correspond with the name(s) as written on the face of the registered Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT A-7

ATTACHMENT A
DEBT SERVICE SCHEDULE

Interest Payment Date	Principal	Interest	Total

INDENTURE OF TRUST NO. ____

EXHIBIT "B"

FORM OF TRANSFER LETTER

[NOTE: WILL NEED TO MATCH FINAL PURCHASER LETTER]

Western Riverside Council of Governments
3390 University Avenue, Suite 450
Riverside, CA 92501

Wilmington Trust, National Association
[Address]
[City, State, Zip]

Re: Western Riverside Council of Governments
Twain Commercial PACE Program
Limited Obligation Improvement Bonds
(First Commercial Property Tranche)

Ladies and Gentlemen:

The Western Riverside Council of Governments (the "Issuer") has issued the above-referenced bonds (the "Bonds"). Capitalized terms used in this letter but not defined have the meaning given them in the Indenture of Trust No. ___, dated as of ___, 20__ (the "Indenture") by and between the Issuer and Wilmington Trust, National Association relating to the Bonds.

In connection with our purchase on the date hereof of the Bonds, the undersigned (the "Bond Purchaser") hereby represents, warrants and agrees as follows:

(a) The Bond Purchaser is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D, or a "Qualified Institutional Buyer" as defined in Rule 144A, promulgated under the Securities Act of 1933, as amended.

(b) The Bond Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of municipal bonds similar to the Bonds, to be capable of evaluating the merits and risks of an investment in the Bonds, and the Bond Purchaser is able to bear the economic risks of such an investment.

(c) The Bond Purchaser is purchasing the Bonds for not more than one account for investment purposes and not with a view to distributing the Purchased Bonds, to the extent not permitted under the applicable securities laws.

(d) The Bond Purchaser recognizes that an investment in the Bonds involves significant risks, that there is no established market for the Bonds and that none is likely to develop and, accordingly, that the Bond Purchaser must bear the economic risk of an investment in the Bonds for an indefinite period of time.

(e) The Bond Purchaser: (i) has conducted its own independent inquiry, examination and analysis with respect to the Bonds; (ii) has had an opportunity to ask questions of and receive answers from the Issuer about the Bonds (including the security therefor) and the matters, transactions and documents relating to the foregoing; (iii) has been provided by the Issuer with all documents and information regarding the Bonds (including the security therefor) and the matters, transactions and documents relating to the foregoing that it has requested; and (iv) the Bond Purchaser has been provided with information sufficient to allow the Bond Purchaser to make an informed decision to purchase the Bonds.

(f) The Bond Purchaser (i) is not relying upon the Issuer, or any of its affiliates, officers, employees or agents, for advice as to the merits and risks of investment in the Bonds, and (ii) has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision.

(g) The Bond Purchaser understands and acknowledges (i) that the offering of the Bonds is not subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, and (ii) that the Issuer has not prepared or caused to be prepared, and is not delivering, a deemed final official statement with respect to the Bonds and has not undertaken to provide to or for the benefit of holders of the Bonds financial or operating data or any other information with respect to the Bonds on an ongoing basis.

(h) The Bond Purchaser is able to bear the economic risk of the investment represented by its purchase of the Bonds.

(i) In the event that the Bond Purchaser wishes to sell the Bonds in the future, the Bond Purchaser agrees and acknowledges that the Bonds cannot be sold without complying with transfer restrictions set forth in the Indenture, including, but not limited to, providing for execution and delivery by the proposed transferee of a letter in substantially the form of this letter, and the Bond Purchaser hereby agrees to assume the responsibility for disclosure of all material information that may be necessary to comply with all federal and related state securities laws.

(j) The Bond Purchaser acknowledges that Best Best & Krieger LLP ("Bond Counsel") is acting as bond counsel to the Issuer, that Bond Counsel has no attorney-client relationship with the Bond Purchaser, and that the Bond Purchaser has sought legal advice from its own counsel to the extent it concluded legal advice was necessary.

(k) Notwithstanding the foregoing, the Bond Purchaser and any successor of the Bond Purchaser may elect at its own expense to securitize its interest in the Bonds, sell the Bonds to an entity in connection with such securitization and sell the asset-backed securities to the investment community without the delivery of an investor letter in substantially the form of this letter, provided that (i) any such sale of the Bonds is to an Accredited Investor or a Qualified Institutional Buyer and (ii) the purchaser of the Bonds delivers a letter to the Issuer to the effect that it is an Accredited Investor or a Qualified Institutional Buyer and that acknowledges the transfer restrictions set forth in the Indenture; no further action or acknowledgement by the Issuer will be required to authorize such securitization or sale of the Bonds by the Bond Purchaser or a successor to the Bond Purchaser.

(l) Bond Purchaser agrees to defend, indemnify and hold harmless the Issuer from and against any and all claims, liabilities, obligations, losses, damages and penalties of any kind (including reasonable fees of outside counsel, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) that may be imposed on, incurred by or asserted against the Issuer in any way relating to or arising out of a transfer by the Bond Purchaser of the Bonds to which this letter relates in violation of the restrictions contained in Section 2.05(B) of the Indenture.

Very truly yours,

[Insert]_____

By: _____
Name:
Title:

EXHIBIT B-3

Item 6.A

PACE Programs Activities Update: General Activities Update and approval of a New Provider and Changes to Commercial Program Guidelines

Attachment 6

Twain Commercial PACE Program Handbook

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TWAIN
FINANCIAL PARTNERS

Commercial PACE Program Handbook

Western Riverside Council of Governments (WRCOG)

TWAIN FINANCIAL PARTNERS

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Section 1. Introduction

1(a). Program Overview

In conjunction with Western Riverside Council of Governments (WRCOG), a joint powers authority, the Program Administrator will offer a commercial PACE program under WRCOG's Energy Efficiency and Water Conservation Program for Western Riverside County. The Program will be available to all property owners in certain Active Jurisdictions as approved by the WRCOG Executive Committee.

Under Chapter 29, the Program Administrator facilitates the financing of Qualified Improvements using the PACE financing structure. To the extent permitted by Chapter 29, Qualified Improvements may be owned by people or entities besides the Property Owner, pursuant to leases or PPAs.

As set forth in this Handbook, the Program Administrator assumes the responsibilities of administering the Program. These duties include underwriting, approving, and funding projects with its own capital. To the extent permitted by Chapter 29, the Program finances Qualified Improvements through the levy of a contractual assessment, based on an Assessment Contract between WRCOG and the Property Owner, as well as the issuance of Bonds or an Assignment.

Installments of contractual assessments are levied annually, paid bi-annually, and are usually included as a line item on the secured property tax bill prepared by the county taxing authority. Contractual assessments are paid to the county taxing authority, along with the regular *ad valorem* taxes and other contractual assessments and special taxes.

This Handbook assumes that the Qualified Improvements will be permanently affixed to the Property upon which the contractual assessment will be levied, and that the Property Owner will execute the Assessment Contract. However, to the extent permitted by Chapter 29, the Program may provide financing for the installation of Qualified Improvements on property other than that upon which the contractual assessment will be levied. In that case, the owner of the benefitted parcel will execute the Assessment Contract.

1(b). Program Purpose

The primary purpose of the Program is to create a structure under which Property Owners in Active Jurisdictions can finance Qualified Improvements which benefit the public, as specified in Chapter 29, including increased public safety, greenhouse gas reductions, reduced water consumption, and increased employment. At the same time, the Program permits Property Owners to reduce the financial burden of the upfront capital costs of the Qualified Improvements by spreading the cost of the Qualified Improvements over a longer period of time as compared to traditional financing.

1(c). Legal Structure of the Program

The Program utilizes Chapter 29 to enable WRCOG to enter into a contractual assessment with a Property Owner for the purpose of financing the installation of Qualified Improvements. The contractual assessment is levied on the Property under an Assessment Contract, executed by WRCOG and the Property Owner. A form of the Assessment Contract is available from the Program Administrator upon request.

Chapter 29 permits "public agencies" (such as WRCOG) to enter into contractual assessments, issue bonds, assign contractual assessments to third-parties, and collect installments of contractual assessments on the Property Owner's secured tax bill.

Under an Assessment Contract, WRCOG will provide funds sufficient enough to: (i) finance the installation of the improvements over the term of the contractual assessment; (ii) pay Capitalized Interest; (iii) fund a Debt Service Reserve Fund, if required by the Program Administrator or third-party capital provider; and (iv) pay the administrative costs of financing the project and administering the Program.

The bi-annual installments of the contractual assessments are collected by the county in which the Property is located, via a line-item on the secured tax bill. The obligation to pay the contractual assessment remains with the Property, even if the Property is sold or transferred. In the event that the payment of contractual assessments are either delinquent or defaulted, WRCOG may initiate a judicial foreclosure action to collect the delinquent payments of contractual assessments, plus any penalties and interest authorized by California law. If a foreclosure action is filed, WRCOG may not accelerate any payments of contractual assessments that are not yet due and payable.

1(d). Finance Structure of the Program

The Program accommodates both a "turnkey financing" approach, in which the Program Administrator provides capital for the project, as well as administers the Program. Additionally, the Program Administrator may permit outside capital providers to provide financing for specific transactions.

WRCOG will provide the financing directly to the Property Owner. WRCOG will obtain the funds it uses to finance the Qualified Improvements from the Program Administrator or third-party capital provider, who will purchase either the Bonds or an Assignment of the contractual assessment.

1(e). Program Administration

The Program Administrator will administer the Program by:

- Reviewing and approving all program applications that comply with this Handbook;
- Ensuring that all proposed Qualified Improvements are eligible under Chapter 29, the Program Report, WRCOG's guidelines, and this Handbook;
- Coordinating with the relevant parties to ensure that proceeds are made available to the Property Owner, including reviewing and monitoring disbursements;
- Ensuring that the contractual assessments are levied and collected through the use of a third-party tax administrator.

1(f). Local Participation

In order for the Property Owner to participate in the Program, the Property must be located in an Active Jurisdiction, which means a city (if the property is located in an incorporated area) or county (if the property is located in an incorporated area) that has:

- Adopted a resolution to permit the Program Administrator to operate the Program within their jurisdiction;

- Become a member of the WRCOG PACE program;

If the Property is not located in an Active Jurisdiction, the Program Administrator will coordinate with WRCOG to attempt to have the city or county become an Active Jurisdiction. Cities or counties that would like to participate in the WRCOG PACE Program should e-mail andy.weber@twainfinancial.com

1(g). Program Contact Information

Program Address	1232 Washington Ave, Suite 200 Saint Louis, MO 63103
Program Website	https://twainfinancial.com/
Program E-Mail	andy.weber@twainfinancial.com
Program Phone Number	314-300-4135

Section 2. Commercial PACE Program Information

2(a). Program Details

This section outlines the parameters for eligibility and participation in the Program. In certain circumstances, exceptions to these guidelines may be made on a case-by-case basis, where the risk of such exceptions can be appropriately mitigated. Any exceptions are made at the sole discretion of the Program Administrator.

2(a)(i). Program Parameters and Project Eligibility Requirements

The Program Administrator will evaluate projects based on a broad range of criteria. Any exceptions to the Program's eligibility criteria will be documented as part of the underwriting of each transaction. However, no exceptions will be permitted where the exceptions would violate Chapter 29 or the Program Report. The Program Administrator, in its sole discretion, reserves the right to decline any transaction.

Financing Amount	Greater than $300,000
Financing Term	Up to 25 years, provided that the weighted average life of the financing (weighted by principal amortization) is equal to or less than the weighted average life of the Qualified Improvements.
Closing Costs and Fees	Typical Program costs and fees, legal costs, Bond issuance costs, plus servicing fees for any third party retained to assist the Program Administrator fulfil its obligations.
Financing Rate	Fixed rate of interest, determined by Program Administrator or outside capital provider, on a project-by-project basis.
Property Location	Within Active Jurisdictions
Property Type	Commercial Real Property
Property Value	The Property Value to be established by Program Administrator, and is typically based upon either a recent appraised value or assessed value. Financing amount relative to value shall be subject to the following constraints:

	1. PACE Lien-to-Value generally not to exceed 20.0% of Property Value. The Program Administrator may make an exception to this rule at their discretion. 2. Combined Loan-to-Value not to exceed 90% of Property Value. 3. The sum of all items appearing on the Property's annual property tax bill, inclusive of the annual contractual assessment, not to exceed 5.0% of Property Value as of the date of the execution of the Assessment Contract. Program Administrator reserves the right to use any commercially reasonable method of ascertaining both the "Lien-to-Value" and "Combined Loan-to-Value".
Eligible Improvements and Project Scope	Direct and indirect costs for material, labor and soft costs related to project design, evaluation, demolition, installation and construction necessary to implement Improvements as part of ground-up construction, existing-structure retrofits and renovations. Eligible categories of components involved in building Improvements include heating, ventilation, air conditioning, electrical, plumbing, envelope, seismic strengthening and other items as approved under the Program. Qualified Improvements must be permanently affixed to the Property, to the extent required by Chapter 29.
Surveys and Utility Bills	Property Owner agrees to participate in surveys and Program evaluations, which may include access to utility bill usage information.
Energy & Water Savings	Property Owner must submit documentation citing the estimated energy or water savings by a third party professional prior to the close of financing.
Ownership Interest and Authorization	All Property Owners of the fee simple title to the subject Property, or their legally authorized representatives, must sign the Program documents and agree to participate in the Program on the terms set forth in this Handbook.
Property Owner History	- There must be no notices of default, whether in effect or released, recorded against the Property due to non-payment of property taxes or loan payments within the prior three (3) years (or since acquisition, if Property Owner has held title to the property for less than 3 years). - There must be no foreclosures against, or bankruptcies involving, the Property Owner in the prior seven (7) years. - Exceptions may be granted on a case-by-case basis, based on the criteria of Program Administrator.
Mortgage Lender Acknowledgement	Prior to funding any transaction, receipt of acknowledgement (acceptable in form and substance to Program Administrator) by any Mortgage Lender that the contractual assessment does not create an event of default under any security instrument. The Program Administrator and/or the outside capital provider will assist the Property Owner to facilitate this acknowledgement.
Prepayment	Prepayment of the contractual assessment is allowed. The terms and any prepayment premiums shall be determined on a case-by-case basis.
Environmental Conditions	No serious environmental conditions may be permitted on the Property, to the extent that they are known, or believed to be likely, to have a materially adverse consequence on the Property Value. The Program Administrator may utilize third

	party services to help assess environmental risk on a case-by-case basis, and exceptions may be granted on a case-by-case basis

2(a)(ii). Compliance with Existing Secured Lenders

Chapter 29 requires WRCOG to record two notices in the real property records in the county where the Property is located. These notices include a Notice of Assessment and a Payment of Contractual Assessment Required. These notices may be combined into a single document, the NOA POCAR. This document establishes a lien as security for the repayment of the contractual assessments, as specified in California Government Code § 53935.

Some Mortgage Lenders may have documents that limit the ability of the Property Owner to further encumber the Property, which may be interpreted to preclude PACE financing. Property Owners should confirm with any Mortgage Lenders that participation in the Program will not adversely impact their standing with the Mortgage Lender. Property Owners must receive written acknowledgement from any Mortgage Lender that the PACE financing will not result in a default under any documents between the Property Owner and Mortgage Lender.

2(a)(iii). Eligible Contractors

Contractor eligibility to participate in the Program will be evaluated on a case-by-case basis. All contractors must be in compliance with applicable local, state, and federal laws, and must be registered with California State License Board.

The Program Administrator does not recommend or endorse contractors, and is not responsible for any failures in the installation or operation of Qualified Improvements. Property Owners are encouraged to obtain third-party validation of any estimated energy and utility savings cost, as well as retain legal counsel to review any contracts submitted by contractors as part of the financing process.

2(b). Finance Details

2(b)(i). Financing Structure

The Program may use either a “stand-alone” structure or a “pooled” structure to finance projects.

Under the “stand-alone structure”, an individual Bond or Assignment will be issued by WRCOG, and purchased by the Program Administrator or outside capital provider. Based on the cost of the transactions, the Program Administrator anticipates the issuance of stand-alone bonds only for larger transactions. The Program Administrator anticipates that stand-alone assignments will be the least expensive way to finance a transaction.

Chapter 29 specifically limits Assignments to a duration of three years before the Assignment must be renewed or converted to a Bond.

Once a number of Assignments are purchased by the Program Administrator or an outside capital provider, they may choose to covert these Assignments into a “pooled” bond. Under this structure, WRCOG would issue a new Bond, and repayment of the underlying contractual assessments would go to

a single bondholder, rather than to the purchasers of the individual Assignments. This requires a standardization of a number of financing terms, and involves additional costs and fees.

2(b)(ii). Transaction Costs and Interest Rates

Costs involved with PACE transactions may be either paid by the Property Owner directly, or included in the total financing amount. These costs may include financing or commitment fees, legal costs, third- party report costs, and other fees or costs customarily incurred in PACE programs. Total transaction costs will be determined on a case-by-case basis, including financing or commitment fees negotiated per project. The total transaction costs will be detailed in the Commitment Letter and Assessment Contract.

Interest rates will be established on a case-by-case basis, and may either be a fixed or floating rate, as negotiated between the Program Administrator (or outside capital provider) and the Property Owner. In no case will the interest rate exceed the usury rate permitted under state law.

2(b)(iii). Important Legal Terms

Once the Assessment Contract has been executed, and the NOA POCAR has been recorded, the Property Owner will be obligated to pay all installments of the contractual assessment. Additional terms may apply to Property Owners and contractors beyond those discussed in this Handbook, and may be set forth in writing by the Program Administrator or outside capital provider.

Note: The failure to timely pay all contractual assessments in full will result in financial consequences, including penalties, interest, and the possibility of foreclosure of the Property.

2(b)(iv). Financing Amount

The minimum total financing amount per transaction is $300,000. The minimum amount may be waived at the discretion of the Program Administrator to meet the current conditions of the capital markets.

All projects are subject to the fees and costs outlined in this Handbook, which will be due and payable at closing. All fees, including Capitalized Interest, may be added to the total financing amount, and repaid over the term of the financing along with ordinary principal and interest.

2(b)(v). Administrative Fees

As part of the financing process, Property Owners will be charged administrative and financing fees, some of which are paid at the time of closing, while others are paid semi-annually along with each installment of the contractual assessment. The specific fees for a given transaction will be set forth in the Commitment Letter and Assessment Contract.

Application or Underwriting Fees: May be charged by the Program Administrator or outside capital provider in connection with the submission of a project application or upon execution of a Letter of Intent.

Closing Fees: May be added to the total financing amount, and will vary depending on bond structure and project size. Closing fees include program administration, financing, underwriting, legal, lien recordation, and other transaction-related fees.

Optional Project Underwriting/Financing Fees: May be paid by the Property Owner in return for additional services related to project scope and review, financial structuring, or mortgage lender negotiation. Optional fees must be specifically related to project design, financing, or installation.

Ongoing Fees: May be changed for the ongoing administration of contractual assessment installment, including the amount charged by counties to collect the contractual assessment installment on the county secured tax bill, as well as the ongoing costs of the Program Administrator and WRCOG.

2(c). Application and Financing Process

The application and financing process is set forth in summary form below, followed by a more detailed format. As previously noted, the funding of a project may occur through the purchase of either Bonds or Assignments.

2(c)(i). Overview of Application and Financing Process

From the perspective of the Property Owner, the application and funding process consists of the following steps:

- **Application:** Property Owner submits an application to the Program Administrator to confirm eligibility. The Program Administrator or outside capital provider issues a Letter of Intent.

- **Processing:** After the Property Owner signs the Letter of Intent, documentation is collected by the Program Administrator or outside capital provider, Mortgage Lender acknowledgment is obtained, an appraisal is ordered (if required), and due diligence is conducted.

- **Underwriting:** After the Mortgage Lender acknowledgement is obtained, and all required documentation is received, the Program Administrator or outside capital provider underwrites the transaction, and then issues a credit approval.

- **Closing/Funding:** Once the Commitment Letter is executed, the Assessment Contract, NOA POCAR, and other documents are drafted and executed. The NOA POCAR is recorded, and the transaction is considered “closed”. Funds are released to the Property Owner, based on an agreed-upon schedule in the Assessment Contract or other documents. For projects which are reimbursements for work previously completed, funds are typically released the next business day after closing the transaction.

2(c)(ii). Detailed Application and Financing Process

A more detailed sequence and events related to the application, underwriting, closing, and funding of transactions is set forth below:

- **Application:**

    - Project screening and initial proposal: Property Owners engage with the Program Administrator (and if applicable, the outside capital provider) to determine the feasibility of financing the Qualified Improvements with the Program. The Program Administrator

or outside capital provider may provide an indicative proposal of potential financing terms while it screens the transaction for eligibility.

- Submission of application: Property Owner submits an application to the Program Administrator to facilitate evaluation of the transaction. This application includes the project scope, estimated cost, and other information.

- **Letter of Intent:**

  - Following the Program Administrators review and approval of the application, the Program Administrator or outside capital provider will issue a Letter of Intent.

  - The Letter of Intent may require the Property Owner to pay an application or underwriting fee, or provide a deposit for an appraisal or other third party reports.

- **Processing:**

  - Property Owner executes the Letter of Intent, and the Program Administrator or outside capital provider collects due diligence items from the Property Owner by issuing a document request list.

  - This list will include Mortgage Lender acknowledgement of the transaction, as well as any required underwriting items required by the Program Administrator or outside capital provider.

- **Underwriting:**

  - Once all items from the document request list are received, the Program Administrator or outside capital provider completes their underwriting and due diligence of the Property, Property Owner, and the transaction.

  - Upon completion of the underwriting process, the Program Administrator (and outside capital provider, if applicable) will either approve or decline the Property Owner's application, based on the evaluation of the transaction in relation to the eligibility requirements set forth by the Program Administrator.

- **Assessment Contract Preparation/Execution:**

  - Legal documents, including the Assessment Contract and NOA POCAR, will be prepared by the Program Administrator and legal counsel, which comply with Chapter 29, any rules or policies established by the Program, and which reflect the terms and conditions set forth in the Commitment Letter.

  - The Program Administrator will ensure that the documents are finalized and executed by the required parties.

  - The NOA POCAR is recorded in the real property records in the county where the Property is located, and evidence of the recording is obtained by the Program Administrator.

- A depositary (for Assignments) or a trustee (for Bonds) is retained by the Program Administrator to hold funds prior to disbursement and collect and distribute payments to the Program Administrator or outside capital provider.

- **Closing/Funding:**

  - Once the transaction is closed, the Program Administrator or outside capital provider will purchase the Assignment or Bond.

  - Proceeds from the purchase are used to pay costs and fees, as well as provide funds to be disbursed for the installation of the Qualified Improvements.

  - Under the terms identified in the Assessment Contract or other Program documents, the depositary or trustee releases funds to the Property Owner, who may assign those funds to their contractors.

  - In some cases, the depositary or trustee may release funds the day after closing to reimburse the Property Owner for expenses incurred prior to the close of the transaction.

2(c)(iii). Funding Request and Disbursement

The Program Administrator will work with the depositary or trustee to disburse funds to pay for the installation of Qualified Improvements within seven business days after receiving a complete request for disbursement from the Property Owner. In most cases, the Assessment Contract or other Program documents will establish a payment schedule, which is designed to establish certain milestones that must be met before disbursements can be made, as well as the amount (usually expressed as a percentage) of funds that will be released.

For most transactions, the Program Administrator will make no more than four disbursements. For any more than four disbursements, the Program Administrator may require additional fees to be paid by the Property Owner. Larger or more complex transactions will be evaluated for an appropriate number of disbursements on a case-by-case basis.

The Program Administrator will require the receipt and review of documentation to support any disbursement request. These items may include:

- Applicable building/construction permits, material needs list, and a scope of work to be completed for a given milestone.
- AIA G702 (or equivalent) form, invoices, and cost statements showing work completed.
- Fully executed unconditional or conditional lien waivers and release on progress payments.
- Photographic documentation of completed work, or report of third party site inspection.
- Certificate of contractor, architect, engineer or owner that milestones have been achieved, inspected, and installed in accordance with the contract.
- Executed disbursement request.

For final disbursement requests, the Program Administrator may also require a signed final permit inspection from the relevant government authority, including a “certificate of occupancy” or “permission to operate” (if applicable).

Once the Program Administrator approves a disbursement request, the Program Administrator will direct the depositary or trustee to release the funds to the Property Owner or their assignee.

2(c)(v). Transfer or Sale of the Property

If the Property is sold or transferred prior to full repayment of the contractual assessment, the remaining contractual assessment will transfer with the Property, and must be paid by the new Property Owner, without any action needed by any party. A Property Owner, prior to selling or transferring the Property, may choose to prepay the outstanding principal balance of the contractual assessment, plus any required prepayment premium.

Property Owners must make any legally mandated disclosures regarding the existence of the contractual assessment as part of the sale or transfer of the Property.

2(d). Technical Details

2(d)(i). Qualified Improvements

All Qualified Improvements must meet the following set of criteria in order to be eligible for the Program:

- Have an effective useful life of five years (or longer).
- Must be permanently affixed to the Property.
- Must qualify as meeting the public purpose requirement as identified in Chapter 29.

In addition to Qualified Improvements, the costs incurred in connection with installing the Qualified Improvements are also eligible to be financed under the Program. These costs include design, permitting, and other costs customarily incurred in connection with the installation of Qualified Improvements.

Any measure which is not considered a Qualified Improvement will be evaluated on a case- by-case basis to determine its eligibility to be financed under the Program.

The Program Administrator does not recommend, warrant, or guarantee any specific measure, nor provide performance guaranties, for any Qualified Improvement financed through the Program. Property Owners are responsible for the installation and operation of the Qualified Improvements, as well as any malfunction or failure. Property Owners are encouraged to obtain an independent verification of all Qualified Improvements with an independent third-party engineer.

2(d)(ii). Quality Assurance

The Program Administrator will ensure that the Qualified Improvements meet the requirements set forth in Chapter 29, the Program Report, any guidelines established by WRCOG, and this Handbook. The Program Administrator must determine that the Qualified Improvements will result in a reduction of energy or water use, generate renewable energy, or result in a mitigation of the risk of damage from a seismic event.

The Program Administrator may require an estimate from a licensed architect, engineer, or

contractor to verify the technical details to determine eligibility under the Program. For Qualified Improvements relating to seismic strengthening, the Program Administrator may require documentation from a licensed structural engineer, indicating that the scope of work to be financed under the Program is reasonable, customary, and appropriate to accomplish the seismic strengthening, as required by the specific project characteristics.

2(d)(iii). Participation in Rebate/Incentive Programs

Property Owners who receive financing through the Program may also apply for rebate and incentive programs offered through their utility company. Participation in these programs is entirely voluntary, and at the discretion of the Property Owner.

Section 3. General Terms and Provisions

3(a). Taxes

Property Owners will be solely responsible for the tax implications of their participation in the Program.

3(b). Changes in Local, State, and Federal Law

WRCOG's ability to issue Bonds or Assignments is subject to a variety of local, state, and federal laws. If those laws, or the judicial interpretation of those laws, changes after the Property Owner has applied for funding with the Program (and may have paid fees or incurred costs in anticipation of receiving funding), but before WRCOG issues a Bond or an Assignment, WRCOG may be unable to provide funding. Neither WRCOG nor the Program Administrator will be liable for any expenses or costs incurred as a result of such change in laws.

3(c). Changes in Program Terms; Severability

This Handbook is provided to the Property Owner as reference only, and is subject to the Program Report, which may be amended by WRCOG at any time. The Program Administrator reserves the right to make modifications to the terms and conditions identified in this Handbook at any time, and without notice.

If any provision of this Handbook is determined to be unenforceable for any reason, then that provision will be deemed severed, but will not affect the validity or application of the remaining provisions.

At any time, the Property Owner may request the most current version of this Handbook or any other Program document.

3(d). Disclosure of Property Owner Information

As a condition of participating in the Program, the Property Owner agrees to permit the Program to disclose any information received about the Property, Property Owner, or transaction to any third-party, when that disclosure is essential to the operation of the Program or to facilitate the transaction. This may include compliance with any law, legal process, or request from a regulatory agency, as well as to allow the Program Administrator's employees or contracts to provide services to the Property Owner or otherwise perform their duties.

The Program Administrator will not provide any information for the purposes of telemarketing, or e-mail or direct solicitation. All information received will be treated with care in order to protect the Property Owner's privacy and security.

3(e). Environmental Attributes

Property Owners, or third-party owners of Qualified Improvements, shall retain the rights to any Environmental Attributes related to Qualified Improvements financed through the Program.

3(f). Fraud

Providing any false, misleading, or inaccurate information or statements to the Program or its employees, agents, and contractors (or omitting any information material to complying with Chapter 29, the Program Report, any WRCOG guidelines, or this Handbook) may be punishable by law. This would include any representations concerning project cost, ownership structure, or financing information relating to the Property or Property Owner.

3(g). Exceptions to Terms and Conditions

The Program Administrator may make exceptions to the terms and conditions identified in this Handbook, where such exceptions further the goals and objectives of the Program. However, no such exceptions may be made where they conflict with Chapter 29, the Program Report, or any guideline established by WRCOG.

Section 4. Glossary

"Active Jurisdiction" means a city (if the property is located in an incorporated area) or county (if the property is located in an unincorporated area) that has adopted a resolution to participate in the WRCOG PACE program

"Assessment Contract" means the Agreement to Pay Assessment and Finance Improvement

"Assignment" means the transfer of all of WRCOG's right, title, and interest in a PACE transaction to the Program Administrator or outside capital provider

"Bonds" means limited obligation revenue bonds, issued by WRCOG, and purchased by either the Program Administrator or an outside capital provider

"Capitalized Interest" means the interest which accrues between the date that the financing is provided to the Property Owner and the date of the first payment under the Assessment Contract

"Chapter 29" means California Streets & Highways Code Section 5898.20-5899.3

"Combined Loan-to-Value" means a percentage, calculated by dividing the total amount of the contractual assessment plus the outstanding principal balance of any debt secured by a lien on the Property, by the Property Value

"Commercial Real Property" means any real property that is not a residential property containing less than five dwelling units

"Commitment Letter" means a letter executed by the Program Administrator (or outside capital provider) that provides a definitive commitment to provide proceeds for a PACE transaction, including all relevant terms under which the financing will be provided, as well as any conditions precedent to completing the transaction

"Debt Service Reserve Fund" means a fund in which money will be held and released in the event of a delinquent or defaulted payment under the Assessment Contract

"Environmental Attributes" means any carbon trading credits, renewable energy credits or certificates, environmental benefits of using the Qualified Improvements, financial credits, rebates, subsidies, emission reductions, offsets, and allowances

"Letter of Intent" means a Letter, executed by the Program Administrator (or outside capital provider) and Property Owner, detailing indicative terms for the financing, including the interest rate, financing amount, and any terms or conditions of the financing

"Mortgage Lender" means any person or entity holding a recorded security instrument recorded against the Property

"NOA POCAR" means the Notice of Assessment and Payment of Contractual Assessment Required, the document to be filed in the real property records of the county where the Property is located

"PACE Lien-to-Value" means a percentage, calculated by dividing the total amount of the contractual assessment by the Property Value

"PACE" means Property Assessed Clean Energy

"PPA" means Power Purchase Agreement

"Program Administrator" means Twain Financial Partners

"Program Report" means the document published by WRCOG, outlining the basic design and financing structure of the to which all WRCOG PACE programs must comply

"Program" means the Commercial PACE financing platform

"Property Owner" means the vested owner of Commercial Real Property, located in an Active Jurisdiction, who has applied for financing with the Program

"Property Value" means the amount that the Program Administrator reasonably believes the Property to be worth, based on either the assessed value on the county tax roll, or an appraisal accepted by the Program Administrator

"Property" means qualifying Commercial Real Property, upon which the Property Owner wants to either install Qualified Improvements or levy a contractual assessment

"Qualified Improvements" means any improvements, affixed to Commercial Real Property, that may be financed under Chapter 29, the Program Report, WRCOG guidelines, and this Handbook

"WRCOG" means the Western Riverside Council of Governments.

Western Riverside Council of Governments
Executive Committee

Staff Report

Subject: **Report from the League of California Cities**

Contact: **Erin Sasse, Regional Public Affairs Manager, League of California Cities, esasse@cacities.org, (951) 321-0771**

Date: **April 1, 2019**

The purpose of this item is to *provide an update of activities undertaken by the League of California Cities.*

Requested Action:

1. Receive and file.

This item is reserved for a presentation from the League of California Cities Regional Public Affairs Manager for Riverside County.

AB 1332 (Bonta) - Sanctuary State Contracting and Investment Act. (Amended: 3/20/2019)
Oppose

Calendar: 4/3/2019, 9 a.m. - State Capitol, Room 444, ASSEMBLY PUBLIC EMPLOYMENT AND RETIREMENT, RODRIGUEZ, Chair

Summary: Existing law, subject to certain exceptions, prohibits state and local law enforcement agencies, including school police and security departments, from using money or personnel to investigate, interrogate, detain, detect, or arrest persons for immigration enforcement purposes, as specified, and, subject certain to exceptions, proscribes other activities or conduct in connection with immigration enforcement by law enforcement agencies. Existing law requires, by October 1, 2018, the Attorney General, in consultation with the appropriate stakeholders, to publish model policies limiting assistance with immigration enforcement to the fullest extent possible for use by public schools, public libraries, health facilities operated by the state or a political subdivision of the state, and courthouses, among others. Existing law requires, among others, all public schools, health facilities operated by the state or a political subdivision of the state, and courthouses to implement the model policy, or an equivalent policy. Existing law also requires law enforcement agencies to report to the Department of Justice annually regarding transfers of persons to immigration authorities and requires the Attorney General to publish guidance, audit criteria, and training recommendations regarding state and local law enforcement databases, for purposes of limiting the availability of information for immigration enforcement, as specified. This bill would enact the Sanctuary State Contracting and Investment Act, which would, among other things, prohibit a state or local agency from entering into a new, amended, or extended contract or agreement with any person or entity that provides a federal immigration agency with any data broker, extreme vetting, or detention facilities services, as defined, unless state or local agency has made a finding that no reasonable alternative exists, as specified. The bill would also prohibit a state or local agency from making any investment in stocks, bonds, securities, or other obligations issued by any provider of data broker, extreme vetting, or detention facilities services to a federal immigration agency, as specified. This bill would authorize the Department of Justice to initiate, and require the department to receive and investigate, all complaints regarding violations of these provisions, and would require the department to issue findings regarding any alleged violation and notify any affected state or local agency. By increasing the duties of local

officials, this bill would impose a state-mandated local program. Additionally, this bill would make a violation of these provisions subject to civil and criminal penalties, thereby imposing a state-mandated local program.

AB 849 (Bonta) - Elections: local redistricting. (Amended: 3/14/2019)
Oppose

Summary: Existing law establishes criteria and procedures pursuant to which local jurisdictions, including cities, counties, special districts, school districts, community college districts, and county boards of education, adjust or adopt district, division, or trustee area boundaries, as applicable, for the purpose of electing members of the local jurisdiction's governing body. This bill would revise and recast these provisions. The bill would require the governing body of each local jurisdiction described above to adopt new district, division, or trustee area boundaries after each federal decennial census, except as specified. The bill would specify redistricting criteria and deadlines pursuant to which the governing body shall adopt new boundaries. The bill would specify hearing procedures that would allow the public to provide input on the placement of boundaries and on proposed boundary maps. The bill would require the governing body to take specified steps to encourage the residents of the local jurisdiction to participate in the redistricting process. By increasing the duties of these local jurisdictions, the bill would impose a state-mandated local program.

Governor Newsom's State Budget Draft Housing Trailer Bill
- Increased RHNA short-term allocations.
- $150 million to COGs for development of "action plans."
- $150 million to cities that show "commitment" to following "action plan."
- COG has oversight powers over cities.
- $500 million for incentives to locals – planning, zoning, entitlements.
- Long-term revamping of RHNA process.
- Link SB 1 funds to housing, planning, zoning, production.

ACA 1 (Aguiar-Curry) Affordable Housing – Voter Approval
- Would reduce the voter approval requirement to 55% for affordable housing and public infrastructure bonds.

SB 13 (Wieckowski) ADU
- Very similar to SB 813 from last year.
- Would cap/limit impacts fees, school fees, other mitigation fees.

AB 1483 (Grayson) Zoning Standards and Fees: Reporting.
- Require all cities to compile a list of zoning and planning standards, fees imposed under the Mitigation Fee Act, special taxes, and assessments applicable to housing development.
- Must post on the city's website.
- Send list to HCD and MPO.

AB 1484 (Grayson) Fees: Reporting.
- Prohibits a local agency from imposing a fee unless the type and amount of the exaction is identified on the agency's website.

AB 891 (Burke) Public Property: Safe Parking
- Requires jurisdictions with a population over 330,000 to establish a safe parking program for individuals and families living in their car.
- Program must be developed by 2022.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

None.

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Western Riverside Council of Governments
Executive Committee

Staff Report

Subject: **Transportation Uniform Mitigation Fee (TUMF) Program Activities Update: Approval of the Draft 2019 Central Zone Transportation Improvement Program (TIP) and TUMF Network Administrative Agreement**

Contact: **Christopher Gray, Director of Transportation & Planning, cgray@wrcog.us, (951) 405-6710**

Date: **April 1, 2019**

The purpose of this item is to *seek approval of the draft 2019 Central Zone TIP and the 2019 TUMF Network Administrative Amendment.*

Requested Actions:

1. Approve the 2019 Central Zone TIP.
2. Approve the 2019 TUMF Network Administrative Amendment.

WRCOG's Transportation Uniform Mitigation Fee (TUMF) Program is a regional fee program designed to provide transportation and transit infrastructure that mitigates the impact of new growth in Western Riverside County. Each of WRCOG's member jurisdictions and the March Joint Powers Authority (JPA) participate in the Program through an adopted ordinance, collect fees from new development, and remit the fees to WRCOG. WRCOG, as administrator of the TUMF Program, allocates TUMF to the Riverside County Transportation Commission (RCTC), groupings of agencies – referred to as TUMF zones – based on the amount of fees collected in these groups, and the Riverside Transit Agency and the Regional Conservation Authority.

2019 Central Zone Transportation Improvement Program (TIP)

WRCOG elected officials from the Cities of Moreno Valley, Perris, and Menifee, and the County of Riverside, collectively the Central Zone Committee, recently recommended approval of the 2019 Central Zone TIP to the Executive Committee. Each agency within the Zone has at least one project on the TIP. Examples of projects recommended for TUMF funding include the Holland Road Overcrossing in the City of Menifee, the Moreno Beach Drive Interchange Phase II in the City of Moreno Valley, and the Goetz Road Widening in the City of Perris, and the Cajalco Road Widening in the County of Riverside. Once approved, WRCOG staff will work with each member agency to ensure that valid Reimbursement Agreements are executed, so invoices can be process in a timely manner as they are submitted.

2019 TUMF Network Amendment

On December 3, 2018, the Executive Committee directed staff to update the TUMF Network and designate the following projects on the backbone portion of the TUMF Network: 1) Cherry Valley Boulevard Interchange; 2) Highland Springs Avenue Interchange; and 3) I-10 Bypass. Staff would note that this update does not change the project type, land use type, and/or topography type of these projects in the TUMF Network. Therefore, the overall TUMF Network cost would remain as approved in the 2016 Nexus Study.

Regional projects are designated within the Nexus Study and are potentially eligible for RCTC's (Riverside County Transportation Commission) share of the TUMF funds. Prior to the City of Beaumont rejoining the

TUMF Program, there were no regional projects within the Pass Zone. While this Zone would benefit from Regional Projects in other Zones (since those residents travel daily to other areas in Western Riverside County) the fact is that Pass Zone jurisdictions were the only jurisdictions in the Program that did not have a designated regional project.

The action by the Executive Committee at its December 3, 2018, meeting regarding the designation of regional projects coincided with additional action items. These additional action items were related to the approval of allocation of funds from the Beaumont Settlement.

Nexus Study implications

The TUMF Nexus Study is periodically updated to ensure that the Program's assumptions regarding future growth, transportation needs, and costs remain current by establishing a nexus between the fee levels and anticipated costs to make TUMF Network improvements. The TUMF Network administratively distinguishes between facilities of "Regional Significance" (backbone facilities) and facilities of "Zonal Significance" (secondary facilities). Backbone facilities are generally anticipated to carry a greater number of vehicles per day at general plan build-out and extend across planning districts. All other facilities in the TUMF Network are considered secondary facilities. Portions of the TUMF fee are designated specifically for improvements on the backbone and secondary facilities.

The changes recommended by the Executive Committee in December 2018 do not affect the 2016 TUMF Nexus Study because the designation of backbone and secondary projects is purely an administrative designation intended to distinguish between regionally and zonally significant projects. More specifically, the nexus is unaffected because changing the designation of select projects from secondary to backbone does not change the cost associated with any defined improvements.

Staff would note that this amendment to the TUMF Network is not a Nexus Study update. The last comprehensive Nexus Study update was approved by the Executive Committee in July 2017. At the time the updated Nexus Study was approved, staff was directed to bring back a Nexus Study update in four years, following the completion of the 2020 SCAG Regional Transportation Plan (RTP).

Staff anticipates that the next Nexus Study update process will commence in late 2019 and will include a review of all projects included in the TUMF Network.

Online TUMF Calculation Tool Development

In October 2018, the Executive Committee approved a revision to the TUMF collection process to allow an option for TUMF participating agencies to delegate calculation and collection of TUMF to WRCOG. To date, sixteen of the twenty TUMF participating agencies have confirmed with WRCOG their intention to shift the fee calculation and collection responsibility to WRCOG. Implementation of the new TUMF calculation and collection process began on March 1, 2019, in several cities and will occur on a rolling basis because implementation is contingent on TUMF participating agencies approving a TUMF Ordinance Amendment. WRCOG released a Request for Proposals (RFP) in January 2019 for services related to the development of an online fee portal for TUMF collections. This online fee portal would provide developers a second option to make TUMF payments electronically (in addition to an ACH made directly to WRCOG) and would provide an accessible tracking system for payments made.

WRCOG received a proposal from ViewPoint Government Solutions and has selected the vendor to perform the work as included in the Scope of Work of the RFP. Staff anticipates the work will be completed by August 2019 and staff will provide updates to the Committees as the portal is developed.

The Professional Services Agreement will cover a two-year period, beginning in April 2019.

Prior Action:

March 14, 2019: The Public Works Committee recommended that the Executive Committee approve the 2019 TUMF Network Administrative Amendment.

Fiscal Impact:

TUMF Program activities are included in the Agency's adopted Fiscal Year 2018/2019 Budget under the Transportation Department.

Attachments:

1. Draft 2019 Central Zone TIP.
2. 2019 TUMF Network Administrative Amendment.

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Item 6.C

Transportation Uniform Mitigation Fee (TUMF) Program Activities Update: Approval of the Draft 2019 Central Zone Transportation Improvement Program (TIP) and TUMF Network Administrative Agreement

Attachment 1

Draft 2019 Central Zone TIP

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DRAFT 2019 Central Zone 5-Year Transportation Improvement Program

Fiscal Year				FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	Current Programmed Phase Balance	Total Phase Payments/ Expenditures	Original Programmed Phase Cost
Forecast Revenues				$ 6,736,576	$ 6,803,942	$ 6,837,961	$ 6,872,151	$ 6,940,873	$ 47,111,586	$ (37,288,636)	$ 87,730,256
Carryover Revenues *(As of 9/20/2018)*				$ 15,701,514	$ 7,473,504	$ (419,554)	$ (5,731,593)	$ (3,159,442)	2018 TIP		
				$ -					*5-Year Avail Forecast/Cash*	*5-Year Programmed*	*5-Year Balance*
									$ 39,312,477	$ 39,223,771	$ 88,706
Available Revenue				$ 22,438,090	$ 14,277,446	$ 6,418,407	$ 1,140,558	$ 3,781,431			
Programmed Expenditures		***Status****	***Phase****								
County of Riverside											
06-CN-RCY-1103	Cajalco Road, Alexander Street to I-215 (3.280 mi. 2 to 4 lanes)	PLN	PA&ED	$ 340,737					$ 340,737	$ (259,263)	$ 600,000
		PLN	PSE	$ 813,338	$ 500,000	$ 500,000			$ 1,813,338	$ -	$ 1,813,338
City of Menifee/County of Riverside											
05-CN-RCY-1004	Newport Road/I-215 Interchange	PND	PA&ED	$ 0	$ -	$ -	$ -	$ -	$ 0	$ (2,573,829)	$ 2,573,829
		STD	CON	$ 287,269	$ 200,000	$ -	$ -	$ -	$ 487,269	$ (5,217,571)	$ 5,704,840
City of Menifee											
16-CN-MEN-1178	Scott Road/I-215 Interchange	PLN	CON	$ 7,925,809	$ 4,600,000	$ 1,000,000	$ -	$ -	$ 13,525,809	$ (1,474,191)	$ 15,000,000
18-CN-MEN-1181	Holland Road / I-215 Overcrossing	PLN	CON	$ -	$ 552,000	$ 1,100,000	$ 2,800,000	$ -	$ 4,452,000	$ -	$ 4,452,000
18-CN-MEN-1182	Scott Road Widening (Sunset Ave to I-215)	PLN	PA&ED	$ 677,000	$ -	$ -	$ -	$ -	$ 677,000	$ -	$ 677,000
		PLN	ENG	$ 348,000	$ 1,345,000	$ -	$ -	$ -	$ 1,693,000	$ -	$ 1,693,000
City of Moreno Valley											
05-CN-MOR-1012	Moreno Beach Drive/SR-60 Interchange Phase II - Overcrossing	CLD	PA&ED	$ 0	$ -	$ -	$ -	$ -	$ 0	$ (500,000)	$ 500,000
		PLN	ENG	$ 1,153,673	$ -	$ -	$ -	$ -	$ 1,153,673	$ (2,478,807)	$ 3,632,480
		PLN	ROW	$ -	$ -	$ -	$ -	$ -	$ -	$ (5,626,000)	$ 5,626,000
		PLN	CON	$ -	$ 2,500,000	$ 2,500,000	$ 1,500,000	$ 1,000,000	$ 7,500,000	$ (3,500,000)	$ 11,000,000
[1]05-CN-MOR-1013	Nason Street/SR-60 Interchange w/Bridge Phase II	CLD	PA&ED	$ -	$ -	$ -	$ -	$ -	$ -	$ (500,000)	$ 500,000
		CLD	ENG	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,381,451)	$ 1,381,451
		CLD	ROW	$ -	$ 836,534	$ -	$ -	$ -	$ 836,534	$ (60,500)	$ 897,034
		PND	CON	$ -	$ 163,466	$ 1,000,000	$ -	$ -	$ 1,163,466	$ (6,768,000)	$ 11,261,500
City of Perris											
18-CN-PER-1180	Goetz Road (Ethanac Road to Case Road)	PND	ENG	$ 691,000	$ -	$ -	$ -	$ -	$ 691,000	$ -	$ 691,000
		PLN	ROW	$ -	$ 1,100,000	$ -	$ -	$ -	$ 1,100,000	$ -	$ 1,100,000
13-CN-PER-1164	Perris Boulevard Widening, Phase II	STD	ENG	$ 350,000	$ -	$ -	$ -	$ -	$ 350,000	$ (150,000)	$ 500,000
		PLN	ROW	$ 16,587	$ 1,150,000	$ -	$ -	$ -	$ 1,166,587	$ (627,570)	$ 1,794,157
		PLN	CON	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,183,413)	$ 2,183,413
13-CN-PER-1173	Ramona Expressway, I-215 to Webster Avenue (.4 mi. 4 to 6 lanes)	STD	PA&ED	$ 96,301	$ -	$ -	$ -	$ -	$ 96,301	$ (4,179)	$ 100,480
05-CN-PER-1019	Nuevo Road, Murrieta Road to Dunlap w/ 300' Bridge (0.979 mi. 2 to 4 lanes)	STD	PA&ED	$ 15,812	$ -	$ -	$ -	$ -	$ 15,812	$ (483,994)	$ 499,806
		STD	CON	$ 750,000	$ 750,000	$ 2,800,000	$ -	$ -	$ 4,300,000	$ -	$ 4,300,000
City of Perris/City of Menifee											
05-CN-PER-1001	Ethanac Road, Goetz Road to I-215 (1.936 mi. 2 to 4 lanes)	STD	PA&ED	$ 0	$ -	$ -	$ -	$ -	$ 0	$ (182,349)	$ 182,349
		STD	ENG	$ 59,948	$ -	$ -	$ -	$ -	$ 59,948	$ (257,703)	$ 317,651
		PLN	CON	$ 532,701	$ 1,000,000	$ 3,250,000	$ -	$ -	$ 4,782,701	$ (1,217,299)	$ 6,000,000

DRAFT 2019 Central Zone 5-Year Transportation Improvement Program

Fiscal Year				FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	Current Programmed Phase Balance	Total Phase Payments/ Expenditures	Original Programmed Phase Cost
Forecast Revenues				$ 6,736,576	$ 6,803,942	$ 6,837,961	$ 6,872,151	$ 6,940,873	$ 47,111,586	$ (37,288,636)	$ 87,730,256
Carryover Revenues *(As of 9/20/2018)*				$ 15,701,514	$ 7,473,504	$ (419,554)	$ (5,731,593)	$ (3,159,442)	2018 TIP		
				$ -					*5-Year Avail Forecast/Cash*	*5-Year Programmed*	*5-Year Balance*
									$ 39,312,477	$ *39,223,771*	$ *88,706*
Available Revenue				$ 22,438,090	$ 14,277,446	$ 6,418,407	$ 1,140,558	$ 3,781,431			
Programmed Expenditures, continued											
City of Moreno Valley/ March JPA											
16-CN-MOR-1179	Heacock Street, San Michele Road to Harley Knox Boulevard (0.74 mi. 2 to 4 lanes)	PLN	PA&ED	$ 134,411	$ -	$ -	$ -	$ -	$ 134,411	$ (15,589)	$ 150,000
		PLN	ENG	$ 461,000	$ -	$ -	$ -	$ -	$ 461,000	$ -	$ 461,000
		PLN	ROW	$ 311,000	$ -	$ -	$ -	$ -	$ 311,000	$ -	$ 311,000
Developer Reimbursements* **				$ -	$ -	$ -	$ -	$ -			
Total Programmed Capital Expenditures				$ 14,964,586	$ 14,697,000	$ 12,150,000	$ 4,300,000	$ 1,000,000			
Total Programmed Balance Carryover*				$ 7,473,504	$ (419,554)	$ (5,731,593)	$ (3,159,442)	$ 2,781,431			

Summary Table

Fiscal Year	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	*5-Year Total Available Revenue*	*5-Year Total Programmed*	*5-Year Balance*
Available Revenue	$ 22,438,090	$ 14,277,446	$ 6,418,407	$ 1,140,558	$ 3,781,431			
Total Funded/Obligated Expenditures	$ 14,964,586	$ 14,697,000	$ 12,150,000	$ 4,300,000	$ 1,000,000	$ 49,893,017	$ 47,111,586	$ 2,781,431
Carryover Balance	$ 7,473,504	$ (419,554)	$ (5,731,593)	$ (3,159,442)	$ 2,781,431			

Notes:

Programmed Carryover Balance does not reflect actual Zone available cash
Status: PLN=Planned, STD=Started, PND=Pending final invoice, CPL=Completed, CLD=Phase Closed, TER=Terminated.
Phases: planning=PA&ED, engineering=ENG, right-of-way=ROW, construction=CON
Reimbursement Detail Tracked on Separate Spreadsheet
Actual Revenue Forecasts, Carryover, and Payments thru 9/30/18.

Item 6.C

Transportation Uniform Mitigation Fee (TUMF) Program Activities Update: Approval of the Draft 2019 Central Zone Transportation Improvement Program (TIP) and TUMF Network Administrative Agreement

Attachment 2

2019 TUMF Network Administrative Amendment

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EXHIBIT H-1 TUMF Network Detailed Cost Estimate

Updated: December 3, 2018

AREA PLAN [	CITY	STREETNAME	SEGMENTFROM	SEGMENTTO	NETWORK	MAXIMUM TUMF SHARE
Northwest	Unincorporated	Alessandro	Trautwein	Vista Grande	Backbone	$0
Northwest	Unincorporated	Alessandro	Vista Grande	I-215	Backbone	$0
Northwest	Unincorporated	Cajalco	El Sobrante	Harley John	Backbone	$3,465,000
Northwest	Unincorporated	Cajalco	Harley John	Harvil	Backbone	$66,905,000
Northwest	Unincorporated	Cajalco	Harvil	I-215	Backbone	$749,000
Northwest	Unincorporated	Cajalco	Temescal Canyon	La Sierra	Backbone	$23,864,000
Northwest	Unincorporated	Cajalco	Temescal Wash	bridge	Backbone	$3,229,000
Northwest	Unincorporated	Cajalco	La Sierra	El Sobrante	Backbone	$45,421,000
Northwest	Unincorporated	Van Buren	Mockingbird Canyon	Wood	Backbone	$28,309,000
Northwest	Unincorporated	Van Buren	Orange Terrace	I-215	Backbone	$7,637,000
Pass	Banning	Highland Springs	Wilson (8th)	Sun Lakes	Backbone	$2,661,000
Pass	Banning	Highland Springs	I-10	interchange	Backbone	$17,897,000
Pass	Banning	Highland Springs	Oak Valley (14th)	Wilson (8th)	Backbone	$5,128,000
Pass	Banning	Highland Springs	Cherry Valley	Oak Valley (14th)	Backbone	$0
Pass	Banning	I-10 Bypass South	I-10	Morongo Trail (Apache Trail	Backbone	$22,952,000
Pass	Banning	I-10 Bypass South	I-10	interchange	Backbone	$17,897,000
Pass	Banning	I-10 Bypass South	San Gorgonio	bridge	Backbone	$2,767,000
Pass	Banning	I-10 Bypass South	UP/Hargrave	railroad crossing	Backbone	$18,490,000
Pass	Beaumont	Beaumont	Oak Valley (14th)	I-10	Backbone	$0
Pass	Beaumont	Potrero	Oak Valley (San Timoteo Cany	SR-60	Backbone	$1,615,000
Pass	Beaumont	Potrero	SR-60	interchange	Backbone	$23,760,000
Pass	Beaumont	Potrero	UP	railroad crossing	Backbone	$7,927,000
Pass	Beaumont	Potrero	Noble Creek	bridge	Backbone	$2,306,000
Pass	Beaumont	Potrero	SR-60	4th	Backbone	$2,376,000
Pass	Beaumont	SR-79 (Beaumont)	I-10	Mellow	Backbone	$0
Pass	Beaumont	SR-79 (Beaumont)	I-10	interchange	Backbone	$5,369,000
Pass	Calimesa	Cherry Valley	I-10	interchange	Backbone	$36,617,000
Pass	Calimesa	Cherry Valley	Roberts	Desert Lawn	Backbone	$0
Pass	Unincorporated	Cherry Valley	Bellflower	Noble	Backbone	$7,757,000
Pass	Unincorporated	Cherry Valley	Highland Springs	Bellflower	Backbone	$0
Pass	Unincorporated	Cherry Valley	Noble	Roberts	Backbone	$0
Pass	Unincorporated	Cherry Valley	San Timoteo Wash	bridge	Backbone	$0
Pass	Unincorporated	SR-79 (Beaumont)	Mellow	California	Backbone	$0
Pass	Unincorporated	SR-79 (Lamb Canyon)	California	Gilman Springs	Backbone	$0
San Jacinto	Hemet	Domenigoni	Warren	Sanderson	Backbone	$4,674,000

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Western Riverside Council of Governments
Executive Committee

Staff Report

Subject: **Fee Comparison Analysis – Final Report**

Contact: **Christopher Tzeng, Program Manager, ctzeng@wrcog.us, (951) 405-6711**

Date: **April 1, 2019**

The purpose of this item is to *provide a final report of the updated Fee Comparison Analysis. In 2016, WRCOG conducted an analysis of the fees required of development projects, the effect of other development costs, and the economic benefits of transportation investment. WRCOG commenced an update to the analysis utilizing 2018 fee schedules.*

Requested Action:

1. Receive and file.

In 2016, WRCOG conducted a study to analyze fees / exactions required and collected by jurisdictions / agencies in and immediately adjacent to the WRCOG subregion. The study was received by the WRCOG Committees and subsequent presentations were completed to various City Councils in the subregion. Based on the feedback provided and the requests made for data and presentations, WRCOG indicated the study would be updated on a consistent basis to enable jurisdictions to understand the impact of fees on development and the regional economy. WRCOG and its project team have been updating the analysis since September 2018 and it is now finalized.

Background on 2018 Update

Generally, the analysis methodologies, assumptions, and jurisdictions analyzed are consistent with the original study. The fee comparison update process primarily involved contacting jurisdictions and special districts to understand if and how its development impact fees had changed since 2016. In some cases, jurisdictions indicated the need for adjustments to the 2016 assumptions / methodologies, particularly concerning the calculation of water and sewer fees. As a result, the changes between 2016 and 2018 represent a combination of changes driven by fee schedule changes (actual changes in fee levels), as well as those driven by suggested refinements in other underlying assumptions.

Findings of Development Impact Fee Breakdown

TUMF represents a modest proportion of total residential development impact fees in Western Riverside County and a more variable proportion of nonresidential development impact fees.

- As shown on page 3 of the report (Attachment 1, Updated Analysis of Development Impact Fees in Western Riverside County – Draft Final Report), average TUMF on residential development represents about 20% of total development impact fees for both single-family (SF) and multifamily (MF) development, while water and sewer connection fees represent about 34% of total fees.

- As shown on page 4 of the report, average TUMF as a proportion of total fees show more variation for nonresidential land uses, ranging from 31.7% for retail development, 26% for industrial development, and

15.6% for Class A/B office development.

- As shown on page 5 of the report, average development impact fees in WRCOG member jurisdictions are within the Inland Empire range.

    - Average residential development impact fees for WRCOG jurisdictions are lower than the average of selected San Bernardino County cities and higher than the average of selected Coachella Valley cities.
    - When compared with the average of selected San Bernardino County cities (Fontana, Yucaipa, San Bernardino, Ontario, Chino, and Rialto), the WRCOG average is modestly lower for both SF and multi-family development. The average for selected Coachella Valley cities (Indio, Palm Desert, and Palm Springs) is substantially lower for SF and multi-family development.

- As shown on page 7 of the report, average retail development impact fees are substantially higher than the relatively similar average fee levels for San Bernardino County and Coachella Valley. While average office development impact fees are slightly below the average of the San Bernardino County cities evaluated, but substantially higher than the average for the Coachella Valley cities evaluated.

- The table on page 8 of the report shows that average development impact fees among WRCOG member jurisdictions represent between 3.8% (industrial development) and 8.9% (multi-family residential) of total development costs and returns, with TUMF as a lower fraction of these proportions.

- TUMF represents between 0.7% and 2.2% of total development costs and returns for the development prototype projects analyzed. While changes in the TUMF can add or subtract from total development costs, it would take a substantial change to increase / decrease overall development costs / returns by more than 1%.

    - Average total development impact fees as a proportion of estimated overall development costs have fallen for all land uses since 2016. Similarly, the TUMF proportion of total development costs has decreased for land uses with the largest change in retail, where the TUMF has fallen from 3.5% to 2.2% of overall development costs since 2016.

Findings of Development Impact Fee Analysis

Below are highlights based on Figures 2 – 5 in the report.

- Figure 2 shows that WRCOG TUMF residential fees, on average, represent about 20% of total development impact fees for both SF and MF development.
- On average, WRCOG nonresidential TUMF show more variation in level and in proportion of overall development impact fees (between 10% and 56%) than for the residential fee categories.
- As shown on Figure 3, water and sewer fees together represent the greatest proportion of residential development impact fees followed by similar proportions from other city fees, TUMF, and school fees.
- As shown on Figure 4, nonresidential development impact fees show more variation in terms of the distribution between fee categories.
- Figure 5 shows that unincorporated jurisdictions have slightly lower total fees as compared to the average for all WRCOG study jurisdictions.

Findings of Fee Comparison with Non-WRCOG Jurisdictions

Below are highlights based on Figures 6 – 10 in the report.

- Figures 6 – 10 compare average development impact fee costs and proportions in the WRCOG subregion to those in neighboring jurisdictions.
- Average development impact fees for WRCOG jurisdictions are modestly lower than the average of selected San Bernardino County cities, except for retail development impact fees.
- The average development impact fees for selected Coachella Valley cities is below that of the WRCOG

average for all land uses.

Development Costs – Key Factors in New Development

Developers (whether looking to do speculative development or to provide build-to-suit developments for larger users) will review several conditions before determining whether to move forward with site acquisition / optioning and pre-development activities. Factors will include 1) the availability of appropriate sites, 2) the availability of / proximity to / quality of infrastructure / facilities (e.g., proximity to transportation corridors, schools, and other amenities), 3) local market strength (achievable sales prices / lease rates) in the context of competitive supply, 4) expected development costs (including land acquisition costs, construction materials and labor costs, the availability and costs of financing, and development impact fees, among others), and, 5) where sites are unentitled, the entitlement risk.

An illustrative static pro forma structure was developed to provide overall insights on general economic relationships (Figures 11 and 12). It is important to note that these pro formas do not draw conclusions concerning the feasibility of individual projects. The pro forma incorporated different categories of development costs (see below). It also considered potential land values / acquisition costs based on a residual land value approach that considered potential development values, subtracted direct and indirect development costs and developer return requirements, and indicated a potential residual land value. The development values were refined based on available market data ranges and the need to generate a land value of an appropriate level to support land acquisition and new development. Available information on land transactions was also reviewed.

Development Costs Analysis Results

As shown in Figures 11 and 12 in the report, direct construction costs represent the largest proportion of total development costs / returns, typically followed by other land costs, other soft costs (collectively), developer returns, and development impact fees.

- Total development impact fees represent between 3.8% and 8.9% of total development costs / returns for the prototype feasible projects.
- TUMF represent between 0.7% and 2.2% of total development costs / returns for the prototype feasible projects.

Prior Actions:

March 14, 2019: The Public Works Committee received and filed.

March 14, 2019: The Planning Directors Committee received and filed.

Fiscal Impact:

Transportation Department activities are included in the Agency's adopted Fiscal Year 2018/2019 Budget under the Transportation Department.

Attachment:

1. Updated Analysis of Development Impact Fees in Western Riverside County – Draft Final Report.

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Item 6.D

Fee Comparison Analysis – Final Report

Attachment 1

Updated Analysis of Development Impact Fees in Western Riverside County – Draft Final Report

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Draft Final Report

Updated Analysis of Development Impact Fees in Western Riverside County

The Economics of Land Use

Prepared for:

Western Riverside Council of Governments (WRCOG)

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March 1, 2019

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1. INTRODUCTION AND FINDINGS

The Western Riverside Council of Governments (WRCOG) commissioned this Report to provide increased regional understanding of development impact fees on new development in Western Riverside County. More specifically, the purpose of this Report is to: (1) indicate the types and relative scale of the development impact fees placed on different land uses and (2) indicate the scale of fees relative to overall development costs. The Report is also intended to provide helpful background information on the impact of the Transportation Uniform Mitigation Fee (TUMF) by placing TUMF in the context of the broader development impact fee structure, overall development costs, and other regional dynamics.

This Report represents the first update to the Original Study completed in December 2016.[1] This study provided similar information on development impact fees and development costs based on 2016 fee schedules and development cost estimates. This Report (the 2019 Updated Study) provides updated information based on 2018 fee schedules and estimates of development costs. A companion memorandum provides a summary of the changes in fee levels between 2016 and 2018.[2]

This Report recognizes that there are substantive and ongoing debates about the appropriate levels of development impact fees in regions throughout California and elsewhere in the United States. On the one hand, development impact fees provide revenue to support the construction of critical infrastructure and capital facilities (or in-kind capital facility development) that can generate development value, economic development, and quality of life benefits. On the other hand, development impact fees act as an additional development cost that can influence development feasibility and potentially the pace of new development. **In reality, each fee-adopting jurisdiction needs to weigh the costs and benefits of potential new/increased fee levels in the context of their goals, capital improvement needs, and economic and development dynamics**.

This Report considers development impact fees defined as one-time fees collected for the purposes of funding infrastructure and capital facilities.[3] Because of the broad variation in land use and development projects in Western Riverside County, prototype development projects for single-family, multifamily, retail, Class A/B office and large industrial developments were all developed to support comparisons of fees in different jurisdictions.

A summary of key findings is provided below, followed by a description of the organization of this Report.

---

[1] See Report entitled "Analysis of Development Impact Fees in Western Riverside County", December 2016.

[2] See Technical Memorandum entitled "Overview of Changes in WRCOG Jurisdiction Fees: 2016 to 2018", March 2019.

[3] As used in this report and discussed further below, the phrase "development impact fee" includes all fees adopted pursuant to the Mitigation Fee Act and other monetary exactions due at the time of development.

Summary of Findings

FINDING #1: **New development in Western Riverside County pays a wide range of one-time infrastructure/capital facilities associated fees with a number of different public agencies.**

New development in Western Riverside County is required to pay development impact fees to help fund:

- Water and Sewer Facilities
- School Facilities
- Regional Transportation Infrastructure
- Additional Local Infrastructure/Capital Facilities (local transportation, parks and recreation, public facility, community/civic facilities, and storm drain infrastructure).
- Subregional/Area Fees (habitat mitigation fees, Road and Bridge Benefit Assessment Districts, and other area-specific infrastructure/capital facilities fees).

These fees are set/administered by a combination of water districts, school districts, individual cities, the County, the Western Riverside Council of Governments, the Western Riverside County Resource Conservation Authority, and other special districts.

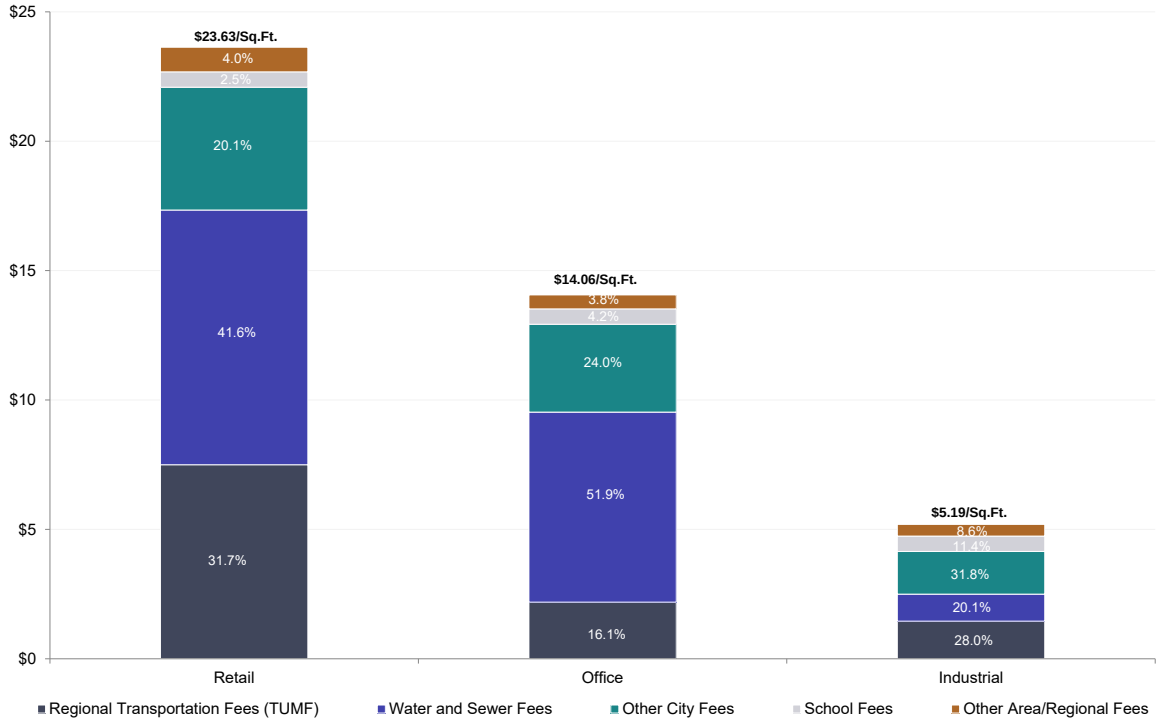
FINDING #2: **TUMF represents a modest proportion of total residential development impact fees in Western Riverside County and a more variable proportion of nonresidential development impact fees.**

- **On average, TUMF on residential development represents about 20 percent of total development impact fees for both single-family and multifamily development**. Water and sewer fees together represent the greatest proportion of residential development impact fees (36.0 percent/32.4 percent), followed by similar proportions from other City fees (21.2 percent/24.3 percent), TUMF (18.7 percent/20.6 percent), and school fees (18.5 percent/17.5 percent). A smaller proportion is associated with other subregional/area fees (5.7 percent/5.1 percent).

Average WRCOG Residential Development Impact Fees by Fee Category

- **Average TUMF fees as a proportion of total fees show more variation for nonresidential land uses, ranging from 31.7 percent for retail development to 15.6 percent for Class A/B office development**. Retail development impact fees are dominated by water and sewer fees (41.6 percent) with an additional one-third (31.7 percent) associated with the TUMF. The substantial reduction in the TUMF fee on retail development reduced the TUMF proportion from 43.5 percent to the current 31.6 percent. Office development impact fees are also dominated by water and sewer fees (52.2 percent), with TUMF (15.6 percent) representing a lower proportion of total fees relative to all other land uses. Large industrial developments that do not have intensive water needs have a large proportion of water and sewer fees (20.1 percent). While lower in absolute terms, industrial development impact fees are dominated on a proportionate basis by other City fees (31.8 percent) and TUMF (28.0 percent).

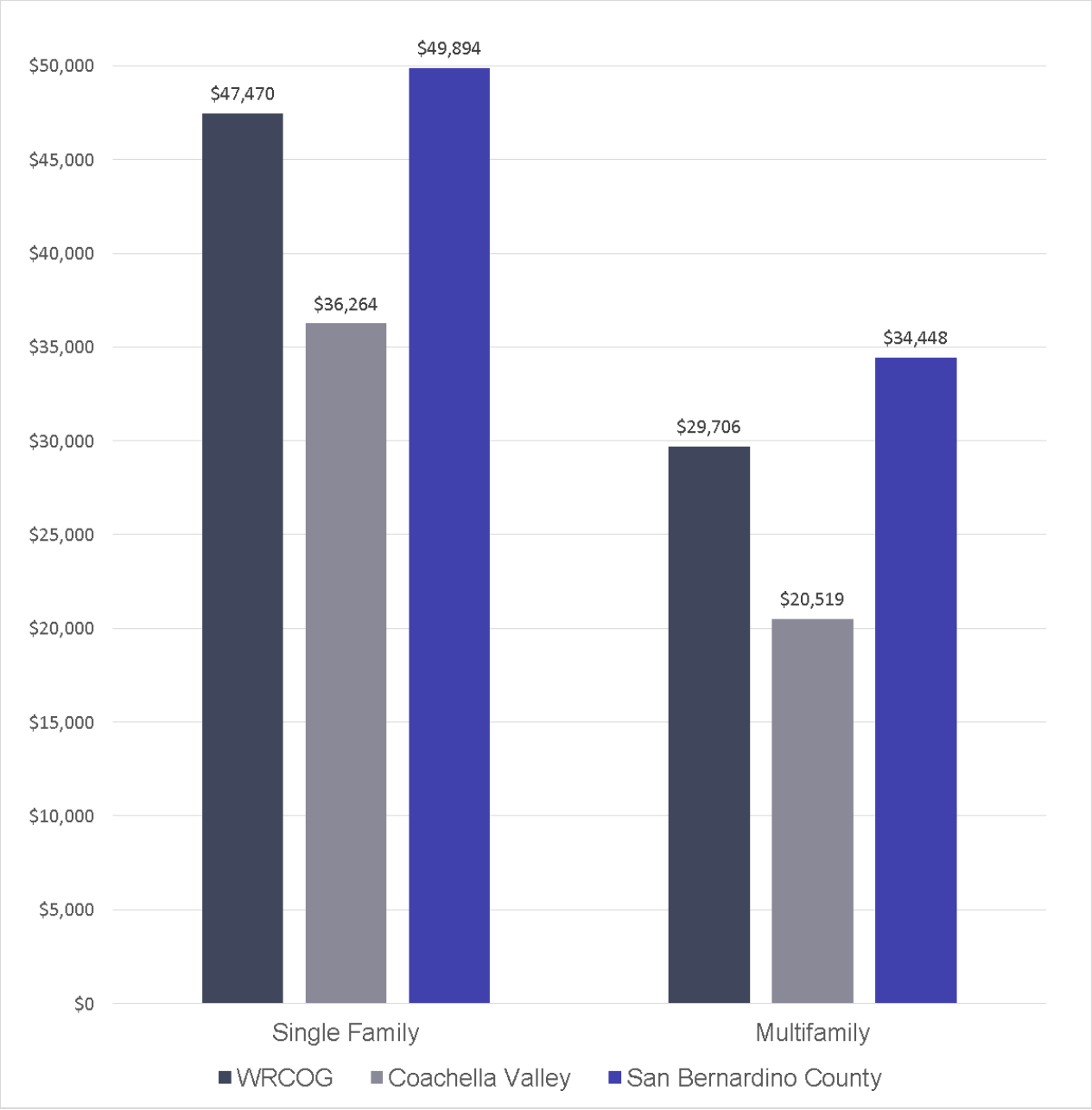
Average WRCOG Nonresidential Development Impact Fees



FINDING #3: **Average development impact fees in WRCOG member jurisdictions are within the Inland Empire range.**

- **Average residential development impact fees for WRCOG jurisdictions are lower than the average of selected San Bernardino County cities and higher than the average of selected Coachella Valley cities.** When compared with the average of selected San Bernardino County cities (Fontana, Yucaipa, San Bernardino, Ontario, Chino, and Rialto), the WRCOG average is modestly lower for both single-family and multifamily development. The average for selected Coachella Valley cities (Indio, Palm Desert, and Palm Springs) is substantially lower for single-family and multifamily development.

Average Residential Development Impact Fees in Neighboring Jurisdictions

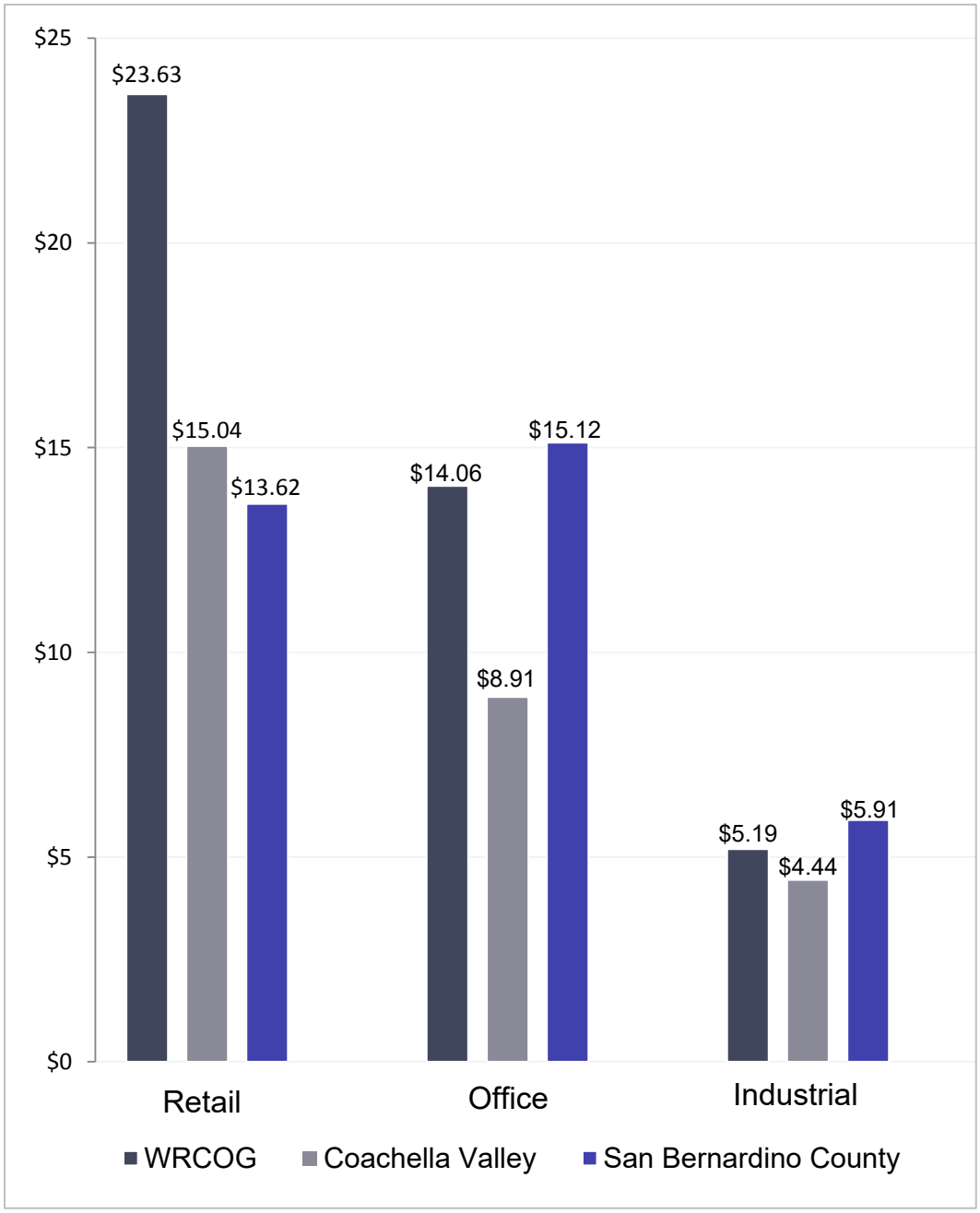


- **Average retail development impact fees are substantially higher than the relatively similar average fee levels for San Bernardino County and Coachella Valley**. At $23.63 per square foot of retail space, the WRCOG average total fee is substantially higher than the equivalent fees in the other areas of study that ranged from $13.62 to $15.47 per

square foot. This remains true despite the reduction in the TUMF fee on retail development.[4] For office development, the WRCOG average is slightly below the average of the San Bernardino County cities evaluated, but substantially higher than the average for the Coachella Valley cities evaluated. The WRCOG average for industrial development is somewhat lower than the San Bernardino County average of $5.91 per square foot and somewhat higher than the average for Coachella Valley cities of $4.44 per square foot.

[4] Refinements in the calculation methodology of water/ sewer fees based on input from some jurisdictions resulted in an increase in estimated water/ sewer fees that partially balanced out the reduction associated with the TUMF retail fee.

Average Nonresidential Development Impact Fees in Neighboring Jurisdictions



FINDING #4: Average development impact fees among WRCOG member jurisdictions represent between 3.8 percent and 8.9 percent of total development costs/returns, with TUMF as a lower fraction of these proportions.

- **Total development impact fees represent between 3.8 percent and 8.9 percent of total development costs/returns for the prototype feasible projects.** Total development impact fees represent 8.5 percent and 8.9 percent of total development costs/returns respectively for the prototype single-family and multifamily developments evaluated. As is common, nonresidential development impact fees are lower as a percent of

total development cost/return at 3.8 percent for industrial development and 4.3 percent for office development. For retail development, the fee level percentage is 6.9 percent, is between the proportions for residential uses and other nonresidential uses.

- **TUMF represents between 0.7 percent and 2.2 percent of total development costs/returns for the prototype feasible projects**. **While changes in the TUMF can add or subtract from total development costs, it would take a substantial change to increase/decrease overall development costs/returns by more than 1 percent.** TUMF represents between 16.1 percent and 31.7 percent of total development impact fees with the highest ratios for retail and industrial development and lowest for office development. As a proportion of overall development costs, TUMF represents 1.6 percent and 1.8 percent for single-family and multifamily respectively. For nonresidential uses, TUMF represents 0.7 percent of total development costs for office development, 1.1 percent for industrial development, and 2.2 percent for retail development. Average total development impact fees as a proportion of estimated overall development costs have fallen for all land uses since 2016. Similarly, the TUMF proportion of total development costs has decreased for land uses with the largest change in retail, where the TUMF has fallen from 3.5 percent to 2.2 percent of overall development costs since 2016.

Development Impact Fees as % of Total Developments Costs/Returns

Development Impact Fees	Single Family	Multifamily	Industrial	Retail	Office
TUMF	1.6%	1.8%	1.1%	2.2%	0.7%
Other Development Impact Fees	6.9%	7.0%	2.7%	4.7%	3.6%
Total Development Fees	**8.5%**	**8.9%**	**3.8%**	**6.9%**	**4.3%**

Organization of Report

After this initial chapter, this Report is divided into three other chapters and several appendices. **Chapter 2** describes the definitions, methodology, and results of the fee review and comparison for WRCOG and non-WRCOG jurisdictions. **Chapter 3** describes the overall development cost estimates for land uses/development prototypes evaluated and considers total development impact fees and the TUMF relative to all development costs. Finally, **Chapter 4** provides a brief conclusion on the purposes and goals of this and other development impact fee comparison studies.

The appendices provide a substantial amount of additional supporting detail and information, including:

- **APPENDIX A** provides detailed information on the Development Prototypes.
- **APPENDIX B** provides fee comparison summaries and detailed fee estimation information for each WRCOG jurisdiction/area and each land use category.

2. DEVELOPMENT IMPACT FEE REVIEW AND COMPARISONS

This chapter describes the detailed development impact fee research conducted for WRCOG jurisdictions as well as for selected neighboring jurisdictions in Coachella Valley and San Bernardino County. The purpose of this research is to explore the typical composition of development impact fees in WRCOG member jurisdictions, to understand the scale of TUMF relative to other development impact fees, and to consider the development impact fees among WRCOG member jurisdictions relative to neighboring jurisdictions.

While every effort was made to provide an accurate comparison through the use of defined development prototypes and the latest jurisdictional fee schedules, the frequent adjustments to fee programs and the complex, project-specific calculations required for some fees mean that the numbers presented are planning-level approximations. All the development impact fee estimates shown are based on available fee schedules at the time the research was conducted (July 2018) and as applied to the particular land uses/development prototypes developed. The actual fees due from any particular project will depend on the specifications of the individual project and the fee schedule at the pertinent time.

The first section below provides some key definitions. The subsequent section provides a detailed description of the fee research methodology. The final section provides findings concerning development impacts fees in WRCOG member jurisdictions and the other jurisdictions studied. In general, the definitions and approach in this Update Study are consistent with those in the Original Study to maintain consistency. In some situations, as noted below, refinements were necessary; for example, some water districts provided new information on the water meter assumptions to be used in fee calculations.

Study Definitions

Development impact fees have become an increasingly used mechanism among California jurisdictions to require new development to fund the demands it places on local and regional infrastructure and capital facilities. This Report defines development impact fees as one-time fees collected for the purposes of funding infrastructure and capital facilities.[5] This includes fees for the funding of a broad range of capital improvements, including water, sewer, storm drain, transportation, parks and recreation, public safety, and numerous other types of civic/community facilities. The majority of these fees are adopted under or consistent with the Mitigation Fee Act, though the analysis also includes other one-time capital facilities fees, such as parkland in-lieu fees under the Quimby Act and one-time charges through Community Facilities Districts or Benefit Assessment Districts among others.

There are a number of smaller permitting, planning, and processing fees that are charged on new development, but that do not fund capital facilities/infrastructure. Due to the large number of more modest charges typically associated with such fees and their relative modesty compared

[5] As used in this report and discussed further below, the phrase "development impact fee" includes all fees adopted pursuant to the Mitigation Fee Act and other monetary exactions due at the time of development. The term "fee," as used in this report, means "development impact fee."

to development impact fees (most studies find them to be in the 5 to 15 percent range of development impact fees, between 1 and 2 percent of total development costs), these smaller fees were not tracked as part of this study.

Methodology

In order to provide a fee comparison that was as close as possible to an "apples-to-apples" comparison, WRCGOG staff and the Consulting Team identified the following parameters to guide the study:

- Jurisdictions to be studied.
- Land uses to be evaluated and associated development prototypes.
- Selection of service providers where there are multiple service providers in same jurisdiction.
- Organization of development impact fee data.

This section describes these study parameters as well as the process of review with the jurisdictions/relevant service providers.

Selection of Jurisdictions

Jurisdictions selected for this analysis include all eighteen (18) WRCOG member cities. WRCOG staff and the Consulting Team also identified three additional member areas to study, including the March JPA and two unincorporated areas in the County. The selected unincorporated areas included Temescal Valley and Winchester, two areas where substantial growth is occurring and/or planned. The only difference from the Original 2016 Study was the inclusion of the City of Beaumont as a WRCOG member city.

For the comparison of WRCOG jurisdictions to neighboring/peer areas, the jurisdictions selected included: (1) selected Coachella Valley communities in eastern Riverside County, and (2) selected San Bernardino County communities. These jurisdictions were selected by WRCOG staff and the Consulting Team and refined based on feedback from the WRCOG Planning Directors' Committee and WRCOG Public Works Committee in 2016. The San Bernardino County communities selected were those likely to compete for development with neighboring WRCOG jurisdictions. All these jurisdictions remain the same as in the 2016 Study.

Figure 1 shows the cities/communities evaluated, including the twenty-one (21) WRCOG cities/communities and the nine (9) non-WRCOG comparison communities.

Figure 1 Jurisdictions included in Fee Study

WRCOG Jurisdictions		Coachella Valley	San Bernardino County
Banning	Murrieta	Indio	Fontana
Canyon Lake	Norco	Palm Desert	Yucaipa
Beaumont	Perris	Palm Springs	San Bernardino
Calimesa	Riverside		Ontario
Corona	San Jacinto		Chino
Eastvale	Temecula		Rialto
Hemet	Wildomar		
Jurupa Valley	Temescal Valley		
Lake Elsinore	Winchester		
Menifee	March JPA		
Moreno Valley			

Land Uses and Development Prototypes

Land Uses

The TUMF is levied on a variety of residential and Nonresidential land uses with variations for certain product types built into the fee program. TUMF includes fees on the following land uses:

- **Single-Family Residential Development** – Per unit basis.
- **Multifamily Residential Development** – Per unit basis.
- **Retail Development** – Per gross building square foot basis.
- **Industrial Development** – Per gross building square foot basis. The industrial fee includes a base fee on square footage up to 200,000 square feet and then, where the building meets the definition of a "high cube" building, an effective discount of 73 percent in the base fee for all additional development above 200,000 square feet.[6] "High Cube" is defined as warehouses/distribution centers with a minimum gross floor area of 200,000 square feet, a minimum ceiling height of 24 feet and a minimum dock-high door loading ratio of 1 door per 10,000 square feet.
- **Service (including Office) Development** – Per gross building square foot basis. There is a per-building square foot fee for Service Development. Office development is a sub-category within Service Development. Class A and B office development is charged a discounted TUMF fee relative to other land uses in the service category.

For the purposes of this study, five (5) land use types were selected, including the single-family residential, multifamily residential, and retail development categories in addition to a large "high-cube" industrial building, and a Class A/B office building. The large industrial building land use

[6] The square footage above 200,000 square feet is multiplied by 0.27 and then the base fee is applied resulting in an effective increment fee of about $0.47 per square foot.

was selected based on industrial development trends in Western Riverside County, while the Class A/B office building was selected due to its reduced fee level.

Development Prototype Selection

Within each of the five (5) general land use types selected, it is necessary to select specific development prototypes. Because development impact fees vary based on a number of development characteristics, the definition of development prototype improves the extent to which the fee comparison will be "apples-to-apples".

In order to identify appropriate development prototypes for the five land uses, in 2016, the Consulting Team reviewed data on the general characteristics of new single-family, multifamily, office, retail, and industrial development among Western Riverside County communities in recent years.

Information on multifamily, retail, office, and industrial developments developed between 2010 and 2016 were reviewed as was information on single-family developments between 2014 and 2016. A smaller time period was used for single-family developments as there were substantially more single-family developments. The characteristics of the median development for each of the land use types was identified and used as the selected development prototype. For single-family development, the median home and lot size characteristics were identified, while for multifamily residential, office, retail, and industrial buildings the average building sizes were identified.

Based on this analysis, the following development prototypes were developed for each of the selected land uses and reviewed, in 2016, with the WRCOG Planning Directors' Committee, Public Works Committee, and Technical Advisory Committee (images represent examples of projects that matched the development prototypes). The same prototypes are used in this Study Update.

Single-Family Residential Development
50-unit residential subdivision; 2,700 square foot homes and 7,200 square foot lots

Example Prototype Single-Family Home, City of Riverside

Multifamily Residential Development
200-unit market-rate, 260,000 gross square foot apartment building

Example Prototype Multi-Family Development, City of Temecula

Retail Development
10,000-gross square foot retail building

Example Prototype Retail Development, City of Hemet

Office Development
20,000-gross square foot, Class A or Class B office building

Example Prototype Office Development, City of Hemet

Industrial Development
265,000 gross square foot "high cube" industrial building[7]

Example Prototype Industrial Development, City of Perris

In addition to development scale, there are a number of other development characteristics that can affect development impact fees. For example, many water facilities fees are tied to the number and size of meters associated with a new development. Other fees are tied to the gross site area or other characteristics that will vary for each development. The Consulting Team developed a set of additional development prototypes assumptions to use in the fee estimates (see **Appendix A**). These assumptions were based on a review of the equivalent assumptions

[7] "High Cube" is defined as warehouses/distribution Centers with a minimum gross floor area of 200,000 square feet, a minimum ceiling height of 24 feet and a minimum dock-high door loading ratio of 1 door per 10,000 square feet.

used in other regional fee studies (e.g., in the San Joaquin Valley and the Sacramento Valley) and were refined based on feedback, when provided, from Western Riverside County service providers. In some cases, the formula for fee calculation required even more assumptions. In these cases, service providers typically conducted their own fee estimates and provided the results to WRCOG Staff/the Consulting Team. The assumptions used in this Update Study were maintained the same as in the Original Study except where individual jurisdictions recommended changes. Changes primarily occurred where Water Districts/ Cities provided updated information on their typical water meter assumptions.

Service Provider/Subarea Selection

In some cities, there were multiple service providers providing the same type of facilities in different parts of the city. For example, some cities were served by two or more distinct School Districts, while many cities were served by two or more Water Districts. For the purposes of the fee comparison one set of service providers was assumed based on the following approach:

- Suggestions from the City.
- Commonality of service provider between multiple cities; for example, Eastern Municipal Water District serves many cities.
- Scale/nature of service areas was also considered; for example, in some cases the majority of a City was served by one service provider and/or the majority of the growth areas were served by a particular service provider.
- In some cases, there was one service provider – e.g., the City – with different fees by City subarea (e.g., storm drain). In these cases, an effort was made to select the area expected to see the most growth based on discussions with City and WRCOG staff.
- In other cases, area-specific one-time fees/assessments/special taxes were in place to cover the costs of capital facilities in a new growth area. Where substantial in scale, these areas and the associated area fees were used in the fee comparison.

Organization of Fee Information/Categories

The primary focus of the fee research is to develop estimates of existing development impact fees charged on new development in the selected jurisdictions. While there is some conformance in fee categories (e.g., School District fees), there is also variation in the naming and facilities included in water and sewer facilities fees and substantial variation in the capital facilities fees that different cities charge. The fee review sought to obtain all the development impact fees charged from all the jurisdictions studied and then compiled them into normalized set of categories to allow for comparisons. The key fee categories are as follows:

- **Regional Transportation Fees**. This category includes the respective TUMFs in Western Riverside County and Coachella Valley. It also included regional transportation impact fees in other subregions/jurisdictions where they were clearly called out. The lines between regional transportation fees and local transportation fees are harder to discern in San Bernardino County where cities are required to contribute towards regional transportation funding, but do not necessarily separate out those fees from the other, local transportation fees.

- **Water/Sewer Connection and Capacity Fees**. All jurisdictions charged some form of water and sewer development impact fee and these were combined together into one aggregate water/sewer category. In several cases, the County, city, or water district provided their own calculations due to the complexity of the fee calculation. In some cases, Water District/ City staff adjusted the prior underlying water meter assumptions to better match their current practice. In these cases, the water fees changed in part due to the updated methodology.

- **City/County Capital Facilities Fees**. Beyond any water/sewer fees that in some cases might be charged by individual jurisdictions (cities/County), these jurisdictions frequently adopt a large number of additional citywide fees. Such fees often include local transportation fees, parks and recreation facilities fees, Quimby Act requirements in-lieu parkland fees, storm drain fees, public safety facilities fees, other civic/community facilities fees, and, on occasion, affordable housing fees. This category captures all of these local development impact fees.

- **School Development Impact Fees**. School facilities fees are governed by State law and therefor show more similarity between jurisdictions than most fees. Under State law, School Districts can charge specified Level 1 development impact fees. If School Districts go through the process of identifying and estimating required capital improvement costs, higher Level 2 fees can be charged to fund up to 50 percent of the School District's capital improvement costs. At present, about nine of the fifteen School Districts studied (that serve WRCOG member jurisdictions) appear to charge Level 2 fees.

- **Other Area/Regional Fees**. A final category was developed to capture other fees not included in the above categories, typically other sub-regional fees as well as area-specific fees. For example, this category includes the Western Riverside County MSHCP mitigation fee, relevant Road and Bridge Benefit Districts (RBBD) fees, as well as other one-time CFD charges/impact fees for infrastructure/capital facilities applied in particular growth areas.

Data Compilation and Review Process

For WRCOG member jurisdictions, the following data collection and review process was followed:

- Identify set of service providers and development impact fees charged in jurisdiction.

- Obtain development impact fee schedules from City, County, and other service provider online sources.

- Review available mitigation fee nexus studies, Ordinances, and Resolutions.

- Where sufficient data was not available, contact City, County, or other service provider to obtain appropriate fee schedules.

- Develop initial estimates of development impact fees for each jurisdiction for each development prototype.

- Share PowerPoint document noting development prototypes specifications and initial fee estimates with each jurisdiction and selected other service providers (e.g., Eastern Municipal Water District).

- Receive feedback, corrections, and refinements (and in some cases actual fee calculations).
- Refine fee estimates based on feedback.
- Share revised fee estimates with jurisdictions.

For other non-WRCOG jurisdictions, fee information was obtained either on-line or by contacting cities directly. Fee information was then compiled in a similar structure to the WRCOG jurisdictions.

Findings from WRCOG Member Jurisdiction Fee Review

General findings from fee research concerning WRCOG member jurisdictions are summarized below and in **Figures 2** to **4**. **Appendix B** provides more detailed comparison charts for the WRCOG jurisdictions studied.

On average, WRCOG TUMF residential fees represent about 20 percent of total development impact fees for both single-family and multifamily development. Single-family TUMF and multifamily TUMF both represent about 20 percent of the respective average total development impact fees of about $47,470 per unit and $29,706 per unit. Due to the variation in overall development impact fees – from $33,993 per unit to $60,763 per unit for single-family development and from $19,267 per unit to $47,196 per unit for multifamily development – and the fixed nature of the TUMF across jurisdictions, TUMF as a percent of total development impact fees ranges from 14.6 percent to 26.1 percent for single-family development and 13.0 percent to 31.8 percent for multifamily development (see **Figures 2 to 4**).

Figure 2 TUMF as a Proportion of Total Fees

Item	Average	Range	
		Low	High
Single Family			
Total Fees per Unit	$47,470	$33,993	$60,763
TUMF as a % of Total Fees	18.7%	26.1%	14.6%
Multifamily			
Total Fees per Unit	$29,706	$19,267	$47,196
TUMF as a % of Total Fees	20.6%	31.8%	13.0%
Retail			
Total Fees per Sq.Ft.	$23.63	$13.48	$41.21
TUMF as a % of Total Fees	31.7%	55.6%	18.2%
Industrial			
Total Fees per Sq.Ft.	$5.19	$2.76	$9.64
TUMF as a % of Total Fees	28.0%	52.6%	15.1%
Office			
Total Fees per Sq.Ft.	$14.06	$6.62	$22.28
TUMF as a % of Total Fees	15.6%	33.1%	9.8%

* Average and ranges as shown encompass 21 jurisdictions, including 18 cities and the unincorporated areas of Temescal Valley, Winchester, and March JPA.

On average, WRCOG Nonresidential TUMF show more variation in level and in proportion of overall development impact fees (between 10 percent and 56 percent) than for the residential fee categories. Average retail development impact fees are about $24 per square foot and TUMF represents 32 percent of the average total fees on new retail development. Due to the variation in the total development impact fees on retail development among jurisdictions from $13.48 to $41.21 per square foot, the TUMF as a percent of the total fees ranges from 18.2 percent to 55.6 percent. Average industrial development impact fees are substantially lower at $5.19 per square foot with a range from $2.76 per square foot to $9.64 per square foot. TUMF represents about 28 percent of the average total industrial fees, with a range from 15.1 percent to 52.6 percent. Total development impact fees on office development fall in between the retail and industrial fees at an average of $14.06 per square foot and a range from $6.62 to $22.28 per square foot. The TUMF fee represents a relatively low 15.6 percent of average overall fees on office development with a range from 9.8 percent to 33.1 percent (see **Figure 2** to **Figure 4**).

Water and sewer fees together represent the greatest proportion of residential development impact fees followed by similar proportions from other City fees, TUMF, and school fees. Single-family and multifamily development both show that about 34 percent of their development impact fees are associated with water and sewer fees, about 21 percent

with other City capital facilities fees, about 20 percent with regional transportation fees, about 18 percent with school facilities fees, and the remaining 5 percent associated with other regional fees or area-specific fees (see **Figure 3** and **Figure 4**).

Nonresidential development impact fees show more variation in terms of the distribution between fee categories. Retail development impact fees are dominated by water and sewer fees (41.6 percent) with an additional one-third associated with the regional transportation fee. While the overall fees are lower, industrial development impact fees are more dominated on a proportionate basis by other City fees (31.8 percent) and TUMF (28.0 percent), for non-intensive water using industrial buildings. Office development impact fees show a different pattern with substantial water and sewer fees at 52.2 percent followed by other city fees at 24.1 percent then regional transportation fees at 15.6 percent (see **Figure 3** and **Figure 4**).

Unincorporated jurisdictions have slightly lower total fees as compared to the average for all WRCOG study jurisdictions. For residential uses, total fees for the unincorporated study areas were approximately 80 percent of the WRCOG average total fee amount for residential uses. For nonresidential uses, total fees for unincorporated study areas were between 60 and 75 percent of the WRCOG average for nonresidential uses. Most of this difference can be attributed to the lack of substantial local fees for all land use types. See **Figure 5** for further detail.

Figure 3 Average Development Impact Fee Costs by Category in WRCOG Jurisdictions

Fee	Single Family (per Unit)	Multifamily (per Unit)	Industrial (per Sq.Ft.)	Retail (per Sq.Ft.)	Office (per Sq.Ft.)
Regional Transportation Fees (TUMF)	$8,873	$6,134	$1.45	$7.50	$2.19
Water and Sewer Fees	$17,070	$9,636	$1.04	$9.84	$7.34
Other City Fees	$10,055	$7,231	$1.65	$4.75	$3.39
School Fees	$8,785	$5,191	$0.59	$0.59	$0.59
Other Area/Regional Fees	$2,686	$1,512	$0.45	$0.95	$0.54
Total Fees	**$47,470**	**$29,706**	**$5.19**	**$23.63**	**$14.06**

Figure 4 Average Development Impact Fee Costs in WRCOG Jurisdictions

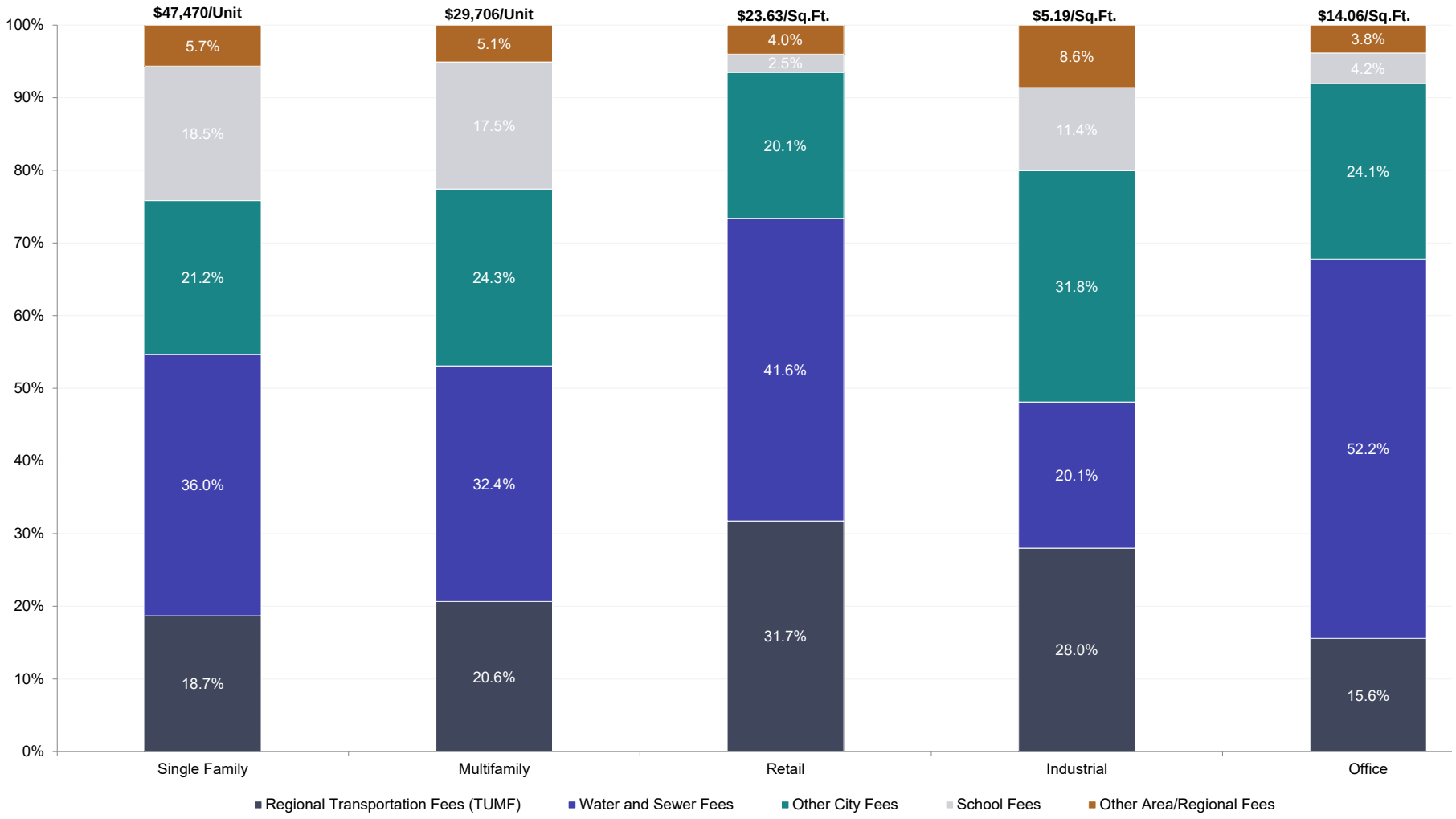


Figure 5 Unincorporated Jurisdictions/March JPA and Total Jurisdictions Comparison

Item	Single Family	Multifamily	Retail	Industrial	Office
Unincorporated Jurisdictions and March JPA	$37,326	$23,653	$17.61	$3.16	$10.54
Total Jurisdictions	$47,470	$29,706	$23.63	$5.19	$14.06
Unincorporated Jurisdictions and March JPA / Total Jurisdictions	79%	80%	75%	61%	75%

Findings from Fee Comparison with Non-WRCOG Jurisdictions

Figures 6 through **10** compare the average overall WRCOG development impact fees (and their proportionate distributions between the five major fee categories) with other cities/group of cities for all five land uses/development prototypes studied. The comparative cities/subregions include selected jurisdictions in the Coachella Valley and San Bernardino County.

Average development impact fees for WRCOG jurisdictions are modestly lower than the average of selected San Bernardino County cities, with the exception of retail development impact fees. When compared with the average of selected San Bernardino County cities (Fontana, Yucaipa, San Bernardino, Ontario, Chino, and Rialto), the WRCOG average is modestly lower for residential land uses, roughly equivalent for industrial and office land uses, with retail development the exception, where it is substantially higher. New development in San Bernardino County cities is required to make payments towards regional transportation infrastructure, though the distinction between the regional and local transportation fees is often unclear. Overall, the combination of regional transportation fees, other City fees, and area/other regional fees is higher in San Bernardino County than in Riverside County for single-Family and multifamily development.

The average development impact fees for selected Coachella Valley cities is below that of the WRCOG average for all land uses. The average for selected Coachella Valley cities (Indio, Palm Desert, and Palm Springs) is substantially lower for single-family, multifamily, office, and retail development, and modestly lower industrial development. For residential development, there are substantial differences in regional transportation fees, water and sewer fees, and other City fees. Regional transportation fees are set at an equal rate for both office and retail in Coachella Valley resulting in higher regional transportation fees for office development in Coachella Valley but lower fees for retail development.

Figure 6 Average Single-Family Development Impact Fee Costs and Proportions in Neighboring Jurisdictions

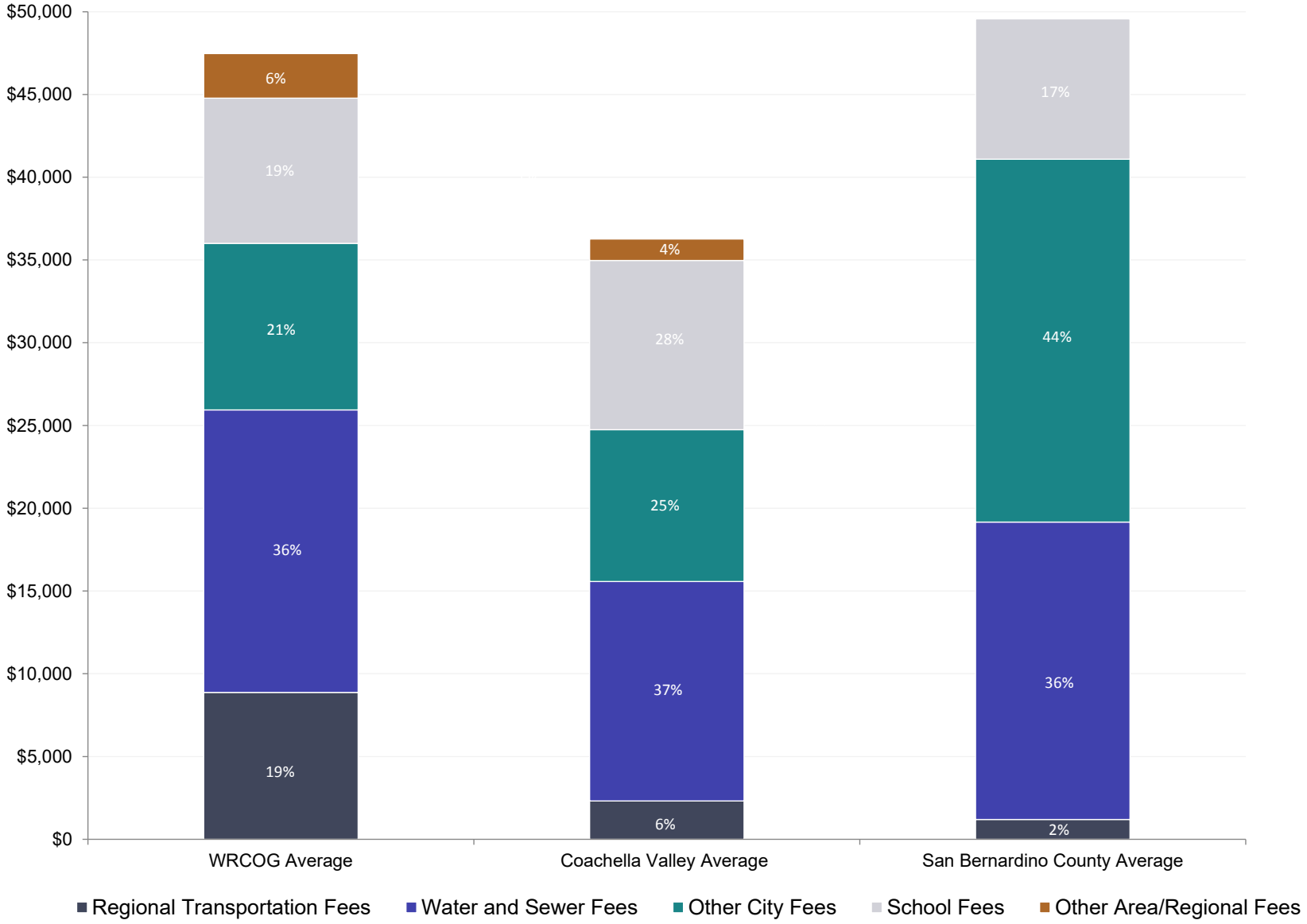


Figure 7 Average Multifamily Development Impact Fee Costs and Proportions in Neighboring Jurisdictions

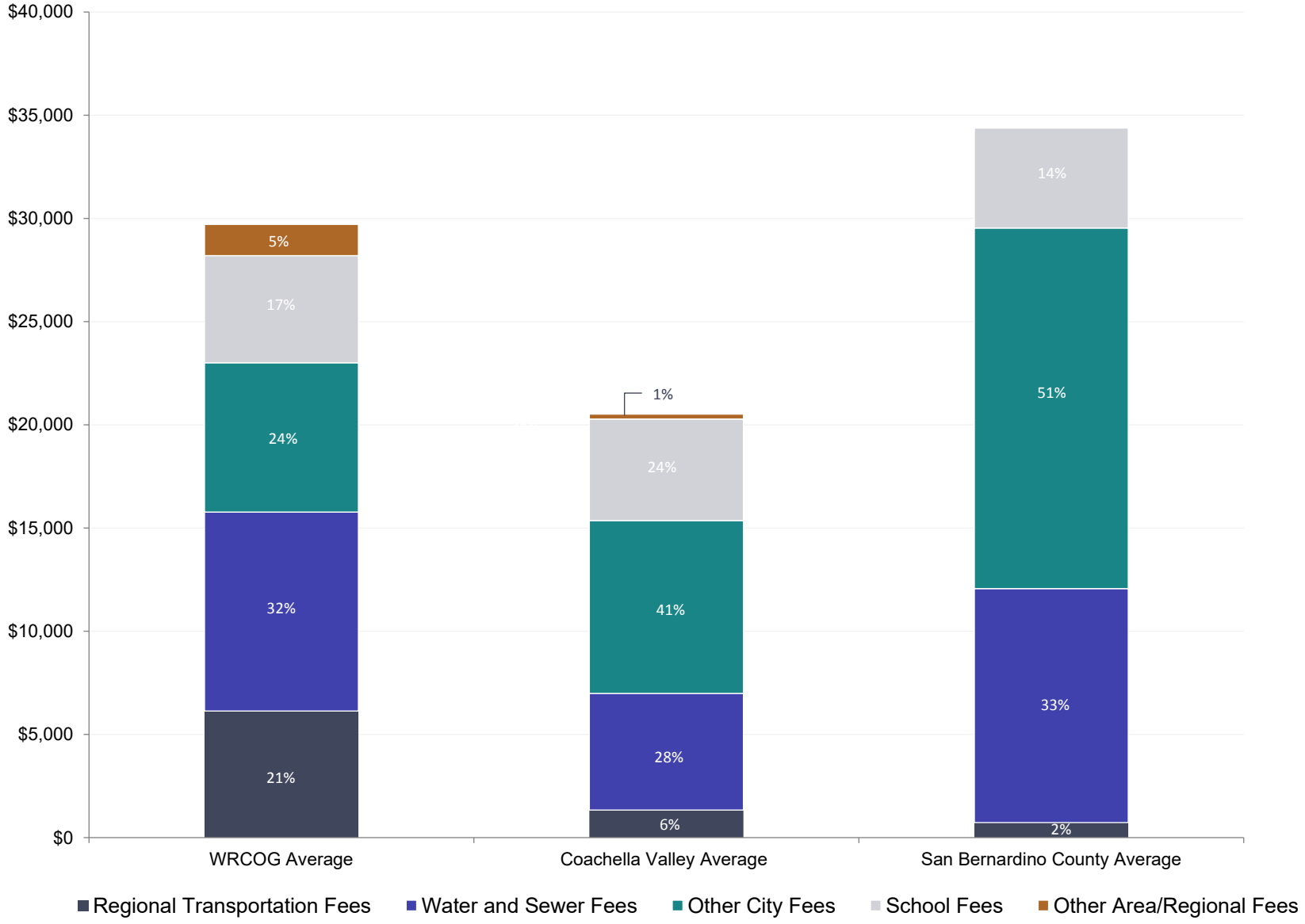


Figure 8 Average Retail Development Impact Fee Costs and Proportions in Neighboring Jurisdictions

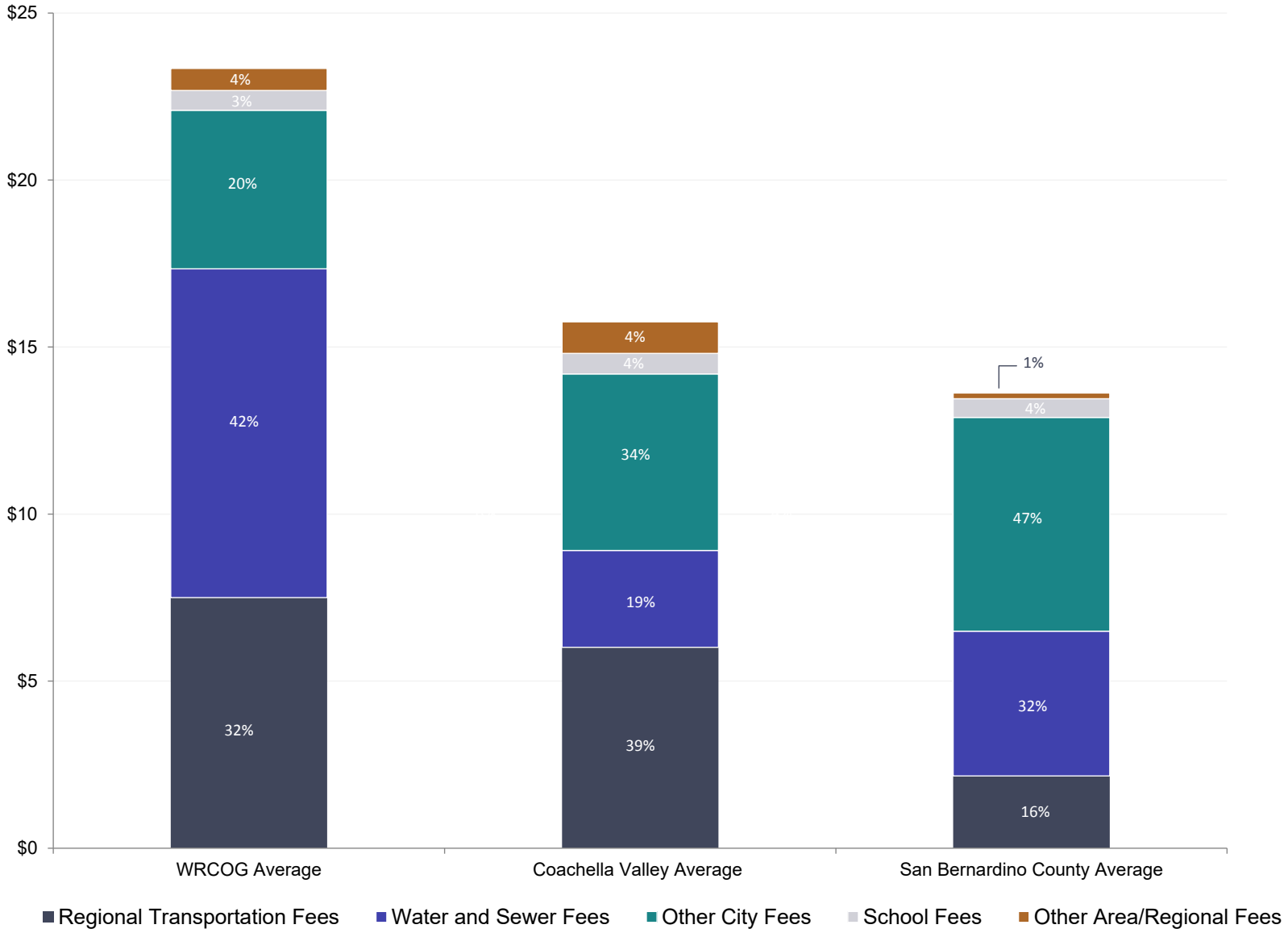


Figure 9 Average Industrial Development Impact Fee Costs and Proportions in Neighboring Jurisdictions

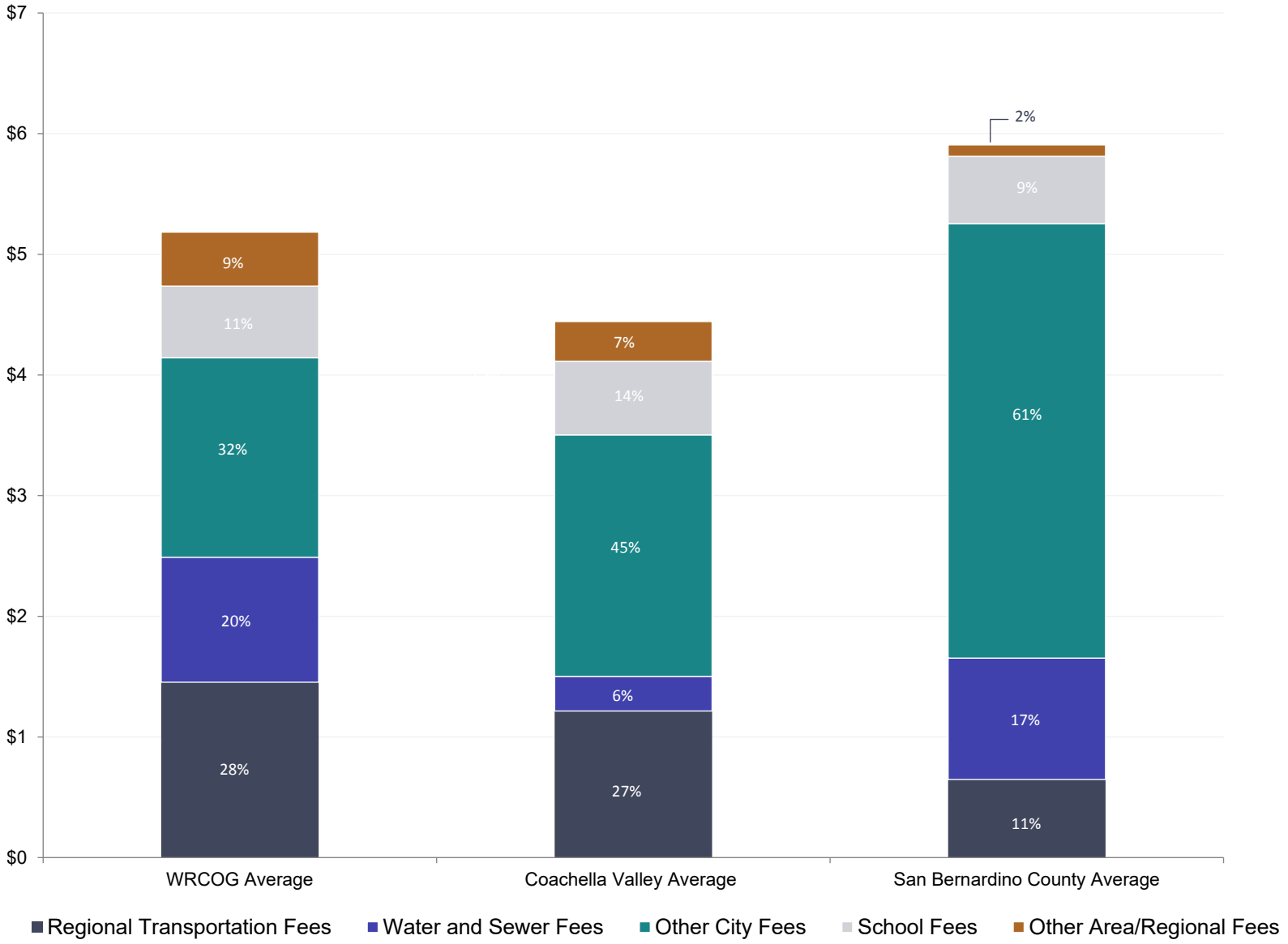
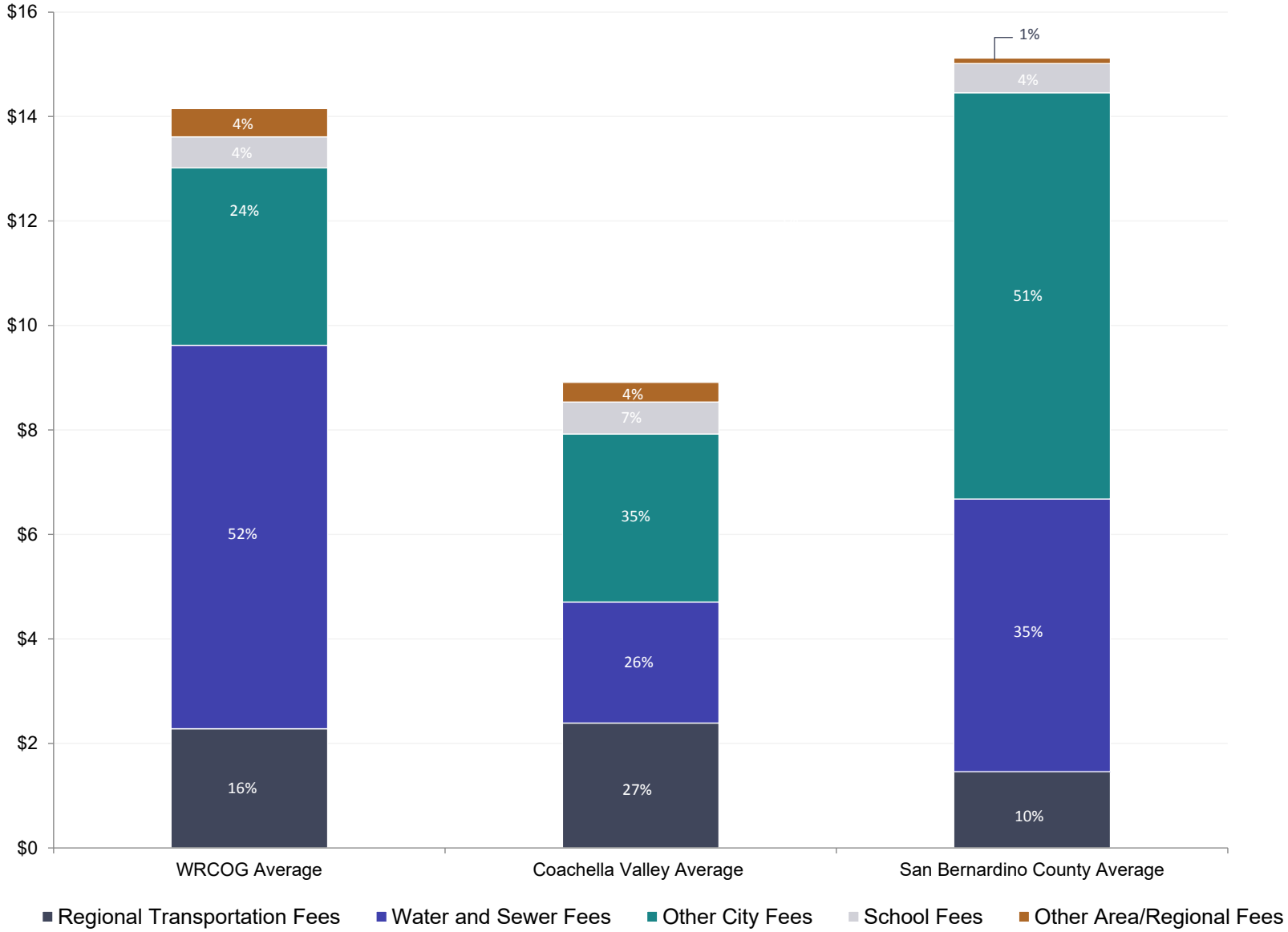


Figure 10 Average Office Development Impact Fee Costs and Proportions in Neighboring Jurisdictions



3. DEVELOPMENT IMPACT FEES AND DEVELOPMENT COSTS

This chapter evaluates development impact fees, including the TUMF, in Western Riverside County in the context of overall development costs. The first section below provides an overview of the complex factors that influence decisions to develop, one of which is development cost. The subsequent section describes the methodology used to estimate development costs for different land use types. The next section provides conclusions concerning the level of development impact fees and TUMF in the context of overall costs.

It is critical to note that this analysis uses generalized development prototypes and development cost and return estimates to draw overall conclusions about development impact fees relative to development costs. This analysis does not represent a project-specific analysis as the development program, development costs, and returns associated with any individual project can vary widely. No conclusions concerning the feasibility of any specific project should be drawn from this analysis.

Economics of Development

Key Factors in New Development

The drivers of growth and development are complex and multifaceted. Broader global, national, and regional economic conditions are key drivers. As witnessed by the recent Great Recession, there are no regional and local policy options available to fully counterbalance a strong economic downturn. Under more moderate or strong market conditions, the regional demand for housing and workspaces translate into the potential for cities and subregions to capture new residential and economic/workforce development.

Developers (whether looking to do speculative development or to provide build-to-suit developments for larger users) will review a number of conditions before determining whether to move forward with site acquisition/optioning and pre-development activities. Factors will include: (1) the availability of appropriate sites, (2) the availability of/proximity to/quality of infrastructure/facilities (e.g., proximity to transportation corridors, schools, and other amenities), (3) local market strength (achievable sales prices/lease rates) in the context of competitive supply, (4) expected development costs (including land acquisition costs, construction materials and labor costs, the availability and costs of financing, and development impact fees, among others), and, (5) where sites are unentitled, the entitlement risk.

For some subregions, cities, and/or areas, market conditions for particular uses may be too weak to have a realistic chance of attracting certain types of development. For example, to the extent the market-supported lease rates for new office development in a particular area of a City do not support Class A office development construction costs, the attraction of this type of space will not be realistic in the short term. Similarly, some users, like major retailers, will only be interested in sites along major transportation corridors. In other cases, there may be a nominal or potential demand, but the willingness of home-buyers/businesses to pay may still not be sufficient to cover the development costs. This willingness to pay will be constrained by competitive supply and prices, whether the price points/lease rates among existing homes/workspaces in the same community or by the price points/lease rates offered in

neighboring communities with different characteristics (proximity to jobs centers, local infrastructure/amenities, school district quality, among other factors).

In other cases, the strength of market demand for new residential and Nonresidential development will spur more detailed review and evaluation of sites by developers. Even in cases where market factors look strong, there is a complex balance between development revenues, development costs, land costs, and required developer returns that must be achieved to catalyze new development. Modest fluctuations in development revenues (i.e., market prices), development costs (materials, labor costs, etc.), and landowner expectations (perceived value of land) can all affect development decisions as can assessments of entitlement risk and complexity, where entitlements are still required. And many of these factors, such as the price of steel, the complexities of CEQA, the market for labor, and landowner's land value preferences, to name a few, are outside of the control of developers and local public agencies.

Methodology

Every development project is different and will have different development costs. For the purposes of this analysis, EPS considered the same set of land use prototypes as for the fee review and comparison and developed an illustrative estimate of the full set of development costs. The steps taken in developing the development cost estimates are described in the subsections below.

Land Uses Evaluated

The development cost evaluation considered the following land uses/development prototypes, consistent with those used in **Chapter 2**:

- Residential Single-family Development – Single-family Units in a 50-unit subdivision
- Residential Multifamily Development – Multifamily Units in a 200-unit apartment building.
- Industrial Development – Industrial Space in a 265,000 square foot "high cube" development.
- Office Development – Office Space in a 20,000 square foot office building.
- Retail Development- Retail Space in a 10,000 square foot retail building.

Development Cost Estimates

An illustrative static pro forma structure was developed. The pro forma incorporated different categories of development costs (see below). It also considered potential land values/acquisition costs based on a residual land value approach that considered potential development values, subtracted direct and indirect development costs and developer return requirements, and indicated a potential residual land value. The development values were refined based on available market data ranges and the need to generate a land value of an appropriate level to support land acquisition and new development. Available information on land transactions was also reviewed. As noted above, this analysis is designed to provide overall insights on general economic relationships and does not draw conclusions concerning the feasibility of individual projects.

It is also important to note that the pro formas developed were specifically configured to represent a potentially feasible set of relationships, in terms of revenues, costs, and returns. This allows for consideration of development impact fees in the context of illustrative projects that would make sense to undertake. To the extent, development costs/ returns are higher than those indicated – a reality which could certainly be true for many projects – development values would need to be higher or feasibility is not likely to be attained. To the extent, this is true, development impact fees as a proportion of development costs/ returns would be lower than those shown.

In 2016, the key development cost categories were estimated for all land uses as described below. In this Update, major cost categories were revised, including direct construction costs, land costs, and development impact fees.

- **Direct Construction Costs** – Site Work/Improvements and Vertical Construction Costs. Estimates were taken from RS Means (a construction cost data provider) estimates, available pro formas, and feedback from developers where provided.

- **Indirect Costs** – Architecture and Engineering Costs, Sales and Marketing, Financing, Development Impact Fee, and other soft costs. Estimates were taken from RS Means, the WRCOG Fee Comparison, available pro formas, and feedback from developers where provided.

- **Developer Return Requirements** – Developer return requirements were set to be equal to 10 percent of development value for all land uses. This represented between 10 and 20 percent of direct and indirect construction costs consistent with typical developer hurdle returns.

- **Land Costs** – Land costs were based on the estimated residual land values when costs and returns were subtracted from estimates of development value and/or information on actual land transactions. Development values in all cases were adjusted to ensure land values reached between 25 and 35 percent of development value, unless other information was available to justify a different percentage. This was used as a general metric of potential feasibility; i.e., if the residual land value fell below this level, developers would have a hard time finding willing sellers of land and so the project as a whole may not be feasible.[8]

It is also important to note that the following additional assumptions were used in this analysis:

- **Development Impact Fees**. The development cost estimates include the average development impact fees for WRCOG jurisdictions identified in **Chapter 2**. In reality, the fees, like other development costs factors, vary by jurisdiction.

- **Land Values**. Land values will vary by area and by development prospects as well as by the level of entitlement and improvement of the land. The land value estimates provided represent illustrative estimates for the purposes of this analysis.

[8] A similar evaluation was not conducted for retail development as the location decisions of major retailers are typically more tied to location/site characteristics than to modest variations in development costs.

- **Direct Construction Costs**. The direct construction costs shown, whether provided by developers or through RS Means, assume non-union construction costs per square foot. The actual construction cost per square foot would be higher if union-labor is required. Depending on the specific union roles required, direct construction would be expected to increase by 10 percent or more.

Results

As context for the description of the results of this analysis, it is worth repeating that there will be considerable variation throughout Western Riverside County in terms of different development cost components and overall development costs. On an average/illustrative basis, overall development costs included in this analysis may be conservative as they do not include union labor costs and may be conservative with regard to entitlement costs. Given that the focus of this analysis is on the relationship between development impact fees and total development costs, an underestimate in total development costs would mean that the proportionate significance of development impact fees has been overestimated.

It is again important to note that the analysis shown here is not an evaluation of development feasibility. Such an analysis would require a more-location specific analysis and is highly dependent on site characteristics, local market conditions, and site land values, among other factors.

Figure 11 summarizes the estimated development costs/returns on a per residential unit and per Nonresidential building square foot basis. **Figure 12** converts the cost estimates into percent allocations out of the total development/return. It should be noted that the total cost/return (equivalent to the 100 percent) equals the sum of direct and indirect costs, estimated land costs, and required development return. This total cost/return is equivalent to the sales prices/capitalized building value a developer would need to command to cover all costs/return requirements. To the extent, actual costs are higher (e.g., higher land costs or construction costs), the achievable sales prices/capitalized lease rates would also need to be higher.

Figure 11 Proportionate Development Costs/Return for Development Prototypes

Development Costs, Land Values, and Return	Single Family Per Unit	Multifamily Per Unit	Industrial Per Bldg Sq.Ft.	Retail Per Bldg Sq.Ft.	Office Per Bldg Sq.Ft.
DIRECT					
Basic Site Work/ Lot Improvements	$31,652	$9,766	$12.13	$26.38	$15.07
Direct Construction Cost	$227,898	$196,540	$37.98	$138.75	$148.31
Hard Cost Total	$259,550	$206,307	$50.12	$165.13	$163.38
INDIRECT					
TUMF	$8,873	$6,134	$1.45	$7.50	$2.19
Other Development Impact Fees	$38,597	$23,572	$3.74	$16.13	$11.87
Other Soft Costs	$56,893	$47,674	$20.05	$31.26	$33.02
Soft Cost Total	$104,363	$77,380	$25.24	$54.89	$47.08
Total Direct and Indirect Costs	**$363,913**	**$283,686**	**$75.35**	**$220.01**	**$210.46**
Developer Return Requirement	$56,160	$33,492	$13.68	$34.02	$32.52
Land Value	$141,527	$17,737	$45.75	$86.21	$82.38
TOTAL COST/RETURN	**$561,600**	**$334,915**	**$136.19**	**$340.25**	**$325.36**

* Assumes generally feasible market conditions (i.e. ability to generate developer return and positive land value).

Figure 12 Average Development Costs/Return for Development Prototypes

Development Impact Fees	Single Family	Multifamily	Industrial	Retail	Office
DIRECT					
Basic Site Work/ Lot Improvements	5.6%	2.9%	8.9%	7.8%	4.6%
Direct Construction Cost	40.6%	58.7%	27.9%	40.8%	45.6%
Hard Cost Total	46.2%	61.6%	36.8%	48.5%	50.2%
INDIRECT					
TUMF	1.6%	1.8%	1.1%	2.2%	0.7%
Other Development Impact Fees	6.9%	7.0%	2.7%	4.7%	3.6%
Other Soft Costs	10.1%	14.2%	14.7%	9.2%	10.1%
Soft Cost Total	18.6%	23.1%	18.5%	16.1%	14.5%
Total Direct and Indirect Costs	**64.8%**	**84.7%**	**55.3%**	**64.7%**	**64.7%**
Developer Return Requirement	10.0%	10.0%	10.0%	10.0%	10.0%
Land Value	25.2%	5.3%	33.6%	25.3%	25.3%
TOTAL COST/RETURN	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

* Assumes generally feasible market conditions (i.e. ability to generate developer return and positive land value).

Key findings include:

- **Direct construction costs represent the largest proportion of total development costs/returns, typically followed by other land costs, other soft costs (collectively), developer returns, and development impact fees.** Unsurprisingly, direct construction costs are the largest cost, representing between 27.9 percent and 58.7 percent of total costs/returns for the prototypes evaluated. Land costs are likely to be most variable, depending on circumstance, range from 5.3 percent to 33.6 percent for the prototypes. Other soft costs collectively are the next highest component, though their individual components, such as sales and marketing, architecture and engineering, financing costs, are smaller. The expected hurdle developer return at 10 percent is the next highest factor. The range for total development impact fees is below all these other ranges, though when indirect costs are considered individually development impact fees represent the largest component.

- **Total development impact fees represent between 3.8 percent and 8.9 percent of total development costs/returns for the prototype feasible projects.** Total development impact fees represent 8.5 percent and 8.9 percent of total development costs/returns respectively for single-family and multifamily developments. As discussed in Chapter 2, these capital facilities fees included water and sewer fees, school district fees, other local jurisdiction fees, TUMF, and other agency/subarea fees. As is common, Nonresidential development impact fees are lower as a percent though show a significant range from 3.8 percent for industrial development, to 4.3 percent for office development, and 6.9 percent for retail development.

- **TUMF represent between 0.7 percent and 2.2 percent of total development costs/returns for the prototype feasible projects**. TUMF represent between 16.1 percent and 31.7 percent of total development impact fees, on average, as indicated in the Fee Comparison with the highest ratios for retail and industrial development and lowest for office development. As a proportion of overall development costs, TUMF represent 1.6 percent and 1.8 percent of total residential development costs for single-family and multifamily respectively. For nonresidential uses there is greater variation with TUMF representing 0.7 percent of total costs for office development, 1.1 percent of total costs for industrial development, and 2.2 percent of total costs for retail development.

4. CONCLUSIONS

The Western Riverside Council of Governments (WRCOG) commissioned the Original 2016 Study and this Study Update to provide increased regional understanding of development impact fees on new development in Western Riverside County. As noted in **Chapter 1**, the purpose of the Original and this Updated Report is to: (1) indicate the types and relative scale of the development impact fees placed on different land uses; and, (2) indicate the scale of fees relative to overall development costs. This Report is intended to provide helpful background information on development impacts fee in the region as they are introduced, updated, and debated. It is also intended to indicate the Transportation Uniform Mitigation Fee (TUMF) in the context of the broader development impact fee structure, overall development costs, and other regional dynamics.

At this point in time, it is common practice for new and updated Development Impact Fee Nexus Studies to be accompanied by some consideration of development impact fees in neighboring and peer communities and, less frequently, by consideration of development impact fees in the context of overall development costs and economics. This is true where individual jurisdictions are introducing/ updating a single development impact fee category (e.g. transportation or parks) as well as when jurisdictions undertake more comprehensive updates to a larger number of different fee categories.

Similarly, there have been a number of efforts to provide a regional/ subregional review of development impact fee practices and levels to inform regional conversations about the appropriate use and level of development impact fees. All of these regional studies require definitions of development impact fees included and land use and development prototypes utilized to ensure as close of an "apples-to-apples comparison" as possible. Examples of such studies include:

- **Residential Development Impact Fees in California Cities and Counties**. This August 2001 publication by the State of California Division of Housing was entitled: "Pay to Play: Residential Development Fees in California Cities and Counties, 1999" and was prepared by John Landis, Michael Larice, Deva Lawson, and Lan Deng at the Institute of Urban and Regional Development, University of California, Berkeley. This study considered 89 cities and counties spread throughout California.

- **Regional Development Fee Comparative Analysis for San Joaquin County**. This 2013 publication by San Joaquin Partnership represented a fourth publication prepared for the Partnership's public and private sector investors. The regional development fee comparison compared a snapshot of development fees in 21 jurisdictions, including eight (8) in San Joaquin County and thirteen (13) in comparative/ neighboring California counties.

- **Ongoing Development Impact Fee Databases**. In addition to these regional efforts, there are a number of consulting companies that keep ongoing databases of development impact fees in regions, such as the Sacramento Valley, to inform their work for public and private sector clients. In these cases, development impact fee schedules are typically updated every year or two due to the dynamic nature of the development impact fees and the numerous different agencies that charge development fees.

In 2016, WRCOG recommended that this Report/ Study be updated periodically to ensure the regional understanding of development impact fees in Western Riverside County remains current in the context of: (1) frequent adjustments to fee levels by individual jurisdictions, (2) changing development cost and economic conditions, and, (3) less frequent, but highly significant changes in State law that affect the use and availability of other public financing tools. This development of this Update Study followed that recommendation and represents the first update to the Original Study, bringing the Original Study "up-to-date".

- **APPENDIX A** provides detailed information on the Development Prototypes.
- **APPENDIX B** provides fee comparison summaries and detailed fee estimation information for each WRCOG jurisdiction/area and each land use category.

APPENDIX A:

Development Prototypes

Single Family Prototype

- Reflects median home size for Western Riverside County home sales since 2014

Product Type:	Single Family Detached Unit	
Development Type:	Residential Subdivision	
No. of Acres:	10	Acres
No. of Units:	50	Units
Building Sq.Ft.	2,700	Sq.Ft.
No. of Bedrooms:	4	
No. of Bathrooms:	3	
Garage Space (Sq.Ft):	500	Sq.Ft.
Habitable Space (Sq.Ft:)	2,200	Sq.Ft.
Lot Size:	7,200	Sq.Ft.
Density:	5	DU/AC
Lot Width:	60	Ft.
Lot Depth:	120	Ft.
Total Lot Dimensions (Sq.Ft.):	7,200	Sq.Ft.
Water Meter Size	One 1	Inch Meter

Example Prototype Home, City of Riverside

Multi-Family Prototype

- Reflects median building size for multi-family developments since 2010

Example Prototype Multi-Family Development, City of Temecula

Product Type:	Multi Family Apartment Unit	
Development Type:	Multi Family Apartment Building	
Number of Acres:	10	Acres
Apartment Building Square Feet:	260,000	Sq.Ft.
FAR:	0.60	
Number of Stories:	3	
Dwelling Units:	200	
Density:	20.0	DU/AC
Average Unit Size:	1,100	
Water Meter Sizes*:	Eight 2 inch Meters	
Roof Area:	86,667	Sq.Ft.
Lot Width:	515.3	Ft.
Lot Depth:	717.2	Ft.

*Note: Assumption is for analytical simplicity. Different assumptions are used where recommended by individual jurisdictions.

Industrial Prototype

- Reflects median building size for industrial developments since 2010

Product Type:	Warehouse/ Distribution	
Criteria:	Meets criteria for High-Cube	
No. of Acres:	15.2	Acres
Rentable Square Feet:	265,000	Sq.Ft.
FAR:	0.4	
Water Meter Sizes:	One 2	Inch Meter
Roof Area:	265,000	Sq.Ft.
Lot Width:	813.9	Ft.
Lot Depth:	813.9	Ft.

Example Prototype Industrial Development, City of Perris

Retail Prototype

- Reflects building size for retail developments since 2010

Example Prototype Retail Development, City of Hemet

Product Type:	Retail Building	
No. of Acres:	1.15	Acres
Rentable Square Feet:	10,000	Sq.Ft.
FAR:	0.2	
No. of Stories:	1	
Water Meter Sizes:	One 2	Inch Meter
Roof Area:	10,000	Sq.Ft.
Lot Width:	223.6	Ft.
Lot Depth:	223.6	Ft.

Office Prototype

- Reflects median building size for office developments since 2010

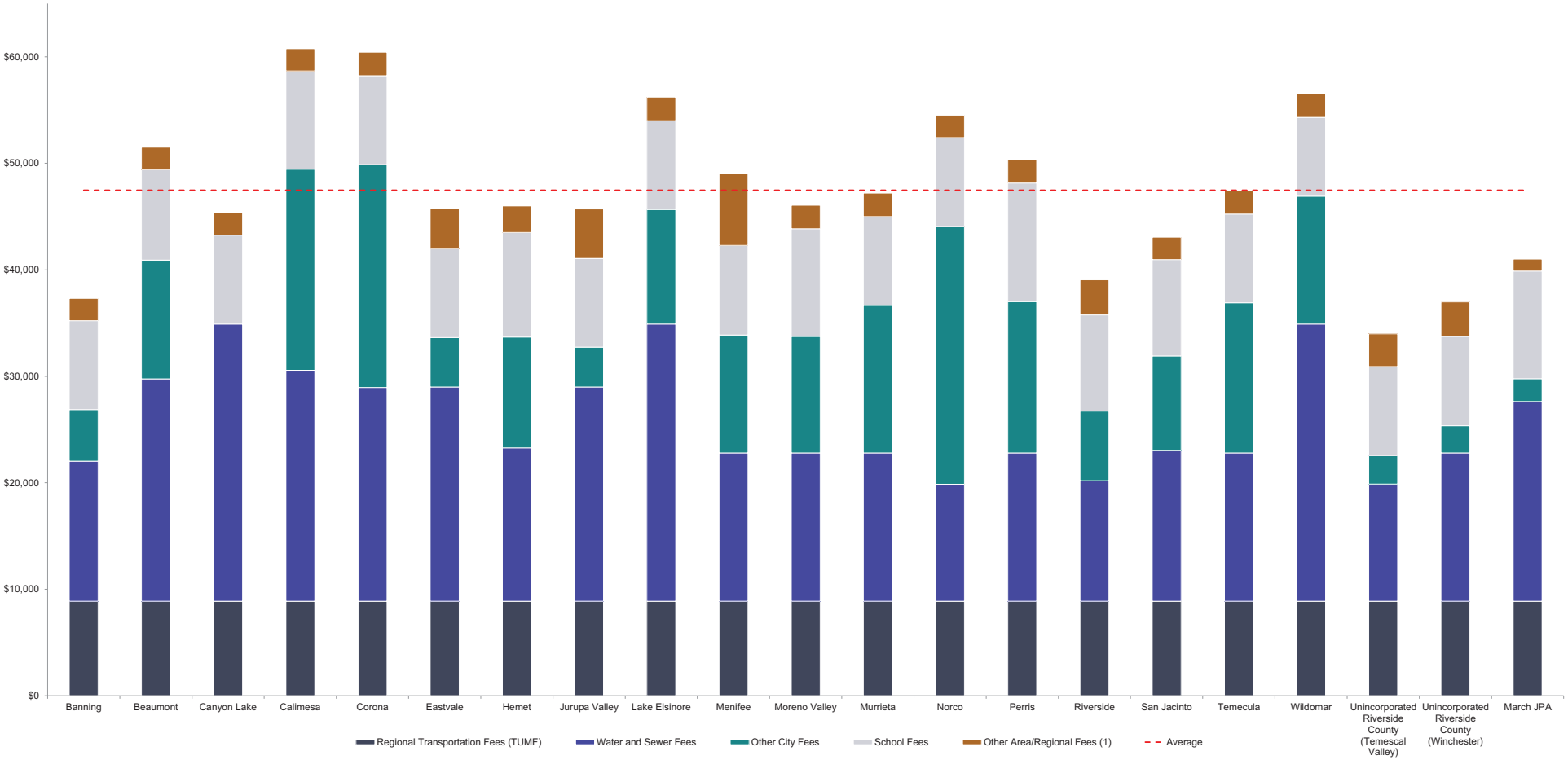
Product Type:	Office Building	
Number of Acres:	1.3	Acres
Rentable Square Feet:	20,000	Sq.Ft.
FAR:	0.35	
No. of Stories:	2	
Water Meter Sizes:	One 2	Inch Meter
Roof Area:	10,000	Sq.Ft.
Lot Width:	239.0	Ft.
Lot Depth:	239.0	Ft.

Example Prototype Office Development, City of Hemet

APPENDIX B:

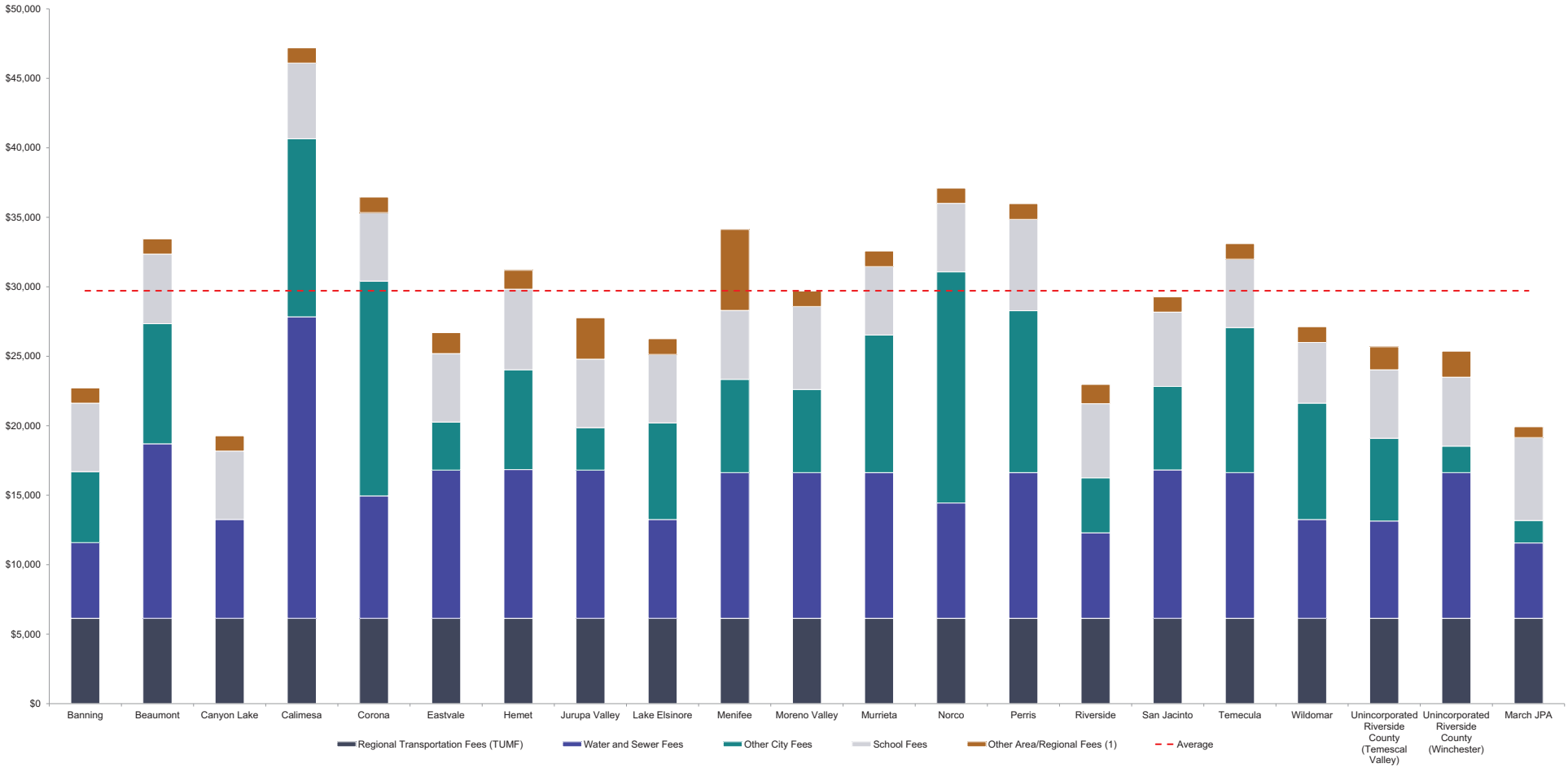
Fee Comparison Summaries and Estimations for WRCOG Jurisdictions

Single Family Detached Prototype
Capital Facilities / Infrastructure
Development Fees by Jurisdiction (Per Unit)



* Fee estimates for specified development prototypes as of July 2018. Actual fees will vary based on project specifics and any fee updates.
(1) "Other Area Fees/ Regional Fees" include, but are not limited to, regional parks, trails, multiservice center fees, area specific fees, and habitat mitigation fees.

Multifamily Prototype
Capital Facilities / Infrastructure
Development Fees by Jurisdiction (Per Unit)



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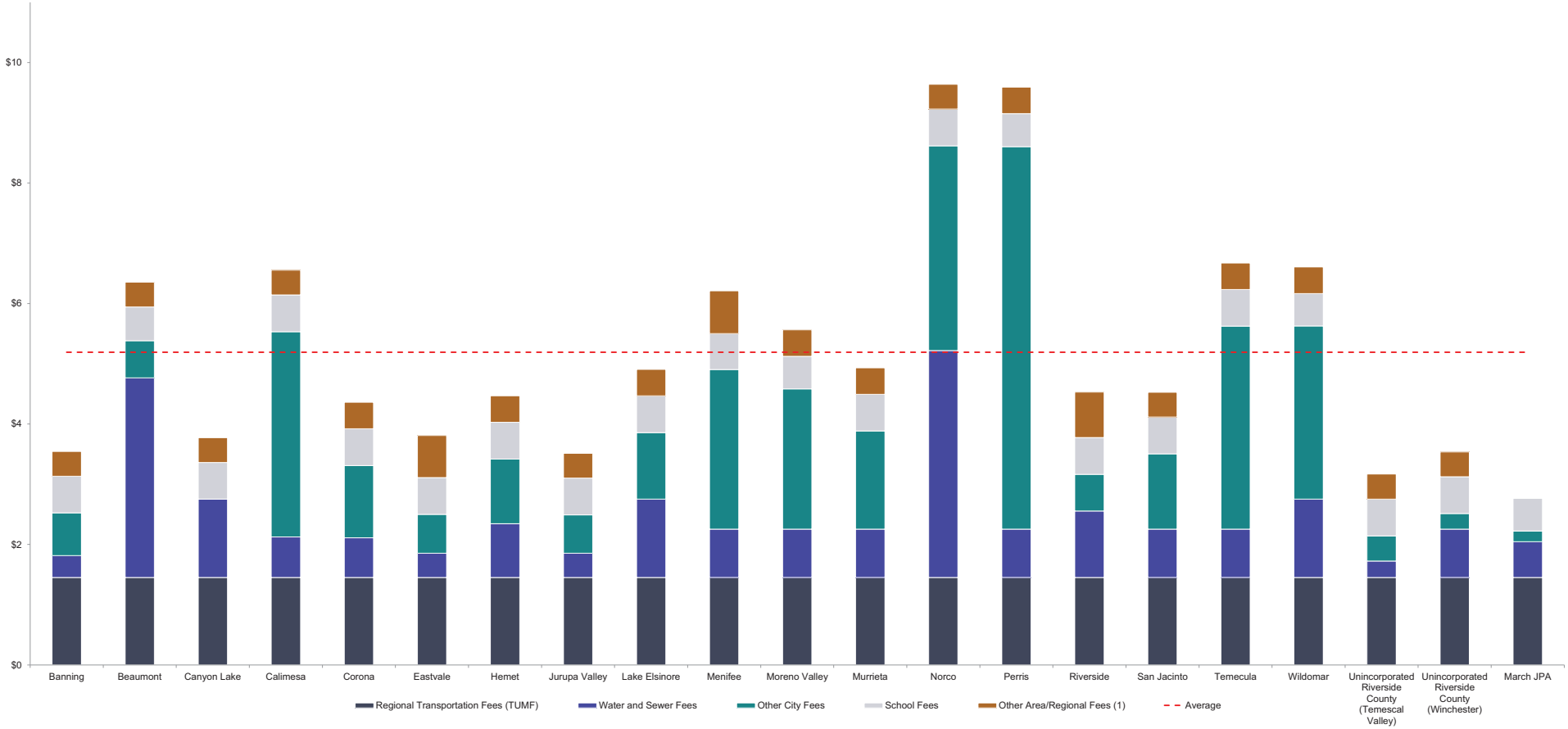
Industrial Prototype
Capital Facilities / Infrastructure
Development Fees by Jurisdiction (Per Building Sq.Ft.)



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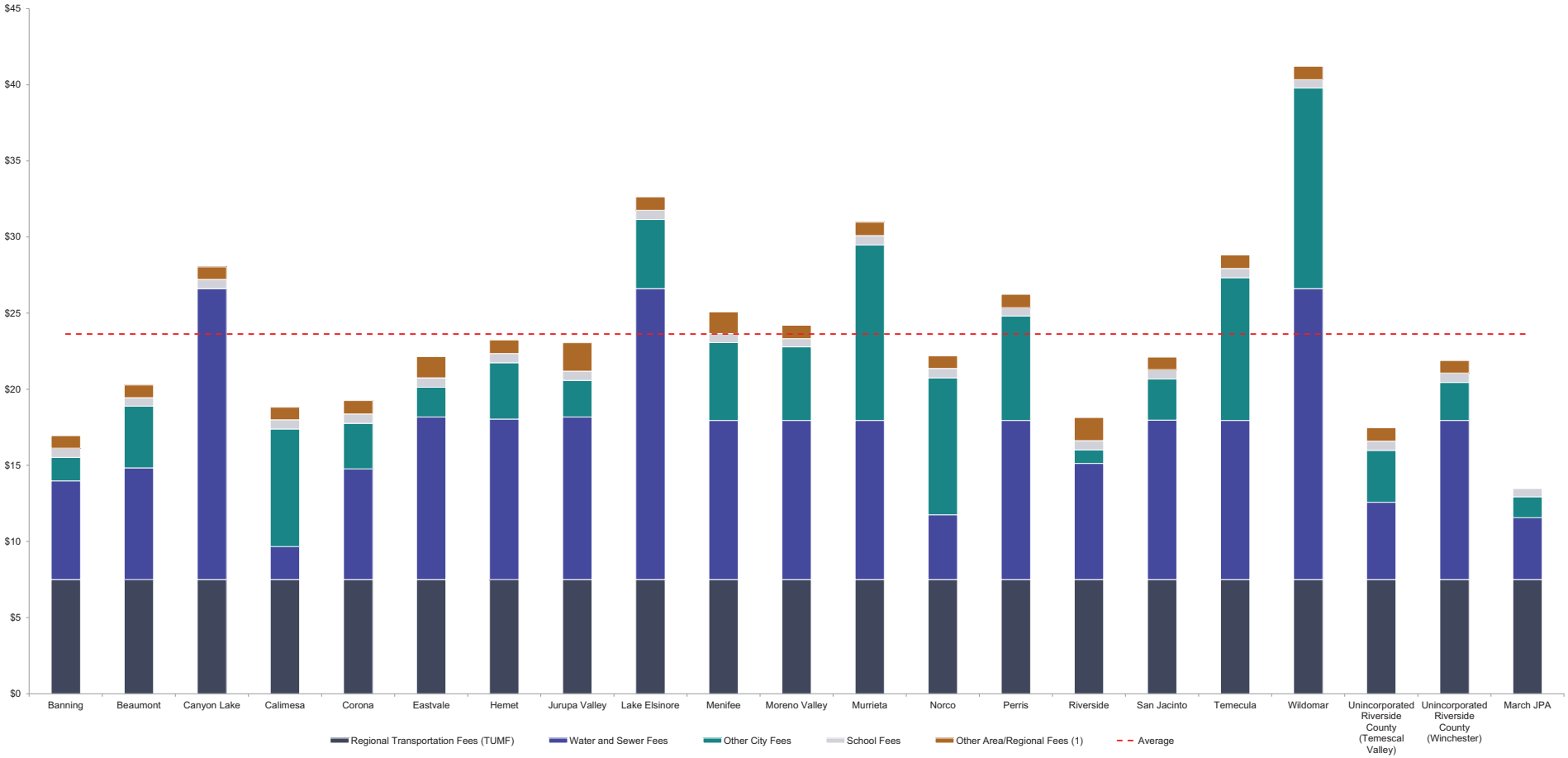
Retail Prototype
Capital Facilities / Infrastructure
Development Fees by Jurisdiction (Per Building Sq.Ft.)



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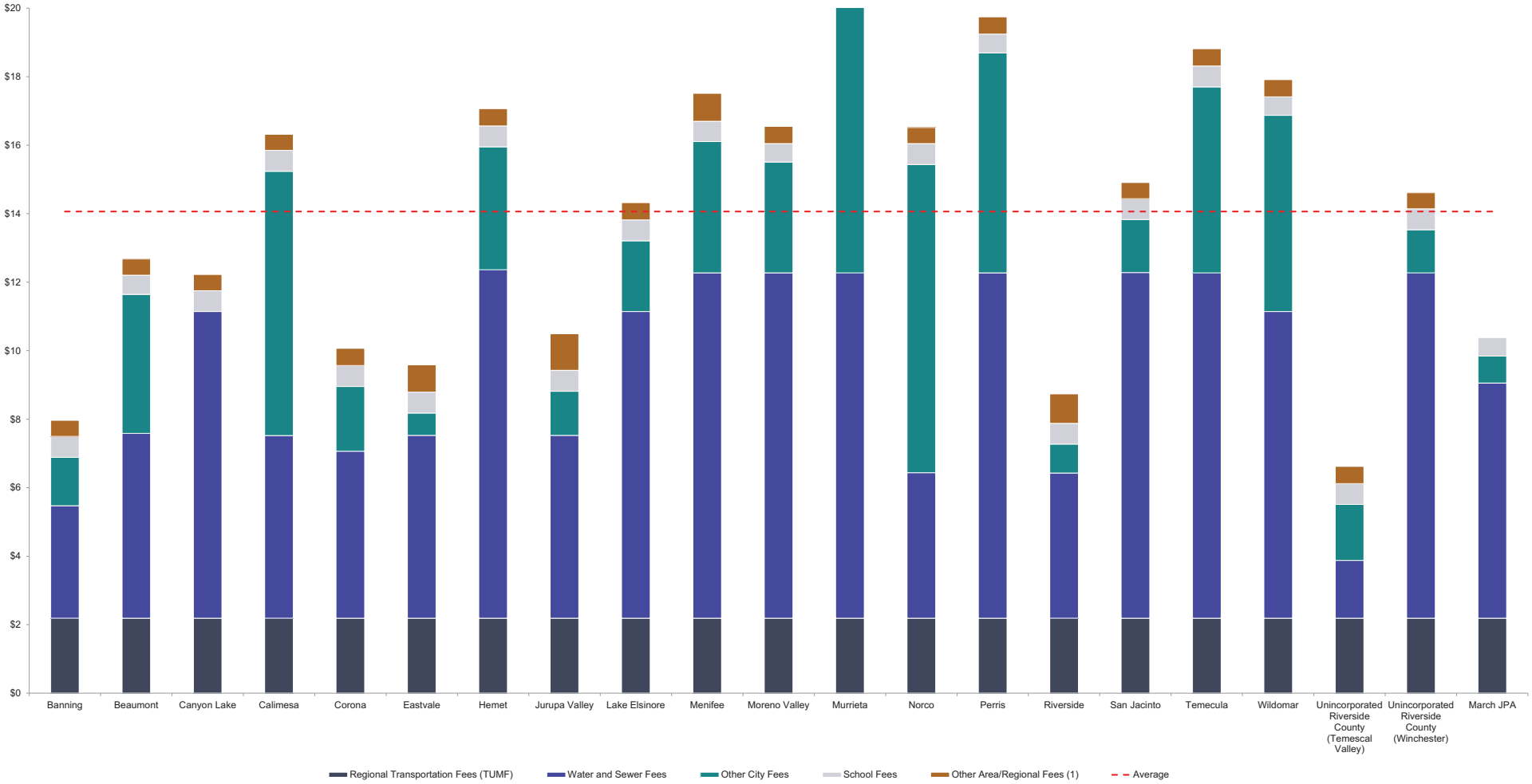
Office Prototype
Capital Facilities / Infrastructure
Development Fees by Jurisdiction (Per Building Sq.Ft.)



* Fee estimates for specified development prototypes as of July 2018. Actual fees will vary based on project specifics and any fee updates.
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Western Riverside Council of Governments
Executive Committee

Staff Report

Subject: **Western Riverside County Clean Cities Coalition Activities Update**

Contact: **Kyle Rodriguez, Staff Analyst, krodriguez@wrcog.us, (951) 405-6721**

Date: **April 1, 2019**

The purpose of this item is to *provide a presentation on the Western Riverside County Clean Cities Coalition.*

Requested Action:

1. Receive and file.

Background

The Western Riverside County Clean Cities Coalition (Coalition) is administered by WRCOG and focuses on educating the public on air quality, advanced technology and alternative fuels, energy conservation, greenhouse gas (GHG) emissions reduction programs, and other air quality-related issues. Established in 1997, the Coalition is a community-based Program that brings together local government in the subregion and private industries.

The Coalition is one of 85 nationally designated Coalitions by the Department of Energy, with a mission to advance energy, economic, and environmental security of the United States by supporting local actions to cut petroleum use in transportation, reducing GHG under state goals of AB 32.

Over the past 20 years, the Coalition has had many success stories that include assisting member jurisdictions with the purchasing of alternative fueled vehicles, building of alternative fueling stations, developing programs and policies to educate the community on air quality issues, and promoting the purchasing of alternative fueled and electric vehicles.

Staff will provide with a presentation to highlight activities scheduled for 2019.

Prior Action:

None.

Fiscal Impact:

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

Attachment:

None.

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